
TEC PARTNERSHIP

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2023

TEC PARTNERSHIP

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TEC PARTNERSHIP

REFERENCE AND ADMINISTRATIVE DETAILS

Board of Governors

Erika Stoddart, Chair (resigned 6th September 2022)
Paul Barker, Chair (appointed 1st February 2023)
Kai Adegbembo, Vice Chair
Ann Hardy, Chief Executive
Richard Askam (resigned 1st February 2023)
Kerri Harold (end of term 4th July 2023)
Jim Harris (resigned 18th July 2023)
Becky Huxley-Binns (end of term 9th April 2023)
Cain Matthews
Liz Parry
Keith Pearson (end of term 8th July 2023)
Josh Greaves (appointed 1st February 2023)
Sharon Green (appointed 1st March 2023)
Tracey Gyte (appointed 27th March 2023)
Andrew Linley (appointed 1st February 2023)
Guy Lonsdale (appointed 31st January 2023)

Organisation name

TEC Partnership

Principal and registered office

Nuns Corner
Grimsby
NE Lincs
DN34 5BQ

Director of Governance

Antonia Praud

Chief Executive Officer

Ann Hardy

Executive Leadership Team

Ann Hardy, Chief Executive Officer
Rachel Ellis Jones, GIFHE Principal (until 28th February 2023)
Daniel Metters, ERC College and Scarborough TEC College Principal
Maria Turnbull-Kemp, Group Vice Principal of Finance, MIS and Planning
Adrian Clarke, Group Vice Principal of Corporate Services
Stephen Butler, Group Vice Principal of Employee Services
Hugh Callaway, Managing Director of Modal Training Ltd
Nathan Michael, Group Vice Principal of Curriculum, Quality and Standards Beth
Curtis, Group Vice Principal of Strategy and Business Development

TEC PARTNERSHIP

**REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2023**

Independent auditor

Mazars LLP
Park View House
58 The Ropewalk
Nottingham
NG1 5DW

Bankers

Banco Santander S.A.
44 Merrion Street
Leeds
LS2 8JQ

Solicitors

Eversheds Sutherland LLP
Bridgewater Place
Water Lane
Leeds
LS11 5DR

Internal auditor

TIAA Ltd
Artillery House
Fort Fareham
Newgate Lane
Fareham
P014 1AH

Professional Advisor

Bates & Mountain
The Old Courthouse
42 Brighowgate
Grimsby
DN32 0QW

Professional Advisor

Wilkin Chapman LLP
Cartergate House
26 Chantry Lane
Grimsby DN31 2LJ

TEC PARTNERSHIP

STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2023

Strategic Report

The governing body presents their annual report together with the financial statements and auditor's report for TEC Partnership for the year ended 31 July 2023.

Legal Status

TEC Partnership was established under the Further and Higher Education Act 1992 for the purpose of conducting its business. TEC Partnership is an exempt charity under 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 Corporation, who are trustees of the charity, are disclosed on page 1. In the delivery of its mission TEC Partnership uses brand names and trading styles in the public domain including, but not limited to: Grimsby Institute; Scarborough-TEC; East Riding Partnership, Skegness-TEC, The Academy Grimsby; University Centre Grimsby, NET UK, Humber Maritime Partnership, Transafe Training and Career 6. Policies, data protection registration and other documentation and legal requirements relating to or as part of the operation of brands are part of the TEC Partnership's legal status. In setting and reviewing TEC Partnership's strategic objectives, the Corporation has had due regard for the Charity Commission's guidance on public benefits and particularly upon its supplementary guidance on 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 public benefit.

Mission, Vision, Strategy and Objectives

A college-wide project to create "Ambition 2030", the Partnership's new strategy, was launched in October 2022, and was formally approved by governors in May 2023. During this process, a new Vision, Mission, and Values were agreed:

- **Vision:** Enriching lives through excellent education, community collaboration and employment opportunities
- **Mission:** Providing inclusive education which inspires, equips, and empowers
- **Values:** Respect, Ambition, Inclusiveness, Sustainability.

The delivery of public benefits is covered throughout the Report of the Governing Body.

TEC Partnership

The TEC Partnership is a high achieving group of colleges that deliver tangible benefit for the public good.

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent progression for students into employment or education and training
- Strong student support systems
- Excellent links with employers, industry, and commerce
- Links with Employer Representative Bodies (ERBs), Local Enterprise Partnerships (LEPs) and other Stakeholders.

The delivery of public benefits is covered throughout the Report of the Governing Body

In May 2022 the TEC Partnership had an Ofsted inspection, the group was rated Good overall. In Higher Education the Partnership was rated TEF Silver. The Partnership serves an area of the country affected by significant social and economic disadvantages.

TEC PARTNERSHIP

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2023

In 2022/2023 the TEC Partnership achieved the following:

- Taught over 15,400 students on over 81,829 enrolments
- Was and continues to be one of the largest Further Education Providers in England
- The 12th largest provider of Higher Education in an FE setting
- One of only 13 colleges providing full time education to 14-16yr olds
- Has Degree Awarding powers
- 90% of learners have positive destinations
- Works with more than 120 businesses

In 2022/23 the TEC Partnership achievement rate was 91.2% national benchmark 86.7% this is +4.5 higher than national average.

2022/2023	Leavers	Retention %	National Rate %	Pass Rate %	National Rate %	Achievement Rate %	National Rate %
Group	43,671	94.5	92.9	97.4	93.3	91.6	86.7
GIFHE	33,791	95.5		98.5		94.0	
STEC	4,952	91.5		96.8		88.5	
ERC	4,928	90.8		90.5		82.2	
Adults 19+	15,078	96.9		98.0		95.0	
16-18	28,593	93.2		97.5		90.8	
White British	41,054	94.4		97.7		92.2	
Other	2,617	95.8		97.2		93.1	
Disability	93.6	93.0		97.1		90.9	
Looked after children	667	94.1		96.5		90.8	

Strategic Plan

The Partnership has benefited from significant capital investment into the campuses in recent years. The Corporation monitors the performance of the group against its strategic plan and financial forecasts, which are reviewed and updated each year. As a major employer and provider, the Partnership has a significant economic impact in the region and delivers a huge range of qualifications, from Entry to Master's Levels, including employer-responsive provision for apprenticeships and the unemployed. In 2022 the Partnership were notified they had successfully bid for funding from the Town's Fund to build a brand-new campus in Skegness to address the provision of training and low educational attainment in the town, the campus will be open for delivery in 2025. The Partnership has also received funding to build a new Animal Care Centre at its main campus Nuns Corner site in Grimsby, moving it from sub-optimal accommodation at Nunsthorpe.

Curriculum Development

The curriculum portfolio and the plan for teaching and learning delivery and assessment is under constant review and development to ensure the Partnership offer meets the needs of employers, the communities, and learners that the Partnership serves. To ensure that it continues to provide excellent provision curriculum planning is conducted annually and is informed by labour market intelligence to ensure the offer meets future skill needs.

TEC PARTNERSHIP

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2023

As a group the TEC Partnership is digitally savvy, it uses its geographical reach from Skegness to Scarborough and the Partnership's exceptional digital curriculum as a powerful tool of social justice and social mobility, enabling students to achieve more than they ever thought possible and often for the first time in their lives. The Partnership always looks to develop further and takes every opportunity to extend the advantages that it can provide for its students.

The Partnership currently works with over a thousand companies ranging from large multinationals to micro businesses. The geographic region the Partnership covers means most of the businesses it supports are SME's. The Partnership is grateful for the ongoing commitment of its employer partners who support the Partnership by providing work experience, placements, advice, and guidance. In return the Partnership offers exceptional training, education and future career sign posting.

Stakeholders

The Partnership has number of key stakeholders including:

- Students
- Education Sector Funding Bodies
- Staff
- Local Employers
- Local Authorities
- Government Offices/Local Enterprise Partnerships
- The Local Community
- Other FE Institutions
- Trade Unions
- Professional bodies

TEC Partnership recognises the importance of these relationships and engages in regular ongoing communication with them, which further enhances the delivery the Partnership can and does provide.

Public Benefit

TEC Partnership is an exempt charity under part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 1. In setting and reviewing the Partnership's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefits and particularly upon its supplementary guidance on the advancement of education.

In delivering its mission, the TEC Partnership provides identifiable public benefits through the advancement of education to approximately 15,400 students, including 265 students with high needs and 456 with ECHP's. The Partnership provides courses without charge to young people, to those who are unemployed and adults taking English and math's courses. The Partnership adjusts its courses to meet the needs of local employers and provides training to 1,503 apprentices. The Partnership is committed to providing information, advice, and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.

TEC PARTNERSHIP

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2023

DEVELOPMENT AND PERFORMANCE

Financial Health

The financial health grade is Good; this has been supported by the continually strong cash balances.

Financial Results

The Partnership made a surplus before tax of £1.829k (2021: loss of £2.081k). The Partnership received 77% of its total income for 2022/2023 as grants from funding bodies, most notably from the Education and Skills Funding Agency for 16-19 provision.

The College generated a surplus of £656k (2022 loss: £3.674k). The actuarial gain on the pension scheme as at 31st July 2023, was £23.2m (£10.7m). The Partnership has not recognised the actuarial pension surplus in respect to the pension in the statement of comprehensive income and expenditure.

At the balance sheet date, the Group held net current assets of £5.6m (2022: £4.4m) and total net assets of £60.5m (restated 2022: £58.6m), which includes a defined benefit pension liability of £0 (2022:£0m) Modal Training Ltd outturned a deficit of £224k (2022: deficit of £406k). Grimsby College Trading produced a surplus of £104k (2022: £41k) and Support Staff Services Ltd generated a breakeven position (2022: deficit of £107k).

Cash Flows and Liquidity

A positive movement in respect of the Partnership's cash position, resulting in an increase of £2.2m from 2022 £13.2m to £15.4m, this includes £3.0m on long-term deposit.

TEC Partnership Cyber Security 2022/23

TEC Partnership has a multi-faceted approach towards Cyber Security. Whilst ensuring that its systems are protected with advanced threat protection software such as Palo Alto's Cortex XDR 24/7/365 Managed, Detection and Response service on all end points, an additional layer of security on servers using Sophos Intercept X further prevents against ransomware threats and attacks, the Partnership has also partnered with a 24/7 monitoring service that review all activity on the servers on its networks.

In 2022/23 the Partnership trialed and tested student multi-factor authentication to add to the staff who already authenticate through MFA in readiness for a full role out September 2023 which adds an additional layer of security.

The Partnership has been successfully re-accredited with Cyber Essentials in February 2023 which assures that it has robust industry standard processes and policies in place to protect all its systems. The Partnership also works with industry expert penetration testers who regularly test the Partnership systems from both external and internal threats. All the Partnership's public facing services are via a secure medium and regularly tested for any security or vulnerability.

The Partnership ensures protection is in place for cloud-based systems and services such as Microsoft Office 365 through backups as well as using multiple tools from the Microsoft suite. In addition, this year we have added a further disaster recovery approach that will allow the main servers to be spun up in the cloud if there is an issue on premises.

TEC PARTNERSHIP

**STRATEGIC REPORT (CONTINUED) FOR
THE YEAR ENDED 31 JULY 2023**

Industry leading Palo Alto firewall also ensures that secure remote access is available to remote users and implementation of Multi Factor Authentication has added another layer of security. The Partnership moved their internet facing services such as HR and MIS behind a security layer within the Microsoft cloud network. This has enabled hiding of the systems and services from cyber threats.

Regular staff training using Boxpish ensures that staff are aware of phishing scams posed by external and/or internal threat actors thus helping the Partnership in mitigating risk posed by such events. The Partnership's IT Services team keep abreast of technical advancements through various study programs and, where necessary, make improvements and implement tighter controls to ensure that the infrastructure is protected and supports an evolving teaching and learning environment.

The Partnership regularly works on improving its security posture by working with industry experts such as JISC who are very well known in the HE and FE education sector.

Property Disposal and Procurement Update 2022-23

The vacant Lady Edith Drive campus in Scarborough is in the process of being disposed of following two rounds of open bidding by residential property developers. The sale is expected to be completed during the 2023/24 financial year.

A sale was agreed for the Grimsby-based Duchess Street bus depot with contracts expected to be exchanged early next year.

Contracts have been exchanged for the purchase of the land required for the development of the new Skegness Campus that is partially funded by the Connected Coast Towns Fund.

Major Multi-Year Projects and Grant Funded Capital

Lincolnshire LEP Low Carbon Project

The Lincolnshire LEP have supported a capital grant of £1.403m matched against the spend in the IoT which has allowed the Partnership to develop a new area on the Nuns Corner Campus and refurbish areas at Modal to deliver training and education programmes associated with low carbon as well as some maritime and ports/logistics delivery.

Strategic Development Fund 2

TEC Partnership acted as prime for the GL LEP and HEY LEP partnerships for the £5.4m investment in skills within the regions to develop new industry aligned curriculum. The grant included capital of £1,501k and £1,496k respectively which was primarily invested in equipment by TEC Partnership and its partners. Expenditure on the SDF2 projects was completed in the year and the Partnership have now moved into the KPI monitoring phase.

New Skegness TEC Development (Town Deal Funding)

Approval was achieved from the Department for Levelling Up, Housing and Communities for the development of a new FE/HE campus for Skegness to the value of £13.84m grant. All the funding agreements are signed, and planning is in place.

The development of a re-tendering exercise to reduce costs is being undertaken with the intention of a start on site towards the end of 2023.

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STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2023

Animal Care – OFS Grant

TEC Partnership bid for a capital grant from the Office of Students (Higher Education Funding Provider) to support the replacement of the weakest part of the estate (Nunsthorpe Campus) with the development of the new facilities on the Nuns Corner site. It will provide the opportunity to develop a new Foundation Degree in Veterinary Nursing and provide better facilities for the FdSc in Animal Management, BSc in Animal Management, and our feeder route Level 3 in Animal Care. The planning application was submitted at the end of May 2023 and work is well underway to tender the building works.

T Level Specialist Equipment Grant

The TEC Partnership is committed to new T Level provision in the construction and engineering areas across the campuses, and was allocated a grant for equipment of £685k for which they have now finalised all procurement and submitted the final return.

Reserves

The Partnership has accumulated reserves of £60.5m (2022 restated: £58.6m) and cash and short-term investment balances of £15.4m (2022: £13.2m). The Partnership wishes to continue to accumulate reserves and cash balances to create a contingency fund to meet future capital requirements.

Sources of Income

The Partnership has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2022/2023, ESFA provided 71% of the Partnership's total income.

Partnership Companies

TEC Partnership has three subsidiary companies which are actively trading, with a further 3 former subsidiary companies that have been dissolved.

Company Name	Company Number	Status
Support Staff Services Limited	08188594	Open
Modal Training Ltd	03563579	Open
Grimsby College Trading Ltd	03059910	Open
Humber Construction Ltd	03059902	Dissolved
Humber Seafood Ltd	03218033	Dissolved
East Riding College Limited	08838372	Dissolved

Streamlined Energy and Carbon Reporting (SECR)

Introduction

TEC Partnership has a voluntary obligation under *The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulation 2018* to disclose our UK energy and greenhouse gas (GHG) emissions.

TEC PARTNERSHIP

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2023

Specifically, and as a minimum, The Partnership is required to report GHG emissions relating to gaseous fuels, grid supplied electricity, transport fuel from company owned vehicles, business mileage and the leakage of HFCs from refrigeration equipment. It will use intensity ratios (energy performance indicators) to normalise the energy and carbon figures as part of the commitment to the Streamlined Energy and Carbon Reporting (SECR) regulations 2018.

To ensure the Partnership achieve the transparency required a third party, Professional Energy Management Ltd. (PEM) has been commissioned to compile this report. PEM has previously undertaken energy related work for TEC Partnership, including the Partnership's first carbon management plan in 2016 (CMP2016). In addition, PEM developed the plan further to include the wider geographical scope that the Partnership now owns. The revised carbon management plan (CMP2021) has been accepted by the Partnership.

The annual period covered (the 'period') for the purposes of the streamlined energy and carbon reporting section is one full year (the financial year) 1st August 2022 to 31 July 2023.

Emission Scope

Scope 1

- Emissions resulting from combustion of fuels in stationary sources, e.g., boilers (gas and biomass).
- Emissions resulting from the combustion of fuels in company owned/controlled mobile combustion sources (e.g., buses, coaches)
- Fugitive emissions. These emissions resulting from the intentional or unintentional releases, e.g. (HFC) emissions during the use of refrigeration and air conditioning equipment.

Scope 2

- Emissions from the generation of purchased electricity that is consumed in its owned or controlled equipment or operations.

Scope 3

- Business mileage & company owned vehicles (hire cars and personal cars for business purposes)

Conversion Factors, Emission Factors and Global Warming Potential

The Partnership have used the following conversion and emission factors to output energy use in kilo-watt hours (kWh) and tonnes of CO_{2e} (tonnes of carbon dioxide equivalent)¹.

Conversion Factors

- Diesel transport fuel (litres) to (kWh – gross CV) – multiply by 10.63¹
- Biomass - mass to kWh conversion - 4,800 kWh/kg.
- Conversion for business mileage carbon emissions to energy consumption - 0.26112 kgCO_{2e}/kWh

¹[https://Emission Factors \(2022\)](https://Emission Factors (2022))

- Grid supplied electricity (2022 no Transport & Distribution Losses) – 0.19338 kg CO_{2e}/kWh
- Natural gas (gross CV) – 0.18254 kg CO_{2e}/kWh
- Diesel transport fuel – 0.25338 kgCO_{2e}/kWh
- Business mileage (Unknown average car) – 0.27465 kgCO_{2e}/mile

TEC PARTNERSHIP

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2023

Energy Consumption

The methodology follows the GHG Reporting Protocol and uses the 2022 Government emission conversion factors for greenhouse gas company reporting

Estimates and Omissions

No F-gas registers are available for the sites. Nevertheless, the Partnership have submitted a notional 12.5 tCO_{2e}/yr of emissions attributable to the release of refrigerants from plant and equipment. A similar size organisation was selected to determine these emissions. In addition, these emissions account for approximately 0.5% of total emissions and therefore are not expected to have a significant effect on total emissions.

Business mileage data is now available and the notional 200 tCO_{2e} for the dataset used last year is no longer valid; we have determined this to be 105.4 tCO_{2e} for 2022/23.

Scope	Energy Source	Consumption (kWh)	Scope Emissions Calculation
Scope 1	Gas – total kWh used for the period taken from gas invoices for each site within TEC Partnership based on gross calorific value of fuel	6,081,118 kWh	6,081,118 kWh x 0.0018254 kgCO _{2e} /kWh = 1,110 tCO _{2e} /yr.
Scope 1	Biomass – Wood Pellets (East Riding College - Beverley)	32.5 tonnes of wood pellets with a gross calorific value of 4,800 kWh/tonne = 156,000 kWh	
Scope 1	Transport – company owned vehicles including coaches and mini-buses	Total of 56,221.97 litres of diesel with a gross calorific value of 10.63 kWh/litre – 597,640 kWh	tCO _{2e} = 597,640 kWh x 0.25338 kgCO _{2e} /litre = 151.43 tCO _{2e} /yr.
Scope 1	Refrigerant release from site-based plant and equipment. F-gas registers are incomplete (Estimate).	Calculation of emissions using the screening method. Annual leakage rate of 1.5% of refrigerant.	Similar organisation has refrigerant emissions of = 12.5 tCO _{2e} /yr.
Scope 2	Electricity – total kWh used for the year, taken from the electricity invoices for each site within TEC Partnership	5,132,636.10 kWh	5,132,636.10 kWh x 0.00019338 kgCO _{2e} /kWh= 992.5 tCO _{2e} /yr
Scope 3	Fuel (unknown average car) used for business mileage	383,773.46 miles x 0.27465 kgCO _{2e} /mile = 105,403 kgCO _{2e} divided by 0.26112 kgCO _{2e} /kWh = 403,659 kWh.	383,773.46 miles x 0.27465kgCO _{2e} /mile = 105,403kgCO _{2e} /1000 = 105.4 tCO _{2e} /yr
	Total	12,371,053 kWh	2,371.83 tCO _{2e} /yr
	Intensity ratio	Emissions data (tCO _{2e}) compared with an appropriate business activity.	2,371.83 tCO _{2e} /yr/1,286 staff members = 1.84 tCO _{2e} /staff numbers/yr

The intensity ratio of tCO_{2e}/staff numbers has increased from 1.66 (2021/22) to 1.84 (2022/23 with 3 sites added), an increase of 11%.

TEC PARTNERSHIP

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2023

This is due to the following reasons:

- Decreased staff numbers - from 1,470 to 1,286 (12.5%) - lower denominator results in higher intensity ratio.
- Additional three sites (Louth Learning Centre, Skegness TEC, and St James Centre) added to the scope increasing overall energy consumption by 10% compared to 2021/22.
- More accurate data on the reporting of transport fuel and business mileage.

Although energy consumption has increased, the declining grid emission factor for electricity has reduced total carbon emissions for 2022/23 from 2021/22 levels.

As shown in column '2022/23 (with 3 sites added)', there is an overall increase in consumption by 533,766 kWh (4%) compared to '2022/23 (without 3 sites added)'. Although there is still an increase in intensity ratio without the three sites added, from 1.66 in 2021/22 to 1.79 in 2022/23, it is still a smaller increase of 7% rather than 11% with the sites included.

Overall, the increase in intensity ratio is due to the decrease in staff numbers and additional three sites included.

Measures taken to improve energy efficiency.

Since the Streamlined Energy and Carbon Report last year, TEC Partnership has made a few changes, the majority at the Grimsby site.

- New boilers have been installed in Scartho Hall which is part of the Grimsby Academy. In addition, refrigeration and brickwork upgrades have happened across the Grimsby buildings.
- The Duchess Street bus stop in Grimsby has been demolished.
- LED lighting upgrades have followed refurbishment of offices and classrooms. This was highlighted as a measure to improve energy efficiency in last year's report and upgrades have begun as intended. Potential Solar PV systems being installed are still in the pipeline with the help of funding opportunities through the Condition Improvement Fund (CIF) and Public Sector Decarbonisation Scheme (PSDS) fund.
- A double-storey new build linking Engineering and W block has been created. This space is being used as a teaching and learning EV Workshop space, approximate floor area is 450 m².
- A new sustainable steering group has been formed to oversee amongst other subjects, the low carbon agenda.

Prospects

Future Developments

The Partnership is continuing to invest heavily in upgrading its buildings, facilities, and equipment. The majority of this will be funded through grant sources with the development of a new campus at Skegness supported by the Towns Fund, a new Animal Care Facility at Nuns Corner supported by the OfS and DfE FE Capital Transformation Fund grant and the upgrading of building of category C & D supported by DfE funding. The Partnership was also successful in leading a bid for partners to provide grant funding through the Strategic Development Fund 2 and is leading the Lincolnshire LSIF partnership to develop future curriculum aligned to the needs of employers. TEC Partnership is also leading one of the two project streams for digital-based learning in the Humber and East Yorkshire area and is a partner in the North Yorkshire LSIF. These funds will provide substantial investment in curriculum equipment for learners to use in the areas of digital and engineering. Significant plans are being put in place to increase delivery options across all areas of the partnership to provide learners with virtual reality and immersive environments which will be a key focus for 2023/2024 academic year.

TEC PARTNERSHIP

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2023

Financial Plan

The Partnership governors approved a financial plan in July 2023 which sets objectives for the period to 2023/2024.

The Partnership aims to exceed its health rating as "good" and achieve a surplus in the year to 31 July 2024.

Treasury Policy and Objectives

The Partnership has treasury management arrangements in place to manage cash flows, banking arrangements and the risks associated with those activities. All other borrowing requires the authorisation of the Corporation.

The Partnership has no plans to increase borrowings.

Reserves

The Partnership has a Reserves Policy, it recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support the Partnership's core activities. As at the balance sheet date the Income and Expenditure reserve stands at £49.1m (2022 restated: £47.2m). It is the Corporation's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.

Principal Risks and Uncertainties

The Partnership has well developed strategies for managing risk and strives to embed risk management in all that it does. Risk management processes are designed to protect its assets, reputation, and financial stability. The Governing Body has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement on Corporate Governance.

A risk register is maintained at the Partnership level which is reviewed by the Audit Committee at quarterly meetings. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Partnership, and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

Key Performance Indicators

The Partnership's key performance indicators, targets and results are set out below.

Key Performance Indicator	Measure/Target	Actual for 2022/2023
Student number targets	14,832	15,070
Student achievement	90%	92.9%
Operating surplus/EBITDA as % of income	6%	9.31%
Staff satisfaction (via survey)	+30	+24
Ofsted rating	Outstanding	Requires improvement

TEC PARTNERSHIP

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2023

Student achievements

Students continue to prosper at the Partnership. Achievement rates remained high in 2021/22, 2481 of students moved into employment, further or higher education after they have completed their studies at the Partnership.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, enables organisations to charge other business customers interest on overdue accounts and to obtain compensation. During the accounting period 1 August 2022 to 31 July 2023, the Partnership paid 95% of its invoices within 30 days. The Partnership incurred no interest charges in respect of late payment for this period.

Equality and Diversity

Equality

The Partnership is committed to ensuring equality of opportunity for all who learn and work here. The Partnership respects and positively values differences in race, gender, sexual orientation, disability, religion or belief, and age. It strives vigorously to remove conditions which place people at a disadvantage, and it will actively combat bigotry. This policy is resourced, implemented, and monitored on a planned basis. The Partnership's Equality Policy is published on the Partnership's Intranet site.

The Partnership publishes an Annual Equality Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010. The Partnership undertakes equality impact assessments as appropriate and publishes the results.

The Partnership is a 'Positive about Disabled People' employer and has committed to the principles and objectives of the Positive about Disabled People standard. The Partnership 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 Partnership continues. The Partnership's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

The Partnership has committed to the 'Mindful Employer' initiative to assist the mental health wellbeing of staff. The Partnership has an Equality & Diversity training programme which all staff are required to complete. Refresher training and training for new starters is carried out on an ongoing basis.

Gender Pay Gap Reporting

	Year ended 31 March 2023
Mean gender pay gap	12.61%
Median gender pay gap	22.81%
Median gender bonus gap	100%
Proportion of males/females receiving a bonus	0.42% / 0%

TEC PARTNERSHIP

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2023

Year-Ended 31st March 2023

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

	Males	Females
1 - Lower quartile	19.95%	80.05%
2	26.87%	73.13%
3	37.50%	62.50%
4 – Upper quartile	46.11%	53.89%

The Partnership publishes its annual gender pay gap data on its website.

Disability Statement

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

- As part of its accommodation strategy the Partnership updated its access audit. Experts in this field conducted a full access audit during 2018/19, and the results of this formed the basis of funding capital projects aimed at improving access.
- The Partnership has appointed an Access Co-ordinator, who provides information, and advice and arranges support where necessary for students with disabilities.
- There is a list of specialist equipment, such as radio aids, which the Partnership 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 Partnership charter. Appeals against a decision not to offer a place are dealt with under the Complaints Policy.
- The Partnership has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- Specialist programmes are described in Partnership prospectuses, and achievements and destinations are recorded and published in the standard Partnership format.
- Counselling and welfare services are described in the Partnership Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

Ethnic Pay Gap Reporting

The very small proportion of ethnic minority staff within the Group would mean that any report detailing the pay gap would not be statistically robust (in respect of the data) on which to base any reasonable conclusions.

Trade Union Facility Time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the Partnership to publish information on facility time arrangements for trade union officials at the Partnership as at 31 March.

Numbers of employees who were relevant period	FTE employee number
4	4

Percentage of time	Number of employees
0%	0
1-50%	4
51-99%	0
100%	0

TEC PARTNERSHIP

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2023

Total cost of facility time	£5.7k
Total pay bill	£38.1m
Percentage of total bill spent on facility time	0.015 %
Time spent on paid trade union activities as a percentage of total paid facility time	69.76%

Going Concern

The Partnership currently has £5.2m of loans outstanding. The Partnership's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future. Cash balances were £15.4m at the 31st July 2023 with the Group having generated £2.2m of cash during the year.

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

Events after the reporting period

On 31st October approval was received by HM Treasury for the TEC Partnership to close the Modal subsidiary. The company ceased trading from 1st August 2023 and therefore, work with our legal advisors will continue over the forthcoming year, to close the subsidiary and move the net assets into the college.

Disclosure of Information to Auditor

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

Approved by order of the members of the board of Governors on 12th December 2023 and signed on their behalf by:



Paul Barker
Chair

TEC PARTNERSHIP

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The Governance Framework

The Corporation provides direction, guides, and monitors the strategic direction of TEC Partnership. The Corporation has responsibility for providing oversight and bringing independent judgement to bear across the Partnership, with responsibility for:

- The determination and periodic review of the educational character and mission of the institution and for the oversight of its activities.
- Setting and communicating the TEC Partnership's strategy and goals
- Approving the quality strategy of the institution, holding executive leaders to account for the educational performance and quality of the Partnership, and for the performance of staff.
Exercising effective control to ensure that funds and assets are protected, monitoring the effective and efficient use of resources, the solvency of the institution and for safeguarding their assets and that legal obligations are met.
- Approving annual estimates of income and expenditure.
- The appointment, grading, suspension, dismissal, and determination of pay of senior post holders.
- Setting a framework for the pay and conditions of service of all other staff

The composition of the Corporation is made up of independent governors, who are a group of professional people from different industries that possess a wide range of skills and expertise, staff, and student Governors. The TEC Partnership regularly updates skills audits to ensure there is a balance and a broad range of skills and experience, and this has been supported by engaging professional recruitment services. Governors are not involved in the day-to-day operations of a college or the group and instead have six main duties:

- To ensure the Corporation carries out its purpose for the public benefit.
- To comply with the Corporation's governing document and the law.
- To always act in the TEC Partnership's best interests.
- To manage the Corporations' resources responsibly.
- To act with reasonable care and skill.
- To ensure the Corporation is accountable and complies with accounting and reporting requirements.

Governance Code and Governor Conduct

The Corporation endeavours to conduct its business:

- In accordance with the Nolan Seven Principles of Public Life (Selflessness, Integrity, Objectivity, Accountability, Honesty, and Leadership)
- In accordance with guidance from the Association of Colleges in the Code of Good Governance for English Colleges. The Corporation endorsed, and it is the intention to adopt the new Code, which was ratified in their meeting in March 2023.
- In line with the TEC Partnership's Code of Conduct, which individual governors confirm.

TEC PARTNERSHIP

The members of the Corporation that served during the year are listed in the table below. The Board of Governors has formally met 6 times during the year.

TEC PARTNERSHIP

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Attendance during the year at meetings of the Board of Governors was as follows:

Governor	Meetings attended	Out of a possible
Erika Stoddart, Chair	0	0
Paul Barker, Chair	3	3
Kai Adegbembo, Vice Chair	7	7
Ann Hardy, Chief Executive	7	7
Richard Askam	2	4
Kerri Harold	7	7
Jim Harris	7	7
Becky Huxley-Binns	2	5
Cain Matthews	4	7
Liz Parry	7	7
Keith Pearson	4	7
Josh Greaves	3	3
Sharon Green	2	3
Tracey Gyte	1	2
Andrew Linley	2	3
Guy Lonsdale	1	3

The Corporation regularly completes a self-assessment process to review its effectiveness and engaged with consultants to review the governance structure of the Partnership during the current academic year. As a result, it moved from the previous structure of:

The Corporation, and committees of Audit, Remuneration, HE Oversight Committee, Modal Oversight Committee, GIFHE Local Advisory Board, ERC Local Advisory Board and the Scar-TEC Local Advisory Board.

This was replaced on 31st January 2023, after approval of the new structure and amendment to the Instrument and Articles, and Standing Orders.

The Corporation and committees of Audit, Curriculum and Quality, Finance and Resources Committee, HE Oversight Committee, Remuneration Committee and the Search and Governance Committee. The Partnership have also agreed to set up three employment and skills advisory groups to listen to what local employers need, and how this can be fed into the Curriculum and Quality Committee's plans.

Each of the committees has a clear remit across the TEC Partnership, which are confirmed in the terms of reference for each committee. The committees enable the board to focus on key responsibilities and areas of activity in greater detail, and review performance and results and controls in place.

Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Director of Governance at the TEC Partnership's registered address. The Director of Governance also 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 TEC Partnership's expense and have access to the Director of Governance, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with and acts as the Clerk to the Corporation. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

The TEC Partnership respects the importance of effective governance, and this year reviewed the support to the Corporation. This resulted in a new post of Director of Governance being agreed and appointed in the 2022-23

TEC PARTNERSHIP

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

year. The Director of Governance is a senior post holder and replaced the traditional 'Clerk to the Corporation' role. The postholder has various relevant qualifications and a wide range of experience in the role in the sector. The Board ensures that the postholder receives appropriate development throughout the year including attendance at relevant governance conferences both sector specific and general governance, together with relevant training and development.

This year, the Director of Governance participated in the Governance Professional's Leadership training and Mentoring programme, attended the AoC Governance Professionals Annual Conference, Governance Professional's Development Workshops, AoC network meetings and various webinars covering subjects such as Ofsted, LSIPs, and Board Reviews. She also completed TEC Partnership induction training, all staff training and safeguarding training with the West Yorkshire Children's Safeguarding Partnership. The Board ensures that the Director of Governance also works with the sector to help develop Governance through the AOC Yorkshire and Humber Governance Professionals network, in addition to her membership of the National Governance Association. She is also encouraged to participate in working groups that are developing guidance and support for the sector, this has included membership of the group to review the AOC Code of Good Governance.

Governors also need to attend training and be kept abreast of changes in the sector. Governors receive college and sector briefings throughout the academic year. Training is provided to cover areas identified as requiring development and there is an induction programme for new governors. The year, Governors received in person training from the finance team. Training has included attending the AOC Regional Governor Conference, the Chair has attended additional training events and attended the Chairs network meetings, and the Chair of Audit has also attended the Audit Chairs network meeting. All governors are also required to complete some of the mandatory staff training courses, including safeguarding, inclusion, equality and diversity, and health and safety training.

Two development events were held this year. First, governors welcomed consultants who focused on governor responsibilities and structures to provide oversight. On the latter, governors welcomed partners from the three LEP's to focus on the priorities for skills and employment in the footprint of the Partnership, before reviewing and approving the strategic plan for 2030.

The Corporation benefitted from a training session from the Group Vice Principal of Finance on 19 May 2023. All members also received updates on the latest ESFA bite size financial guides, because of the latest ONS Classification.

The Corporation has updated its policies which include the financial regulations which were amended to comply with the guidance from the ESFA and OfS, and to consider the latest guidance in the bite size guides and impact of the ONS reclassification. The approved policy for the management of our grants is included within the Financial Regulations. The Financial Regulations were reviewed and recommended by the Audit Committee on 15 June 2023 and the Finance and Resources Committee on 27 June 2023 to the Corporation for approval. They were approved by the Corporation on 4 July 2023.

Future pay awards will also take into account guidance within the bite size guides on senior pay controls and the Remuneration committee will receive a report on severance and one-off payments.

In July, the Corporation also approved the hive up of Modal, having taken advice on the college requirements for indemnities, guarantees and letters of comfort, write-offs, and debt.

The Director of Governance maintains a register of financial and personal interests of the governors, which was updated further this year to include friends or family that were working at TEC Partnership. The register is available for inspection at the TEC Partnership's registered address.

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings, and are securely communicated using a Board Portal. Briefings and training are provided on an ad hoc basis. The Corporation operates and adheres to an Annual Cycle of Business (working document) which documents every

TEC PARTNERSHIP

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

agenda item for each meeting of the Corporation and its committees throughout the academic year.

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

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

Appointments to the Corporation

Any new member appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has recently introduced a Search and Governance Committee, consisting of 4 members, which is responsible for the selection and nomination of members for the board and its' committees, with recommendation to the Corporation for approval. The Corporation is also responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding four years and the standard practice is to limit the appointments to a maximum of two terms of four years. An additional term of office, in exceptional circumstances, is subject to recommendation to the Corporation by the Search and Governance Committee and based on the Governance need. The Corporation abides by a governor selection policy which is available to view on the TEC Partnership website at www.tecpartnership.ac.uk or from the Director of Governance.

Corporation Performance

The Corporation undertakes a formal and rigorous review of its performance. This year the board:

- Worked with consultants to review the effectiveness of the reporting structure, reviewing the complexity and size of the Partnership in an informal external review process of the governance structure.
- Completed an internal exercise of self-assessment at committee meetings.
- Governors had one to one meeting with the Chair of the Corporation to discuss individual feedback, intentions, and support.
- Completed an annual skills audit.
- Governor annual review.
- Assessment of governance from the Executive Team.
- Review of governor attendance by the Search and Governance Committee.

A formal external review of governance is planned in the 2023-24 year, and the board has delegated the selection of the review partner to the Search and Governance Committee.

Remuneration Committee

Throughout the year ending 31st July 2023, the TEC Partnership's Remuneration Committee comprised five members of the Corporation and one position vacant. The Committee's responsibility is to make a recommendation to the Board on remunerations of the Accounting Officer and other senior postholders. The Remuneration Committee has had additional meetings during 2022-2023 and have met on:

25 October 2022
31 January 2023
27 February 2023

The Corporation has a strong and independent non-executive element, and no individual or group dominates its

TEC PARTNERSHIP

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

decision-making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

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

The Audit Committee is comprised of three members of the Corporation (excluding the Accounting Officer and the Chair) and two co-opted during the 2022-2023 year and carried one vacancy. The Committee operates in accordance with written terms of reference approved by the Corporation.

The following are ineligible to be members of the Committee:

- The CEO and any Senior Post Holder
- Members of the Finance and Resources Committee
- The Chair of Corporation

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

The TEC Partnership's internal auditor 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 the internal auditor, reporting accountants and financial statements auditor and their remuneration for the audit and non-audit work as well as reporting annually to the Corporation. The Audit committee met four times in the year to 31st July 2023, on:

6th October 2022
6th December 2022
14th March 2023
15th June 2023

Attendance during the year at meetings was as follows:

Governor	Meetings attended	Out of a possible
Josh Greaves	2	2
Jim Harris	4	4
Guy Lonsdale	3	3
Keith Pearson	3	4
Mike Stopper	3	4
Peter Debraal (Leave of absence agreed)	1	2
Chelsea Senior	1	1

TEC PARTNERSHIP

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

The purpose of the system of internal control

Scope of responsibility

The Corporation is ultimately responsible for the TEC Partnership's system of internal control and reviewing its effectiveness. However, such a system is designed to manage risk to a reasonable level rather than to eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Corporation has delegated day-to-day responsibility to the CEO, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the TEC Partnerships' policies, aims and objectives, whilst safeguarding the public funds and assets for which the CEO is personally responsible, in accordance with the responsibility assigned to her in the Funding Agreement between the TEC Partnerships and the finding bodies. She is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The CEO also has responsibility for the Strategic Risk Register, which has been reviewed at each Audit Committee, and is reported to each meeting of the Corporation.

The Corporation has reviewed the key risks to which the TEC Partnership is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating, and managing the TEC Partnership's significant risks that have and believe that the system of internal control has been in place in TEC Partnership for the year 1 August 2022 to 31 July 2023 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Corporation.

Capacity to handle risk

The Corporation has reviewed the key risks to which the Partnership is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating, and managing the Partnership's significant risks that has been in place for the year 1st August 2022 to 31 July 2023 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Corporation.

The risk and control framework

The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties and a system of delegation and accountability. 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 measure financial performance against targets.
- Setting targets to measure financial and other performance.
- Clearly defined capital investment guidelines.
- The adoption of formal project management disciplines, where appropriate.

The Board of Governors has decided to buy in an internal audit service from TIAA.

The Partnership has an internal audit service, which operates in accordance with the requirements of the ESFA's Post 16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks which the Partnership is exposed to, and annual audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the audit committee. At minimum, annually, the audit director from our internal auditor TIAA provides the governing body with a report.

TEC PARTNERSHIP

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

The risk and control framework (continued)

on internal audit activity in the Partnership. The report includes an independent opinion on the adequacy and effectiveness of the Partnership's system of risk management, controls, and governance processes. Governors also have an opportunity for an independent audience with the auditor before each audit committee meeting.

Risks Faced by the Corporation

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

Risk management processes are designed to protect its assets, reputation and financial stability. The Corporation has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement on Corporate Governance. The risk registers identify the key risks, the likelihood of those risk occurring, their potential impact on TEC Partnership and the actions being taken to reduce and mitigate risks. Risks are prioritised using a consistent scoring system. Not all the risks are within the Partnership's control and other risks besides may adversely affect the group. The Risk register is also shared with members of the Corporation.

Control Weaknesses identified

The internal auditor identified no significant weaknesses in the TEC Partnership's systems of internal control.

Responsibilities Under Funding Agreement

The Corporation confirm that they have met all the conditions under their funding agreements.

Statement from the Audit Committee

The Audit Committee has advised the board of governors that the Corporation has an effective framework for governance and risk management in place. The audit Committee believes that the Corporation has effective internal controls in place.

During the year TIAA carried out five reviews, which were designed to ascertain the extent to which the internal controls in the system are adequate to ensure that activities and procedures are operating to achieve TEC Partnership's objectives. For each assurance review an assessment of the combined effectiveness of the controls in mitigating the key controls risks was provided.

The specific areas of work undertaken by the audit Committee in 2022/2023 and update approvals of the financial statements included a review of casual staff, grant assurance, management accounts, staff recruitment and retention and supplier preference. As well as the external audits carried out by TIAA, where areas reviewed the few recommendations that were made, the Partnership is actively working through those to ensure full compliance, they did give advice on financial and other matters as well as performing a range of checks on the Partnership's financial systems.

On a quarterly basis, the reviewer reports to the Board of Governors through the audit committee on the operation of the systems of control and on the discharge of the Board of Governors' financial responsibilities and annually prepares a summary report to the committee outlining the areas reviewed, key findings, recommendations, and conclusions to help the committee consider actions and assess year on year progress.

TEC Partnership can confirm that all the internal audits were delivered on time, and the reports included an independent opinion on the adequacy and effectiveness of the Partnership's system of risk management, controls, and governance processes.

TEC PARTNERSHIP

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Review of effectiveness

As accounting officer, the Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the reviewer.
- the financial management and governance self-assessment process.
- the work of the executive managers within the Partnership who have responsibility for the development and maintenance of the internal control framework.
- the feedback made by the external auditor, the reporting accountant for regularity assurance, the appointed funding auditor (for colleges subject to funding audit) in their management letters and other reports.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the audit committee and a plan to ensure continuous improvement of the system is in place.

The Executive Leadership 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 Executive Leadership Team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendation for improvement.

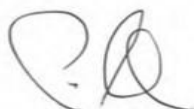
The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Executive Leadership Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

Based on the advice from the Audit Committee and the Accounting Officer, the Corporation is of the opinion that the TEC Partnership 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 safeguarding of their assets".

Approved by order of the members of the Board of Governors on and signed on their behalf by

Paul Barker

Chair



Ann Hardy

Accounting Officer



TEC PARTNERSHIP

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance 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 the Board of Governors and ESFA.



Ann Hardy
Accounting Officer

Statement of the Chair of Governors

On behalf of the Corporation, I can 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.

Paul Barker
Chair of Governors



Date 12th December 2023

TEC PARTNERSHIP

STATEMENT OF THE RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2023

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

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

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

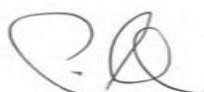
The Corporation is also required to prepare a strategic report, in accordance with paragraphs 3.23 to 3.27 of the FE and HE SORP, that describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the Corporation.

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

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, any other public funds, are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions, that may be prescribed from time to time by ESFA, or any other public funder, including that any transactions entered into by the Corporation are within delegated authorities set out in the "Dear accounting officer" letter of 29 November 2022 and ESFA'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 and other public bodies are not put at risk.

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



Paul Barker
Chair of Governors

TEC PARTNERSHIP

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF TEC PARTNERSHIP

Opinion

We have audited the financial statements of TEC Partnership (the 'College') and its subsidiaries (the 'Group') for the year ended 31 July 2023 which comprise the Consolidated and College Statement of Comprehensive Income and Expenditure, the Consolidated and College Statement of Changes in Reserves, the Consolidated and College Balance Sheet, the Consolidated Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law, 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 2019 Statement of Recommended Practice: Accounting for Further and Higher Education.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Colleges affairs as at 31 July 2023 and of the Group's and College's surplus of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

TEC PARTNERSHIP

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF TEC PARTNERSHIP (CONTINUED)

Other information

The other information comprises the information included in the Annual report other than the financial statements financial statements our Auditor's report thereon. The Corporation is responsible for the other information contained within the Annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the 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 or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- the information given in the report of the Members of the Corporation including the operating and financial review and statement of corporate governance, is inconsistent with the financial statements; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Corporation

As explained more fully in the Statement of Responsibilities for the Members of the Corporation as set out on page 25, the Corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

TEC PARTNERSHIP

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF TEC PARTNERSHIP (CONTINUED)

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 the financial statements.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Group and the College and their industry, we considered that non-compliance with the following laws and regulations might have had a material effect on the financial statements, compliance with the ESFA funding agreements, the OfS regulatory framework, the OFSTED regulatory framework, safeguarding, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud and money laundering, HM Treasury's "Managing Public Money".

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Group and the College is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Group and the College which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation and pension legislation.

In addition, we evaluated the Members of the Corporation and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risk related to posting manual journals entries to manipulate financial performance, management bias through judgement and assumptions in significant accounting estimates, in particular in relation to assumptions used in determining the valuations of defined benefit obligations, revenue recognition (which we pinpointed to the cut-off assertion) and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Members of the Corporation and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risk of through management override of controls by performing journal entry testing.

TEC PARTNERSHIP

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF TEC PARTNERSHIP (CONTINUED)

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remains a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

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

Other required reporting

Opinion on other matters prescribed in the OfS audit Code of Practice issued under the Further and Higher Education act 1992.

In our opinion, in all material respects:

- Funds provided by the OfS and UK Research and Innovation (including Research England) have been applied in accordance with the relevant terms and conditions attached to them; and
- the requirements of OfS's accounts direction have been met.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the OfS Audit Code of Practice requires us to report to you if, in our opinion:

- the provider's grant and fee income, as disclosed in the notes to the financial statements, has been materially misstated; or
- the provider's expenditure on access and participation activities, as disclosed in the financial statements, has been materially misstated.

Use of the audit report

This report is made solely to the Corporation, as a body, in accordance with Article 22 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the College and the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.



Mazars LLP (Dec 18, 2023 15:26 GMT)

Mazars LLP

Chartered Accountants and Statutory Auditor

Park View House, 58 The Ropewalk

Nottingham

NG1 5DW

Date: Dec 18, 2023

TEC PARTNERSHIP

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO TEC PARTNERSHIP AND THE EDUCATION AND SKILLS FUNDING AGENCY

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

In accordance with the terms of our engagement letter dated 7 July 2023 and further to the requirements and conditions of funding in ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects the expenditure disbursed and income received by TEC Partnership during the period 1 August 2022 to 31 July 2023 has not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the Code) issued by ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder.

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

Respective responsibilities of TEC Partnership and the reporting accountant

The Corporation of TEC Partnership is responsible, under the requirements of the Further & Higher Education Act 1992 subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed, and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by the Code our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed, and income received during the year 1 August 2022 to 31 July 2023 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

TEC PARTNERSHIP

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO TEC PARTNERSHIP AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

The work undertaken to draw conclusions includes:

- Reviewed the statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding;
- Reviewed the College's completed self-assessment questionnaire on regularity.
- Read the financial memorandum with the ESFA/funding agreement with the ESFA.
- Tested a sample of expenditure disbursed and income received to consider whether they have been applied to purposes intended by Parliament and in accordance with funding agreements where relevant;
- Tested a sample of individual learner records.
- Reviewed all payments to senior post holders on termination of employment or in respect of claims made in the year;
- Reviewed approved policies and procedures operating during the year for each funding stream that has specific terms attached;
- Obtained the policy for personal gifts and hospitality;
- Obtained a register of personal interests;
- Obtained the financial regulations/financial procedures;
- Obtained the College's whistleblowing policy;
- Reviewed the college's compliance with the requirements of HM Treasury's "Managing Public Money" document.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects, the expenditure disbursed and income received during the period 1 August 2022 to 31 July 2023 has not been applied to purposes intended by Parliament, that the financial transactions do not conform to the authorities which govern them.


Mazars LLP (Dec 18, 2023 15:26 GMT)

Mazars LLP

Date: Dec 18, 2023

TEC PARTNERSHIP

**CONSOLIDATED AND PARTNERSHIP STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 JULY 2023**

All items of income and expenditure relate to continuing activities.

	Notes	Group 2023 £000	Group 2022 £000	<i>College 2023 £000</i>	<i>College 2022 £000</i>
Income					
Funding body grants	3	46,588	43,156	46,357	42,087
Tuition fees and education contracts	4	10,009	11,807	9,686	11,431
Other grants and contracts	6	267	326	-	326
Other income	7	3,466	3,457	3,096	3,122
Investment income	8	565	14	565	14
Total Income		60,895	58,760	59,704	56,980
Expenditure					
Staff costs	9	38,089	38,895	37,400	31,660
Other operating expenses	13	15,840	16,470	16,913	23,928
Depreciation and amortisation	18	4,672	4,565	4,270	4,155
Interest and other finance costs	15	346	911	346	911
Total expenditure		58,947	60,841	58,929	60,654
Surplus/(Deficit) before other gains		1,948	(2,081)	775	(3,674)
Surplus/(Deficit) before tax		1,948	(2,081)	775	(3,674)
Surplus/(Deficit) for the year		1,948	(2,081)	775	(3,674)
Actuarial (loss)/gain in respect of pensions		(119)	35,854	(119)	35,854
Total comprehensive income for the year		1,829	33,773	656	32,180
Represented by:					
Unrestricted comprehensive income		1,829	33,773	656	32,180
Surplus for the year attributable to:		1,829	33,773	656	32,180
Group		1,829	33,773	656	32,180
Total Comprehensive income for the year Group		1,829	33,773	656	32,180

TEC PARTNERSHIP

**CONSOLIDATED AND PARTNERSHIP STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 JULY 2023**

	Income and expenditure account £000	Revaluation reserve £000	Restricted reserves £000	Total equity £000
Group				
Balance at 1 August 2021 (as previously stated)	15,103	11,366	-	26,469
Changes due to prior period error	(1,585)		-	(1,585)
Balance at 1 August 2021 (as restated)	13,518	11,366	-	24,884
(Deficit) from I&E account	(2,081)	-	-	(2,081)
Other comprehensive income	35,854	-	-	35,854
Balance at 31 July 2022	47,291	11,366	-	58,657
Surplus from I&E account	1,948	-	-	1,948
Other comprehensive income	(119)	-	-	(119)
Total comprehensive income	1,829	-	-	1,829
At 31 July 2023	49,120	11,366	-	60,486
College				
Balance at 1 August 2021 (as previously stated)	18,866	11,366	-	30,232
Changes due to prior period error	(1,585)	-	-	(1,585)
Balance at 1 August 2021 (as restated)	17,281	11,366	-	28,647
(Deficit) from I&E account	(3,674)	-	-	(3,674)
Other comprehensive income	35,854	-	-	35,854
Balance at 31 July 2022	49,461	11,366	-	60,827
Surplus from the I&E account	775	-	-	775
Other comprehensive income	(119)	-	-	(119)
Total comprehensive income	656	-	-	656
At 31 July 2023	50,117	11,366	-	61,483

TEC PARTNERSHIP

**CONSOLIDATED BALANCE SHEET
AS AT 31 JULY 2023**

	Note	2023 £000	<i>As restated</i> 2022 £000
Fixed assets			
Intangible Fixed Assets		332	348
Tangible Fixed Assets	18	95,536	94,929
Investment Property	16	301	301
		96,169	95,578
Current assets			
Stocks	20	52	33
Debtors: amounts falling due within one year	21	3,408	1,999
Investments	22	3,000	-
Cash at bank and in hand		12,390	13,209
		18,850	15,241
Creditors: amounts falling due within one year	24	(13,237)	(10,835)
Net current assets		5,613	4,406
Total assets less current liabilities		101,782	99,984
Creditors: amounts falling due after more than one year	25	(39,879)	(39,805)
Provisions for liabilities	27	(1,417)	(1,522)
Net assets excluding pension asset		60,486	58,657
Total net assets		60,486	58,657
Funds of the Partnership			
Restricted funds			
Unrestricted income funds			
Income and Expenditure Account		49,120	47,291
Revaluation reserve		11,366	11,366
Total unrestricted income funds		60,486	58,657
Total funds		60,486	58,657

TEC PARTNERSHIP

**CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 JULY 2023**

The financial statements were approved by the Governors, and authorised for issue on 12th December 2023 and are signed on their behalf, by:



Paul Barker
Chair of Trustees



Ann Hardy
Accounting Officer

The notes on pages 39 to 70 form part of these financial statements.

TEC PARTNERSHIP

COLLEGE BALANCE SHEET AS AT 31 JULY 2023

	Note	2023 £000	<i>As restated 2022 £000</i>
Fixed assets			
Intangible assets		314	348
Tangible assets	18	88,553	87,623
Investment property	16	301	301
		<u>89,168</u>	<u>88,272</u>
Current assets			
Stocks	20	52	33
Debtors: amounts falling due after more than one year	21	-	5,877
Debtors: amounts falling due within one year	21	11,008	4,893
Investments	22	3,000	-
Cash at bank and in hand		12,204	13,082
		<u>26,264</u>	<u>23,885</u>
Creditors: amounts falling due within one year	24	(13,686)	(11,081)
Net current assets		<u>12,578</u>	<u>12,804</u>
Total assets less current liabilities		<u>101,746</u>	<u>101,076</u>
Creditors: amounts falling due after more than one year	25	(38,846)	(38,727)
Provisions for liabilities	27	(1,417)	(1,522)
Net assets excluding pension asset		<u>61,483</u>	<u>60,827</u>
Total net assets		<u>61,483</u>	<u>60,827</u>
Funds of the Partnership			
Restricted funds		-	-
Unrestricted income funds			
Revaluation reserves		11,366	11,366
Income and expenditure account		50,117	49,461
Total unrestricted income funds		<u>61,483</u>	<u>60,827</u>
Total funds		<u>61,483</u>	<u>60,827</u>

TEC PARTNERSHIP

**COLLEGE BALANCE SHEET (CONTINUED)
AS AT 31 JULY 2023**

The financial statements were approved by the Governors, and authorised for issue on 12th December 2023 and are signed on their behalf, by:



Paul Barker
Chair of Trustees



Ann Hardy
Accounting Officer

The notes on pages 39 to 70 form part of these financial statements.

TEC PARTNERSHIP

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2023

	Note	2023 £000	2022 £000
Cash flows from operating activities			
Net cash provided by operating activities	32	8,231	7,015
Cash flows from investing activities	34	(8,048)	(4,919)
Cash flows from financing activities	33	(1,002)	(967)
Change in cash and cash equivalents in the year		(819)	1,129
Cash and cash equivalents at the beginning of the year		13,209	12,080
Cash and cash equivalents at the end of the year	35, 36	<u>12,390</u>	<u>13,209</u>

The notes on pages 39 to 69 form part of these financial statements

TEC PARTNERSHIP

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

1. Accounting policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgments and key sources of estimation uncertainty, is set out below.

1.1 Basis of preparation of financial statements

The financial statements of the Group, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Charities Act 2011 and the Companies Act 2006.

TEC Partnership meets the definition of a public benefit entity under FRS 102.

The consolidated and Partnership statement of comprehensive income and expenditure and the consolidated balance sheet of the Partnership and its subsidiaries which include Modal Training Ltd, Support Staff Services Ltd and Grimsby Trading Ltd, who are controlled by the group. Control is achieved where the group has the power to govern the financial and operating policies of an entity to obtain benefits from its activities. Under the purchase method of accounting, the results of subsidiary and associate undertakings acquired or disposed of during the year are included in the consolidated income and expenditure account from or up to the date on which control of the undertaking passes. Intra-group sales and profits are eliminated fully on consolidation. The results of the subsidiaries are consolidated on a line-by-line basis. In accordance with FRS102, the activities of the student union have not been consolidated because the Partnership does not control these activities.

1.2 Going concern

The activities of the Partnership, together with the factors likely to affect its future development and performance are set out in the Strategic Report. The financial position of the Partnership, its cashflow, liquidity, and borrowings are presented in the Financial Statements and accompanying notes. The Partnership currently has £5.2m of loans outstanding.

The Partnership's forecast and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future. Cash balances were £15.4m as of 31 July 2023, with the Group having generated £2.2m of cash during the year. The Governors assess whether the use of going concern is appropriate i.e., whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Partnership to continue as a going concern.

The Governors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Partnership has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Partnership's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

TEC PARTNERSHIP

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

1. Accounting policies (continued)

1.3 Income

All incoming resources are recognised when the entitlement to the funds, the receipt is probable, and the amount can be measured reliably.

Grants

Grants are included in the Consolidated and Partnership statement of comprehensive income and expenditure on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met and are signed off by the awarding body. Where entitlement occurs before income is received, the income is accrued.

The recurrent grant from the OFS represents the funding allocations attributable to the current financial year and is credited direct to the Consolidated and Partnership statement of comprehensive income and expenditure.

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual model as permitted by FRS102. Other, non-governmental, capital grants are recognised in income when the Partnership is entitled to the funds subject to any performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as conditions are met.

1.4 Fee Income

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

1.5 Agency Arrangements

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

1.6 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated based on time spent, and depreciation charges allocated on the portion of the asset's use.

TEC PARTNERSHIP

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

1. Accounting policies (continued)

1.7 Expenditure (continued)

Charitable activities

These are costs incurred on the Group's educational operations, including support costs and costs relating to the governance of the Group apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

1.8 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Group; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.9 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the transition to the FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation. Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Consolidated and Partnership statement of comprehensive income and expenditure and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Consolidated and Partnership statement of comprehensive income and expenditure. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

TEC PARTNERSHIP

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

1. Accounting policies (continued)

1.9 Tangible fixed assets (continued)

Depreciation is provided on the following basis:

Furniture, Fixture and Fittings	-	7 years
Plant	-	5 years
Computer equipment	-	6 years
Motor vehicles	-	5 years
Other Equipment	-	5-20 years

Assets purchased during construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Consolidated and Partnership statement of comprehensive income and expenditure.

Where significant expenditure is incurred on tangible fixed assets after purchase it is charged to income in the period it is incurred, unless it increases the future benefits to the Partnership, in which case capitalised and depreciated on the relevant basis. Equipment costing less than £1,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised as cost.

1.10 Freehold Buildings

Freehold buildings are depreciated over the expected useful economic life to the Partnership of between 15 and 60 years. The Partnership have a policy of depreciating major adaptations to the buildings over the period of their useful economic life of between 20 and 50 years. On adoption of FRS102, the Partnership followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

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

1.11 Inventories

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.12 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

TEC PARTNERSHIP

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

1. Accounting policies (continued)

1.13 Cash at bank and Cash Equivalents

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

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

1.14 Financial Liabilities and Equity

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

All loans, investments and short-term deposits held by the group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS102 requires that basic financial instruments are subsequently measured at amortised cost, however the Partnership has calculated that the difference between the historical cost and the amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

1.15 Foreign Currency Translation

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

1.16 Provisions

Provisions are recognised when the Group has an obligation at the reporting date because of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised with interest payable and similar charges.

TEC PARTNERSHIP

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

1. Accounting policies (continued)

1.17 Financial instruments

The Group only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Group and their measurement bases are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in the note. Prepayments are not financial instruments. Amounts due to the Partnership's wholly owned subsidiary are held at face value less than any impairment.

Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 25 and 26. Taxation and social security are not included in the financial instrument's disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the Partnership's wholly owned subsidiary are held at face value less than any impairment.

1.18 Finance leases and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Group. Obligations under such agreements are included in creditors, net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Consolidated and Partnership statement of comprehensive income and expenditure to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.19 Operating leases

Rentals paid under operating leases are charged to the Consolidated comprehensive income and expenditure, on a straight-line basis over the lease term.

TEC PARTNERSHIP

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

1. Accounting policies (continued)

1.20 Pensions

Retirement benefits to employees of the Group are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Group in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme, and the assets are held separately from those of the Group in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements, and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Consolidated and Partnership statement of comprehensive income and expenditure and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

1.21 Enhanced Pensions

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

1.22 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 Partnership. Any unused benefits are accrued and measured as the additional amount the Partnership's expects to pay as a result of the unused entitlement.

1.23 Borrowing Costs

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

TEC PARTNERSHIP

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

1. Accounting policies (continued)

1.24 Investments

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements. Listed investments held as non-current asset investments, which may include listed investments, are stated at fair value, with movements recognised in Comprehensive Income, Investments comprising unquoted equity instruments are measured at fair value, estimated using a valuation technique.

The group currently holds assets on deposit on a fixed term basis and these are shown within the balance as investments.

1.25 Taxation

The Partnership 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 Partnership 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 Partnership is partially exempt in respect of Value Added Tax, so that it can only recover a minimal amount on the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

The Partnership's subsidiary companies are subject to Corporation tax and VAT in the same way as any commercial organisation.

1.26 Provisions and Contingent Liabilities

Provisions are recognised when:

- The Partnership has a present legal or constructive obligation because 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 its 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.

Contingent liability arises from a past event that gives the Partnership 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 Partnership. 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.

TEC PARTNERSHIP

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

2. Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Partnership makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

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 reassessing 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.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 37 will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 to value the pensions liability at 31 July 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Judgements:

Determine whether leases entered by the Partnership either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease-by-lease basis.

Determine whether there are indicators of impairment of the group's tangible assets. 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.

The Pension asset has not been recognised within the accounts in line with recognition criteria of FRS102. A surplus can only be recognised as an asset to the extent that the entity can recover that surplus either through a reduction in its contribution in the future or by being able to obtain refunds from the pension plan; the asset itself must be recoverable and only the amount that is recoverable can be recognised.

TEC PARTNERSHIP

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

3. Funding Body Grants

	Group	<i>Group</i>	College	<i>College</i>
	2023	<i>2022</i>	2023	<i>2022</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Recurrent Grants				
Education and Skills Funding Agency - Adult Education Budget	7,810	7,800	7,810	7,800
Education and Skills Funding Agency - 16-18	26,453	23,143	26,453	23,143
Education and Skills Funding Agency - 14-16	1,174	913	1,174	913
Education and Skills Funding Agency - Apprenticeships	4,295	4,158	4,295	4,158
Office for Students	609	683	609	683
Specific Grants				
Education and Skills Funding Agency	2,255	926	2,255	926
Teachers' Pension Contribution Grant	1,018	822	1,018	822
Release of Government Capital Grants	2,632	2,504	2,459	2,211
Release of Other Grants	342	2,207	284	1,431
	46,588	43,156	46,357	42,087

4. Tuition Fees and Education Contracts

	Group	<i>Group</i>	College	<i>College</i>
	2023	<i>2022</i>	2023	<i>2022</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Adult Education Fees	1,047	978	724	602
Apprenticeship Contracts	34	57	34	57
Fees for FE loan supported courses	878	1,084	878	1,084
Fees for HE loan supported courses	6,234	8,147	6,234	8,147
Other	138	160	138	160
Total Tuition Fees	8,331	10,426	8,008	10,050
Education Contracts	1,678	1,381	1,678	1,381
	10,009	11,807	9,686	11,431

TEC PARTNERSHIP

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

5. Analysis of Grant and Fee income

	Group	<i>Group</i>	College	<i>College</i>
	2023	<i>2022</i>	2023	<i>2022</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Grant income from Office for Students	609	683	609	683
Grant income from other bodies	45,979	42,473	45,748	41,404
Total Grants	46,588	43,156	46,357	42,087
Fee income from taught awards (exc of VAT)	6,234	8,147	6,234	8,147
Fee income from non-qualifying courses	3,637	3,500	3,314	3,124
Total Tuition Fees and Education Contracts	9,871	11,647	9,548	11,271
Total Grant and Fee Income	56,459	54,803	55,905	53,358

6. Other Grants and Contracts

	Group	<i>Group</i>	College	<i>College</i>
	2023	<i>2022</i>	2023	<i>2022</i>
	£000	<i>£000</i>	£000	<i>£000</i>
European Social Fund	267	326	-	326
Total	267	326	-	326

7. Other income

	Group	<i>Group</i>	College	<i>College</i>
	2023	<i>2022</i>	2023	<i>2022</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Catering and Residential	1,827	1,457	1,827	1,457
Other Income Generating Activities	1,447	1,522	1,077	1,187
Miscellaneous Income	192	478	192	478
Total	3,466	3,457	3,096	3,122

TEC PARTNERSHIP

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

8. Investment Income

	Group	<i>Group</i>	College	<i>College</i>
	2023	<i>2022</i>	2023	<i>2022</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Other Interest Receivable	194	14	194	14
Net interest on defined pension liability	371	-	371	-
Total	565	14	565	14

9. Staff costs - Group and Partnership

a. Staff costs

Staff costs during the year were as follows:

	Group	<i>Group</i>	College	<i>College</i>
	2023	<i>2022</i>	2023	<i>2022</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Salaries	28,369	28,757	27,783	21,742
Social Security costs	2,451	2,002	2,399	1,952
Other Pension costs	5,027	6,917	4,979	6,746
	35,847	37,676	35,161	30,440
Contracted out Staffing Services	2,024	1,202	2,021	1,202
Staff restructuring costs	218	17	218	17
	38,089	38,895	37,400	31,659

Staff restructuring costs comprise:

	Group	<i>Group</i>	College	<i>College</i>
	2023	<i>2022</i>	2023	<i>2022</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Redundancy payments	213	17	213	17
Other restructuring costs	5	-	5	-
	218	17	218	17

TEC PARTNERSHIP

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

b. Staff numbers

The average number of persons employed by the Group and the Partnership during the year was as follows:

	Group 2023 No.	<i>Group 2022 No.</i>
Teaching Staff	325	359
Non-Teaching Staff	775	825
	1,100	1,184
	1,100	1,184

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

	Key management personnel		Other staff	
	2023	2022	2023	2022
	No.	No.	No.	No.
£60,001 to £65,000 p.a.	2	-	4	2
£65,001 to £70,000 p.a.	1	1	1	3
£70,001 to £75,000 p.a.	1	1	1	1
£75,001 to £80,000 p.a.	-	-	1	-
£80,001 to £85,000 p.a.	1	1	-	-
£85,001 to £90,000 p.a.	-	1	-	-
£90,001 to £95,000 p.a.	1	-	-	-
£95,001 to £100,000 p.a.	-	1	-	-
£100,001 to £105,000 p.a.	1	1	-	-
£110,001 to £115,000 p.a.	-	1	-	-
£115,001 to £120,000 p.a.	-	1	-	-
£120,001 to £125,000 p.a.	-	1	-	-
£145,001 to £150,000 p.a.	-	2	-	-
£150,001 to £155,000 p.a.	1	-	-	-
	8	11	7	6

TEC PARTNERSHIP

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

c. Key management personnel

The key management personnel of the Group comprise the Governors and the Executive Leadership Team as listed on page 1. The total amount of key management personnel benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Group was £975k (2022 - £892k).

	2023	<i>2022</i>
	£000	<i>£000</i>
Basic salary	700	670
Employers National Insurance	92	87
Pension Contributions	173	135
Total key management personnel compensation	965	<i>892</i>

The above compensation includes amounts paid to the Grimsby Principal and Chief Executive who is the Accounting Officer and who is also the highest paid member of staff. Their pay and remuneration are detailed as follows:

10. Total CEO emoluments

	2023	<i>2022</i>
	£000	<i>£000</i>
Basic Salary		
G Alton	-	71
A Hardy	150	117
Employers National Insurance		
G Alton	-	9
A Hardy	20	15
Pension Contributions		
G Alton	-	-
A Hardy	36	28
	206	<i>212</i>

The Partnership adopted AoC's Senior Staff Remuneration Code in July 2019 and assess pay in line with its principals.

The remuneration package for key management staff, including the Principal and the Chief Executive, is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to produce objective guidance.

TEC PARTNERSHIP

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

11. Relationship of the Chief Executive pay, and remuneration expressed as a multiple

	2023	<i>2022</i>
	£000	<i>£000</i>
CEO's basic salary as a multiple of the median of all staff	6.2	6.7
CEO's total emoluments as a multiple of the median of all staff	7.6	7.3

The CEO's basic salary is taken as £150,562 per pay scale. Staff salaries are calculated based on all staff salaries at their full-time equivalent. The total emoluments figure used is £186k, which encompasses the basic salary inclusive of expected pension payments and the median staff total emoluments is calculated on the same basis.

12. Severance and special payment

The Group paid 22 severance and special payments in the year. This has been broken down into bands. Out of the 22 payments, 5 of those payments were classified as special and therefore, have been categorised individually.

	No of Staff
£0-£25,000	21
£25,001 - £50,000	1

Special payments

	No of Staff
£1,500	1
£9,000	1
£2,000	1
£25,000	1
£38,084	1

13 Other Operating Expenses

	Group	<i>Group</i>	College	<i>College</i>
	2023	<i>2022</i>	2023	<i>2022</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Teaching Costs	3,213	2,215	2,950	2,400
Non-Teaching Costs	3,283	4,592	3,482	12,129
Premises Costs	9,344	9,663	10,481	9,399
Total	15,840	16,470	16,913	23,928

Support Staff Services Ltd is a wholly owned subsidiary of the Group and is a service company providing administration and support staff. In prior years the costs associated to staff were charged to non-teaching costs, a decision was made this year to allocate all staff costs associated with our subsidiary to staff costs and therefore when viewing non-teaching costs for the college in 2022 they were higher because of that reason.

TEC PARTNERSHIP

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

Other Operating Expenses include:

	2023	<i>2022</i>
	£000	<i>£000</i>
Financial statements audit	85	70
Non-Audit Fee work	46	-
Internal audit fees	34	19
Hire of assets under operating leases	445	295

14. Access and Participation Expenditure (College only)

	2023	<i>2022</i>
	£000	<i>£000</i>
Access Investment	35	85
Financial Support	87	134
Disabled Students	48	61
Research	50	50
	220	330

15. Interest and other finance costs – Group and College

	2023	<i>2022</i>
	£000	<i>£000</i>
On bank loans, overdrafts, and other loans	346	333
Net interest on defined pension liability		578
Total	346	911

TEC PARTNERSHIP

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

16. Investment property Group

	Freehold investment property £000
Valuation	
At 1 August 2022	301
At 31 July 2023	301
Partnership	
Valuation	
At 1 August 2022	301
At 31 July 2023	301

In the opinion of the Members the value of the investment property has not moved materially from that disclosed in the prior year and carried out by Scotts Property LLP, external Chartered Surveyors, on 23 November 2017. The basis of the valuation was market value with the assumption of vacant possession and of other similar types of properties within the local area.

17. Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £NIL for the debts and liabilities contracted before he/she ceases to be a member.

TEC PARTNERSHIP

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

18. Tangible fixed assets

Group

	Freehold property	Land	Furniture and equipment	Assets in the course construction	Total
	£000	£000	£000	£000	£000
Cost or valuation					
At 1 August 2022 (as previously stated)	100,388	13,942	45,733	-	160,063
Prior Year Adjustment	(266)	-	(1,319)	-	(1,585)
At 1 August 2022 (as restated)	100,122	13,942	44,414		158,478
Additions	832	-	2,831	1,538	5,201
Disposals	-	-	(16,292)		(16,292)
At 31 July 2023	100,954	13,942	30,953	1,538	147,387
Depreciation					
At 1 August 2022	31,039	-	32,510	-	63,549
Charge for the year	2,308	-	2,286	-	4,594
On disposals	-	-	(16,292)	-	(16,292)
At 31 July 2023	33,347	-	18,504	-	51,851
Net book value					
At 31 July 2023	67,607	13,942	12,449	1,538	95,536
At 31 July 2022 (as restated)	69,083	13,942	11,904	-	94,929

TEC PARTNERSHIP

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

18. Tangible fixed assets (continued)

College

	Freehold property £000	Land £000	Furniture and equipment £000	Assets in the course construction £000	Total £000
Cost or valuation					
At 1 August 2022 (as previously stated)	94,051	13,942	41,593	-	149,586
Prior Year Adjustment	(266)	-	(1,319)	-	(1,585)
At 1 August 2022 (as restated)	93,785	13,942	40,274	-	148,001
Additions	832	-	2,756	1,538	5,126
Disposals	-	-	(16,292)	-	(16,292)
At 31 July 2023	94,617	13,942	26,738	1,538	136,835
Depreciation					
At 1 August 2022	30,110	-	30,268	-	60,378
Charge for the year	2,203	-	1,993	-	4,196
On disposals	-	-	(16,292)	-	(16,292)
At 31 July 2023	32,313	-	15,969	-	48,282
Net book value					
At 31 July 2023	62,304	13,942	10,769	1,538	88,553
At 31 July 2022 (as restated)	63,675	13,942	10,006	-	87,623

19. Interest in Subsidiaries

TEC Partnership has an interest in the following unlisted companies by means of issued ordinary share capital, all of which are companies incorporated in the United Kingdom and registered in England and Wales

Name	Principal Activity	Interest Acquired	Holding
Grimsby College Trading Limited	Transport services	1995	100 %
Modal Training Limited	Logistics training	2001	100 %
Support Staff Services Limited	Support staff	2012	100 %
Humber Construction Limited	Non-Trading	1995	100 %
Humber Seafood Limited	Non-Trading	1996	100 %
East Riding College Limited	Non-Trading	2020	100 %

TEC PARTNERSHIP

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

19. Interest in Subsidiaries (continued)

The above subsidiaries are included in the consolidated financial statements.

20. Stocks

	Group	<i>Group</i>	College	<i>College</i>
	2023	<i>2022</i>	2023	<i>2022</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Finished goods and goods for resale	52	33	52	33
	<u>52</u>	<u>33</u>	<u>52</u>	<u>33</u>

21. Debtors and other receivables

	College	<i>College</i>
	2023	<i>2022</i>
	£000	<i>£000</i>
Due after more than one year		
Amounts owed by group undertakings	-	5,877
	<u>-</u>	<u>5,877</u>

	Group	<i>Group</i>	College	<i>College</i>
	2023	<i>2022</i>	2023	<i>2022</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Due within one year				
Trade debtors	577	811	449	443
Amounts owed by group undertakings	-	-	8,016	3,368
Other debtors	199	-	6	-
Prepayments and accrued income	2,622	1,188	2,537	1,082
Grants receivable	10	-	-	-
	<u>3,408</u>	<u>1,999</u>	<u>11,008</u>	<u>4,893</u>

22. Current asset investments

	Group	<i>Group</i>	College	<i>College</i>
	2023	<i>2022</i>	2023	<i>2022</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Funds on deposit	3,000	-	3,000	-
	<u>3,000</u>	<u>-</u>	<u>3,000</u>	<u>-</u>

23. Taxation

The members do not believe that the Partnership was liable for any Corporation tax arising out of its activities during either year.

TEC PARTNERSHIP

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

24. Creditors: Amounts falling due within one year

	Group	<i>Group</i>	College	<i>College</i>
	2023	<i>2022</i>	2023	<i>2022</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Bank loans	600	600	600	600
Payments received in advance	6	9	6	9
Trade creditors	1,978	1,308	1,901	1,153
Amounts owed to group undertakings	-	-	794	739
Tax due to HMRC	1,075	1,286	1,076	1,300
Obligations under finance lease and hire purchase contracts	17	52	17	52
Other creditors	4,569	2,391	4,472	2,210
Accruals and deferred income	1,599	2,257	1,427	2,257
Deferred income - government capital grants	2,501	1,677	2,501	1,506
Deferred income - government revenue grants	892	1,255	892	1,255
	13,237	10,835	13,686	11,081

25. Creditors: Amounts falling due after more than one year

	Group	<i>Group</i>	College	<i>College</i>
	2023	<i>2022</i>	2023	<i>2022</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Bank loans	4,625	5,225	4,625	5,225
Other creditors	300	-	300	-
Deferred Income - Government grants received	34,954	34,580	33,921	33,502
	39,879	39,805	38,846	38,727

TEC PARTNERSHIP

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

26. Maturity of Debt

	Group	<i>Group</i>	College	<i>College</i>
	2023	<i>2022</i>	2023	<i>2022</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Bank Loans and Overdrafts				
In one year or less	600	600	600	600
Between one and two years	600	600	600	600
Between two and five years	1800	1800	1800	1800
In five years of more	2,225	2,825	2,225	2,825
Total	5,225	5,825	5,225	5,825

Bank loans and overdrafts totaling £4,500,000 are secured on a portion of the freehold land and buildings of the Partnership. These loans and overdrafts are at 6.75% repayable by instalments, falling due between 1 August 2020 and 31 July 2034. The remaining element of the loan is a non-secured loan and can be repaid at any time without penalty.

27. Provisions

	Defined benefit obligations	Enhanced Pensions	Totals
	£000	£000	£000
As at 1 August 2022	-	(1,522)	(1,522)
Expenditure with the period	12,548	33	12,581
Charge to statement of comprehensive income	(119)	-	(119)
Actuarial (Gain)/Loss	(12,429)	72	(12,357)
As at 31st July 2023	-	(1,417)	(1,417)

The enhanced pension provision relates to the cost of staff who have already left the College's employment and commitments for the re-organisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been re-calculated in accordance with guidance issued by the funding bodies.

The principal assumptions for this calculation are:

	2023	2022
Inflation Rate (CPI)	2.8%	2.9%
Interest Rate	5.0%	3.3%

Defined benefit obligations relate to the liabilities under the College's membership of the local Government Pension Scheme.

TEC PARTNERSHIP

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28. Capital and other commitments

	Group	<i>Group</i>	College	<i>College</i>
	2023	<i>2022</i>	2023	<i>2022</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Commitments contracted for as at 31 July	-	1,458	-	1,458
Total	-	1,458	-	1,458

29. Group and College lease obligations

At 31 July the Partnership had a minimum lease payment under non-cancellable operating leases as follows:

	2023	<i>2022</i>
	£000	<i>£000</i>
Future minimum lease payments due		
Land and buildings		
Not later than one year	316	216
Later than one year and not later than five years	449	532
Later than five years	54	72
	819	820
Other		
Not later than one year	125	144
Later than one year and not later than five years	196	238
Later than five years	-	-
Later than five years	321	382
	1,140	1,202

30. Contingencies Restrictive Land Covenants

Land valuations have been based on the assumptions that restrictive covenants do not apply as TEC Partnership intends to use these assets for the foreseeable future. These covenants will only have an effect if TEC Partnership makes the decision to no longer use the associated land for educational purposes and therefore no provision is recognised within the valuation of the land in respect of covenants.

31. Events after the reporting period

On 31st October approval was received by HM Treasury for the TEC Partnership to close the Modal Subsidiary. The company ceased trading from 1st August 2023 and therefore, work with our legal advisors will continue over the forthcoming year, to close the subsidiary and move the net assets into the college.

TEC PARTNERSHIP

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32. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2023	<i>2022</i>
	£000	<i>£000</i>
Net income/(expenditure) for the year (as per the statement of comprehensive income and expenditure)	1,948	(2,081)
Adjustments for:		
Depreciation of Tangible Fixed Assets	4,594	4,549
Amortisation of Intangible Fixed Assets	78	16
Interest receivable	(565)	(14)
Interest payable	346	911
Pension costs less contributions payable	252	2,470
Increase in stock	19	7
(Increase)/decrease in debtors	(1,410)	965
Decrease/(increase) in creditors due within one year	2,401	431
Increase in creditors due after one year	673	350
Decrease in provisions	(105)	(589)
Net cash provided by operating activities	8,231	7,015

33. Cash flows from financing activities

	Group	<i>Group</i>
	2023	<i>2022</i>
	£000	<i>£000</i>
Interest paid	(367)	(333)
Repayments of borrowing	(635)	(634)
Net cash used in financing activities	(1,002)	(967)

TEC PARTNERSHIP

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

34. Cash flows from investing activities

	Group 2023 £000	<i>Group 2022 £000</i>
Dividends, interest, and rents from investments	219	14
Purchase of current asset investments	(3,000)	-
Purchase of intangible assets	(66)	-
Purchase of tangible fixed assets	(5,201)	(4,933)
Net cash used in investing activities	(8,048)	(4,919)

35. Analysis of cash and cash equivalents

	Group 2023 £000	<i>Group 2022 £000</i>
Cash in hand and at bank	12,390	13,209
Total cash and cash equivalents	12,390	13,209

36. Group cash and cash equivalents and analysis of net debt

	<i>At 1 August 2022 £000</i>	Cash flows £000	Other non- cash changes £000	At 31 July 2023 £000
Cash at bank and in hand	13,209	(819)	-	12,390
Debt due within 1 year	(600)	600	(600)	(600)
Debt due after 1 year	(5,225)	600	-	(4,625)
Finance leases	(52)	35	-	(17)
	7,332	416	(600)	7,148

TEC PARTNERSHIP

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37. Defined benefit obligations

The Partnership's employees belong to two principal post-employment benefit plans: The Teachers' Pension Scheme in England and Wales (TPS) for academic and related staff; and the East Riding Local Government Scheme (LGPS) for non-teaching staff. 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 2016 and of the LGPS 31 March 2022.

	2023	<i>2022</i>
	£000	<i>£000</i>
Total pension cost for the year		
Teachers' Pension Scheme: contributions paid	2,637	2,150
Local Government Scheme		
Contributions paid	1,920	2,069
FRS102 (28) charge	252	2,470
Charge to the Statement of Comprehensive Income	2,172	4,539
Enhanced pension charge to the Statement of Comprehensive income	33	237
Nest Pension	530	204
	5,372	7,130
Total Pension Cost for Year within staff costs	5,372	7,130

Pension Schemes

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, Partnership's, and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers can opt out of the TPS.

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

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

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

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

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

TEC PARTNERSHIP

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

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/2019). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2022-23 academic year.

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

The pension costs paid to TPS in the year amounted to £2,636k (2022: £2,150k)

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by East Riding Local Authority. The total contributions made for the year ended 31 July 2023 were £2.39m, of which employer's contributions totaled £1.92m and employees' contributions totaled £474k. The agreed contribution rates for future years are 25.1% for the Partnership and range from 5% to 12.5% for employees, depending on salary according to a national scale.

The following information is based upon a full actuarial valuation of the fund at 31 March 2022 updated to 31 July 2023 by Hymans Robertson.

	2023	2022
Rate of increase in salaries	3.00%	3.60%
Future pension increases	3.00%	2.70%
Discount rate for scheme liabilities	5.05%	3.50%
Inflation assumption (CPI)	3.00%	2.70%
Commutation of pensions to lump sums	80%	80%

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

	31st Jul 2023 Years	31st July 2022 Years
Retiring today		
Males	21.1	20.8
Females	24.0	23.50
Retiring in 20 years		
Males	21.9	22.0
Females	25.5	25.3

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The Partnership's share of the assets in the plan at the balance sheet date and the expected date of return were:

	2023 £000	<i>2022</i> <i>£000</i>
Equity instruments	69,619	70,389
Debt instruments	16,438	15,428
Property	8,702	9,642
Cash	1,934	964
Total fair value of plan assets	<u>96,693</u>	<u>96,423</u>
Actual return on plan assets	<u>(1,602)</u>	<u>(2,083)</u>

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

	2023 £000	<i>2022</i> <i>£000</i>
Fair value of plan assets	96,693	96,423
Present value of plan liabilities	(73,410)	(85,688)
Amount not recognised	(23,283)	(10,735)
Net pensions	<u>-</u>	<u>-</u>

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

	2023	<i>2022</i>
	£000	<i>£000</i>
Amounts included in staff costs		
Current service costs	2,164	4,531
Total	2,164	4,531
Amounts included in investment income		
	2023	<i>2022</i>
	£000	<i>£000</i>
Net interest income/costs	371	(578)
Total	371	(578)
Amounts recognised in other comprehensive income	2023	<i>2022</i>
	£000	<i>£000</i>
Return on pension plan assets	(1,602)	2,083
Experience losses arising on defined benefits obligations	(8,644)	(328)
Changes in assumptions underlying the present value of plan liabilities	22,667	44,834
Asset not recognized	(12,540)	(10,735)
Amounts recognised in Other Comprehensive Income	119	35,854

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Movement in net defined benefit asset during the year

	2023	2022
	£000	£000
Net defined benefit (liability)/asset in scheme at 1 August	-	(32,814)
Movement in year:		
Current service cost	(2,164)	(4,531)
Employer contributions	1,912	2,061
Past service cost	-	8
Asset not recognised	(12,540)	(10,735)
Net interest on the defined (liability)/asset	371	(578)
Actuarial gain or loss	12,421	46,589
Total	-	-

Asset and Liability Reconciliation

	2023	2022
	£000	£000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	85,688	124,550
Current service cost	2,164	4,531
Interest Cost	3,009	2,145
Contributions by Scheme participants	474	508
Experience gains and losses on defined benefit obligations	6,714	328
Changes in demographic assumptions	(119)	(435)
Changes in financial assumptions	(22,548)	(44,399)
Estimated benefits paid	(1,972)	(1,540)
Defined benefit obligations at end of period	73,410	85,688
	2023	2022
	£000	£000
Changes in fair value of plan assets		
Fair value of plan assets at the start of the period	96,423	91,736
Interest on plan assets	3,380	1,567
Experience gains and losses on defined benefit obligations	(1,930)	-
Return on plan assets	(1,602)	2,083
Employer contributions	1,920	2,069
Contributions by Scheme participants	474	508
Estimated benefits paid	(1,972)	(1,540)
Fair value of plan assets at the end of the period	96,693	96,423

TEC PARTNERSHIP

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

38. Related party transactions

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

Total expenses paid to or on behalf of the governors during the year was £390; 2 governors (2022: £565; 3 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Board meetings and charity events in their official capacity.

No governor has received any remuneration or waived payments from the Partnership or its subsidiaries during the year (2022: None)

Professor Huxley-Binns, who was a member of the Corporation, is the Pro Vice Chancellor at the University of Hull. Expenditure totaling £326,513 (2022: £419,219) was paid and related to university validation charges.

39. Intercompany related party transactions

The below table details the sales and purchases between subsidiaries and the college. The closing balance per the intercompany accounts is below.

	Support Staff Services Ltd £'000	Modal Training Ltd £'000	Grimsby Trading Ltd. £'000
Opening Balance	3,368	8,749	(739)
Total recharges to	6,660	713	2,414
Total recharges from	(9)	(675)	(2,012)
Total sales	1,528	102	9
Total purchases	(8,048)	(149)	(465)
Closing Balance	3,500	8,741	(794)

40. Amounts disbursed as agent – Learner support funds

	2023 £000	2022 £000
Balance brought Forward	584	767
Funding body grants	1,221	1,368
Disbursed to students	(762)	(1,532)
Administration fees	(19)	(19)
	1,024	584

TEC PARTNERSHIP

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

41. Prior Year Adjustments

The College has undertaken a review of plant, and land and buildings and noted that the disposal of property during the financial year-ended 31 July 2021 was not reflected within the accounts and therefore, it has been necessary to do a prior year adjustment. The prior year adjustment was a reduction of £1.585m to fixed assets, the impact on the reserves was a reduction in reserves from £60,242 to £58,657 for the group.