



**TEC Partnership**  
**Annual Report and Financial Statements**  
**Year ended 31 July 2021**

# TEC Partnership

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# TEC Partnership

## Reference and Administrative Details

### Board of Governors

Erika Stoddart (Chair)  
Kai Adegbembo  
Gill Alton (CEO)  
Robert Edwards  
Kerri Harold  
Becky Huxley-Binns

Walter Leschenko  
Cain Matthews  
Liz Parry  
Keith Pearson  
Harry Smith  
Wendy Spalding

### Clerk/Company Secretary

Susan Bailey

### Executive Management Team

Gill Alton	-	Chief Executive Officer
Debra Gray	-	GIFHE Principal & Deputy Chief Executive Officer
Ann Hardy	-	Scar-TEC Principal
Mike Welsh	-	East Riding College Principal
Tony Lawlor	-	Group Vice Principal Finance (resigned 31 <sup>st</sup> December 2021)
Steph Rushton	-	Acting Group Director of Finance (from 1 <sup>st</sup> January 2022)
Adrian Clarke	-	Group Vice Principal Corporate Services
Steve Butler	-	Group Vice Principal Employee Services
Hugh Callaway	-	Group Vice Principal Marketing & Commercial Business
Ricky Coxon	-	Group Executive Director Information Services & Planning

**Principal and Registered Office** Nuns Corner, Grimsby, NE Lincs, DN34 5BQ

### Professional advisors

#### Financial Statement and Regularity auditors:

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

**Internal auditors:** TIAA Ltd, Artillery House, Fort Fareham, Newgate Lane, Fareham, PO14 1AH

**Bankers:** Lloyds Bank, P O Box 72, Bailey Drive, Gillingham Business Park, Kent, ME8 0LS

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

**Solicitors:** Eversheds Sutherland LLP, Bridgewater Place, Water Lane, Leeds, LS11 5DR

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

Wilkin Chapman LLP, Cartergate House, 26 Chantry Ln, Grimsby DN31 2LJ

**Tax advisers:** Forrester Boyd, 26 South Saint Mary's Gate, Grimsby, DN31 1LW

# TEC Partnership

## Strategic report

### OBJECTIVES AND STRATEGY

The governing body present their annual report together with the audited consolidated financial statements and auditors' report for the TEC Partnership for the year ended 31<sup>st</sup> July 2021. This is the first set of financial statements following the merger between Grimsby Institute and East Riding College.

#### 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 the Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 is regulated by the Secretary of State for Education. The members of the Corporation, who are trustees of the charity, are disclosed on page 19.

In the delivery of its mission TEC Partnership uses brand names and trading styles in the public domain and includes, but not limited to: Grimsby Institute; Scarborough-TEC; East Riding College, Skegness-TEC, The Academy Grimsby; University Centre Grimsby, NET UK, Humber Maritime College, 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 benefit 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

#### Mission

Governors reviewed the mission statement during 2019/20 and adopted a revised mission statement as follows:

"We strive for excellence and innovation in all that we do. We will build on our 'outstanding' recognition and deliver an inspiring experience for learners, staff, employers and stakeholders"

#### TEC Partnership:

- TEC Partnership taught over 20,645 students on over 114,322 enrolments in 2020/21
- Has achievement rates in the top 2% of FE providers
- Is the 10<sup>th</sup> largest FE provider in England for Higher Education
- Has Foundation Degree Awarding powers
- 98% students with a known destination are positive
- Works with more than 700 businesses

#### Implementation of the Strategic Plan

In July 2020, TEC Partnership adopted a revised Strategic Plan for the period August 2021 to July 2022. The Corporation actively monitors the implementation of the Strategic Plan using the agreed measures and evaluates its impact. The plans are reviewed and updated each year. TEC Partnership's continuing strategic objectives are:

- To ensure outstanding Learner Success is our number one priority.
- To sustain and enhance a high performing organisational culture which embraces accountability and ownership within a safe environment.
- To ensure the TEC Partnership is financially strong and able to invest in enhancing the TEC Partnership's students' resources and infrastructure.
- To ensure the offer is innovative and meets the current and future needs of the local and regional economy.

## Financial Objectives

Amongst TEC Partnership's primary financial objectives for the year were:

- Excluding the sales of assets or early repayments of loans, increase cash reserves by £1m.
- Ensure staffing to income ratio for the Group is less than 67%.
- Agency costs to be no more than 2% of staffing budget.
- Achieve the Institute of Technology (IOT) targets for 2021/22.
- All projects presented to the Board with an expenditure/saving in excess of £100k will have included in the report a full risk assessment.
- All major projects approved with an expenditure/saving in excess of £100k will have a written post project review immediately following completion and one year after completion.
- Modal will generate a profit before depreciation.
- The Academy Grimsby (TAG) to achieve its business plan.
- Develop an Income Diversification Strategy for approval and monitoring by the Corporation. Progress report termly.
- Develop a process to track and monitor the savings associated with merger; estimated at £400k.
- Maximise grant funding for Green issues and estates energy efficiencies.
- Report on the impact of the Value for Money strategy.

## Resources

TEC Partnership has various resources that it can deploy in pursuit of its strategic objectives.

TEC Partnership employs 1,214 people, of whom 363 are teaching staff. The split between actuals and FTE's is as follows:

Staff Group	By Headcount		By FTE	
Total Group	1,214		990.6	
Male	421	(34.7%)	383.7	(38.7%)
Female	793	(65.3%)	606.9	(61.3%)

  

Teaching	By Headcount		By FTE	
Total Group	363		305.7	
Male	174	(47.9%)	158.8	(52.0%)
Female	189	(52.1%)	146.8	(48.0%)

  

Support	By Headcount		By FTE	
Total Group	801		636.5	
Male	222	(27.7%)	200.5	(31.5%)
Female	579	(72.3%)	435.9	(68.5%)

  

Managers	By Headcount		By FTE	
Total Group	50		48.4	
Male	25	(50.0%)	24.3	(50.2%)
Female	25	(50.0%)	24.1	(49.8%)

  

Staff Groups	By Headcount	%	By FTE	%
Total	1,214		990.6	
Teaching	363	29.9%	305.7	29.9%
Managers	50	4.1%	48.4	4.1%
Support	801	66.0%	636.5	66.0%

TEC Partnership enrolled approximately 20,645 students. The Partnership's student population includes 3,898 16-to-18-year-old students, 1,453 apprentices, 1,471 higher education students, no international students, 9,005 adult learners and 234 directly funded 14-16yr olds.

TEC Partnership has £22.5 million (2020: £28.8 million) of net assets including £33 million pension liability (2020: liability of £28m) and long-term debt of £6.4 million (2020: £10 million).

The Partnership has a good reputation locally and nationally. Its last full Ofsted inspection was 2017 and it was rated Outstanding.

A monitoring visit was carried out in November 2021 following the merger and the 4 lines of enquiry and outcomes were:

1. Since the merger with East Riding College, how well have leaders achieved their strategic objectives to ensure outstanding learner success across all parts of the organisation? **Significant progress**
2. How successful have leaders' actions been since the merger in ensuring that all apprentices at ERC benefit from an effectively sequenced curriculum? **Reasonable progress**
3. How successful have leaders' actions been since the merger in ensuring that all the teachers at the ERC campuses set precise learning goals for learners who have high needs, so that these learners are clear about the knowledge and skills that they need to develop? **Significant progress**
4. How effective have leaders' actions been since the previous full inspection in 2017 in sustaining the drive to raise standards at ScarTec? **Significant progress**

**Some of our successes for the 12 months are listed below:**

- International Women in Engineering Day was celebrated across the TEC Partnership, with IoT learners taking part in a webinar hosted by The University of Lincoln.
- TEC took part in the IoT Moments campaign, celebrating the launch of all IoT programmes across Lincolnshire - July 2021
- Educate North Award for International Partnership
- Tes FE Award for Best Teaching and Learning Initiative (ESTV)
- Gold Learning Technologies Award for learning technologies learning organisation of the year
- Gold Learning Technologies Award for learning technologies team of the year
- Silver Learning Technologies Award for best UK digital transformation of a training programme in response to COVID-19
- Gold Award for the Armed Forces Covenant Employer Recognition Scheme (ERC)
- Gold Status in NEBOSH's Learning Partner Programme (ERC)
- Beacon Finalist 2021/22: Grimsby Institute – The Copyright Licensing Agency Award for Excellence in Supporting Creativity
- Queen's Anniversary Prize recognising our innovative use of digital technology for education, work and life

**Stakeholders**

The Partnership has many stakeholders including:

- Students
- Education Sector Funding Bodies
- Staff
- Local employers (with specific links)
- 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 communication with them through the College internet site and by meetings.

## **Public benefit**

TEC Partnership is an exempt charity under the 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 19. In setting and reviewing the Partnership's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education.

In delivering its mission, the TEC Partnership provides identifiable public benefits through the advancement of education to approximately 20,645 students, including 195 students with high needs. The Partnership provides courses without charge to young people, to those who are unemployed and adults taking English and maths course. The Partnership adjusts its courses to meet the needs of local employers and provides training to 1,453 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.

## **DEVELOPMENT AND PERFORMANCE**

### **Financial Health**

The financial health grade continues to be Outstanding. This has been supported by the continually strong cash balances and the ability to make additional loan payments of £3m which has reduced the outstanding liability.

### **Financial Results**

The Partnership generated a surplus before tax of £162k (2020: surplus of £1,449k). The Partnership received 70% of its total income for 2020/2021 as grants from funding bodies, most notably from the Education and Skills Funding Agency for 16-19 provision.

The Colleges generated a surplus before tax of £1,087k (2020: £2,077k) but it is important to note that this includes an LGPS pension adjustment cost of £1.7m (2020: credit of £1.1m) and an increase to the holiday pay provision of £236k. Without these the operating position would have been much more favourable, reflecting a surplus of £3.0m (2020: £977k)

The actuarial loss on the pension scheme has resulted in a total comprehensive loss for the year of £2.2m (2020: £6.3m).

At the balance sheet date, the Partnership held net current assets of £7.8m (2020: £8.1m) and total net assets of £26.6m (2020: £28.8m), which includes a defined benefit pension liability of £32.8m (2020: £28.2m).

Modal Training Ltd out-turned a deficit of £397k (2020: deficit of £1,071k). Following a positive start to the year, student numbers were suppressed by Covid-19, the resultant inability of employers to release staff for training and the reduced numbers of new entrants for cadet programmes. The company is hopeful that the recruitment figures will bounce back in the next 18 months and the trajectory originally put forward will be back on track.

Grimsby College Trading produced a surplus of £119k (2020: £133k) and Support Staff Services Ltd generated a surplus of £520k (2020: £418k).

### **Cash flows and liquidity**

At £7.6m, net cash inflow from operating activities was strong, and slightly higher than the £7.2m in 2020.

Total cash balances increased by £3.2m from £8.9m to £12.1m.

During 2009/10 GIFHE agreed to a 25-year loan of £7,500k to fund the University Centre and transfer the Yorkshire Coast College (YCC) loan and existing GIFHE loan at improved rates. The £7,500k Santander loan was taken up in 2011/12 and written agreement was received from Santander to use the £7,500k loan on other capital projects.

A condition and a necessity of the merger was to restructure the Bank Loans.

Prior to merger East Riding College held two long-term loan agreements with Barclays. One dating from 2008, providing a 25-year long-term facility of £4.5m which was used for the Bridlington campus rebuild project and an additional long-term loan of £2m agreed in 2014 to assist with the Beverley campus relocation project.

Both loans were repaid on 31st July 2020 by way of a refinancing loan of £5m (including fees of £50k) provided to GIFHE by Santander Bank as part of the merger between East Riding College and TEC Partnership. £3.6m of this loan has been paid in 2020/21.

### **Covid-19 Summary of Actions and Implication 2020/21**

At the start of the academic year in line with government guidance, the vast majority of learners were being delivered to at our campuses within their normal environments.

The practical set up at that time was as follows:

- Learners were organised into bubbles by their course groups.
- All staff, unless there is a specific risk assessment in place, were expected to adhere to the 2m social distancing.
- Signage, additional sanitisation and one-way systems were in place.
- Classroom/workshops change overs during the day were reduced to the minimum to make timetables work.
- Masks were in use and compulsory in circulation and common spaces.
- Perspex barriers at counter points were in place.
- A number of groups throughout the year across all campuses were being taught online due to members of staff or learners from the bubbles or their household testing positive. (In some cases, we went beyond the minimum government guidance as a precaution.) All cases were reviewed on a case by case basis.
- Covid-19 return to site risk assessments were updated to reflect the situation and mitigations we have put in place.
- The Unions were content with our approach to the return to site.
- There were lots of queries each day from staff/learners on individual situations which are being logged by the Health and Safety team and advice given.
- The most significant concern to the operations within the Partnership was the potential impact on departments where we have limited cover and multiple staff have to self-isolate reducing our ability to provide onsite services.
- Both Curriculum areas and support service areas had in place options to operate either fully offsite, fully onsite or with a blend of both and we are confident we can move to any of these scenarios relatively quickly.

In the first week of January 2021 the England national lockdown impacted significantly on the TEC Partnership. All TEC Partnership campuses moved all teaching on-line and the vast majority of staff worked from home up to 8<sup>th</sup> March 2021.

- Once the restrictions were lifted the vast majority of learners returned being delivered to at our campuses within their normal environments.
- The exceptions to groups being taught on-site are Higher Education courses that did not have practical elements to them, or which had not been prioritised under Government guidance.
- Following all Government guidelines, we operated lateral flow testing centre at all major campuses:
- The centres were originally set up for staff to be tested during lockdown but have then moved on to testing learner up to 3 times within the first 3 weeks of our return to sites.
- All testing was voluntary.
- Staff who have consented to regular Covid-19 testing were provided with home testing kits to be taken twice a week.
- Student test kits were offered to all learners once they had completed the initial 3 onsite tests.
- We have estimated a spend of approximately £20k on supporting Covid testing through additional staff resource.
- Learners are once again were organised into bubbles by their course groups and all autumn term mitigation were put back in place.
- The financial implications for TEC Partnership of Covid-19 in the year 2020-21 have been difficult to fully assess as the impact on recruitment across all the streams is difficult to pin down to Covid as a single factor.



There were however some direct cost including:

- Procurement of material for Covid-19 mitigations.
- Additional expenditure is in relation to cleaning costs, sanitisation products.
- Additional devices/laptops to support both staff and learners during lockdown and for catch up.

### **TEC Partnership Cyber Security 2020/21**

At TEC Partnership we have a multi-faceted approach towards Cyber Security. Whilst ensuring that our 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, additional layer of security on servers using Sophos Intercept X further prevents against ransomware threats and attacks.

It should be noted that:

- The Partnership has for the second year running successfully achieved Cyber Essentials and Cyber Essentials Plus accreditations which assures that we have robust industry standard processes and policies in place to protect all our systems and we work with industry expert penetration testers and regularly test our systems from both external and internal threats. All our 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 system and services such as Microsoft Office 365 through backups as well as using multiple tools from the Microsoft suite.
- 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.
- Regular staff training using Purplephish ensures that staff are aware of phishing scams posed by external and/or internal threat actors thus helping us in mitigating risk posed by such events. The Partnerships 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. Use of backup technology such as Veeam and robust backup procedures assure that we are well placed in the event of a disaster and we regularly test and work towards improving our Disaster Recovery as well as Business Continuity plans.

### **Property Disposal Update 2020-21**

The Westwood Property in Scarborough was disposed through sale in November 2020 for £394k following being placed on the market some 2 years previously.

The vacant Lady Edith Drive campus in Scarborough was transferred in the year from GIFHE to Support Staff Services Limited for £4m with a view to an onward sale. Further survey work is being undertaken on the site to ensure maximum value can be achieved at disposal which is expected to be during the 2021/22 academic year.

The vacant site at Carnaby industrial estate outside Bridlington was disposed of through sale in February 2021 for £614k. The site was previously leased from May 2018 until early 2020, however the tenant ceased trading and no longer required the use of the site.

### **Major Multi-Year Projects and Grant Funded Capital**

#### **Lincolnshire LEP Low Carbon Project**

The Lincolnshire LEP have supported our bid for a capital grant of £1.4m matched against the spend in the IoT which will allow us to develop a new area to deliver training and education programmes associated with low carbon as well as some maritime and ports/logistics delivery.

We are progressing with the development and have appointed architects/professional team to support in the delivery of the project. We are working to the planned programme which will deliver the building and equipment for term 2 of 2021/22 academic year.

The outcomes required are additional short courses in carbon reducing technologies for our learners.

### **Electric Car/ Hybrid technology project (Live)**

Scarborough TEC has successfully bid to the LEP for capital support to purchase electric/hybrid car technology, the equipment has all been ordered and invoiced.

### **Institutes of Technology (Completed)**

Both the Scar-TEC and GIFHE have completed their main construction works phases and have purchased the associated equipment for the delivery of the programme. The claims have been completed and submitted to DfE.

Following merger ERC are also a partner in the North Yorks and Humber IoT. The construction works at the Beverley campus for their extension to house the IoT provision are well underway following original delays. The value of the IoT capital grant is £1,117k and is supported by a LEP grant of £469k and reserves of £514k.

### **Constructing Future Growth (Completed)**

Following a successful bid for a capital grant of £1.3m the update to the construction facilities has been completed and new equipment has been purchased. The increased number of students included in the bid has been modelled in line with the demographic growth and we are hitting all the KPI's in the current year.

We have completed the refurbishment phase and all equipment purchases which has significantly improved one of the oldest blocks on the Nuns Corner site and purchased the construction related equipment and IT facilities for ERC.

### **T Level Computing Redevelopment (Live)**

We have secured 50% grant funding from the DfE for the re-development of the computing/digital area on Nuns Corner. This will require approximately £200k of capital from us (included in the annual budget) for a total £400k investment for the T Levels in IT. It will provide a significant and required uplift of the Computing curriculum area, but it will be over the end of this academic year and the next academic year due to resource availability. The scheme has now been finalised with works being tendered ready for a July on site start date.

### **Further Education Capital Allocation**

The Partnership have received an allocation for capital funds or estates improvements which originally had incredibly tight deadline for all the spend to be achieved by the end of March 2021, however we have managed to gain an extension to 30<sup>th</sup> September for some of the projects.

### **Reserves**

The Partnership has accumulated reserves of £26.6m (2020: £28.8m) and cash and short-term investment balances of £12.1m (2020: £8.9m). The Partnership wishes to continue to accumulate reserves and cash balances in order 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 2020/2021, ESFA provided 70% of the Partnership's total income.

### **College companies**

TEC Partnership has six subsidiary companies of which three are actively trading, with the remainder dormant and/or retained for name protection purposes.

<b>Name</b>	<b>Surplus/(Deficit) Generated</b>	<b>Activity</b>
Grimsby College Trading Ltd	£118,913	Provision of transport facilities
Support Staff Services Ltd	£519,646	Provision of support staff
Modal Training Ltd	(£396,536)	Provision of logistics training
Humber Construction Limited	N/A	Dissolved 16/03/2021
Humber Seafood Limited	N/A	Dissolved 10/08/2021
East Riding College Limited	N/A	Application to Dissolve submitted 21/12/2021

## Streamlined Energy and Carbon Reporting

During 2020/21 financial year the TEC Partnership developed a new Carbon Management Plan which focused upon consumption in 2019 as a calendar year as this offered a full year of reflective data given the pandemic. The Partnership used the data in 2 ways

1. Reflect on consumption from the CMP 2016 noting this was a smaller sample and as such excluded Scar-TEC and ERC (pre-Merger) – effectively the baseline to measure our performance over the period

### CMP2016 - Energy & Carbon Baseline

Utility	Energy (kWh/yr)	Emissions (tCO <sub>2</sub> e/yr)
2015/16	(kWh/yr)	(tCO <sub>2</sub> e/yr)
Electricity	3,250,329	1,502.7 (830.7)
Gas	2,978,589	549.4
<b>Totals</b>	<b>6,228,918</b>	<b>2,052 (1,380)</b>

### Actual Energy & Carbon for 2019

Utility	Energy (kWh/yr)	Emissions (tCO <sub>2</sub> e/yr)
2019	(kWh/yr)	(tCO <sub>2</sub> e/yr)
Electricity	2,771,400	708.4
Gas	2,826,637	519.7
<b>Totals</b>	<b>5,598,037</b>	<b>1,228</b>

Target emissions were 2,052 minus 10% = 1,847 tCO<sub>2</sub>e/yr. Actual emissions in 2019 are 1,228 tCO<sub>2</sub>e/yr. This equates to a reduction of 40% from 2015/16 levels. TEC has met this target by the following three points.

- 45% decrease in UK grid electricity emission factor.
  - 15% reduction in electricity consumption due to the installation of LED lighting and improved controls.
  - 5% reduction in gas consumption due to the smart management of building time and temperature controls.
2. We also assessed the actual Energy and Carbon use for 2019 – this time for the wider Estates including Scarborough TEC and East Riding College

### Actual Energy & Carbon for 2019

Scope 1 Emissions		
Activity	Energy (kWh/yr)	Emissions (tCO <sub>2</sub> e/yr)
Gas	6,065,371	1,115
Biomass	179,520	0
Company owned vehicles	987,563	243
Fugitive emissions (F-gas)	-	12.5 (Estimated)
<b>Sub-Total</b>	<b>7,232,454</b>	<b>1,371</b>
Scope 2 Emissions		
Activity	(kWh/yr)	(tCO <sub>2</sub> e/yr)
Electricity	5,413,396	1,384
<b>Sub-Total</b>	<b>5,413,396</b>	<b>1,384</b>
<b>Totals</b>	<b>12,645,850</b>	<b>2,755</b>

Based on data from the calendar year 2019, the Partnership's scope 1 & 2 carbon footprint is 2,755 tonnes of **CO<sub>2</sub>e per year**. Based on staff numbers of 1,190 the scope 1 & 2 intensity ratio is 2.3 tCO<sub>2</sub>e/staff number. This can be used to track progress against a rapidly changing Estate.

Note: We did not assess Scope 3 emissions

In terms of measures over the last 12 months

1. Replaced B Block and Nunsthorpe Gas Boilers with more efficient units and improved control.
2. Significant fabric upgrades – replace single glazed windows to double glazed units and installation of thermal insulation to a number of flat roofs across the Nuns Corner Campus.
3. We have replaced the majority of windows at the Scarborough TEC campus increasing the thermal insulation.

### **Sustainability**

- Identified all courses and programmes from our combined group curriculum portfolio that link or contribute to the low carbon/green economy agenda complete.
- Where relevant, linked all TEC Partnership curricula to the government's Ten Point Plan for a Green Industrial Revolution complete.
- Identified the existing elements of our Tutorial Programmes that link or contribute to the low carbon/green economy agenda and plan to deliver a further x 3 per campus opportunities or enhancement during 2021/22 in hand.
- Where relevant, ensured that all Schemes of Work and planning tools across the group highlight units/modules, learning outcomes or projects that can, or do link to the low carbon and green economy agenda in hand.
- Linked TEC Partnership's planned activity to AoC Climate Crisis Roadmap complete.
- Developed and approved a TEC Partnership Sustainability and Carbon Reduction Strategy complete.
- Developed and approved a TEC Partnership Carbon Management Plan complete.
- Researched and reviewed opportunities for planned new curricula linked to the FE and Skills White Paper and submit expressions of interest for appropriate opportunities complete TEC Partnership led regional Skills Accelerator, Strategic Development Fund Expression of Interest has been successful.

### **And during 2021/22, plans include:**

- Secure a DFE contract for the Regional Skills Accelerator, Strategic Development Fund, linked to the government's Carbon Reduction (Net Zero) and Freeport, strategies.
- Identify further key regional infrastructure projects that provide collaborative partnership opportunities for the group to progress our low carbon and green economy agenda, with supporting capital project bids as required.
- Continue to evolve and innovate within our curricula and track these against the government's Ten Point Plan for a Green Industrial Revolution.
- Track our ongoing progress towards the AoC's Climate Crisis Action Plan.
- Ensure that, where possible, all courses contribute to our learners' awareness of and contribution to the Low Carbon and Green Economy agenda.
- Ensure that, where possible our Tutorial, Enrichment and Enhancement programmes and opportunities fully embrace the Low Carbon and Green Economy agenda and are regularly refreshed.
- Make the Low Carbon and Green Economy agenda a feature of our staff development and professional updating days, staff conferences and learner employability.
- Develop a comprehensive CPD offer for staff which covers key aspects of green energy (wind, hydrogen, fusion, etc.), green economy, Carbon Reduction (Net Zero) and sustainability.
- Monitor and highlight opportunities as they arise to map what we already offer across our LEP and Local Authority boundaries as these arise and they are published, or reviewed.
- Work towards the achievement of a Green Gown Award.

## **FUTURE PROSPECTS**

### **Future developments**

The Partnership has invested heavily over the last few years in upgrading its buildings, facilities and equipment which has been substantially through external grant funding, but also through reserves. The investments include Institute of Technology facilities at 3 of the main campuses, upgrades construction curriculum equipment/facilities and new electric vehicle technologies through LEP grants. These investments together with more regular annual investment in capital have provided the platform for the launch of several new programmes and additional recruitment on courses where the investment has taken place.

Key future developments that are taking place relate to the Strategic Development Fund which provides funding (both revenue and capital) to upgrade some of the Partnership provision related to environmental technologies developing new units and resources for future curriculum delivery.

The most significant development in terms of investment is that of a new campus for Skegness and surrounding areas to replace the existing leased facilities and will be delivered with support through the Towns Fund.

There are many other developments which are at different stages and are detailed in the Partnerships Income Diversification Strategies.

### **Financial plan**

The Partnership governors approved a financial plan in July 2021 which sets objectives for the period to 2022. The Partnership aims to maintain its health rating of 'outstanding' and achieve a surplus in the year to 31 July 2022.

### **Treasury policies 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 and is confident that the loan taken out in 2019/20 will be repaid ahead of the scheduled repayment plan.

### **Reserves**

The Partnership has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support the Partnership's core activities. As at the balance sheet date the Income and Expenditure reserve stands at £15.2m (2020: £17.2m). 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 at least annually by the Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Partnership and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

The main risk factors affecting the Partnership are outlined below along with the action taken to minimise them. Not all the factors are within the Partnership's control. Other factors besides those listed below may also adversely affect the Partnership.

- Risk 1 – the first key risk to the organisation is the continued impact Covid has on the resources and learners. To date, TEC Partnership has been very effective in managing the organisation through the crisis. We have an effective Covid Outbreak Plan in place, it is reviewed and updated regularly. The Health & Safety team are at the forefront of ensuring we provide a safe environment for staff and learners.
- Risk 2 – a second key risk is the impact Covid and other factors is having on staff turnover, retention and attracting new staff. Like a lot of sectors and given the geography of Lincolnshire & the Humber, it presents a real challenge. The Executive Team are working very hard to adapt and will be update the benefits package in 2022.

## PERFORMANCE INDICATORS

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

Key performance indicator	Measure/Target	Actual for 2020/2021
Student number targets	15,950	20,645
Student achievement/progression	94.3%	96.3%
EBITDA as % of income	9.7%	7.9%
Ofsted rating	Outstanding	Outstanding

TECP Performance Data Analysis by Campus								
Learners Outcomes by Campus								
			College rate			Latest National rate		Diff from last year
			2018/19	2019/20	2020/21	GFEC	Diff	
All ages, all levels	GIFHE	Leavers	33562	33746	51702			
		Ach rate	95.2%	95.5%	97.7%	86.7%	11.0%	2.2%
		Ret rate	96.9%	96.8%	98.1%	92.9%	5.2%	1.3%
		Pass rate	98.2%	98.7%	99.5%	93.3%	6.2%	0.8%
	SCARTEC	Leavers	2869	4171	4832			
		Ach rate	86.7%	88.8%	90.4%	86.7%	3.7%	1.6%
		Ret rate	91.2%	93.8%	94.1%	92.9%	1.2%	0.3%
		Pass rate	95.1%	94.6%	96.0%	93.3%	2.7%	1.4%
	ERC	Leavers	6904	5072	3534			
		Ach rate	90.7%	91.0%	85.6%	86.7%	-1.1%	-5.4%
		Ret rate	96.1%	96.2%	95.6%	92.9%	2.7%	-0.6%
		Pass rate	94.4%	94.6%	89.5%	93.3%	-3.8%	-5.1%
	TEC Partnership	Leavers	43335	42991	60068			
		Ach rate	94.0%	94.3%	96.3%	86.7%	9.6%	2.0%
		Ret rate	96.4%	96.5%	97.6%	92.9%	4.7%	1.1%
		Pass rate	97.4%	97.8%	98.7%	93.3%	5.4%	0.9%

## Student achievements

Students continue to prosper at the Partnership. Achievement rates remained high in 2020/21, 96% of students moved into employment, further or higher education after they completed Partnership.

## Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1<sup>st</sup> November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. TEC 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. We respect and value positively differences in race, gender, sexual orientation, disability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy is resourced, implemented and monitored on a planned basis. The 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 on all new policies and procedures and publishes the results. Equality impact assessments are also undertaken for existing policies and procedures on a prioritised basis.

The Partnership is a 'Positive about Disabled' employer and has committed to the principles and objectives of the Positive about Disabled 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 achieved accreditation to the Committed to Equality (C2E) standard at the gold (highest) level. The Partnership has also implemented an updated Equality & Diversity training programme which all staff have attended. Refresher training and training for new starters is carried out on an ongoing basis.

### Gender pay gap reporting

	Year ending 31 March 2021
Mean gender pay gap	11.81%
Median gender pay gap	21.32%
Mean bonus gender pay gap	£5,000.11
Median gender bonus gap	£1,500.03
Proportion of males/females receiving a bonus	0%/0.28%

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

	Males	Females
1 - Lower quartile	23.3%	76.7%
2	25.3%	74.7%
3	39.9%	61.1%
4 – Upper quartile	48.2%	51.8%

The Partnership publishes its annual gender pay gap report 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, 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.

- d) 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.
- e) 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.
- f) Specialist programmes are described in Partnership prospectuses, and achievements and destinations are recorded and published in the standard Partnership format.
- g) 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.

### 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.

Numbers of employees who were relevant period	FTE employee number
6	5.5

Percentage of time	Number of employees
0%	0
1-50%	6
51-99%	0
100%	0

Total cost of facility time	£11,136
Total pay bill	£38,722,000
Percentage of total bill spent on facility time	0.04%

Time spent on paid trade union activities as a percentage of total paid facility time*	97%
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\* e.g. attending branch/regional/workplace meetings, meetings with full time officers, union conferences.

# ERC £8,824, TEC £2,312

### GOING CONCERN

The Partnership currently has £6.4m of loans outstanding with bankers. 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 £12.1m at the 31<sup>st</sup> July 2021 with the Group having generated £3.2m 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

Current CEO and Accounting Officer, Gill Alton, is retiring on 31/01/2022 and her replacement, Ann Hardy – current Principal at Scarborough TEC will commence in post on 01/02/2022.

### DISCLOSURE OF INFORMATION TO AUDITORS

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



Approved by order of the members of the Corporation on 17<sup>th</sup> January 2022 and signed on its behalf by:



Erika Stoddart

**Chair**

# TEC Partnership

## Governance Statement

The following statement is provided to enable readers of the annual report and accounts of the Partnership to obtain a better understanding of its governance and legal structure. This statement covers the period from 1<sup>st</sup> August 2020 to 31<sup>st</sup> July 2021 and up to the date of approval of the annual report and financial statements.

### GOVERNANCE CODE

The TEC Partnership endeavours to conduct its business:

1. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
2. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code")

In the opinion of the Governors, the TEC Partnership complies with all the provisions of the Code, and it has complied throughout the year ended 31<sup>st</sup> July 2021. This opinion is based on an internal review of compliance with the Code/Governance Evaluation reported to the board on 9<sup>th</sup> April 2019 when the Corporation also agreed to include the requirements of the AoC Remuneration Code (adopted by the Corporation on 23<sup>rd</sup> January 2019). The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted on 7<sup>th</sup> July 2015.

### THE CORPORATION

#### Members of the Corporation

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

Name	Date of Appointment	Term of office	End of Term	Status of appointment	Committees served	Attendance in 2020/21 %
Ms E Stoddart	01.01.15	4 yrs	31.12.22	Independent	MOC HEOC Remuneration	100
Mrs E Parry	01.01.14	4 yrs	01.07.22	Independent	MOC Remuneration	100
Mr K Adegbembo	30.09.14	4 yrs	29.09.22	Independent	STEC, HEOC Remuneration	100
Ms G Alton	21.03.16	Na	Na	CEO	MOC	100
Ms W Spalding	10.07.18	4 yrs	17.01.22	Independent	Corp only	67
Prof B Huxley-Binns	09.04.18	4 yrs	09.04.23	Independent	HEOC	75
Mr R Edwards	01.01.14	4 yrs	31.12.21	Independent	GIFHE, HEOC	82
Mr C Matthews	10.12.19	4 yrs	10.12.23	Staff	Corp only	67
Mr W Leschenko	29.10.19	4 yrs	29.10.23	Independent	Audit, Remuneration	100
Mr H Smith	08.03.21	1 yr	08.03.22	HE Student	HEOC	70
Ms K Harold	31.07.19	4 yrs	31.07.23	Independent	ERC, Remuneration	79
Mr K Pearson	09.07.19	4 yrs	09.07.23	Independent	Audit	92
Mr J Harris	31.12.17	4yrs	11.01.26	Co-opted	MOC, Audit, ERC	100
Mr J White	12.07.17	4 yrs	12.07.21	Co-opted	Audit	60
Mr M Stopper	11.12.18	4 yrs	11.12.22	Co-opted	Audit	100
Ms C Senior	23.03.21	4 yrs	23.03.25	Co-opted	Audit	100
Mr N Carrington	29.10.19	4 yrs	29.10.23	Co-opted	MOC	80

Name	Date of Appointment	Term of office	End of Term	Status of appointment	Committees served	Attendance in 2020/21 %
Mr J Lovelle	01.08.18	4 yrs	31.07.21	Co-opted	MOC	100
Mr H Callaway	21.11.17	Na	Na	Exec Co-opted	MOC	100
Mr R Walsh	30.09.12	4 yrs	31.08.21	Co-opted	GIFHE	50
Mrs J Bowman	01.01.14	4 yrs	01.01.22	Co-opted	GIFHE	100
Ms J Wilson	20.03.18	4 yrs	20.03.22	Co-opted	GIFHE	100
Ms F Parkinson	27.10.20	1 yr	31.07.21	Student	GIFHE	100
Ms S Butt	11.12.19	4 yrs	11.12.23	Staff	GIFHE	100
Mr N Gammon	11.12.18	4 yrs	11.12.22	Co-opted	GIFHE	100
Ms D Gray	01.01.17	Na	Na	Exec Co-opted	GIFHE	100
Mr S Lindow	06.07.21	4 yrs	06.07.25	Co-opted	GIFHE	100
Mr N Lowther	15.12.20	4 yrs	15.12.24	Co-opted	GIFHE	100
Ms S Burnett	01.01.17	4 yrs	28.06.21	Co-opted	STEC	33
Mr T Fox	01.01.17	4 yrs	24.08.21	Co-opted	STEC	25
Mr E Asquith	09.04.18	4 yrs	09.04.22	Co-opted	STEC	75
Ms A Hardy	01.01.17	Na	Na	Exec co-opted	STEC	100
Ms T Gyte	01.12.17	4 yrs	01.12.21	Staff	STEC	75
Mr R Bradley	31.12.20	4 yrs	31.12.24	Co-opted	STEC	100
Ms N Forster	31.12.20	4 yrs	31.12.24	Co-opted	STEC	50
Mr J Hodgson	31.12.20	4 yrs	31.12.24	Co-opted	STEC	50
Ms S L Jones	08.07.20	4 yrs	08.07.24	Co-opted	HEOC, ERC	86
Ms L Johnson	04.01.18	4 yrs	04.01.26	Co-opted	ERC	100
Mr J Uzzell	31.08.18	4 yrs	31.08.22	Staff	ERC	100
Mr S Bramall	31.07.19	4 yrs	31.07.23	Co-opted	ERC	100
Mr D Cooper	31.07.19	4 yrs	31.07.23	Co-opted	ERC	100
Ms D Myers	31.07.19	4 yrs	31.07.23	Co-opted	ERC	75
Ms H Cameron	27.10.20	1 yr	31.07.21	Student	ERC	100
Mr M Welsh	01.08.20	Na	Na	Exec Co-opted	ERC	100
Mr L Archer	01.09.13	4 yrs	31.07.21	Co-opted	ERC	100
Mr P Arthur	31.07.19	4 yrs	31.07.21	Co-opted	ERC	100
Mr G Lonsdale	26.10.21	4 yrs	26.10.25	Co-opted	STEC	N/A
Mr P De Braal	26.10.21	4 yrs	26.10.25	Co-opted	STEC	N/A
Mr R Askew	26.10.21	4 yrs	26.10.25	Co-opted	STEC	N/A
Ms K Reeves	17.01.22	1 yr	17.01.23	Student	STEC	N/A
Ms Freya Parkinson	17.01.22	1 yr	17.01.23	Student	GIFHE	N/A
Mr M Smith	17.01.22	1 yr	17.01.23	Student	HEOC	N/A
Mr A Curnow	17.01.22	4 yrs	17.01.26	Co-opted	Modal	N/A

**\* Corporation members in bold**

STEC    Scarborough TEC

ERC    East Riding College

MOC    Modal Oversight Committee

GIFHE    Grimsby Institute of Further & Higher Education

HEOC    Higher Education Oversight Committee

**The governance framework**

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

The Corporation is provided with regular and timely information on the overall financial performance of the TEC Partnership college together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation meets half-termly.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Audit, Remuneration, HE Oversight Committee, Modal Oversight Committee, GIFHE Local Advisory Board, ERC Local Advisory Board and the Scar-TEC Local Advisory Board. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the TEC Partnership's website [www.tecpartnership.ac.uk](http://www.tecpartnership.ac.uk) or from the Clerk to the Corporation at the TEC Partnership's registered address.

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

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

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are provided on an ad hoc basis. The Corporation operates and adheres to an Annual Cycle of Business (working document) which documents every agenda item for each meeting of the Corporation and its committees throughout the academic year. The Corporation's calendar of meetings is set two years in advance to allow governors sufficient notice to attend meetings as and when required.

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.

To ensure quoracy at meetings during a pandemic or in the event of national crisis the Corporation agreed on 24<sup>th</sup> March 2020 to temporarily alter the TEC Partnership Instrument & Articles to allow a reduced quorum based on 40% of existing governors present therefore reducing quorum from 6 to 4 governors in attendance at meetings and subject to the majority present being independent members.

The Corporation did adopt the Procurement Policy Notice ensuring a reviewing of all key contracts was carried out and payment runs to suppliers are performed on a weekly basis.

### **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 is responsible for the selection and appointment of any new member to the Corporation and Local Boards and is 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 up to a maximum of two terms of four years. The Corporation abides by a governor selection policy which is available to view on the TEC Partnership website at [www.tecpartnership.ac.uk](http://www.tecpartnership.ac.uk) or from the Clerk to the Corporation.

### **Corporation performance**

The Corporation carried out a self-assessment of its own performance for the year ended 31<sup>st</sup> July 2021 and graded itself as "Outstanding" on the Ofsted scale. Each Local Advisory Board and the Audit Committee also carried out a self-assessment of their own performance for the year ended 31<sup>st</sup> July 2021. The results of all self-assessment exercises are fed into respective Self-Assessment Reports for the year ended 31<sup>st</sup> July 2021.

## Remuneration Committee

Throughout the year ending 31<sup>st</sup> July 2021 the TEC Partnership's Remuneration Committee comprised five members of the Corporation and one position vacant. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other senior postholders. The Remuneration Committee met once during the year ended 31<sup>st</sup> July 2021 on 22<sup>nd</sup> February 2021.

On 23<sup>rd</sup> January 2019 the Corporation agreed to adopt the AoC Senior Staff Remuneration Code and use the Remuneration Committee Annual Statement (devised by the AoC to support governing bodies in ensuring fair and appropriate remuneration for senior staff members). The Corporation approved the Remuneration Committee Annual Statement 2020-21 on 8<sup>th</sup> March 2021.

Details of remuneration for the year ended 31<sup>st</sup> July 2021 are set out in note 8 to the financial statements.

## Audit Committee

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

The Audit Committee meets on a termly basis and provides a forum for reporting by the TEC Partnership's internal auditors, reporting accountants and financial statements auditors, 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 auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee.

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

The Audit Committee also advises the Corporation on the appointment of internal auditors, reporting accountants and financial statements auditors and their remuneration for audit and non-audit work as well as reporting annually to the Corporation.

The audit committee met five times in the year to 31<sup>st</sup> July 2021. The members of the committee and their attendance records are shown below:

Committee member	Meetings attended
Mr W Leschenko	5
Mr J White	3
Mr K Pearson	5
Mr M Stopper	5
Ms Chelsea Senior	2 (appointed March 2021)

## INTERNAL CONTROL

### Scope of responsibility

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

The Corporation has delegated the day-to-day responsibility to the CEO, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the TEC Partnership's policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Funding Agreement between TEC Partnership and the funding bodies. She is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

### **The purpose of the system of internal control**

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of TEC Partnership policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in TEC Partnership for the year ended 31<sup>st</sup> July 2021 and up to the date of approval of the annual report and accounts.

### **Capacity to handle risk**

The Corporation has reviewed the key risks to which the 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 has been in place for the period ending 31<sup>st</sup> July 2021 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

### **The risk and control framework**

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

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

The 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 to which the Partnership is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the audit committee. At minimum, annually, audit director from our internal auditors TIAA provides the governing body with a report 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.

### **Risks faced by the Corporation**

#### **Control weaknesses identified**

The internal auditors identified no significant weakness in the TEC Partnership's systems of internal control.

### **Responsibilities under 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 the Corporation has effective internal controls in place.

During the year TIAA carried out three 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 control risks was provided.

The specific areas of work undertaken by the Audit Committee in 2020/21 and up to the date of the approval of the financial statements are:

- Capital Projects reviewed with reasonable assurance given
- Debtors reviewed with reasonable assurance given
- Curriculum Planning reviewed with substantial assurance given

Across all the areas reviewed 3 recommendations were made, (2019/20: 10).

### **Review of effectiveness**

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

- the work of the internal auditors.
- the work of the executive managers within the TEC Partnership who have responsibility for the development and maintenance of the internal control framework.
- comments made by the TEC Partnership's financial statements auditors, the reporting accountant for regularity assurance, the appointed funding auditors (for colleges subject to funding audit) in their management letters and other reports.

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

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

The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its October 2021 meeting, the Corporation carried out the annual assessment for the year ended 31<sup>st</sup> July 2021 by considering documentation from the senior management team and internal audit and taking account of events since 31<sup>st</sup> July 2021.

Based on the advice of 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 and the safeguarding of their assets"*.

**Approved by order of the members of the Corporation on 17<sup>th</sup> January 2022 and signed on its behalf by:**



Erika Stoddart  
Chair



Gill Alton  
Accounting Officer

# TEC Partnership

## Statement of Regularity, Propriety and Compliance

The Corporation has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the Corporation's grant funding agreement and contracts with the ESFA. As part of our consideration we have had due regard to the requirements of the grant funding agreements and contracts with the ESFA.

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

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

Signed



Gill Alton  
Accounting Officer  
Date

Signed



Erika Stoddart  
Chair of Governors  
Date



# TEC Partnership

## Statement of Responsibilities of the Members of the Corporation

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

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

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

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess whether the Corporation is a going concern, noting the key supporting assumptions qualifications or mitigating actions as appropriate
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the TEC Partnership will continue in operation.

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

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

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

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

Approved by order of the members of the Corporation on 17<sup>th</sup> January 2022 and signed on its behalf by:

Erika Stoddart  
Chair of governors

Date: 31<sup>st</sup>

# TEC Partnership

## Independent auditor's report 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 2021 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 Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 College's affairs as at 31 July 2021 and of the Group's and College's deficit 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 FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the 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 Members of the Corporation with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters 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 of the Members of the Corporation 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 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.

### **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.

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 College and its industry, we identified that the principal risks of non-compliance with laws and regulations related to 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, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements.

We evaluated the Members of the Corporation and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to loss reserves, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the Members of the Corporation and management their policies and procedures regarding compliance with laws and regulations;

- Communicating identified laws and regulations throughout our 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.

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 risks of fraud through management override of controls by performing journal entry testing.

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 remained 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/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). 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 College and the Corporation as a body for our audit work, for this report, or for the opinions we have formed.



David Hoose (Feb 2, 2022 16:14 GMT)

Mazars LLP

Chartered Accountants and Statutory Auditor

Park View House, 58 The Ropewalk, Nottingham, NG1 5DW

Date Feb 2, 2022

# TEC Partnership

## Reporting accountant's assurance report on regularity

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

In accordance with the terms of our engagement letter dated 3 September 2021 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by TEC Partnership during the period 1 August 2020 to 31 July 2021 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

This report is made solely to the corporation of TEC Partnership and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of TEC Partnership and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept, or assume, responsibility to anyone other than the corporation of TEC Partnership and the 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, are applied for the purposes intended by Parliament, and the financial transactions conform to the authorities that govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received, during the period 1 August 2020 to 31 July 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### Approach

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

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

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

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

The work undertaken to draw to our conclusion 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.
- 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/or hospitality.
- Obtained the register of personal interests.
- Obtained the financial regulations/financial procedures.
- Obtained the College's whistleblowing policy.

## Conclusion

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

Signed:   
David Hoose (Feb 2, 2022 16:14 GMT)

Mazars LLP

Date: Feb 2, 2022

# TEC Partnership

## Consolidated Statement of Comprehensive Income and Expenditure

	Notes	Year ended 31 July 2021		Year ended 31 July 2020	
		Group £'000	College £'000	Group £'000	College £'000
<b>INCOME</b>					
Funding body grants	2	40,112	40,105	37,163	37,163
Tuition fees and education contracts	3	12,904	12,392	13,458	13,015
Other grants and contracts	4	571	392	236	236
Other income	5	3,038	2,714	5,108	4,875
Investment income	6	9	9	24	24
Donations and Endowments	7	-	-	-	-
<b>Total income</b>		<b>56,634</b>	<b>55,612</b>	<b>55,989</b>	<b>55,313</b>
<b>EXPENDITURE</b>					
Staff costs	8	38,722	32,541	34,458	29,365
Other operating expenses	9	12,548	18,473	14,070	18,665
Depreciation and amortisation	12	4,328	3,931	4,399	3,989
Interest and other finance costs	10	819	819	1,051	1,051
<b>Total expenditure</b>		<b>56,417</b>	<b>55,764</b>	<b>53,978</b>	<b>53,070</b>
<b>(Deficit)/surplus before other gains and losses</b>		<b>217</b>	<b>(152)</b>	<b>2,011</b>	<b>2,243</b>
(Loss)/Profit on disposal of assets		(55)	1,239	(562)	(166)
<b>Surplus for the year</b>		<b>162</b>	<b>1,087</b>	<b>1,449</b>	<b>2,077</b>
Taxation		-	-	-	-
<b>Surplus for the year</b>		<b>162</b>	<b>1,087</b>	<b>1,449</b>	<b>2,077</b>
Unrealised surplus on revaluation of assets		-	-	-	-
Actuarial loss in respect of pensions schemes	19	(2,386)	(2,386)	(7,704)	(7,704)
<b>Total Comprehensive Income for the year</b>		<b>(2,224)</b>	<b>(1,299)</b>	<b>(6,255)</b>	<b>(5,627)</b>
<b>Represented by:</b>					
Restricted comprehensive income		-	-	-	-
Unrestricted comprehensive income		(2,224)	(1,299)	(6,255)	(5,627)
		(2,224)	(1,299)	(6,255)	(5,627)
<b>Surplus for the year attributable to:</b>					
Group		162	1,087	1,449	2,077
<b>Total Comprehensive Income for the Group</b>		<b>(2,224)</b>	<b>(1,299)</b>	<b>(6,255)</b>	<b>(5,627)</b>

All items of income and expenditure relate to continuing activities.

# TEC Partnership

## Consolidated and College Statement of Changes in Reserves

	Income and expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
<b>Group</b>			
<b>Balance at 1 August 2019</b>	23,283	11,756	35,040
Surplus from the income and expenditure account	1,449	-	1,449
Other comprehensive income	(7,704)	-	(7,704)
Transfers between revaluation and income and expenditure reserves	195	(195)	-
<b>Total comprehensive Income</b>	<b>(6,060)</b>	<b>(195)</b>	<b>(6,255)</b>
<b>Balance at 31 July 2020</b>	<b>17,223</b>	<b>11,561</b>	<b>28,784</b>
Deficit from the income and expenditure account	162	-	162
Other comprehensive income	(2,386)	-	(2,386)
Transfers between revaluation and income and expenditure reserves	195	(195)	-
<b>Total comprehensive income</b>	<b>(2,029)</b>	<b>(195)</b>	<b>(2,224)</b>
<b>Balance at 31 July 2021</b>	<b>15,194</b>	<b>11,366</b>	<b>26,560</b>
<b>College</b>			
<b>Balance at 1 August 2019</b>	25,402	11,756	37,158
Surplus from the income and expenditure account	2,077	-	2,077
Other comprehensive income	(7,704)	-	(7,704)
Transfers between revaluation and income and expenditure reserves	195	(195)	-
<b>Total comprehensive income</b>	<b>(5,432)</b>	<b>(195)</b>	<b>(5,627)</b>
<b>Balance at 31 July 2020</b>	<b>19,970</b>	<b>11,561</b>	<b>31,531</b>
Surplus from the income and expenditure account	1,087	-	1,087
Other comprehensive income	(2,386)	-	(2,386)
Transfers between revaluation and income and expenditure reserves	195	(195)	-
<b>Total comprehensive income</b>	<b>(1,104)</b>	<b>(195)</b>	<b>(1,299)</b>
<b>Balance at 31 July 2021</b>	<b>18,866</b>	<b>11,366</b>	<b>30,232</b>



# TEC Partnership

## Balance sheets as at 31<sup>st</sup> July 2021

	Notes	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
<b>Non-current assets</b>					
Tangible Fixed assets	12	93,425	88,761	89,345	84,678
Intangible assets		25	25	55	54
Investments	13	301	301	301	301
		<b>93,751</b>	<b>89,087</b>	<b>89,701</b>	<b>85,033</b>
<b>Debtors – amounts falling due in more than 1 year</b>					
		-	6,483	-	5,626
<b>Current assets</b>					
Stocks		40	40	53	53
Trade and other receivables	14	2,964	5,845	2,772	2,877
Investment	15	2,705	-	3,359	3,359
Cash and cash equivalents	20	12,080	11,956	8,893	8,699
		<b>17,789</b>	<b>24,324</b>	<b>15,077</b>	<b>20,614</b>
<b>Creditors – amounts falling due within one year</b>					
	16	(9,949)	(10,079)	(6,941)	(7,188)
<b>Net current assets</b>					
		<b>7,840</b>	<b>14,245</b>	<b>8,137</b>	<b>13,426</b>
<b>Total assets less current liabilities</b>					
		<b>101,591</b>	<b>103,332</b>	<b>97,838</b>	<b>98,459</b>
<b>Creditors – amounts falling due after more than one year</b>					
	17	(40,106)	(38,175)	(38,421)	(36,295)
<b>Provisions</b>					
Defined benefit obligations	19	(32,814)	(32,814)	(28,292)	(28,292)
Other provisions	19	(2,111)	(2,111)	(2,341)	(2,341)
<b>Total net assets</b>					
		<b>26,560</b>	<b>30,232</b>	<b>28,784</b>	<b>31,531</b>
<b>Unrestricted Reserves</b>					
Income and expenditure account		15,194	18,866	17,223	19,970
Revaluation reserve		11,366	11,366	11,561	11,561
<b>Total unrestricted reserves</b>					
		<b>26,560</b>	<b>30,232</b>	<b>28,784</b>	<b>31,531</b>
<b>Total reserves</b>					
		<b>26,560</b>	<b>30,232</b>	<b>28,784</b>	<b>31,531</b>

The financial statements on pages 31 to 55 were approved and authorised for issue by the Corporation on 17<sup>th</sup> January 2022 and were signed on its behalf on that date by:



Erika Stoddart  
Chair



Gill Alton  
Accounting Officer

# TEC Partnership

## Consolidated Statement of Cash Flows

	2021 £'000	2020 £'000
<b>Cash flow from operating activities</b>		
(Deficit)/Surplus for the year	162	1,448
<b>Adjustment for non-cash items</b>		
Depreciation of Tangible Assets	4,297	4,794
Depreciation of Intangible Assets	30	30
Decrease/(increase) in stocks	13	(8)
Decrease/(increase) in debtors	4,758	440
(Decrease)/increase in creditors due within one year	(1,941)	(188)
(Decrease)/increase in creditors due after one year	(1,982)	(1,604)
(Decrease)/increase in provisions	(224)	120
Pensions costs less contributions payable	1,720	(1,051)
<b>Adjustment for investing or financing activities</b>		
Investment income	(9)	(24)
Interest payable	819	1,051
Loss on sale of fixed assets	55	-
<b>Net cash flow from operating activities</b>	<u>7,698</u>	<u>5,008</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of Fixed Assets	614	-
Proceeds from sale of Current Assets	262	-
Deferred Capital Grants Received	7,304	2,219
Investment income	9	24
Payments made to acquire fixed assets	(8,654)	(1,802)
	<u>(465)</u>	<u>441</u>
<b>Cash flows from financing activities</b>		
Interest paid	(411)	(586)
New unsecured loans	-	9,950
Loan Repayable on Merger	-	(4,950)
Repayments of amounts borrowed	(3,635)	(5,418)
	<u>(4,046)</u>	<u>(1,004)</u>
<b>Increase in cash and cash equivalents in the year</b>	<u><b>3,187</b></u>	<u><b>4,445</b></u>
Cash and cash equivalents at beginning of the year	2020 8,893	4,448
Cash and cash equivalents at end of the year	2021 12,080	8,893

# TEC Partnership

## Notes to the Accounts

### 1. Statement of accounting policies and estimation techniques

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

#### Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the Partnership Accounts Direction for 2020 to 2021 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The Partnership is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

#### *Merger*

TEC Partnership merged with East Riding College on 1<sup>st</sup> August 2020.

Merger accounting principles are applied in accordance with FRS 102 (section 34). With merger accounting, the carrying values of the assets and liabilities of the parties to the merger are not required to be adjusted to fair value, although appropriate adjustments are made to achieve uniformity of accounting policies where necessary.

The combination of TEC Partnership and East Riding College has met the merger accounting criteria under FRS 102. Throughout the merger process the two college Boards referred to the combinations as a merger continuing under the identity of TEC Partnership.

#### Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

#### Basis of consolidation

The consolidated financial statements include the Partnership and its subsidiaries, controlled by the Partnership. Control is achieved where the Partnership has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Under the purchase method of accounting, the results of subsidiary and associated undertakings acquired or disposed of during the year are included in the consolidated income and expenditure account from or up to the date on which control of the undertaking passes. Intra-Partnership sales and profits are eliminated fully on consolidation.

In accordance with FRS 102, the activities of the student union have not been consolidated because the Partnership does not control those activities.

#### 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 £6.4m of loans outstanding with bankers. 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 £12.1m at the 31<sup>st</sup> July 2021 with the Group having generated £3.2m of cash during the year.

Accordingly, the Partnership 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.

## **Recognition of income**

### *Revenue grant funding*

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

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

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

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

### *Capital grant funding*

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual model as permitted by FRS 102. Other, non-governmental, capital grants are recognised in income when the Partnership is entitled to the funds subject to any performance related conditions being met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as conditions are met.

### *Fee income*

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

### *Investment income*

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

## **Agency arrangements**

The 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.

## **Accounting for post-employment benefits**

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

### *Teachers' Pension Scheme (TPS)*

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

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

### *Local Government Pension Scheme (LGPS)*

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred.

Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

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

### **Short term Employment benefits**

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

### **Enhanced Pensions**

The actual cost of any enhanced ongoing pension to a former member of staff is paid by a Partnership annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the 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.

### **Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 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.

### *Freehold Land and buildings*

Freehold buildings are depreciated on a straight-line basis over their expected useful life to TEC Partnership of 40 years.

Freehold land is not depreciated as it is considered to have an infinite useful life.

Freehold buildings are depreciated over their expected useful economic life to the Partnership of between 15 and 60 years. The Partnership has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years.

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.

On adoption of FRS 102, 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.

#### *Leasehold Land and buildings*

Leasehold buildings are depreciated on a straight-line basis over the shorter of their expected useful lives or term of lease. Leasehold buildings are depreciated over their expected useful economic life to the Partnership of between 40 and 50 years. The Partnership has a policy of depreciating major adaptations to the buildings over the period of their useful economic life of between 40 and 50 years.

Leasehold land is depreciated on a straight-line basis over the term of the lease.

#### *Assets under construction*

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July. They are not depreciated until they are brought into use.

#### *Subsequent expenditure on existing fixed assets*

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

#### *Equipment*

Equipment costing less than £1,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

Capitalised equipment is depreciated on a straight-line basis over its remaining useful economic life as follows:

- |                                    |            |
|------------------------------------|------------|
| • Motor Vehicles                   | 5 years    |
| • Computer Equipment               | 6 years    |
| • Furniture, Fixtures and Fittings | 7 years    |
| • Plant                            | 5 years    |
| • Other equipment                  | 5-20 years |

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

#### **Borrowing costs**

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

#### **Leased assets**

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

Leasing agreements which transfer to the Partnership substantially all the benefits and risks of ownership of an asset are treated as finance leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as an obligation under finance leases. Assets held under finance leases are

included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

## **Investments**

### *Investments in subsidiaries*

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

### *Other investments*

Listed investments held as non-current assets and 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.

## **Inventories**

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

## **Cash and cash equivalents**

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

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

## **Financial liabilities and equity**

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

All loans, investments and short-term deposits held by the Partnership 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). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the Partnership has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

## **Foreign currency translation**

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

## **Taxation**

The 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 around x% of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

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

### **Provisions and contingent liabilities**

Provisions are recognised when

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

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

A contingent liability arises from a past event that gives the 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.

### **Judgements in applying accounting policies and key sources of estimation uncertainty**

#### *Judgements in applying accounting policies*

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

- Determine whether leases entered into 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 Partnership's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

#### *Other key sources of estimation uncertainty*

- Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- 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 26, 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<sup>st</sup> March 2019 to value the pensions liability at 31<sup>st</sup> July 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.



2 Funding body grants	Y/end 31 July		Y/end 31 July	
	2021	2021	2020	2020
	Group	College	Group	College
	£'000	£'000	£'000	£'000
<b>Recurrent grants</b>				
Education and Skills Funding Agency – adult education budget	8,801	8,794	8,163	8,163
Education and Skills Funding Agency – 16-18	22,723	22,723	19,241	19,241
Education and Skills Funding Agency – 14-16	1,297	1,297	2,105	2,105
Education and Skills Funding Agency – Apprenticeships	4,082	4,082	3,849	3,849
Office for students	685	685	736	736
<b>Specific grants</b>				
Education and Skills Funding Agency	819	819	1,451	1,451
Teacher Pension Scheme contribution grant	845	845	762	762
Releases of government capital grants	860	860	828	828
HE grants	-	-	28	28
<b>Total</b>	<b>40,112</b>	<b>40,105</b>	<b>37,163</b>	<b>37,163</b>

No claims were made by the Partnership under the Provider Relief Scheme.

3 Tuition fees and education contracts	Y/end 31 July		Y/end 31 July	
	2021	2021	2020	2020
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Adult education fees	1,481	969	912	469
Apprenticeship contracts	70	70	98	98
Fees for FE loan supported courses	1,249	1,249	1,306	1,306
Fees for HE loan supported courses	8,753	8,753	9,973	9,973
Other	-	-	188	188
<b>Total tuition fees</b>	<b>11,553</b>	<b>11,041</b>	<b>12,477</b>	<b>12,034</b>
Education contracts	1,351	1,351	981	981
<b>Total</b>	<b>12,904</b>	<b>12,392</b>	<b>13,458</b>	<b>13,015</b>

Details of grant and fee income	Y/end 31 July		Y/end 31 July	
	2021	2021	2020	2020
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Grant income from the Office for Students	685	685	764	764
Grant income from other bodies	39,427	39,420	36,399	36,399
<b>Total grants</b>	<b>40,112</b>	<b>40,105</b>	<b>37,163</b>	<b>37,163</b>
Fees income for taught awards (exclusive of VAT)	8,753	8,753	10,716	10,716
Fee income from non-qualifying courses (exclusive of VAT)	4,151	3,639	2,742	2,299
<b>Total tuition fees and education contracts</b>	<b>12,904</b>	<b>12,392</b>	<b>13,458</b>	<b>13,015</b>
<b>Total grant and fee income</b>	<b>53,016</b>	<b>52,497</b>	<b>50,621</b>	<b>50,178</b>

**4 Other grants and contracts**

	Y/end 31 July		Y/end 31 July	
	2021	2021	2020	2020
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Erasmus	-	-	162	162
European Social Fund	463	331	-	-
Coronavirus Job Retention Scheme grant	108	61	74	74
<b>Total</b>	<b>571</b>	<b>392</b>	<b>236</b>	<b>236</b>

The Corporation furloughed 25 staff under the Government's Coronavirus Job Retention Scheme. These were mainly staff from commercial areas within the Group. The funding received of £108k relates to staff costs which are included within the staff costs note as appropriate.

**5 Other income**

	Y/end 31 July		Y/end 31 July	
	2021	2021	2020	2020
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and residences	661	661	1,082	1,082
Other income generating activities	664	664	1,082	1,082
Miscellaneous income	1,713	1,389	2,944	2,711
<b>Total</b>	<b>3,038</b>	<b>2,714</b>	<b>5,108</b>	<b>4,875</b>

**6 Investment income**

	Y/end 31 July		Y/end 31 July	
	2021	2021	2020	2020
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other interest receivable	9	9	24	24
<b>Total</b>	<b>9</b>	<b>9</b>	<b>24</b>	<b>24</b>

**7 Donations – College only**

	Year end 31 July	Year ended 31 July
	2021	2020
	£'000	£'000
Unrestricted donations	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**8 Staff costs – Group and College**

The average number of persons (including key management personnel) employed by the Partnership during the year was:

	2021	2020
	No.	No.
Teaching staff	363	472
Non-teaching staff	851	780
	<b>1,214</b>	<b>1,252</b>

**Staff costs for the above persons**

	2021	2020
	£'000	£'000
Wages and salaries	28,985	27,173
Social security costs	2,343	2,222
Other pension costs	6,701	4,046
<b>Payroll sub total</b>	<b>38,029</b>	<b>33,441</b>
Contracted out staffing services	683	981

	<b>38,712</b>	<b>34,442</b>
Restructuring costs – Contractual	9	36
– Non-contractual	1	-
	<hr/>	<hr/>
<b>Total Staff costs</b>	<b>38,722</b>	<b>34,458</b>
	<hr/>	<hr/>

The Corporation does not have any salary sacrifice arrangements in place.

### Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Partnership and are represented by the Partnership leadership team which comprises. At TEC, key managers and senior post holders are:

Gill Alton	-	Chief Executive Officer
Debra Gray	-	GIFHE Principal & Deputy Chief Executive Officer
Ann Hardy	-	Scar-TEC Principal
Mike Welsh	-	East Riding College Principal
Tony Lawlor	-	Group Vice Principal Finance
Adrian Clarke	-	Group Vice Principal Corporate Services

Staff costs include compensation paid to key management personnel for loss of office.

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

	<b>2021</b>	<b>2020</b>
	<b>No.</b>	<b>No.</b>
The number of key management personnel including the Accounting Officer was:	<u>6</u>	<u>6</u>

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

	<b>Key management personnel</b>		<b>Other staff</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
£60,001 to £65,000 p.a.	-	-	4	4
£65,001 to £70,000 p.a.	-	-	-	-
£70,001 to £75,000 p.a.	-	-	2	2
£75,001 to £80,000 p.a.	2	2	-	-
£80,001 to £85,000 p.a.	1	-	-	-
£85,001 to £90,000 p.a.	-	1	-	-
£90,001 to £95,000 p.a.	-	-	-	-
£95,001 to £100,000 p.a.	-	-	-	-
£100,001 to £105,000 p.a.	1	-	-	-
£105,001 to £110,000 p.a.	-	-	-	-
£110,001 to £115,000 p.a.	-	1	-	-
£115,001 to £120,000 p.a.	-	-	-	-
£120,001 to £125,000 p.a.	1	2	-	-
£125,001 to £130,000 p.a.	-	-	-	-
£130,001 to £135,000 p.a.	-	-	-	-
£135,001 to £140,000 p.a.	1	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>

Key management personnel compensation is made up as follows:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Basic salary	596	598
Employers National Insurance	76	71
Pension contributions	97	93
Total key management personnel compensation	<u>769</u>	<u>762</u>

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

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Basic salary	136	120
Employers National Insurance	17	15
Other including benefits in kind	-	-
Pension contributions	-	-
	<u>153</u>	<u>135</u>

The CEO salary of £136k (£150k FTE) is the only remuneration the CEO receives. The CEO was contracted to work 4 days a week (this increased to 4.5 days per week for the final 7 months of the year), receives no additional benefits and is no longer a member of an employer pension scheme.

The remuneration package of key management staff, including the Chief Executive, is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to produce objective guidance. The governing body adopted AoC's Senior Staff Remuneration Code in July 2019 and assesses pay in line with its principles.

<b>Relationship of Chief Executive pay and remuneration expressed as a multiple</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
CEO's total remuneration as a multiple of the median of all staff	6.3	6.5

The CEO's salary is based on an FTE salary, if the median was based on the actual contract hours it would be 5.7 (2020: 5.2).

The members of the Corporation other than the Accounting Officer and the staff member did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

## 9 Other operating expenses

	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Teaching costs	5,768	5,490	3,762	3,696
Non-teaching costs	3,742	10,032	6,161	10,881
Loan Breakage Costs	-	-	1,132	1,132
Premises costs	3,038	2,951	3,015	2,956
<b>Total</b>	<b><u>12,548</u></b>	<b><u>18,473</u></b>	<b><u>14,070</u></b>	<b><u>18,665</u></b>

<b>Other operating expenses include:</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
Auditors' remuneration:		
Financial statements audit	61	70
Internal audit fees	4	19
Depreciation and amortisation	4,327	4,399
Hire of assets under operating leases	<u>380</u>	<u>176</u>

#### **9a. Access and participation spending**

	<b>2021 £'000</b>	<b>2020 £'000</b>
Access Investment	199	185
Financial Support	110	176
Disabled Students	83	98
Research	<u>85</u>	<u>-</u>
<b>Total</b>	<b><u>477</u></b>	<b><u>459</u></b>

- a) Access investment. This includes all expenditure in the financial year on activities and measures that support the ambitions set out in an access and participation plan, where they relate to access to higher education.
- b) In line with our agreed Access and Participation Plan 2019/20. We committed to spending £93,000 on activities related to Access to Higher Education.
- c) Financial support provided to students in the financial year (such as bursaries, scholarships, etc.). This should only include expenditure on financial support directed at underrepresented and disadvantaged groups.
- d) Support for disabled students in the financial year, which can include, but is not limited to, the disabled students' premium. This excludes expenditure included in the two categories above.
- e) Research and evaluation related to access and participation activities in the financial year.

#### **10 Interest and other finance costs – Group and College**

	<b>2021 £'000</b>	<b>2020 £'000</b>
On bank loans, overdrafts and other loans:	411	586
Net interest on defined pension liability (note 25)	<u>408</u>	<u>465</u>
<b>Total</b>	<b><u>819</u></b>	<b><u>1,051</u></b>

#### **11 Taxation – Group only**

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

## 12 Tangible fixed assets (Group)

	Land and buildings Freehold	Long leasehold	Equipment	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
At 1 August 2020	93,803	13,034	36,001	1,023	143,861
Additions	209	-	2,584	5,861	8,654
Disposals	(662)	-	(216)	-	(878)
<b>At 31 July 2021</b>	<b>93,350</b>	<b>13,034</b>	<b>38,369</b>	<b>6,884</b>	<b>151,637</b>
<b>Depreciation</b>					
At 1 August 2020	24,156	1,747	28,613	-	54,516
Charge for the year	2,076	306	1,915	-	4,297
Disposals	(385)	-	(216)	-	(601)
<b>At 31 July 2021</b>	<b>25,847</b>	<b>2,053</b>	<b>30,312</b>	<b>-</b>	<b>58,212</b>
<b>Net book value at 31 July 2021</b>	<b>67,503</b>	<b>10,981</b>	<b>8,057</b>	<b>6,884</b>	<b>93,425</b>
Net book value at 31 July 2020	69,647	11,287	7,388	1,023	89,345

## Tangible fixed assets (College only)

	Land and buildings Freehold	Long leasehold	Equipment	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
At 1 August 2020	90,926	13,034	32,243	463	136,666
Additions	177	-	2,336	5,749	8,262
Disposals	(662)	-	(54)	-	(716)
<b>At 31 July 2021</b>	<b>90,441</b>	<b>13,034</b>	<b>34,525</b>	<b>6,212</b>	<b>144,212</b>
<b>Depreciation</b>					
At 1 August 2020	23,437	1,747	26,804	-	51,988
Charge for the year	1,971	306	1,625	-	3,902
Disposals	(385)	-	(54)	-	(439)
<b>At 31 July 2021</b>	<b>25,023</b>	<b>2,053</b>	<b>28,375</b>	<b>-</b>	<b>55,451</b>
<b>Net book value at 31 July 2021</b>	<b>65,418</b>	<b>10,981</b>	<b>6,150</b>	<b>6,212</b>	<b>88,761</b>
Net book value at 31 July 2020	67,489	11,287	5,439	463	84,678

## Valuation

Freehold land is now treated as a separate class of assets and is held at fair value. In 2017 land was revalued on an alternative use basis resulting in an increase in value of £8,642k. The TEC Partnership updated its estates strategy during the year and the surplus assets known as Carnaby and Westwood were sold.

If inherited land and buildings had not been revalued they would have been included in the balance sheet at the following amounts:

	<b>Group and College</b>
	<b>£000</b>
Cost	Nil
Aggregate depreciation based on cost	Nil
<b>Carrying amount based on cost</b>	<b>Nil</b>

<b>13 Non-current investments</b>	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Investment Property	301	301	301	301
<b>Total</b>	<b>301</b>	<b>301</b>	<b>301</b>	<b>301</b>

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<sup>rd</sup> November 2017. The basis of the valuation was market value with the assumption of vacant possession and that all restrictive covenants have been removed. In arriving at the valuation market evidence was provided of other similar type properties within the local area.

#### Interests in subsidiaries

TEC Partnership owns 100% of the issued ordinary share capital (unless otherwise stated) of the following unlisted companies, all of which are companies incorporated in the United Kingdom and registered in England and Wales.

<b>Company</b>	<b>Principal Activity</b>	<b>Interest Acquired</b>
Grimsby College Trading Limited	Provision of transport services	1995
Modal Training Ltd	Provision of logistics training	2001
Support Staff Services Ltd	Provision of support staff	2012
Humber Construction Limited	Non-Trading	1995
Humber Seafood Limited	Non-Trading	1996
East Riding College Limited	Non-Trading	2020

The above subsidiaries are included in the consolidated financial statements.

<b>14 Trade and other receivables</b>	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Amounts falling due within one year:				
Trade receivables	1,129	1,006	972	857
Amounts owed by group undertakings:				
Subsidiary undertakings	-	3,205	-	300
Prepayments and accrued income	1,835	1,634	1,767	1,687
Other Debtors	-	-	33	33
	<u>2,964</u>	<u>5,845</u>	<u>2,739</u>	<u>2,844</u>
Amounts falling due after one year:				
Amounts owed by group undertakings:				
Subsidiary undertakings	-	6,483	-	5,626
<b>Total</b>	<b><u>2,964</u></b>	<b><u>12,328</u></b>	<b><u>2,772</u></b>	<b><u>8,503</u></b>

<b>15 Investment</b>	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Asset held for sale	2,705	-	3,359	3,359
	<u>2,705</u>	<u>-</u>	<u>3,359</u>	<u>3,359</u>

In 2021, Asset held for sale equals £2,705,000 which relates to Lady Edith Drive, Scarborough which was purchased by Support Staff Services Limited during the year and is due to be sold in the financial year ending 31<sup>st</sup> July 2022. In 2020, Asset held for sale included Westwood (£654,000) and Lady Edith Drive (£2,705,000) properties. Westwood was sold in November 2020.

<b>16 Creditors: amounts falling due within one year</b>	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank loans and overdrafts	600	600	600	600
Other Loans – Salix	35	35	34	34
Trade payables	1,102	990	858	823
Amounts owed to group undertakings:				
Subsidiary undertakings	-	632	-	864
Other creditors	340	340	1,055	1,055
Other taxation and social security	1,005	841	1,133	1,082
Accruals and deferred income	2,942	2,900	1,664	1,295
Deferred income - government capital grants	1,769	1,613	1,245	1,089
Deferred income - government revenue grants	513	513	120	120
Payments received in advance	1,643	1,615	232	226
<b>Total</b>	<u><b>9,949</b></u>	<u><b>10,079</b></u>	<u><b>6,941</b></u>	<u><b>7,188</b></u>
<b>17 Creditors: amounts falling due after one year</b>	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank loans	5,825	5,825	9,425	9,425
Other Loans - Salix	51	51	87	87
Deferred income - government capital grants	34,230	32,299	28,909	26,783
<b>Total</b>	<u><b>40,106</b></u>	<u><b>38,175</b></u>	<u><b>38,421</b></u>	<u><b>36,295</b></u>

## **18 Maturity of debt**

### **(a) Bank loans and overdrafts**

Bank loans and overdrafts are repayable as follows:

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
In one year or less	600	600	600	600
Between one and two years	600	600	1,200	1,200
Between two and five years	1,800	1,800	1,800	1,800
In five years or more	3,425	3,425	6,425	6,425
<b>Total</b>	<u><b>6,425</b></u>	<u><b>6,425</b></u>	<u><b>10,025</b></u>	<u><b>10,025</b></u>



During 2009/10 TEC Partnership signed a £7.5m unsecured loan with Santander, being £6.5m for the University Centre and £1m to refinance existing loans. The loan at 5.44% was drawn in March 2012 and is repayable over 25 years. There will be security on this loan in the future but Covid stopped the bank's surveyors visit to campuses to prepare valuations.

On the 31<sup>st</sup> July 2020 and as part of the merger with East Riding College, TEC Partnership drew down a new (variable interest linked to LIBOR) loan with Santander for £4.95m. During this financial year, TEC Partnership repaid an additional £3m over and above the scheduled payments. Santander is to take a legal charge over the Beverley and Bridlington properties as a condition of the and this is currently being finalised.

The Ministry for Housing, Communities and Local Government also have a second charge, after Santander, over the Beverley site as a condition of the ERDF grant.

## 19 Provisions

	Defined benefit obligations	Group and College		Total
	£'000	Enhanced pensions	Other	£'000
At 1 August 2020	28,292	2,011	330	30,633
Expenditure in the period	-	(120)	(104)	(224)
Actuarial gain/(loss)	2,394	(6)	-	2,388
Additions in period	2,128	-	-	2,128
<b>At 31 July 2021</b>	<b>32,814</b>	<b>1,885</b>	<b>226</b>	<b>34,925</b>

The enhanced pension provision relates to the cost of staff who have already left the College's employ and commitments for re-organisation costs from which the College cannot reasonable 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:

	2021	2020
Price inflation	2.6%	2.2%
Discount Rate	1.6%	1.3%

Defined benefit obligations relate to the liabilities under the College's membership of the local Government Pension Scheme. Further details are given in note 25.

20 Group cash and cash equivalents	At 1 August 2020	Cash flows	Other changes	At 31 July 2021
	£'000	£'000	£'000	£'000
Cash and cash equivalents	8,893	3,187	-	12,080
Bank Loans – Short Term	(600)	600	(600)	(600)
Other Loans – Short Term (Salix)	(34)	35	(35)	(34)
Bank Loans – Long Term	(9,425)	3,000	600	(5,825)
Other Loans – Long Term (Salix)	(87)	-	35	(52)
<b>Total</b>	<b>(1,253)</b>	<b>6,822</b>	<b>-</b>	<b>5,569</b>

## 21 Capital and other commitments

	2021		2020	
	Group £'000	College £'000	Group £'000	College £'000
Commitments contracted for at 31 <sup>st</sup> July	-	-	236	74

## 22 Lease obligations

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

	<b>Group and College</b>	
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Future minimum lease payments due</b>		
<b>Land and buildings</b>		
Not later than one year	271	321
Later than one year and not later than five years	1,264	776
Later than five years	81	123
	<u>1,616</u>	<u>1,220</u>
<b>Other</b>		
Not later than one year	167	151
Later than one year and not later than five years	382	116
Later than five years	-	-
	<u>549</u>	<u>267</u>
<b>Total lease payments due</b>	<u><b>2,165</b></u>	<u><b>1,487</b></u>

## 23 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 has been recognised within the valuation of the land in respect of the covenants.

## 24 Events after the reporting period

Initial bids for the surplus asset known as Lady Edith Drive have been received and it is expected the sale will be concluded in the next 6 months.

## 25 Defined benefit obligations

The Partnership's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Wessex Local Government Pension 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 2019 and of the LGPS 31 March 2019.

<b>Total pension cost for the year</b>	<b>2021 £000</b>	<b>2020 £000</b>
Teachers' Pension Scheme: contributions paid	2,822	2,410
Local Government Pension Scheme:		
Contributions paid	2,215	4,963
FRS 102 (28) charge	1,720	(1,051)
Charge to the Statement of Comprehensive Income	3,935	3,912
Enhanced pension charge to Statement of Comprehensive Income	90	301
Nest Pension	144	109
Pension Liability for Yorkshire Coast College	-	(2,686)
<b>Total Pension Cost for Year within staff costs</b>	<b>6,991</b>	<b>4,046</b>

### Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, colleges and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

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

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The 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 2019. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218

billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/9). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2020-21 academic year.

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

The pension costs paid to TPS in the year amounted to £2,822k (2020: £2,410k).

### Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by East Riding of Yorkshire Local Authority. The total contributions made for the year ended 31 July 2021 were £285,000, of which employer's contributions totalled £178,000 and employees' contributions totalled £107,000. The agreed contribution rates for future years are 17.3% for the Partnership and range from 5.5% 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 2019 updated to 31 July 2021 by Hymans Robertson.

	At 31 July 2021	At 31 July 2020
Rate of increase in salaries	2.10%	1.70%
Future pensions increases	2.80%	1.90%
Discount rate for scheme liabilities	1.70%	1.40%
Inflation assumption (CPI)	2.80%	2.20%
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:

	At 31 July 2021 Years	At 31 July 2020 Years
<i>Retiring today</i>		
Males	21.0	20.9
Females	23.7	23.3
<i>Retiring in 20 years</i>		
Males	22.2	21.8
Females	25.5	24.8

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

	Fair Value at 31 July 2021 £'000	Fair Value at 31 July 2020 £'000
Equity instruments	62,380	49,764
Debt instruments	17,430	13,015
Property	10,091	9,188
Cash	1,835	4,594
<b>Total fair value of plan assets</b>	<b>91,736</b>	<b>76,561</b>
<b>Actual return on plan assets</b>	<b>13,830</b>	<b>(1,452)</b>

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

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Fair value of plan assets	91,736	76,561
Present value of plan liabilities	(124,550)	(104,853)
<b>Net pensions (liability)/asset (note 19)</b>	<b>(32,814)</b>	<b>(28,292)</b>

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

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts included in staff costs</b>		
Current service cost	3,935	3,912
<b>Total</b>	<b>3,935</b>	<b>3,912</b>

**Amounts included in investment income**

Net interest income	(408)	(465)
	<b>(408)</b>	<b>(465)</b>

**Amount recognised in Other Comprehensive Income**

Return on pension plan assets	12,750	(3,043)
Experience losses arising on defined benefit obligations	1,294	2,556
Changes in assumptions underlying the present value of plan liabilities	(16,438)	(7,217)
<b>Amount recognised in Other Comprehensive Income</b>	<b>(2,394)</b>	<b>(7,704)</b>

**Movement in net defined benefit liability during year**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Net defined benefit (liability)/asset in scheme at 1 August	(28,292)	(21,174)
Movement in year:		
Current service cost	(3,935)	(3,912)
Employer contributions	2,207	4,963
Unfunded Benefits	8	8
Net interest on the defined (liability)/asset	(408)	(465)
Actuarial gain or loss	(2,394)	(7,712)
<b>Net defined benefit (liability)/asset at 31 July</b>	<b>(32,814)</b>	<b>(28,292)</b>

**Asset and Liability Reconciliation**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>

**Changes in the present value of defined benefit obligations**

<b>Defined benefit obligations at start of period</b>	104,853	95,054
Current service cost	3,935	3,912
Interest cost	1,488	2,056
Contributions by Scheme participants	546	565
Experience gains and losses on defined benefit obligations	(1,294)	(2,556)
Changes in demographic assumptions	1,604	938
Changes in financial assumptions	14,834	6,279

Estimated benefits paid	(1,416)	(1,395)
<b>Defined benefit obligations at end of period</b>	<b>124,550</b>	<b>104,853</b>
<b>Changes in fair value of plan assets</b>		
<b>Fair value of plan assets at start of period</b>	76,561	73,880
Interest on plan assets	1,080	1,591
Return on plan assets	12,750	(3,043)
Employer contributions	2,215	4,963
Contributions by Scheme participants	546	565
Estimated benefits paid	(1,416)	(1,395)
<b>Fair value of plan assets at end of period</b>	<b>91,736</b>	<b>76,561</b>

The pension liability includes provisions for both the GMP indexation and the McCloud judgement.

## 26 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 the Partnership's financial regulations and normal procurement procedures.

The total expenses paid to or on behalf of the Governors during the year was £0; 0 governors (2020: £471; 4 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor 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 (2020: None).

Ms W Spalding, who is a member of the Corporation, is a partner at Wilkin Chapman Solicitors LLP, and Professor Huxley-Binns, who is also a member of the Corporation, is Pro Vice Chancellor the University of Hull. The following transactions are included in the expenditure for the Group, there are no liabilities on the balance sheet.

	<b>Gross</b>	<b>VAT</b>	<b>Net</b>	
Wilkin & Chapman	275.40	45.90	229.50	Review of historic top up pension and providing draft letter VAT on charges
Wilkin & Chapman	2,400.00	400.00	2,000.00	Modal charges
Hull Uni	132,111.00	-	132,111.00	Validation charges – ERC
Hull Uni	272,139.00	-	272,139.00	Validation charges
Hull Uni	9,126.00	-	9,126.00	C4ME Teacher Development
Hull Uni	2,487.50	-	2,487.50	Executive master of business admin, course fee

## 27 Merger Accounting

On 1<sup>st</sup> August 2020 East Riding College merged and became part of TEC Partnership.

<b>Analysis of comparative total comprehensive income</b>	<b>GIFHE 31 July 2020 £'000</b>	<b>East Riding College 31 July 2020 £'000</b>	<b>Total 31 July 2020 £'000</b>
Total comprehensive income	(1,686)	(3,941)	(5,627)
<b>Analysis carrying amounts of net assets at the date of merger</b>			
Book value of net assets at merger	26,028	5,503	<b>31,531</b>

There were no significant accounting adjustments made to the net assets of the colleges to achieve consistency of accounting policies.

## 28 Amounts Disbursed as Agents

<b>Learner support funds</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Balance brought forward</b>	<b>163</b>	<b>163</b>
Funding body grants	1,267	814
Funding body grants claw-back		
Disbursed to students	(657)	(777)
Administration fees	(6)	(37)
<b>Balance unspent at 31 July</b>	<b>768</b>	<b>163</b>