



TEC Partnership
Annual Report and Financial Statements
Year ended 31 July 2022

TEC PARTNERSHIP

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TEC Partnership

Reference and Administrative Details

Board of Governors

Erika Stoddart (Chair until 6 th September 2022)	Becky Huxley-Binns
Kai Adegbembo (Vice Chair)	Walter Leschenko (until 17 th May 2022)
Gill Alton (CEO until 31 st January 2022)	Ann Hardy (CEO from 1 st February 2022)
Richard Askam (from 23 rd May 2022)	Robert Edwards (until 31 st December 2021)
Kerri Harold	Jim Harris (from 11 th January 2022)
	Becky Huxley-Binns
	Walter Leschenko (until 17 th May 2022)
	Cain Matthews
	Liz Parry
	Keith Pearson (from 8 th March 2021)
	Harry Smith (until 26 th October 2021)
	Mark Smith (from 17 th January 2022)
	Wendy Spalding (until 17 th January 2022)

Clerk/Company Secretary

Susan Bailey (until 31 st December 2021)	Dan Humphrey (from 10 th January 2022)
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Executive Management Team

Gill Alton	- Chief Executive Officer (until 31 st January 2022)
Ann Hardy	- Chief Executive Office (from 1 st February 2022)
Rachel Ellis-Jones	- GIFHE Principal (from 6 th June 2022)
Ann Hardy	- Scar-TEC Principal (until 31 st January 2022)
Daniel Metters	- East Riding College and Scarborough TEC College Principal (from 20 th June 2022)
Maria Turnbull-Kemp	- Group Vice Principal Finance (from 1 st July 2022)
Adrian Clarke	- Group Vice Principal Corporate Services
Steve Butler	- Group Vice Principal Employee Services
Hugh Callaway	- Group Vice Principal Marketing & Commercial Business

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

Professional advisors

Financial Statement and Regularity auditor:

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:

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 financial statements and auditor's report for TEC Partnership for the year ended 31 July 2022.

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 Partnership, Skegness-TEC, The Academy Grimsby; University Centre Grimsby, NET UK, Humber Maritime Partnership, Transafe Training and Career 6. Policies, data protection registration and other documentation and legal requirements relating to or as part of the operation of brands are part of the TEC Partnership's legal status. In setting and reviewing TEC Partnership's strategic objectives, the Corporation has had due regard for the Charity Commission's guidance on public 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

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:

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

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

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

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

In 2021/22 the TEC Partnership

- Taught over 16,614 students on over 72,531 enrolments
- It is one of the largest Further Education Providers in England
- The 12th largest provider of Higher Education in an FE setting
- We are one of only 15 colleges providing full time education to 14-16yr olds
- Have Degree Awarding powers
- 90% of our learners have positive destinations
- Works with more than 1200 business

2021/22 the TEC Partnership achievement rate was 93.8% national bench mark 86.7% this is +7.1 higher than national average.

2021/22							
	Leavers	Retention	National Rate	Pass Rate	National Rate	Achievement Rate	National Rate
		%	%	%	%	%	%
Group	36,447	95.6	92.9	98.4	93.3	94.1	86.7
GIFHE	28,522	96.3		98.0		95.3	
STEC	4,096	91.7		93.6		85.8	
ERC	3,829	94.0		98.3		92.4	
Adults 19+		97.7		98.9		96.6	
16-18		93.9		98.1		92.1	
White British		95.4		98.4		92.1	
other		97.0		98.3		95.4	
Disability		95.0		98.0		93.1	
Looked after children		95.6		98.4		94.1	

* Data correct at time of publication

Strategic Plan

The Partnership has benefited from significant capital investment into the campuses in recent years. The Corporation monitors the performance of the group against its strategic plan and financial forecasts, which are reviewed and updated each year. As a major employer and provider, the Partnership has a significant economic impact in the region and delivers a huge range of qualifications, from Entry to Masters Levels, including employer-responsive provision for apprenticeships and the unemployed.

Curriculum Development

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

The TEC Partnership continues to win national awards some of our successes this year include:

- Queens Anniversary Prize for our innovative use of Digital Technology for Education
- 2020 Learning Technology Award for Digital Transformation in response to Covid-19 (Gold)
- 2020 Learning Technology Award for Best International Learning TEChnology Team (Gold)
- 2020 Learning Technology Award for Provider of the Year (Gold)
- 2021 Beacon Award Winner for Outstanding use of TEChnology
- Bronze in the Pearson National Teaching award for F.E lecturer of the year.
- 2019- 2021 Microsoft Showcase College
- 2020-2022 DfE Ed Tech Demonstrator College

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

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

Stakeholders

The Partnership has number of key stakeholders including:

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

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

Public Benefit

TEC Partnership is an exempt charity under 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 17 and 18. 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 16,614 students, including 259 students with high needs and 384 with ECHP's. The Partnership provides courses without charge to young people, to those who are unemployed and adults taking English and maths courses. The Partnership adjusts its courses to meet the needs of local employers and provides training to 1,030 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.

Financial Results

The Partnership made a loss before tax of (£2,081k) (2021: surplus of £162k). The Partnership received 72% of its total income for 2021/2022 as grants from funding bodies, most notably from the Education and Skills Funding Agency for 16-19 provision.

The College generated a loss before tax of (£3,674k) (2021 profit: £1,087k) but it is important to note that this includes an LGPS pension adjustment cost of £2.47m (2021: cost of £1.7m). With this the operating position is significantly more favourable, reflecting a smaller deficit of (£1.2m) (2021: a surplus of £3.0m)

The actuarial gain on the pension scheme has resulted in a total comprehensive profit for the year of £32m (2021: £2.2m).

At the balance sheet date, the Partnership held net current assets of £4.4m (2021: £5.1m) and total net assets of £60.2m (2021: £26.6m), which includes a defined benefit pension liability of £0m (2021: £32.8m).

Modal Training Ltd out-turned a deficit of £406k (2021: deficit of £397k).

Grimsby College Trading produced a surplus of £42k (2021: £119k) and Support Staff Services Ltd generated a deficit of £107k (2021: profit of £520k).

Cash Flows and Liquidity

At £7m net cash inflow from operating activities was strong, slightly lower than the £7.6m in 2021. Total cash balances increased by £1.1m from £12.1m to £13.2m.

TEC Partnership Cyber Security 2021/22

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

In 2021/22 the Partnership further introduced multi factor authentication for all staff to add an additional layer of security.

The Partnership has successfully achieved Cyber Essentials and Cyber Essentials Plus accreditations which assures that it has robust industry standard processes and policies in place to protect all its systems. The Partnership also works with industry expert penetration testers who regularly test the Partnership systems from both external and internal threats. All the Partnerships 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 Boxpish ensures that staff are aware of phishing scams posed by external and/or internal threat actors thus helping the Partnership in mitigating risk posed by such events. The 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 the Partnership is well placed in the event of a disaster. The Partnership regularly test and work towards improving its Disaster Recovery and Business Continuity plans.

Property Disposal Update 2021-22

The Leeds office for our National Employer Training arm was returned to the landlord following changes in the adult education budget available to us in that area.

Premises in Louth were also returned to the landlord and new small more cost-effective premises were opened for the delivery of community-based learning in English, Maths and ICT skills.

The vacant Lady Edith Drive campus in Scarborough is in the process of being disposed following two rounds of open bidding by residential property developers. The sale is expected to be completed during the 2022/23 financial year.

Major Multi-Year Projects and Grant Funded Capital Lincolnshire LEP Low Carbon Project

- **New Skegness TEC Campus Development**

The Partnership has secured approval for the development of a new FE/HE campus for Skegness. Plans have been developed and local authority planning permission is being sought for the development.

Partial funding for the development has been agreed through the Towns Fund and the Connected Coast Board with Heads of Terms agreed for the procurement of the required land. The Campus is planned to be completed by December 2024

- **Lincolnshire LEP Low Carbon Project**

The Lincolnshire LEP have supported the Partnership with a capital grant of £1.403m matched against the spend in the IoT which will allow the Partnership to develop a new area to deliver training and education programmes associated with low carbon as well as some maritime and ports/logistics delivery.

The building will be completed with fit out and operational in the first term of 2022/23 financial year with electric vehicles and other environmental technologies.

- **Strategic Development Fund – Skills Accelerator**

The Partnership secured and delivered a Strategic Development Fund grant that benefits all parts of the Partnership. The grant had a capital element of over £1.5m for the duration of the project and significant revenue for the development of material and training of staff. The majority of the delivery has been undertaken within financial year 2021/22. The Partnership led on securing the grant for a number of other further and higher education partners.

- **Further Education Growth Fund- ACE Building Construction Expansion**

The Partnership secured £130k of capital funding to support the expansion of the ACE building and create additional delivery space. The works were completed in the second term of the 2021/22 financial year and is now fully operational.

- **ERC Institute of Technology (IoT)**

The building was officially opening on the 5th November 2021 and is a new build facility which houses the Higher Education level 4/5 Engineering courses in Beverly. The development was supported by a combination of funding from the DFE, LEP and own reserves.

Reserves

The Partnership has accumulated reserves of £60.2m (2021: £26.6m) and cash and short-term investment balances of £13.2m (2021: £12.1m). 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 2021/2022, ESFA provided 72% of the Partnership's total income.

Partnership Companies

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

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

Streamlined Energy and Carbon Reporting (SECR) – TEC Partnership, Financial Year 2021/22

Introduction

TEC Partnership, formerly the Grimsby Institute Group, is one of England's largest providers of further and higher education. With a rich history of developing innovative training and education solutions for the community, the Partnership comprises the Grimsby Institute, University Centre Grimsby, Scarborough TEC, East Riding College, Skegness TEC, The Academy Grimsby and Modal Training.

The Partnership is an Ofsted Good provider and has Foundation Degree awarding powers.

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

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

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

Staff numbers will be used to calculate the intensity ratio, this is the recommended sector intensity ratio. Total staff numbers for the period were – 1,184 an decrease of 2.5% from 2020/21 levels of 1,214

Period

The annual period covered (the 'period') for the purposes of the streamlined energy and carbon reporting section is one full year (the financial year)

1st August 2021 to 31st July 2022

Emission Scope

Scope 1

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

Scope 2

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

Scope 3

- Business mileage (hire cars and personal cars for business purposes)

Conversion Factors, Emission Factors and Global Warming Potential

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

Conversion Factors

- Diesel transport fuel (litres) to (kWh – gross CV) – multiply by 10.68¹
- Unleaded transport fuel (litres) to (kWh – gross CV) – multiply by 9.69¹

Emission Factors (2021)

- Grid supplied electricity (2021 no Transport & Distribution Losses) – 0.21233 kg CO_{2e}/kWh
- Natural gas (gross CV) – 0.18316 kg CO_{2e}/kWh
- Unleaded transport fuel – 2.39 kg CO_{2e}/litre (in tank)
- Diesel transport fuel – 2.62 kg CO_{2e}/litre (in tank)
- Passenger vehicles (business mileage) – lower medium petrol car – 0.2898 kgCO_{2e}/mile

Global Warming Potential

- HFC release on a mass basis is converted to tCO_{2e} using the relevant global warming potential factors in greenhouse gas reporting conversion factors 2021¹

Energy Consumption

This methodology follows the GHG Reporting Protocol and uses the 2021 Government emission conversion factors for greenhouse gas company reporting.

Estimates and Omissions

The electricity, gas and biomass consumption for the following sites has been estimated from either Display Energy Certificate (DEC) data or the 2019/20 SECR submission.

The following sites are:

- 49 Bargate (Welholme House) - Electricity x1
- East Riding College - Beverley - Flemingate/Priory workshops - Electricity, Gas and Biomass
- East Riding College - Bridlington - Electricity
- Scarborough Campus - Filey Road - Electricity
- TEC - Company Owned Vehicles - Diesel and Unleaded
- TEC - Business Mileage (Hire Cars, Private) - Diesel and Unleaded
- TEC - Refrigerant Release (0.5%)

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

No business mileage data is available for the period. We have entered a notional 200 tCO_{2e} for this dataset.

TEC Partnership will ensure that the data collection processes will continually improve for the financial year 2022/23. F-gas registers will be created.

¹ <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021>

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 in the 2021/22 financial year include the extension of the construction and engineering facilities at Scarborough, the development of an electric vehicle and green energy building in Grimsby, new classroom facilities to relieve the delivery space issues in Beverly. In the background, work has continued on developing the plans for the new Skegness Campus (partly funded through the Towns Fund). The Partnership was also successful in leading a bid for partners to provide grant funding through the Strategic Development Fund which has provided substantial investment into curriculum equipment for our learners to use in the areas of digital, engineering, motor vehicle and logistics. These investments together with more regular annual investment in capital have provided the platform for the launch of a new curriculum and additional recruitment on courses where the investment has taken place. There are many other developments which are at different stages and are detailed in the Partnerships Income Diversification Strategies and Property Strategy.

Financial Plan

The Partnership governors approved a financial plan in July 2022 which sets objectives for the period to 2022/2023.

The Partnership aims to maintain its health rating of 'outstanding' and achieve a surplus in the year to 31 July 2023.

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.

Reserves

The Partnership has a Reserves Policy, it recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support the Partnership's core activities. As at the balance sheet date the Income and Expenditure reserve stands at £48.9m (2021: £15.2m). It is the Corporation's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

KEY PERFORMANCE INDICATORS

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

Key Performance Indicator	Measure/Target	Actual for 2021/2022
Student number targets	14,832	15,070
Student achievement	90%	92.9%
Operating surplus/EBITDA as % of income	6%	2.45%
Staff satisfaction (via survey)	+30	+24
Ofsted rating	Outstanding	Good

Student achievements

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

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, requires organisations. During the accounting period 1 August 2021 to 31 July 2022, the Partnership paid 95 per cent of its invoices within 30 days. The Partnership incurred no interest charges in respect of late payment for this period.

EQUALITY AND DIVERSITY

Equality

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

The Partnership publishes an Annual Equality Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010. The Partnership undertakes equality impact assessments 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 an Equality & Diversity training programme which all staff are required to complete. Refresher training and training for new starters is carried out on an ongoing basis.

Gender Pay Gap Reporting

	Year ending 31 March 2022
Mean gender pay gap	13.79%
Median gender pay gap	21.32%
Median gender bonus gap	66.7%
Proportion of males/females receiving a bonus	0.31%/0.53%

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

	Males	Females
1 - Lower quartile	20.80%	79.20%
2	27.51%	72.49%
3	35.88%	64.12%
4 – Upper quartile	46.28%	53.72%

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.
- The admissions policy for all students is described in the Partnership charter. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- The Partnership has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.

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

Ethnic Pay Gap Reporting

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

Trade Union Facility Time

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

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

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

Total cost of facility time	£5,093.18
Total pay bill	£34,728,968
Percentage of total bill spent on facility time	0.014%

Time spent on paid trade union activities as a percentage of total paid facility time	31.98%
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GOING CONCERN

The Partnership currently has £5.9m 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 £13.2m at the 31st July 2022 with the Group having generated £1.2m 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 Chair, Erika Stoddart resigned on 06/09/22 and her replacement, Kai Adegbembo, Vice Chair stepped up to be Chair until a replacement is appointed which is anticipated to be January 2023.

On 29 November 2022, the Office for National Statistics reclassified all college corporations as public sector institutions with immediate effect and this prompted the Department for Education to introduce some new rules for colleges which will take effect during 2022/23.

The College considers this announcement to be a non-adjusting post balance sheet event and is evaluating the implications of the announcement and the potential new rules but do not consider that they will have an impact on these financial statements

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 21 December 2022 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'Kai Adegbembo', written over a faint horizontal line.

Kai Adegbembo

[Interim 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 August 2021 to 31 July 2022 and up to the date of approval of the annual report and financial statements.

GOVERNANCE CODE

The Partnership endeavours to conduct its business:

- in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- in full accordance with the guidance to Partnership's from the Association of Partnership's in The Code of Good Governance for English Partnership's ("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 31st July 2022. This opinion is based on an internal review of compliance with the Code/Governance Evaluation reported to the board when the Corporation also agreed to include the requirements of the AoC Remuneration Code. 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, the Governing Board of TEC Partnerships has adopted the code of Good Governance for English Colleges issued by the Association of Colleges in March 2015 and has acted with due regards to its principles and guidance.

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 2021/22
Ms E Stoddart	01/01/15	4 yrs	06/09/22	Independent	MOC; HEOC; Remuneration	100%
Mr K Adegbembo	30/09/14	4 yrs	19/09/23	Independent	STEC; HEOC; Remuneration	90%
Mrs Gill Alton	21/03/16	N/A	31/01/22	CEO	MOC	100%
Mr R Askam	23/05/22	4 yrs	17/05/26	Independent	GIFHE; HEOC; Remuneration	75%
Mrs Ann Hardy	01/01/17	N/A	N/A	CEO	MOC	96%
Ms K Harold	31/07/19	4 yrs	31/07/23	Independent	ERC; Remuneration	94%
Mr J Harris	01/08/22	4 yrs	17/01/26	Independent	Audit; ERC;	100%
Prof B Huxley-Binns	09/04/18	4 yrs	09/04/23	Independent	HEOC	53%
Mr R Edwards	01/01/14	4 yrs	31/12/21	Independent	GIFHE; HEOC; Remuneration	33%
Mr W Leschenko	29/10/19	4 yrs	29/10/23	Independent	Audit; Remuneration	87%
Mr C Matthews	10/12/19	4 yrs	10/12/23	Staff	Corp only	64%
Mrs E Parry	01/01/14	4 yrs	01/11/21	Independent	MOC; Remuneration	69%
Mr K Pearson	31/07/19	4 yrs	09/07/23	Independent	Audit	80%
Mrs W Spalding	10/07/18	4 yrs	31/01/22	Independent	Corp only	75%
Mr H Smith	08/03/21	1 yr	08/03/22	HE Student	HEOC	0%
Mr M Smith	17/01/22	1 yr	16/01/23	HE Student	HEOC	82%
Ms W Spalding	10/07/18	4 yrs	28/02/22	Independent	Corp only	75%

*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 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 24th 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.

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 or from the Clerk to the Corporation.

Corporation Performance

The Corporation's clerk was supported from a recognised further education specialist in order to further develop and enhance our governance role. Governors have attended a series of bite sized sessions which focused on the key functions of The Corporation, training was provided from both an external and internal perspective including a session from the FE Commissioner. As part of our three-year external governance review we have undertaken a preparatory review of all our governance and corporation performance; including a strategic day which was held to review key development and strategic priorities and ensure that governance remains an absolute priority and is integral to the TEC Partnership.

The statement of corporate governance and internal control covers from 1st August 2019 and will be reviewed in the next academic year.

Through its Audit Committee, the Corporation has conducted a self-assessment of its governance arrangements as confirmed in the Annual Audit Report 2021-22 and will be undertaking an external governance review (within the required timeframe) in Spring 2024.

Remuneration Committee

Throughout the year ending 31st July 2022 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 31st July 2021 on 28th February 2022.

On 23rd 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).

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 31st July 2022.

The members of the committee and their attendance records are shown below:

Committee Member	Meetings Attended
Mr W Leschenko	3
Mr K Pearson	4
Dr M Stopper	4
Mr J Harris	3
Ms C Senior	3

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 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 31st July 2022 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

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 31st July 2022 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 indicative 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 2021/22 and up to the date of the approval of the financial statements are:

- Access to participation
- Examination Services
- Property Compliance
- Safeguarding

Across all the areas reviewed few recommendations were made and the Partnership is actively working through those to ensure full compliance.

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

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

Based on the advice of the Audit Committee and the Accounting Officer, the Corporation is of the opinion that the 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 21 December 2021 and signed on its behalf by:



Kai Adegbembo
Interim Chair



Ann Hardy
Accounting Officer

TEC Partnership

Statement of Regularity, Propriety and Compliance

As accounting officer, I confirm that the corporation has had due regard to the requirements of grant funding agreements and contracts with ESFA and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with terms and conditions of funding. I confirm on behalf of the corporation that after due enquiry, and to the best of my knowledge, I am able to identify any material irregular or improper use of funds by the corporation, or material non-compliance with the terms and conditions of funding, under the corporation's grant funding agreements and contracts with ESFA, or any other public funder.

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

A handwritten signature in black ink, appearing to read 'Ann Hardy', written in a cursive style.

Ann Hardy

Accounting Officer

21 December 2022

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 Partnership 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 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 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 13th December 2022 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'Kai Adegbembo', written over a horizontal line.

Kai Adegbembo

Interim Chair

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 2022 which comprise the Group and College Statement of Comprehensive Income and Expenditure, the Group and College Statement of Changes in Reserves, the Group and College Balance Sheet, the Group Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law 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 2022 and of the Group's and College's surplus of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the College in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the 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 24, 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

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

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

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

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

In addition, we evaluated the Members of the Corporation and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks 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 revenue recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

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

- Making enquiries of the Members of the Corporation and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the 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. This description forms part of our auditor's report.

Other required reporting

Opinion on other matters prescribed in the OfS Audit Code of Practice issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

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

Matters on which we are required to report by exception

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

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

Use of the audit report

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



Mazars LLP (Dec 29, 2022 17:40 GMT)

Mazars LLP

Chartered Accountants and Statutory Auditor

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

Date Dec 29, 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 12 July 2022 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 2021 to 31 July 2022 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 ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder.

This report is made solely to the Corporation of TEC Partnership and 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 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 2021 to 31 July 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

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.
- Tested a sample of individual learner records.
- Reviewed all payments to senior post holders on termination of employment or in respect of claims made in the year.
- Reviewed approved policies and procedures operating during the year for each funding stream that has specific terms attached.
- Obtained the policy for personal gifts and/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 2021 to 31 July 2022 has not been applied to purposes intended by Parliament, that the financial transactions do not conform to the authorities that govern them nor have been improper.

Signed: 
Mazars LLP (Dec 29, 2022 17:40 GMT)

Mazars LLP

Date: Dec 29, 2022

TEC Partnership

Consolidated and Partnership Statements of Comprehensive Income and Expenditure

All items of income and expenditure relate to continuing activities.

	Notes	Year ended 31 July 2022		Year ended 31 July 2021	
		Group £'000	College £'000	Group £'000	College £'000
INCOME					
Funding body grants	2	43,156	42,087	40,112	40,105
Tuition fees and education contracts	3	11,807	11,431	12,904	12,392
Other grants and contracts	4	326	326	571	392
Other income	5	3,457	3,122	3,038	2,714
Investment income	6	14	14	9	9
Donations and Endowments	7	-	-	-	-
Total income		58,760	56,980	56,634	55,612
EXPENDITURE					
Staff costs	8	38,895	31,660	38,722	32,541
Other operating expenses	9	16,470	23,928	12,639	18,473
Depreciation	12	4,565	4,155	4,328	3,931
Interest and other finance costs	10	911	911	819	819
Total expenditure		60,841	60,654	56,508	55,764
(Deficit)/surplus before other gains		(2,081)	(3,674)	126	(152)
(Loss)/profit on disposal of assets		-	-	(55)	1,239
(Deficit)/Surplus before tax		(2,081)	(3,674)	71	1,087
Taxation	11	-	-	-	-
(Deficit)/surplus for the year		(2,081)	(3,674)	71	1,087
Unrealised surplus on revaluation of		-	-	-	-
Actuarial gain/(loss) in respect of pensions	24	35,854	35,854	(2,386)	(2,386)
Total Comprehensive Income for the		33,773	32,180	(2,315)	(1,299)
Represented by:					
Restricted comprehensive income		-	-	-	-
Unrestricted comprehensive income		33,773	32,180	(2,315)	(1,299)
		33,773	32,180	(2,315)	(1,299)
Deficit for the year attributable to:					
Group		(2,081)	(3,674)	71	1,087
Total Comprehensive Income for the					
Group		33,773	32,180	(2,315)	(1,299)

TEC Partnership

Consolidated and Partnership Statement of Changes in Reserves

	Income and expenditure account £'000	Revaluation reserve £'000	Restricted reserves £'000	Total £'000
Group				
Balance at 1 August 2020	17,223	11,561	-	28,784
Surplus from I&E account	71	-	-	71
Other comprehensive income	(2,386)	-	-	(2,386)
Transfers between revaluation and income and expenditure reserves	195	(195)	-	
	(2,120)	(195)	-	(2,315)
Balance at 31 July 2021	15,103	11,366	-	26,469
(Deficit) from the income and expenditure account	(2,081)	-	-	(2,081)
Other comprehensive income	35,854	-	-	35,854
Transfers between revaluation and income and expenditure reserves	-	-	-	-
Total comprehensive income	33,773	-	-	33,773
Balance at 31 July 2022	48,876	11,366	-	60,242
College				
Balance at 1 August 2020	19,970	11,561	-	31,531
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)	-	-
	(1,104)	(195)	-	(1,299)
Balance at 31 July 2021	18,866	11,366	-	30,232
(Deficit) from the income and expenditure account	(3,674)	-	-	(3,674)
Other comprehensive income	35,854	-	-	35,854
Transfers between revaluation and income and expenditure reserves	-	-	-	-
Total comprehensive income	32,180	-	-	32,180
Balance at 31 July 2022	51,046	11,366	-	62,412

TEC Partnership

Balance Sheets as at 31 July 2022

	Notes	Group 2022 £'000	College 2022 £'000	As Restated Group 2021 £'000	College 2021 £'000
Non-current assets					
Tangible Fixed assets	12	96,514	89,208	96,130	88,761
Intangible Assets		348	348	25	25
Investments	13	301	301	301	301
		97,163	89,857	96,456	89,087
Debtors – amounts falling due in more Than 1 year					
		-	5,877	-	6,483
Current assets -					
Stocks		33	33	40	40
Trade and other receivables	14	1,999	4,893	2,964	5,845
Cash and cash equivalents	19	13,209	13,082	12,080	11,956
		15,241	23,885	15,084	24,324
Creditors – amounts falling due within one year	15	(10,835)	(11,081)	(10,040)	(10,079)
Net current assets		4,406	12,804	5,044	14,245
Total assets less current liabilities		101,569	102,661	101,500	103,332
Creditors – amounts falling due after more than one year	16	(39,805)	(38,727)	(40,106)	(38,175)
Provisions					
Defined benefit obligations	18	-	-	(32,814)	(32,814)
Other provisions	18	(1,522)	(1,522)	(2,111)	(2,111)
Total net assets		60,242	62,412	26,469	30,232
Unrestricted Reserves					
Income and expenditure account		48,876	51,046	15,103	18,866
Revaluation reserve		11,366	11,366	11,366	11,366
Total unrestricted reserves		60,242	62,412	26,469	30,232
Total reserves		60,242	62,412	26,469	30,232

The financial statements on pages 33 to 35 were approved and authorised for issue by the Corporation on 21st December 2022 and were signed on its behalf on that date by:

Kai Adegbembo
Interim Chair



Ann Hardy
Accounting Officer



TEC Partnership

Consolidated Statement of Cash Flows

	Notes	2022 £'000	2021 £'000
Cash flow from operating activities			
(Deficit)/surplus for the year		(2,081)	162
Adjustment for non-cash items			
Depreciation of Tangible Assets		4,549	4,297
Depreciation of Intangible Fixed Assets		16	30
Decrease in stocks		7	13
Decrease in debtors		965	4,758
Decrease/Increase in creditors due within one year		431	(1,941)
Increase/(decrease in creditors due after one year		350	(1,982)
(Decrease) in provisions		(589)	(224)
Pensions costs less contributions payable		2,470	1,720
Adjustment for investing or financing activities			
Investment income		(14)	(9)
Interest payable		911	819
Loss on sale of fixed assets		-	55
Net cash flow from operating activities		<u>7,015</u>	<u>7,698</u>
Cash flows from investing activities			
Proceeds from sale of fixed assets		-	614
Disposal of non-current asset investments		-	262
Deferred Capital Grants Received		-	7,304
Investment Income		14	9
Payments made to acquire fixed assets		<u>(4,933)</u>	<u>(8,654)</u>
		<u>(4,919)</u>	<u>(465)</u>
Cash flows from financing activities			
Interest paid		(333)	(411)
Repayments of amounts borrowed		<u>(634)</u>	<u>(3,635)</u>
		<u>(967)</u>	<u>(4,046)</u>
Increase in cash and cash equivalents in the		<u>1,129</u>	<u>3,187</u>
Cash and cash equivalents at beginning of the year	2021	12,080	8,893
Cash and cash equivalents at end of the year	2022	<u>13,209</u>	<u>12,080</u>

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 2021/22 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.

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, ABC Limited and XYZ Limited, controlled by the group. Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. 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-group 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 £5.9m 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 £13.2m at the 31st July 2022, with the Group having generated £1.1m 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 Statement.

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 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 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.

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
- Plant 5 years
- Furniture, Fixtures and Fittings 7 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 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.

Investment assets and assets held for sale historically were recognised in current assets; as a result of a change in accounting policy, a retrospective adjustment has been made and the prior year figures restated. These assets are now held as non-current assets within the balance sheet.

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 group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). 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 a minimal amount on the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

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

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

Pension Increase Orders are used to set the level of pension increases with effect from 1 April of each year, with reference to the change in CPI inflation over the 12 months to the previous September, which was announced in October. This was 3.1% and was considerably higher than the CPI assumption set by employers as at 31 July 2022. Although Pension Increase orders have always been set with reference to the September CPI for the last 10 years and the September RPI for the preceding 20 years, they are not automatically set and they are only known with absolute certainty when the Pension Increase Order is enacted by Parliament, which is usually in April of the following year. Similarly, the likely level of the forthcoming Pension Increase Order 2023 was not known at 31 July. Consequently, no adjustment has been made to recognise the possible 2023 Pension Increase Order within the CPI assumption.

The Pension asset has not been recognised within the accounts in line with recognition criteria of FRS 102. A surplus can only be recognised as an asset to the extent that the entity can recover that surplus either through a reduction in its contribution in the future or by being able to obtain refunds from the pension plan; the asset itself must be recoverable and only the amount that is recoverable can be recognised.

Other key sources of estimation uncertainty

- Tangible fixed assets, other than investment properties, are depreciated over their useful lives considering residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are considered. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- 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 24 will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 to value the pensions liability at 31 July 2022. 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	
	2022 Group £'000	2022 College £'000	2021 Group £'000	2021 College £'000
Recurrent Grants				
Education and Skills Funding Agency – adult Education Budget	7,800	7,800	8,801	8,794
Education and Skills Funding Agency - 16-18	23,143	23,143	22,723	22,723
Education and Skills Funding Agency – 14-16	913	913	1,297	1,297
Education and Skills Funding Agency Apprenticeships	4,158	4,158	4,082	4,082
Office for Students	683	683	685	685
Specific Grants				
Education and Skills Funding Agency	926	926	819	819
Teacher Pension Scheme contribution grant	822	822	845	845
Releases of Government Capital Grants	2,504	2,211	860	860
Release of Other Grants	2,207	1,431	-	-
Total	43,156	42,087	40,112	40,105

3 Tuition Fees and Education Contracts

	Y/end 31 July		Y/end 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Adult Education Fees	978	602	1,481	969
Apprenticeship Contracts	57	57	70	70
Fees for FE loan supported courses	1,084	1,084	1,249	1,249
Fees for HE loan supported courses	8,147	8,147	8,753	8,753
Other	160	160	-	-
Total Tuition Fees	10,426	10,050	11,553	11,041
Education Contracts	1,381	1,381	1,351	1,351
Total	11,807	11,431	12,904	12,392

3a Analysis of Grant and Fee Income

Grant income from the Office for Students	683	683	685	685
Grant Income from other bodies	42,473	41,404	39,427	39,420
Total grants	43,156	42,087	40,112	40,105
Fees Income for taught Awards (exclusive of VAT)	8,147	8,147	8,753	8,753
Fee Income from non-qualifying courses (exclusive of VAT)	3,500	3,124	4,151	3,639
Total Tuition Fees and Education Contracts	11,647	11,271	12,904	12,392
Total Grant and Fee Income	54,803	53,358	53,016	52,497

4 Other Grants and Contracts

	Y/end 31 July		Y/end 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
European Social Fund	326	326	463	331
Coronavirus Job Retention Scheme grant	-	-	108	61
Total	326	326	571	392

5 Other Income

	Y/end 31 July		Y/end 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and Residential	1,457	1,457	661	661
Other Income Generating Activities	1,522	1,187	664	664
Miscellaneous Income	478	478	1,713	1,389
Total	3,457	3,122	3,038	2,714

6 Investment income	Y/end 31 July		Y/end 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other interest receivable	14	14	9	9
	14	14	9	9
Net return on pension scheme (note 25)	-	-	-	-
Total	14	14	9	9

7 Donations – College only	Year ended		Year ended	
	31 July		31 July	
	2022		2021	
	£'000		£'000	
Unrestricted donations	-		-	
Total	-		-	

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

8 Staff costs – Group and Partnership

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

	2022	2021
	No.	No.
Teaching staff	359	363
Non-teaching staff	825	851
	1,184	1,214
Staff costs for the above persons		
	2022	2021
	£'000	£'000
Salaries	28,757	28,985
Social Security Costs	2,002	2,343
Other pension costs	6,917	6,701
Payroll Sub Total	37,676	38,029
Contracted out Staffing Services	1,202	683
	38,878	38,712
Restructuring costs Contractual	17	9
Non-Contractual	-	1
Total Staff costs	38,895	38,722

All contractual restructuring costs are delegated by the corporation to the Executive Leadership Team to implement and ensure that appropriate employment legislative is adopted. The corporation are aware in the instance a redundancy decision regular board papers and discussion.

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 of:

Ann Hardy	-	Chief Executive Officer (from 1 st February 2022)
Gill Alton	-	Chief Executive Officer (until 31 st January 2022)
Rachel-Ellis Jones	-	GIFHE Principal (from 6 th June 2022)
Debra Gray	-	GIFHE Principal (until 31 st March 2022)
Daniel Metters	-	East Riding Principal (from 20 th June 2022)
Michael Welsh	-	East Riding Principle (until 31 May 2022)
Maria Turnbull-Kemp	-	Group Vice Principal Finance (from 12 th May 2022)
Anthony Lawlor	-	Group Vice Principle of Finance (until 31 st December 2021)
Adrian Clarke	-	Group Vice Principal Corporate Services
Stephen Butler	-	Group Vice Principal Employee Services
Hugh Callaway	-	Group Vice Principal Marketing and Commercial Business

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

	2022 No.	2021 No.
The number of key management personnel including the Accounting Officer was:	11	6
Total emoluments paid for key management personnel who held post during the year are detailed in the bandings below		
£15,001 to £20,000		1
£20,001 to £25,000		1
£25,001 to £30,000		1
£35,001 to £40,000		1
£80,001 to £85,000		1
£90,001 to £95,000		1
£95,001 to £100,000		1
£105,001 to £110,000		1
£110,001 to £115,000		1
£130,001 to £135,000		1
£160,001 to £165,000		1

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

	Key management personnel		Other staff	
	2022	2021	2022	2021
	No.	No.	No.	No.
£60,001 to £65,000 p.a.	-	-	2	4
£65,001 to £70,000 p.a.	1	-	3	-
£70,001 to £75,000 p.a.	1	-	1	2
£75,001 to £80,000 p.a.	-	2	-	-
£80,001 to £85,000 p.a.	1	1	-	-
£85,001 to £90,000 p.a.	1	-	-	-
£95,001 to £100,000 p.a.	1	-	-	-
£100,001 to £105,000 p.a.	1	1	-	-
£110,001 to £115,000 p.a.	1	-	-	-
£115,001 to £120,000 p.a.	1	-	-	-
£120,001 to £125,000 p.a.	1	1	-	-
£135,001 to £140,000 p.a.	-	1	-	-
£145,001 to £150,000 p.a.	2	-	-	-
	11	6	6	6

The banding here represents the full-term salaries of key management staff in post during the year. All personnel are full time and the actual emoluments paid are pro-rated in line with the period of employment during the year.

Key Management Personnel Compensation is made up as follows:

	2022	2021
	£'000	£'000
Basic salary	670	596
Employers National Insurance	87	76
Pension contributions	135	97
Total key management personnel compensation	892	769

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 are detailed on the following page:

Total CEO emoluments	2022	2021
	£'000	£'000
Basic salary	-	136
G.Alton	71	-
A.Hardy	117	-
Employers National Insurance	-	17
G.Alton	9	-
A.Hardy	15	-
Other including benefits in kind	-	-
Pension contributions		
G.Alton	-	-
A.Hardy	28	-
	240	153

The governing body adopted AoC's Senior Staff Remuneration Code in July 2019 and assesses pay in line with its principals.

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

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

	2022	2021
	£'000	£'000
CEO's basic salary as a multiple of the median of all staff	6.7	6.3
CEO's total emoluments as a multiple of the median of all staff	7.3	6.3

CEO's basic salary is taken as £150,000 per the pay scale. Staff salary is calculated on the basis of all staff salaried at their full time equivalent. The total emoluments figure used is £206,220 which encompasses the basic salary inclusive of expected pension payments and the median staff total emoluments is calculated on the same basis.

9 Other Operating Expenses

	2022 Group £'000	2022 College £'000	2021 Group £'000	2021 College £'000
Teaching Costs	2,215	2,400	5,768	5,490
Non-teaching Costs	4,592	12,129	3,742	10,032
Premises Costs	9,663	9,399	3,038	2,951
Total	16,470	23,928	12,548	18,473

Other operating expenses include:

	2022 £'000	2021 £'000
Auditors' remuneration:		
Financial statements audit	70	61
Internal audit fees	19	4
Hire of assets under operating leases	295	380

9a Access and Participation Expenditure

	2022 £'000	2021 £'000
Access Investment	85	199
Financial Support	134	110
Disabled Students	61	83
Research	50	85
Total	330	477

10 Interest and other finance costs – Group and College

	2022 £'000	2021 £'000
On bank loans, overdrafts and other loans:	333	411
Net interest on defined pension liability (note 24)	578	408
Total	911	819

11 Taxation

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		Equipment	Assets in the course of construction	Total
	Freehold	Long Leasehold			
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2021	93,350	13,034	38,369	6,884	151,637
Restated					
Reclassification of Property	2,705	-	-	-	2,705
Cost (as restated)	96,055	13,034	38,369	6,884	154,342
Additions	1,400	-	3,533	-	4,933
Reclassification	2,933	908	3,831	(6,884)	788
At 31 July 2022	100,388	13,942	45,733	-	160,063
Depreciation					
At 1 August 2021	25,847	2,053	30,312	-	58,212
Charge for the year	1,888	-	2,677	-	4,565
Reclassifications	3,304	(2,053)	(479)	-	772
At 31 July 2022	31,039	-	32,510	-	63,549
Net book value at 31 July 2022	69,349	13,942	13,223	-	96,514
Net book value at 31 July 2021 (As Restated)	67,503	10,981	8,057	6,884	93,425

Tangible Fixed Assets (College)	Land and Buildings		Equipment	Assets in the Course of Construction	Total
	Freehold	Long leasehold			
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2021	90,441	13,034	34,525	6,212	144,212
Additions	1,365	-	3,231	-	4,596
Reclassification	2,245	908	3,837	(6,212)	778
At 31 July 2022	94,051	13,942	41,593	-	149,586
Depreciation					
At 1 August 2021	25,023	2,053	28,375	-	55,451
Charge for the year	1,783	-	2,372	-	4,155
Reclassification	3,304	(2,053)	(479)	-	772
At 31 July 2022	30,110	-	30,268	-	60,378
Net book value at 31 July 2022	63,941	13,942	11,325	-	89,208
Net book value at 31 July 2021	65,418	10,981	6,150	6,212	88,761

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 £8,642m.

13 Non-Current Investment

	Group	College	Group	College
	2022	2022	2021	2021
	£'000	£'000	£'000	£'000
Investment Property	301	301	301	301
Total	301	301	301	301

In the opinion of the Members the value of the investment property has not moved materially from that disclosed in the prior year and carried out by Scotts Property LLP, external Chartered Surveyors, on 23rd 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.

Company	Principal Activity	Interest Acquired
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.

14 Trade and other receivables

	Group	College	Group	College
	2022	2022	2021	2021
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade Receivables	811	443	1,129	1,006
Amounts owed by group undertakings:				
Subsidiary undertakings	-	3,368	-	3,205
Prepayments and Accrued Income	1,188	1,082	1,835	1,634
	1,999	4,893	2,964	5,845
Amounts falling due after one year:				
Amounts owed by group undertakings:				
Subsidiary undertakings	-	5,877	-	6,483
Total	1,999	10,770	2,964	12,328

15 Creditors: amounts falling due within one year

	Group	College	Group	College
	2022	2022	2021	2021
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	600	600	600	600
Obligations under finance leases	52	52	35	35
Trade payables	1,308	1,153	1,102	990
Amounts owed to group undertakings:				
Subsidiary undertakings	-	739	-	632
Other creditors	2,391	2,210	340	340
Other taxation and social security	1,286	1,300	1,005	841
Accruals and deferred income	2,257	2,257	2,942	2,900
Payments received in advance	9	9	1,643	1,615
Deferred income - government capital grants	1,677	1,506	1,769	1,613
Deferred income - government revenue grants	1,255	1,255	513	513
Total	10,835	11,081	9,949	10,079

16 Creditors: amounts falling due after one year

	Group	College	Group	College
	2022	2022	2021	2021
	£'000	£'000	£'000	£'000
Bank loans	5,225	5,225	5,825	5,825
Other Loans - Salix	-	-	51	51
Deferred income - government capital grants	34,580	33,502	34,230	32,299
Total	39,805	38,727	40,106	38,175

17 Maturity of Debt

(a) Bank Loans and Overdrafts

Bank loans and overdrafts are repayable as follows:

	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
In one year or less	600	600	600	600
Between one and two years	600	600	600	600
Between two and five years	1,800	1,800	1,800	1,800
In five years or more	2,825	2,825	3,425	3,425
Total	5,825	5,825	6,425	6,425

Bank loans and overdrafts totaling £4,500,000, are secured on a portion of the freehold land and buildings of the Partnership. These bank loans and overdrafts are at 6.75 per cent, repayable by instalments, falling due between 1 August 2020 and 31 July 2034.

18 Provisions

	Group and College		
	Defined benefit obligations £'000	Enhanced Pensions £'000	Other £'000
At 1 August 2021	32,814	1,885	226
Expenditure in the period		(363)	(226)
Actuarial (Gain)/Loss	(35,854)	-	-
Additions in period	3,040	-	-
At 31 July 2022	-	1,522	-

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

The principal assumptions for this calculation are:

	2022	2021
Inflation Rate (CPI)	2.9%	2.6%
Interest Rate	3.3%	1.6%

Defined benefit obligations relate to the liabilities under the College's membership of the local Government Pension Scheme. Further details are given in note 24.

19 Group Cash and cash equivalents

	At 1 August 2021 £'000	Cash flows £'000	Other changes £'000	At 31 July 2022 £'000
Cash and cash equivalents	12,080	1,129	-	13,209
Bank Loans – Short Term	(600)	600	(600)	(600)
Other Loans – Short Term (Salix)	(34)	34	(52)	(52)
Bank Loans – Long Term	(5,825)		600	(5,225)
Other Loans – Long Term (Salix)	(52)	-	52	-
Total	5,569	1,763	-	7,332

20 Capital and other commitments

	2022		2021	
	Group £'000	College £'000	Group £'000	College £'000
Commitments contracted for at 31 July	1,458	1,458	-	-

21 Lease obligations

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

	Group and College	
	2022 £'000	2021 £'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	216	271
Later than one year and not later than five years	532	1,264
Later than five years	72	81
	820	1,616
Other		
Not later than one year	144	167
Later than one year and not later than five years	238	382
Later than five years	-	-
	382	549
Total lease payments due	1,202	2,165

22 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.

23 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 academic year.

On 29 November 2022, the Office for National Statistics reclassified all college corporations as public sector institutions with immediate effect and this prompted the Department for Education to introduce some new rules for colleges which will take effect during 2022/23.

The College considers this announcement to be a non-adjusting post balance sheet event and is evaluating the implications of the announcement and the potential new rules but do not consider that they will have an impact on these financial statements

24 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 2016 and of the LGPS 31 March 2019.

Total pension cost for the year	2022	2021
	£000	£000
Teachers' Pension Scheme: contributions paid	2,150	2,822
Local Government Pension Scheme:		
Contributions paid	2,069	2,215
FRS 102 (28) charge	2,470	1,720
Charge to the Statement of Comprehensive Income	4,539	3,935
Enhanced pension charge to Statement of Comprehensive Income	237	90
Nest Pension	204	144
Total Pension Cost for Year within staff costs	7,130	6,991

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

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/9. DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2021-22 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 £2,150k (2021: £2.822k)

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by East Riding Local Authority. The total contributions made for the year ended 31 July 2022 were £2.57m, of which employer's contributions totalled £2.07m and employees' contributions totalled £508k. The agreed contribution rates for future years are 25.1% for the Partnership and range from 5% to 12.5% for employees, depending on salary according to a national scale.

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2022 by Hymans Robertson.

	At 31 July 2022	At 31 July 2021
Rate of increase in salaries	3.60%	2.10%
Future pensions increases	2.70%	2.80%
Discount rate for scheme liabilities	3.5%	1.70%
Inflation assumption (CPI)	2.70%	2.80%
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 2022 Years	At 31 July 2021 Years
<i>Retiring today</i>		
Males	20.8	21.0
Females	23.5	23.7
<i>Retiring in 20 years</i>		
Males	22.0	22.2
Females	25.3	25.5

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 2022 £'000	Fair Value at 31 July 2021 £'000
Equity instruments	70,389	62,380
Debt instruments	15,428	17,430
Property	9,642	10,091
Cash	964	1,835
Total fair value of plan assets	96,423	91,736
 Actual return on plan assets	 2,083	 13,830

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

	2022 £'000	2021 £'000
Fair value of plan assets	96,423	91,736
Present value of plan liabilities	(85,688)	(124,550)
Amount not recognised	(10,735)	-
Net pensions (liability)/asset (note 18)	-	(32,814)

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

	2022	2021
	£'000	£'000
Amounts included in staff costs		
Current service cost	4,531	3,935
Total	4,531	3,935

Amounts included in investment income

Net interest income	(578)	(408)
	(578)	(408)

Amount recognised in Other Comprehensive Income

Return on pension plan assets	2,083	12,750
Experience losses arising on defined benefit obligations	(328)	1,294
Changes in assumptions underlying the present value of plan liabilities	44,834	(16,438)
Amount recognised in Other Comprehensive Income	46,589	(2,394)

Movement in net defined benefit (liability) during year

	2022	2021
	£'000	£'000
Net defined benefit (liability)/asset in scheme at 1 August	(32,814)	(28,292)
Movement in year:		
Current service cost	(4,531)	(3,935)
Employer contributions	2,061	2,207
Past service cost	8	8
Net interest on the defined (liability)/asset	(578)	(408)
Actuarial gain or loss	46,589	(2,394)
Net defined benefit (liability)/asset at 31 July	10,735	(32,814)

Asset and Liability Reconciliation	2022	2021
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	124,550	104,853
Current service cost	4,531	3,935
Interest cost	2,145	1,488
Contributions by Scheme participants	508	546
Experience gains and losses on defined benefit obligations	328	(1,294)
Changes in demographic assumptions	(435)	1,604
Changes in financial assumptions	(44,399)	14,834
Estimated benefits paid	(1,540)	(1,416)
Defined benefit obligations at end of period	85,688	124,550
Changes in fair value of plan assets		
Fair value of plan assets at start of period	91,736	76,561
Interest on plan assets	1,567	1,080
Return on plan assets	2,083	12,750
Employer contributions	2,069	2,215
Contributions by Scheme participants	508	546
Estimated benefits paid	(1,540)	(1,416)
Fair value of plan assets at end of period	96,423	91,736

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

25 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 £565; 3 Governors (2021: £0; 0 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 (2021: 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.

	Gross	VAT	Net	
Wilkin & Chapman	956	190	1,146	Licence Aldi works and signage at Scartho Top
Wilkin & Chapman	2,400	400	2,000	Modal charges
Hull Uni	132,111	-	132,111	Validation charges – ERC
Hull Uni	272,139	-	272,139	Validation charges
Hull Uni	9,126	-	9,126	C4ME Teacher Development
Hull Uni	2,487	-	2,487	Executive master of business admin, course fee

The below table details the sales and purchases between the subsidiaries and the college. The closing balance per the inter company accounts is also given below.

Company	Support Staff Services Limited	Modal Training Limited	Grimsby Trading Limited
	£'000	£'000	£'000
Opening Balance	3,204	8,183	(632)
Total Recharges to	6,990	776	352
Total Recharges from	(6,826)	(127)	(28)
Total Sales	-	56	20
Total Purchases	-	(83)	(451)
Closing Balance	3,368	8,805	(739)

26 Amounts disbursed as agent - Learner support funds

	2022 £000	2021 £000
Balance Brought Forward	767	163
Funding body grants	1,368	1,267
Funding body grants claw-back	-	-
Disbursed to students	(1,532)	(657)
Administration fees	(19)	(6)
Balance unspent as at 31 July	584	767