



**NCG**  
**REPORT AND FINANCIAL STATEMENTS**  
31 JULY 2022

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## Reference and Administrative Details

### Board of Governors

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Peter Lauener  
Chris Roberts  
Mark Squires  
Caroline MacDonald  
Jeannette Strachan  
Andrew Cunningham  
Chris McCourt  
Rob Holt  
Matthew Otubu (left in December 2021)  
Shirley Atkinson  
John Widdowson  
Conor Allen (appointed March 2022)  
Diana Wiedemann (appointed March 2022)  
Jennifer Mitchelson (left in October 2022)  
Liz Bromley

### Address

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NCG  
Rye Hill House  
Scotswood Road  
Newcastle upon Tyne  
NE4 7SA

### Key Management Personnel

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| Job title  | Name  |
|--|---|
| Chief Executive Officer  | Liz Bromley   |
| Chief Finance Officer  | Mike Wilmot (left December 2021)<br>Lisa Sproats (interim – appointed in December 2021) |
| Chief Operations & Compliance Officer and Secretary to the Board (previously Executive Director & Secretary to the Board)              | David Balme   |
| Chief Information, Data & Estates Officer (previously Chief Information & Data Officer)  | Scott Mulholland  |
| Executive Director of Quality  | Steve Wallis  |
| Executive Principal – Curriculum (previously Executive Principal – South)  | Tony Lewin  |
| Executive Principal – People & Culture and Interim Principal of Lewisham College (previously Principal – Newcastle Sixth Form College) | Gerard Garvey   |
| Principal - Carlisle College   | Sarah McGrath   |
| Principal - Kidderminster College  | Cat Lewis   |
| Principal - Newcastle College  | Scott Bullock   |
| Principal - Newcastle Sixth Form College   | Simon Ross (interim - appointed in February 2022)                                       |
| Principal - Southwark College  | Jane Button (appointed in July 2022)  |
| Executive Principal – North  | Grant Glendinning (left August 2022)  |

## Reference and Administrative Details

### Key Management Personnel (continued)

|                                     |                   |
|-------------------------------------|-------------------|
| Principal - West Lancashire College | Denise Williamson |
|-------------------------------------|-------------------|

| Left during the academic year  |                                     |
|--------------------------------|-------------------------------------|
| Job title                      | Name                                |
| Principal – Southwark College  | Annette Cast (left in July 2022)    |
| Principal – Lewisham College   | Asfa Sohail (left in February 2022) |
| Deputy Chief Executive Officer | Chris Payne (left July 2022)        |

### Professional advisers

#### Independent auditor

Mazars LLP  
The Corner, Bank Chambers  
26 Mosley Street  
Newcastle upon Tyne  
NE1 4BF

#### Solicitors

Muckle LLP  
32 Gallowgate  
Newcastle Upon Tyne  
NE1 1DF

#### Bankers

HSBC Bank plc  
City Branch  
110 Grey Street  
Newcastle upon Tyne  
NE1 6JG

### Other professional fees

Internal auditors: PricewaterhouseCoopers LLP, and RSM Risk Assurance Services LLP (from Aug-22)

Data Assurance auditors: KPMG LLP (from Apr-22)

Insurance brokers: Arthur J. Gallagher

Property valuers: Lambert Smith Hampton and Sanderson Weatherall

Pension advisers: Willis Towers Watson

Tax Advisers: Deloitte LLP

# Report of the members of the corporation

for the year ended 31 July 2022

## Strategic report

The governing body present their annual report together with the financial statements and auditor's report for NCG for the year ended 31 July 2022.

### Legal status

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The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting NCG. It is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

At the balance sheet date, NCG operates through the following colleges:

**Carlisle College** is a Further Education college based in Cumbria. It provides education and training, including vocational based learning, and delivers higher education programmes.

**Kidderminster College** is a Further Education college based in North Worcestershire. The College provides vocational education and training in Wyre Forest and more widely across the Midlands.

**Lewisham College** is a Further Education college based in South-East London, providing a wide range of vocational courses.

**Newcastle College** is a large general further education college comprising substantial education programmes for Young People, Adult and Community, Apprenticeships and High Needs Funded students. The College also operates discrete Higher Education provision at its University Centre.

**Newcastle Sixth Form College** delivers A Level and GCSE courses.

**Southwark College** is a Further Education college based in London with modern facilities delivering various types of courses but with significant delivery to learners to improve their reading, listening, writing and speaking in English through the English Speakers of Other Languages (ESOL) qualifications.

**West Lancashire College** is a Further Education college based in Skelmersdale, West Lancashire offering a range of school leaver, Adult, Apprenticeship and professional qualifications.

### Public Benefit

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NCG Corporation is regulated by the Secretary of State for Education as an exempt charity. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 20-21.

In setting and reviewing NCG's strategy, 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. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

In delivering its purpose, NCG provides identifiable public benefits which is covered throughout the strategic report.

# Report of the members of the corporation

## for the year ended 31 July 2022

### Strategic report

#### Strategy and Objectives

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NCG's Strategy to 2030 was launched in early 2020, setting out its mission to "enable social mobility and economic prosperity through exceptional education". NCG's vision is "to be the UK's leading educational group recognised for local impact, national influence and reach".

NCG's strategic goals are:

- Exceptional teaching, learner experience and outcomes
- Innovative, relevant courses and qualifications
- Ambitious and responsible educators and leaders
- Outstanding digital and physical learning environments
- Financial sustainability powering reinvestment
- Impactful external engagement and civic commitment

The implementation of the new strategy has been supported by the approval of innovative curriculum strategies and strategic plans, linked to local needs, for each college. These strategic plans have targets that supplement the existing corporate key performance indicators (KPIs).

#### Stakeholders

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NCG has many stakeholders including:

- Current, future and past learners;
- Colleagues and their trade unions (namely UCU and Unison);
- The employers we work with;
- The professional organisations in the sectors we represent;
- Partner schools and universities;
- The wider communities that we work with;
- Our strategic partners;
- Local borough councils, combined authorities, Local Enterprise Partnerships and Chambers of Commerce that surround our colleges;
- Ofsted, the Education and Skills Funding Agency, the Office for Students, the Quality Assurance Agency and the Department for Education; and
- Lloyds Bank and HSBC.

# Report of the members of the corporation for the year ended 31 July 2022

## Strategic report

### People

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NCG has a distinct set of organisational values.

We value and empower people by:



- Values underpin the culture and beliefs of the organisation and foster a sense of pride in working for NCG.
- The values are supported by a clear set of employee behaviours that translate NCG's values into day-to-day actions and set the standard of how colleagues right across the organisation are expected to behave.

The Group employed 2,559 people (expressed using average headcount calculation) in 2022 (2021: 2,455) of whom 1,354 are teaching staff (2021: 1,247). The number of teaching staff includes those delivering all forms of training.

### Development and performance

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#### Developments

Under the leadership of the CEO (Liz Bromley) and the executive team, NCG has continued to transform the way the Group operates as 'one NCG' leveraging the very best practice across our colleges. Lessons learned during the COVID-19 pandemic, such as online learning and agile working, have been used to further support our ongoing development. 2022 has seen a return to near normality for the colleges and provided the ideal environment to continue work on its strategy 'Towards 2030'. We are progressing on our mission to become 'one NCG' adeptly using the feedback from our annual Colleague Engagement Survey to identify the key issues to address as part of our culture change activities. The Leadership Hub continues to develop in strength and scope, its focus being to support our colleagues in their professional development at all stages of an individual's career, it does this through the delivery of bespoke training to current and aspiring leaders and managers across the organisation.

Political and economic uncertainty has been a key challenge for NCG, the sector and country. The rising rate of inflation, leading to increased pay demands, ongoing increases in utility costs and uncertainty about potential reclassification of the Further Education (FE) sector into the public sector have all impacted on the ability to plan with any level of certainty. However, NCG has remained focused on its long-term financial sustainability, retaining its financial health 'Good' status. Regaining its Ofsted Good rating in January this year represented a key milestone for the group and a reflection of its unwavering focus on achieving this important judgement, NCG continues its ambitious for outstanding quality journey.

# Report of the members of the corporation

for the year ended 31 July 2022

## Strategic report

### Development and performance (continued)

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#### Developments (continued)

NCG has made progress in many areas:

- Following the Ofsted visit in January the final report was published in March 2022 and reported NCG as Ofsted 'good'; the judgement grades were 'good' in all areas of the provision, with the exception of apprenticeships, which are 'requires improvement'. This was consistent with NCG's own self assessed position in September 2021. Encouraging progress and improvements have been made since the inspection and it remains an area for continuous improvement in the 2022/23 academic year. This has enabled NCG to pursue a number of opportunities which were not possible when rated Requires Improvement.
- The quality of NCG's Higher Education (HE) provision has remained consistently good and improving as indicated by the National Student Survey results. In 2022, NCG's overall student satisfaction metric increased by over ten percentage points to 85%. This result is well above the was the Office for Students benchmark. The programme of investment in resources continues. Further detail is published in the HE Annual Review.
- NCG has a number of key improvement themes this year, which follow a return to normal attendance patterns, and assessment methods, following several years of disrupted education. This was anticipated by leaders and the NCG Educational Recovery Plan was implemented.

Learner numbers for NCG are as follows:

|                                | Year ended<br>31 July 2022 | Year ended<br>31 July 2021 |
|--------------------------------|----------------------------|----------------------------|
|                                | Total                      | Total                      |
| 16-19 Classroom Learners       | 11,840                     | 11,899                     |
| Classroom Based Adult Learners | 14,224                     | 15,427                     |
| Apprentices                    | 1,864                      | 2,429                      |
| HE Learners                    | 2,397                      | 2,395                      |
|                                | <u>30,325</u>              | <u>32,150</u>              |

# Report of the members of the corporation

for the year ended 31 July 2022

## Strategic report

### Development and performance (continued)

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#### Financial results

The key financial performance indicators of NCG based on the Education and Skills Funding Agency (ESFA) financial health calculations are as follows:

|                                       | Year ended<br>31 July 2022 | Year ended<br>31 July 2021 |
|---------------------------------------|----------------------------|----------------------------|
| Current Ratio                         | 1.37                       | 1.28                       |
| EBITDA as a percentage of Turnover    | 2.65%                      | 5.44%                      |
| Borrowing as a percentage of Turnover | 11.71%                     | 13.40%                     |
| Financial Health                      | Requires Improvement       | Good                       |

Financial Health has deteriorated from 'Good' to 'Requires Improvement' which is entirely due to an additional, exceptional provision for potential funding clawback of £5,836,000 in the year. Excluding this provision would improve EBITDA % to 7% and return the group to financial Health Good which is significant given the operational challenges the sector has faced, specifically, political and economic uncertainty, significant inflationary pressures and the legacy impact of the COVID -19 pandemic. 16-19 funding rate per student increased for the first time in a number of years but this additional income was offset by reduced apprenticeship numbers and difficulties achieving Adult Education target. Despite this, financial performance has remained robust through strong budget controls, which should ensure a return to financial health Good in 2022/23 assuming no further clawbacks

- Group turnover from continuing operations increased from £132,639,000 in 2021 to £136,563,000 in 2022 primarily due to growth in the 16-19 contract, Apprenticeships and other commercial income, partially offset by reduced adult income. Further income provisions have been made in the year of £5,836,000 (2021: £4,384,000) for funding potentially reclaimable by funding bodies. The Group has significant reliance on the ESFA for its principal funding source, largely from recurrent grants. The ESFA provided 57.2% of total income (2021: 58.8%). The reduction is due to reduced adult delivery, significant income provisions and increased commercial income.
- Income has been supported by the following grants from the government:
  - The Teachers' Pension contribution rate increase from 16.48% to 23.68% which occurred in September 2019 has continued to be funded by the ESFA. This amounted to £2,192,000 in 2022 (2021: £2,238,000)
  - A maximum of 33 (2021: 131) support staff were furloughed during the pandemic resulting in £20,000 (2021: £395,000) of Coronavirus Job Retention Scheme grant income. The scheme ended on the 30 September 2021.
  - Reconciliation thresholds on the Adult Education funding contracts have been reinstated as expected following flexibility in the years effected by the pandemic. The under delivery versus contract is planned to be repaid to the funding bodies in 22/23.
- Total expenditure increased from £143,837,000 to £154,133,000. £6,953,000 of this increase was staff costs which was made up of a pay award to staff, incremental salary increases, additional staffing requirement due to income growth and staffing required for the tuition catch up fund. Other operating expenses increased £2,315,000 largely due to increased cost of utilities and costs associated with delivering increased catering and project income.

# Report of the members of the corporation

for the year ended 31 July 2022

## Strategic report

### Development and performance (continued)

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#### Financial results (continued)

- Earnings before Interest Tax, Depreciation and Amortisation (EBITDA) has reduced to £3,492,000, compared to £6,970,000 in 2021. As mentioned earlier the significant movement is due to an exceptional income provision made in year of £5,836,000 relating to historic income earned which is now being challenged for reclaim, the provision is considered to be prudent given the level of challenge NCG is undertaking in relation to this. Excluding this provision, equivalent year on year operational performance would be an improvement of £2,358,000 EBITDA.
- NCG incurs large deficits before tax, partly due to large depreciation charges £14,628,000 (2021: £14,004,000), this is a result of assets acquired on merger being restated at fair value. The deficit before tax has increased to £17,185,000 from £11,741,000 in 2021. This is due to increased income provision as detailed above, total pension charges and a small increase in depreciation as capital spend increases.
- NCG has a strong asset backed balance sheet. After deducting the defined benefit pension deficit NCG has accumulated reserves of £165,430,000 (2021: £58,053,000). Prior to the pension liability, NCG reserves stand at £166,548,000 (2021: £173,245,000). These accumulated reserves are largely tied up in tangible fixed assets to be used for the benefit of our learners.
- There has been a decrease in the Defined Pension Benefit Liability of £114,074,000 which is principally due to the significant increase in the discount rate used to revalue future pension liabilities. The deficit on the balance sheet is £1,118,000 (2021: £115,192,000).

#### Capital Expenditure

The investment in technology and systems has continued to ensure additional resilience. This is exemplified by the roll out of laptops and docking stations to all colleagues to enable a more flexible way of working. This is progressing with three colleges already completed and the others scheduled in this financial year. Current year activity can be summarised as follows:

NCG invested £5,902,000 in capital expenditure in 2022 (2021: £9,126,000). The principal schemes were:

|   | <b>2022</b>  | <b>2021</b>  |
|---|--------------|--------------|
|   | <b>£000</b>  | <b>£000</b>  |
| IT infrastructure and systems             | 859          | 1,794        |
| Curriculum delivery                       | 1,227        | 320          |
| ESFA condition grant works                | 868          | 3,902        |
| OfS HE grant equipment                    | 1,747        | -            |
| Upgrades to property, plant and equipment | 1,201        | 3,110        |
|   | <b>5,902</b> | <b>9,126</b> |

Despite the continued pressure on funding which has been experienced in recent years, NCG continues to invest cautiously in capital projects to maintain standards.

Increased investment to support students as they returned to classroom learning as well as spend on colleague equipment, to support agile working on and offsite

Significant Capital funding was also received in year to support investment, including £2,030,000 of OfS funding to invest in equipment for HE learners. This was fully committed in year, to ensure full benefit to the learners for the new academic year. £322,000 was received via the Strategic Development Fund (SDF) which funded a new Digital Hub for learners at Carlisle College. The remaining £696,000 of the previous year's ESFA funding was invested to improve the condition of the college estate.

# Report of the members of the corporation

for the year ended 31 July 2022

## Strategic report

### Development and performance (continued)

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#### Treasury policies and objectives

Treasury management is the management of NCG cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

NCG has a treasury management policy in place. The Chief Financial Officer (CFO) must report short-term borrowing promptly to the Corporation. The Corporation must approve borrowing for periods exceeding twelve months and must comply with the Memoranda and the relevant Funding Body's requirements.

#### Cash flows and Liquidity

Cash flow generated from operating activities amounted to £8,914,000 (2021: £12,264,000).

Closing cash of £15,345,000 (2021: £14,450,000) includes £3,392,000 held on short term deposit, less than 90 days (2021: £3,392,000). £9,506,000 was also held on 95-day notice investment accounts (2021: £7,000,000). Total cash and short-term investments were £24,851,000 (2021: £21,450,000)

The size of NCG total borrowing and its approach to interest rates has been calculated to ensure an appropriate cushion between the total cost of servicing debt and cash flow available for debt servicing. Total bank debt was £15,431,000 (2021: £17,180,000).

#### Future prospects

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The key focus of NCG for 2022 and beyond is underpinned with three themes – People, Performance and Planning, specifically it includes:

- Improving quality and outcomes for learners including protecting future Ofsted inspection results with its ambition for outstanding philosophy at the heart of the organisation". A number of initiatives to support this journey are already underway including:
  - Continuation of the "Great Place to Teach" - an NCG Programme based on the 12 principles of teaching, learning and assessment. The programme continues to develop and has contributed to Ofsted Grade 2.
  - Ensuring the operation of the Apprenticeship Hub continues to provide leadership and consistent approaches on this important area of work, including completion of the Apprenticeship Quality Improvement Plan.
  - A full review of quality is available in the NCG Self-Assessment Report (SAR) and that all colleges are now self-assessing as 'good'.
  - The replacement of a significant proportion of the desktop PC estate to ensure compatibility with Windows 11 and the ongoing upgrade of classroom Audio Visual (AV) equipment.
- Completion of scrutiny by the Quality Assurance Agency for Higher Education (QAA) to gain Indefinite Degree Awarding Powers.
- Expansion of the NCG leadership hub to ensure more colleagues benefit from this sector-leading programme.
- Improving colleague engagement, building on the survey outcomes from 2022.
- Prepare for the introduction of T Levels in 2023 and the defunding of some applied general qualifications in 2024. Continue with the work into 'Higher Technical Qualification' programme.
- Ongoing development of the NCG accountability agreement and the College accountability plans as part of the new statutory duty to review curriculum offer.
- Retaining and improving the financial sustainability of the organisation.

# Report of the members of the corporation

for the year ended 31 July 2022

## Strategic report

### Future prospects (continued)

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#### Financial Sustainability

The Corporation Governors approved a financial plan in July 2022 which sets objectives for the period to 2023. The financial plan was based on individual business plans submitted by each college. This plan was submitted to the ESFA resulting in a projected Financial Health Rate of “Good”.

The Corporation aims to maintain a “Good” Financial Health Rate for the foreseeable future by maintaining a robust EBITDA which allows for reinvestment, ensures low leverage and strong cash reserves.

Key factors affecting funding and expenditure going forward include:

- The increase in Real Living Wage announced in September 2022 and current inflationary pressures being felt on staffing and utilities costs in particular, will have a significant impact on 2022/23 and future years.
- There has been an increase in the funding rate for 16-19 funding on average of 8.5%, however this includes the requirement to deliver an additional 40 hours which represents 7% of the total increase.
- The funding for the sector is not expected to increase in the short term due to the downturn in the economy. This may also have an adverse effect on recruitment to some types of provision such as HE and apprenticeships.
- The budget includes continued funding of the Teachers’ Pension contribution rate increase from 16.48% to 23.68% which occurred in September 2019, up to July 2023, however, there is no certainty that this will continue in the future.

Initiatives to help overcome the challenges and drive a more sustainable organisation which are either underway or will be implemented in the next financial year include the following

- Brilliant at the Basics initiative continues with a clear ambition to identify and drive efficiencies across the group through a combination of ‘quick wins’ in conjunction with longer term projects
- Develop the Adult Education offer so it makes full use of the Adult Education Budget (AEB) allocation.
- Build on the standardised process for recruitment and retention of learners.
- Utilising costed curriculum plans and services reviews to concentrate available resources to maximise learner experiences.
- There are a number of opportunities surrounding capital funding and NCG will continue taking full advantage of all current opportunities, with several successful bids won in relation to T Level capacity creation and Higher Education delivery and continue to prepare for future opportunities as they arise. This will provide significant benefit across the physical and digital estate to support achieving the group infrastructure plan to 2030 which will support the Smart, Sustainable Campus Strategy.

#### Reserves Policy

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NCG has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support the core activities of NCG. There are no restricted reserves held.

# Report of the members of the corporation

for the year ended 31 July 2022

## Strategic report

### Environment, Social and Governance

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#### Community

NCG's impact on society and the community arises naturally from operating as a high-quality provider of education and training. In addition, NCG also makes a significant contribution to many local and national initiatives as follows:

- The curriculum and support offer to learners is bespoke to the social and economic demands of the local communities where NCG colleges are located.
- Developing curriculum in response to the green agenda and renewable energy and contributing to net zero targets through NCG's own Sustainability Strategy.
- Engaging learners and colleagues with volunteering and participation in projects for national and local charities and public benefit organisations.
- All colleges participate in key local strategic groups and partnerships.
- Promoting healthy living to learners, colleagues and the local community, and making resources and support available to improve mental health and wellbeing.
- Sponsoring local and national projects and events.
- Promoting diversity, tolerance, and acceptance of different beliefs.
- Utilising creative and performance learners to benefit the local community.
- Collaborating with other educational organisations to promote learning and improve skills in the local community.
- Running fundraising events for the benefit of charities and good causes.
- Use of college facilities by local groups and societies.

#### Addressing environmental impact

The following has been undertaken during 2021/22:

- All colleges in the group have Eco Campus silver award status which is halfway to achieving ISO 14001:2015
- NCG had a heat decarbonisation plan completed as part of the Salix Low Carbon Skills Fund, which set out the steps and technologies available to reducing our carbon footprint around heating.

# Report of the members of the corporation

for the year ended 31 July 2022

## Strategic report

### Environment, Social and Governance (continued)

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#### Promoting equality and valuing diversity

There is a clear and obvious ethical, moral, social and educational case for why Equality, Diversity, Inclusion and Belonging (EDIB) matter and should be at the forefront of NCG's strategic action planning. Knowing the communities served and responding to their diverse needs is at the very heart of NCG's educational offer and service.

A new single EDIB policy, linked to the NCG strategy 2021-2024, was approved by Corporation Board in July 2021.

The new EDIB strategy avoids creating a new set of NCG specific aims related exclusively to EDIB – the rationale for this is simple: if the overarching mission, vision and strategic aims do not facilitate, promote, advocate and champion the aims set out in the Equality Act and Public Sector Equality Duty (PSED) to advance equality, diversity and inclusion, then NCG needs to rethink its fundamental approach entirely.

The new strategy aligns the deliverables of EDIB strategy to each of the NCG strategic aims/themes – ensuring that inclusion, diversity and equality are embedded in every core strategic function. There is also a proportional focus on inclusion in NCG's deliverables as equity is mandated by law and diversity is a fact of life, yet inclusion is a choice – NCG chooses to be inclusive.

#### Employment of disabled persons

NCG considers all applications for employment from disabled persons. The NCG recruitment and selection process reflects NCG's commitment to equality and diversity and dedication to being a Disability Confident Employer. NCG will consider reasonable adjustments, where requested, throughout the recruitment process. Where an existing employee becomes disabled, reasonable effort is made to ensure that employment with NCG continues. NCG's policy is to promote equality in recruitment, training, career development and opportunities for promotion. We endeavour to support students and clients with learning difficulties and disabilities to ensure that they can access the full range of services and provision.

#### Staff, student and customer involvement

NCG has a Group Communications Team that oversees strategic and incident related communications across the Group. Public Relations or Marketing Officers have been established across the Colleges to underpin and promote College's communication strategies across NCG. NCG engages with staff through recognised Trade Unions, Staff Forums and a range of informal mechanisms for consulting with and listening to staff.

Students' and customers' views continue to be sought regularly via a variety of evaluation surveys. The Corporation receives an Annual Report summarising feedback and this is supplemented by quarterly updates. Additionally, there are regular and timely Learner Forums across NCG to enhance communications between learners and Colleges. Students are encouraged to participate in local community and national activities through the National Union of Students, which NCG promotes by supporting, administering and subsidising the Students' Union in Newcastle.

# Report of the members of the corporation

for the year ended 31 July 2022

## Strategic report

### Principal risks and uncertainties

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NCG monitors and manages its risks carefully.

NCG is committed to an inclusive approach to the identification and management of risk throughout NCG and that the key risks should be closely monitored and wherever possible mitigating actions taken. The Group has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect NCG's assets and reputation.

#### Market and political risks

| Risk description and impact   | Mitigation of risk  |
|---|---|
| <b>Learner Recruitment</b><br>Risk of the Group failing to achieve its learner recruitment targets.   | Significant work is undertaken within each of the Colleges to achieve the recruitment targets. Enrolment figures are regularly reported to senior teams and to local College Boards. In addition, a regular review is undertaken to challenge the appropriateness of the current curriculum offering, refreshing it as needed.  |
| <b>Political change</b><br>Risk that the Group fails to influence and / or respond to political change.   | Senior staff from across the Group interact regularly with politicians and other individuals within the political sphere, with the purpose of benefitting our learners. Government policy is monitored and reported across the business with an executive focus being applied for more strategic changes.   |
| <b>Curriculum offer</b><br>Risk that NCG curriculum offer does not match local, national and regional priorities.<br><br>Risk that curriculum design becomes outdated and prevents learners securing their intended destinations. | NCG has a dedicated Curriculum Strategy Group to oversee the effectiveness of the curriculum offer across the Group.<br><br>Local Accountability Plans have been rolled out across all colleges and clearly demonstrate the way curriculum meets local / regional / national needs.<br><br>The NCG Guarantee has also been launched which is a commitment to our learners that our courses, additional support services and enrichment activities will equip them with a wider set of skills, all of which aim to make the learner more employable. |

# Report of the members of the corporation

for the year ended 31 July 2022

## Strategic report

### Principal risks and uncertainties (continued)

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#### Operational risks

| Risk description and impact  | Mitigation of risk  |
|--|---|
| <b>Major incident</b><br>There is the risk that the Group is involved in a major incident such as a health and safety incident, an act of terrorism, a major safeguarding issue, the loss of one or more locations, significant data breach or loss of IT. | The Group is currently reviewing its approach to Business Continuity Planning, which will lead to a refresh of its existing recovery plans. A Business Continuity Management Framework was recently introduced to govern our operations in this area. This, along with continued investment into IT and operational infrastructure, will allow continued confidence in our recovery arrangements.   |
| <b>Cyber Attack</b><br>NCG operations are severely compromised by cyber-attack resulting in loss of critical business systems.   | NCG is actively working towards securing accreditation to the Cyber Essentials standard following implementation of new security features including new firewalls, multifactor authentication for all users and Office 365. A training and development campaign is underway to raise the level of awareness across all staff of the risks presented by phishing attacks. The business continuity plan is under review and the focus now is developing our response capability should an attack occur.<br><br>We are also due to undertake a cyber-attack response simulation to aid and inform our readiness in the event of an incident. |
| <b>Customer Expectations</b><br>Risk that the Group fails to deliver a product that meets or exceeds the expectations of its customers.  | Regular customer satisfaction surveys are undertaken and reported across management and to the Governors. We are currently progressing with our first stakeholder survey also. Where areas of weakness are identified formal work plans are established to address them. Students and staff representatives are appointed to Corporation and to College Boards to provide an opportunity for the voice of our students and staff to be heard.   |
| <b>Quality and performance of our education and training</b><br>Risk that the Group fails to establish and maintain an appropriate level of education and training which is delivered at expected quality and performance levels.                          | Significant work is undertaken by a dedicated Quality team overseen by the Executive Director – Quality. Regular reporting of performance data is undertaken for audiences ranging from academic colleges to members of Corporation Board. NCG was awarded ‘Good’ status following an Ofsted inspection in January 2022.  |
| <b>Property Infrastructure</b><br>Risk that the Group fails to maintain and develop its infrastructure in line with regulatory requirements and customer expectations. Risk of damage or loss of property.   | Estates strategies are being updated for the colleges to provide a future focus around the Group’s property investment requirements. This work will ensure infrastructure is fit for purpose, maximises returns and relates to future academic and operational need. The Group maintains adequate insurance for all property within the estate.   |

# Report of the members of the corporation

for the year ended 31 July 2022

## Strategic report

### Principal risks and uncertainties (continued)

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#### Operational risks (continued)

| Risk description and impact   | Mitigation of risk   |
|---|--|
| <b>Staffing</b><br>Risk that the Group fails to attract and retain appropriate staff.<br><br>Risk the Group fails to establish / maintain an appropriate culture. | Management and Governors monitor staffing trends taking steps to address any identified weakness. An annual survey is undertaken to collect the views of staff with the results being used as the basis for establishing future engagement priorities. Formal policies regarding the wellbeing of staff are established and embedded across the business.<br><br>A Leadership Hub has also been established with the purpose of focusing on the ongoing professional development of NCG staff.<br><br>The Group has clearly established and publicised values that form the basis of NCG operating culture. Whilst the look and feel of the Colleges may vary, all are based on these core Group values. |
| <b>Stakeholders / Partners</b><br>Risk the Group fails to maximise the benefit of stakeholders / partners.  | NCG continues to prioritise meaningful engagement with its stakeholders to maximise reach and impact.<br><br>Senior staff from across the Group are involved with regional and national bodies. These include funders and politicians through to strategic partners. This allows access to opportunities to be identified and maximised, supporting the success of NCG.  |

#### Financial risks

| Risk description and impact   | Mitigation of risk   |
|---|--|
| <b>Liquidity</b><br>Risk that the Group cannot fulfil its obligations as they fall due.                 | A large proportion of the NCG's cash flows are very predictable due to the fixed nature of costs and income. Management maintains regular cash flow forecasts and bank covenant forecasts to assess the level of liquidity risk. NCG has adequate levels of cash. Short term deposits are also used to manage liquidity.   |
| <b>Credit</b><br>Risk that debtors are not recoverable.   | A significant proportion of the NCG's income is received from the ESFA, OFS and the Student Loans Company (SLC) who are not considered a credit risk. Amounts due from individual learners and companies are regularly monitored with a standard credit process followed. Learners are not permitted to continue with their learning after a period of time where their fees have not been paid. |
| <b>Interest Rate</b><br>Risk that interest rate increases create additional funding costs to the Group. | 34% of NCG's long-term borrowing is on fixed rate terms – leaving a manageable 66% on floating rates. Management model the effect of increasing interest rates as part of cash flow forecasting when assessing liquidity risks.  |

# Report of the members of the corporation

for the year ended 31 July 2022

## Strategic report

### Principal risks and uncertainties (continued)

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#### Compliance risks

| Risk description and impact  | Mitigation of risk   |
|--|--|
| <b>External Compliance and Validation</b><br>Risk that the Group fails to reach the standards required for external compliance and suffers reputational and / or financial damage as a result. | Responsibilities for external compliance are clearly assigned across NCG. Requirements are subject to regular in-house checking and our approach to each is supported by written guidance. Sector experts are used to advise on policy and approach.   |
| <b>Learner Records</b><br>Risk that learner records are not maintained to the quality required by funding bodies resulting in funding clawback and/or intervention                             | A centralised Learner Data Services team is in operation with a remit for ensuring compliance with externally specified requirements.<br><br>Procedures are in place and training is in place for all colleagues involved with learner records. Weekly and monthly compliance reporting is in place to highlight any anomalies in learner records.<br><br>Annual mock funding audits are carried out by a specialist data assurance partner.<br><br>Relevant management information in relation to funding data compliance is shared with Audit and Risk Committee on a regular basis. |

Based on our strategy, a comprehensive review of the risks to which NCG is exposed has been undertaken. This identifies systems and procedures, including specific preventable actions, which should mitigate any potential impact on NCG. The internal controls are then implemented, and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions.

Consideration is also given to any risks that may arise as a result of a new area of work being undertaken by NCG. A risk register is maintained at Group level which is reviewed at least quarterly by the Audit and Risk Committee. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on NCG and the actions being taken to mitigate these risks. The Corporation reviews the risk management policy each year and reviews strategic risks on a rolling basis within each year.

# Report of the members of the corporation

for the year ended 31 July 2022

## Strategic report

### Trade union facility time

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The Trade Union (Facility Time Publication Requirements) Regulations 2017 require NCG to publish information on facility time arrangements for trade union officials at NCG. The following relates to NCG from 1 April 2021 to 31 March 2022 which is the reporting period required (and 1 April 2020 to 31 March 2021 for comparison).

|  | Year ended<br>31 July 2022 | Year ended<br>31 July 2021 |
|--|----------------------------|----------------------------|
| <b>Relevant Union Officials during the period</b>  |                            |                            |
| Number of employees  | 16.0                       | 19.0                       |
| Full time equivalent number of employees   | 15.0                       | 14.4                       |
| <b>Percentage of time spent on facility time</b>   |                            |                            |
| 16 employees who were relevant Union Officials spent between 1 and 50% of their working hours on facility time (2021: 19 employees). |                            |                            |
| <b>Percentage of pay bill spent on facility time</b>   |                            |                            |
| Total cost of facility time (£000's)   | 28                         | 41                         |
| Total pay bill (£000's)  | 95,412                     | 92,004                     |
| Percentage of total bill spent on facility time  | 0.03%                      | 0.04%                      |
| <b>Time spent on paid Trade Union activities as a percentage of total paid facility hours</b>  |                            |                            |
| Total paid facility hours  | 1,589.7                    | 2,487.6                    |
| Total Union activity hours   | 132.5                      | 207.3                      |
| Percentage of facility hours spent on Union activities   | 8.33%                      | 8.33%                      |

### Supplier payment policy and practice

---

The Late Payment of Commercial Debts (Interest) Act 1998 requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. During the accounting period 1 August 2021 to 31 July 2022, NCG paid 92.92% (2021: 95.68%) of its invoices within 30 days. NCG incurred £438 of interest charges in respect of late payment for this period (2021: £203).

### Disclosure of information to the auditor

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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 NCG's auditor is 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 NCG auditor is aware of that information.

Approved by order of the members of the Corporation on 26 January 2023 and signed on its behalf by:

*John Widdowson*

John Widdowson  
(Deputy Chair of the Corporation)

## Statement of corporate governance and internal control

The following statement is provided to enable readers of NCG's annual report and accounts 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.

NCG endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership).
- ii. having due regard to the Association of Colleges Code of Good Governance for English Colleges (the Code).

NCG is committed to exhibiting best practice in all aspects of corporate governance.

The Corporation is committed to exhibiting best practice in all aspects of corporate governance and, in particular, the Corporation has adopted and applied by the College's code. The UK Corporate Governance Code 2018 has not been adopted; however, the Group's Corporate Governance arrangements have been reported on by drawing best practice available, including those aspects from the UK Corporate Governance Code 2018 considered relevant to the FE sector and best practice. In general, the approach has been to follow the relevant provisions of the Code insofar as it is applicable to the further education sector and practical in the NCG context. For example, alternative approaches to a provision within the UK Corporate Governance Code was the appointment of a Vice-Chair to support the Board and to act in the absence of the Chair. The Chief Executive, as Accounting Officer, has formal accountability in relation to Government funding.

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

## Statement of corporate governance and internal control

### 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               | Appointment | End of Appointment | Category of Appointment | Reappointment Details   | Committees Served   |
|--------------------|-------------|--------------------|-------------------------|---|---|
| Peter Lauener      | Mar-18      | Mar-26             | Chair of Governors      | March 22 – March 26 (4 years)   | <ul style="list-style-type: none"> <li>Appraisal and Remuneration Committee</li> <li>Search Committee</li> <li>Estates Committee</li> </ul>   |
| Chris Roberts      | Sep-14      | Sep-22             | Independent Governor    | Sept 15 - Sept 19 (4 years)<br>Sept 19 - Sept 22 (3 years)  | <ul style="list-style-type: none"> <li>Search Committee (Chair)</li> <li>Estates Committee</li> </ul>   |
| Caroline MacDonald | Jun-14      | Jul-23             | Independent Governor    | June 14 - June 15 (1 year)<br>June 15 - June 19 (4 years)<br>June 19 - June 22 (3 years)<br>June 22 – July 22 (1 month)<br>July 22 – July 23 (1 year) | <ul style="list-style-type: none"> <li>Appraisal and Remuneration Committee</li> <li>HE Governance Committee (Chair)</li> <li>Search Committee</li> </ul>                             |
| Mark Squires       | Nov-16      | Nov-24             | Independent Governor    | Nov 19 - Nov 24 (5 years)   | <ul style="list-style-type: none"> <li>Appraisal and Remuneration Committee (Chair)</li> <li>Audit and Risk Committee</li> <li>Search Committee</li> <li>Estates Committee</li> </ul> |
| Jeannette Strachan | Feb -20     | Feb-24             | Independent Governor    | N/A   | <ul style="list-style-type: none"> <li>HE Governance Committee</li> <li>Audit and Risk Committee</li> </ul>   |
| Andrew Cunningham  | Jun -20     | Jun-24             | Independent Governor    | N/A   | <ul style="list-style-type: none"> <li>Audit and Risk Committee (Chair)</li> <li>Appraisal and Remuneration Committee</li> </ul>  |
| Chris McCourt      | Jun -20     | Jun-24             | Independent Governor    | N/A   | <ul style="list-style-type: none"> <li>Audit and Risk Committee</li> <li>Appraisal and Remuneration Committee</li> </ul>  |
| Robert Holt        | Jun -20     | Jun-24             | Independent Governor    | N/A   | <ul style="list-style-type: none"> <li>Estates Committee (Chair)</li> </ul>   |
| Matthew Otubu      | Jun -20     | Dec-21             | Independent Governor    | N/A   | <ul style="list-style-type: none"> <li>HE Governance Committee</li> </ul>   |

## Statement of corporate governance and internal control

### The Corporation (continued)

| Name                | Appointment | End of Appointment | Category of Appointment | Reappointment Details | Committees Served   |
|---------------------|-------------|--------------------|-------------------------|-----------------------|---|
| Shirley Atkinson    | Jun -20     | Jun-24             | Independent Governor    | N/A                   | <ul style="list-style-type: none"> <li>HE Governance Committee</li> <li>Search Committee</li> </ul>   |
| John Widdowson      | Sep-20      | Sep-24             | Independent Governor    | N/A                   | <ul style="list-style-type: none"> <li>HE Governance Committee</li> <li>Estates Committee</li> <li>Kidderminster College Board (Interim Chair)</li> </ul> |
| Jennifer Mitchelson | Feb-20      | Oct-22             | Staff Governor          | N/A                   | <ul style="list-style-type: none"> <li>None</li> </ul>  |
| Conor Allen         | Mar-22      | Mar-23             | Student Governor        | N/A                   | <ul style="list-style-type: none"> <li>None</li> </ul>  |
| Diana Wiedemann     | Mar-22      | Mar-23             | Student Governor        | N/A                   | <ul style="list-style-type: none"> <li>None</li> </ul>  |
| Liz Bromley         | Aug-19      | N/A                | CEO (Ex-Officio)        | N/A                   | <ul style="list-style-type: none"> <li>HE Governance Committee</li> </ul>   |

The Corporation formally met 10 times during the year (9 meetings and 1 Board Strategy Day):

| Governor                                 | Meetings attended | Out of a possible |
|--|-------------------|-------------------|
| Peter Lauener, Chair                     | 10                | 10                |
| Chris Roberts, Vice Chair                | 8                 | 10                |
| Mark Squires, Independent Governor       | 8                 | 10                |
| Caroline MacDonald, Independent Governor | 9                 | 10                |
| Jeannette Strachan, Independent Governor | 10                | 10                |
| Andrew Cunningham, Independent Governor  | 9                 | 10                |
| Chris McCourt, Independent Governor      | 9                 | 10                |
| Robert Holt, Independent Governor        | 8                 | 10                |
| Matthew Otubu, Independent Governor      | 4                 | 4                 |
| Shirley Atkinson, Independent Governor   | 10                | 10                |
| John Widdowson, Independent Governor     | 9                 | 10                |
| Jennifer Mitchelson, Staff Governor      | 8                 | 10                |
| Conor Allen, Student Governor            | 3                 | 4                 |
| Diana Wiedeman, Student Governor         | 4                 | 4                 |
| Liz Bromley, CEO                         | 10                | 10                |

Further information about members of the Corporation is available in the Guide to Information on NCG website at <http://www.ncgrp.co.uk/guide-to-information>.

## Statement of corporate governance and internal control

### The Corporation (continued)

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It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. The Chief Executive makes proposals on strategy and is responsible for the organisation, direction and management of the institution and leadership of the staff.

The Corporation is provided with regular and timely information on the overall financial performance of NCG, 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. There is a Corporation meeting most months throughout the academic year.

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 Appraisal & Remuneration, Search, Audit & Risk, HE Governance, Estates, and Local College Boards. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the clerk to the Corporation at:

NCG  
Rye Hill House  
Scotswood Road  
Newcastle upon Tyne  
NE4 7SA

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 NCG's expense and have access to the Clerk to the Corporation, who is responsible for advising the Corporation with regard to the operation of its powers, procedural matters, the conduct of its business and matters of governance practice. 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 also provided on an ad hoc basis.

The Corporation has a strong and independent non-executive element, and no individual or group dominates its decision-making process. The Corporation considers that each member 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 Chief Executive are separate.

## Statement of corporate governance and internal control

### Appointments to the Corporation

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Any new independent appointments to the Corporation / College Boards are a matter for consideration by the Search Committee, prior to Corporation approval.

The Corporation has a Search Committee, consisting of five members of the Corporation plus a co-opted College Board member, who are responsible for advising on the appointment of all governors except staff and student members who are nominated by election.

The Search Committee met on three occasions during the year. There were also occasions between meetings where electronic approval was sought. The members of the Search Committee were as listed in the following table:

| Governor  | Meetings attended | Out of a possible |
|---|-------------------|-------------------|
| Chris Roberts (Chair of Committee)              | 3                 | 3                 |
| Mark Squires                                    | 2                 | 3                 |
| Caroline MacDonald                              | 3                 | 3                 |
| Peter Lauener                                   | 1                 | 3                 |
| Shirley Atkinson                                | 2                 | 3                 |
| Darren Crossley (co-opted College Board Member) | 3                 | 3                 |

The Corporation seeks candidates for membership who have the necessary skills to ensure that the Corporation carries out its functions and welcomes opportunities to enhance the diversity of its membership.

The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are able to be appointed for a term of office totalling a maximum of 8 years (with an extension being offered in exceptional circumstances), the standard Term of Office for Independent Governors is 4 years. The Chief Executive is an ex-officio member and will remain so for the duration of their service within this role.

### Local College Boards

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Each College has their own Local College Board which is a committee of the Corporation. Each Board consists of:

- College Principal
- A student member
- A staff member
- A parent member (Newcastle Sixth Form College only)
- At least six independent members

The College Boards will normally meet six times per year (as per their Terms of Reference) and follow a work plan set up for them which is derived from the Scheme of Delegation.

The members who served on the Local College Boards during the year and up to the date of signature of this report were as listed in appendix 1.

## Statement of corporate governance and internal control

### Local College Boards (continued)

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#### Quality and Curriculum at Local Board Level

The Local College Boards are responsible for reviewing and locally approving the academic quality and curriculum strategy for their colleges. The Board are able to assure themselves, and the Corporation Board, that the curriculum strategy is current and appropriate for the needs of the learners, local community, local & regional employers, and is aligned to areas of national skilled demand based and aligned to the college resource / expertise.

To allow the Local Board to do this, they are presented with a Quality report at each of their meetings. They are also involved in the SAR process which takes place towards the start of each academic year.

In terms of HE (where applicable), the Local College Board are responsible for reviewing and approving the HE Annual Report. As a monitoring check, the College Boards review the HE Improvement Plan at two points across the year.

This ties into the local approval of the College Strategic Plan, and progress of this can be monitored during the 'Strategic Plan check in' which takes place at a mid-year College Board meeting.

#### Finance at Local Board Level

Following a review of the remit of College Boards, although College Boards still monitor financial performance via a specific update provided at 3 points throughout the year and the proposed budget being shared with them, they are not asked to approve any financials. This is instead reserved for the Corporation Board.

#### Appraisal & Remuneration Committee

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The Appraisal & Remuneration Committee comprises five members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of Senior Post Holders (SPHs), including the Chief Executive and Clerk to the Corporation.

The Appraisal & Remuneration Committee met on 4 occasions during the year. There were also occasions between meetings where electronic approval was sought. The members of the Appraisal & Remuneration Committee were as listed in the table below.

| Governor                          | Meetings attended | Out of a possible |
|-----------------------------------|-------------------|-------------------|
| Mark Squires (Chair of Committee) | 4                 | 4                 |
| Caroline MacDonald                | 4                 | 4                 |
| Peter Lauener                     | 4                 | 4                 |
| Andrew Cunningham                 | 4                 | 4                 |
| Chris McCourt                     | 4                 | 4                 |

Details of remuneration for the year ended 31 July 2022 are set out in note 8 to the financial statements.

## Statement of corporate governance and internal control

### Audit & Risk Committee

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The Audit & Risk Committee comprises of four independent members of the Corporation, plus a co-opted College Board member. The Committee meets at least three times a year and provides a forum for reporting by NCG's internal and financial statement auditors, who can have access to the Committee for independent discussion. The Committee operates in accordance with written terms of reference, approved by the Corporation, which encompass reports from the main funding bodies as they affect NCG's business.

The Committee met five times during the year. The members of the Audit & Risk Committee who served during the year were as listed in the table below.

| Governor  | Meetings attended | Out of a possible |
|---|-------------------|-------------------|
| Andrew Cunningham (Chair of Committee)                          | 5                 | 5                 |
| Mark Squires  | 3                 | 5                 |
| Chris McCourt   | 4                 | 5                 |
| Jeannette Strachan  | 5                 | 5                 |
| Jack Garrett (Co-opted College Board Member – appointed Feb 22) | 2                 | 3                 |

NCG's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan and report their findings to management and the Audit and Risk Committee. The Audit & Risk Committee were involved in the tendering process for the appointment of Internal Auditors during the academic year, with the new auditors starting for the 22-23 year.

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

The Audit & Risk Committee has considered the financial statements auditor's findings in relation to the financial statements.

The Audit & Risk Committee assesses the performance of the internal and financial statements auditors annually in relation to quality and value.

The Audit & Risk Committee is responsible for advising the Corporation on the appointment or reappointment of auditors. The Audit Committee also advises the Corporation on the remuneration of internal and financial statements auditors.

### HE Governance Committee

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The HE Governance Committee comprises of seven members ((including 4 independent members of the Corporation, the Chief Executive Officer (who also Chairs the Academic Board), a student representative and a co-opted College Board member with Higher Education expertise)). The Committee met four times this year. The Committee provides a forum to consider and challenge assurance that the academic governance of Higher Education provision is effective, receive and comment on assurance and audit reports relating to Higher Education processes and functions and closely monitor the strategic development of Higher Education provision across the Group. The members that served on the committee during the year are listed in the table below.

| Governor  | Meetings attended | Out of a possible |
|---|-------------------|-------------------|
| Caroline MacDonald (Chair of Committee)                                 | 4                 | 4                 |
| Jeannette Strachan  | 4                 | 4                 |
| Shirley Atkinson  | 4                 | 4                 |
| Matthew Otubu (left December 2021)                                      | 1                 | 1                 |
| John Widdowson  | 4                 | 4                 |
| Liz Bromley   | 4                 | 4                 |
| Alan Houston (externally co-opted member – left in April 2022)          | 1                 | 2                 |
| Jonathan Eaton (co-opted College Board member – appointed in July 2022) | 0                 | 0                 |
| Kevin Chapman (Student representative – left in July 2022)              | 1                 | 3                 |

## Statement of corporate governance and internal control

### Estates Committee

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The Estates Committee comprises of five independent corporation members. The Committee met 3 times during the academic year. The purpose of the Committee is to oversee the development and progress of the NCG Estates and Environmental Strategies, as well as monitor and seek assurance on relevant Estates, H&S and Environmental matters. The members that served on the committee during the year are listed in the table below.

| Governor  | Meetings attended | Out of a possible |
|---|-------------------|-------------------|
| Rob Holt (Chair)                                      | 3                 | 3                 |
| Peter Lauener   | 3                 | 3                 |
| Chris Roberts   | 3                 | 3                 |
| John Widdowson  | 3                 | 3                 |
| Mark Squires (appointed to the Committee in Nov 2021) | 2                 | 2                 |

### Training and Development

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#### Training and development undertaken by Governors

During the 21/22 academic year, a skills audit was undertaken with governors to review the make-up of skills and experience of Board members. Following this, analysis was undertaken, and an action plan created where any identified gaps were to be filled with training and / or future recruitment.

Online Cross-Group training has been offered to all governors in the following areas:

- Governance and the changes of the College Board Remit
- Finance & Funding
- T Levels
- Estates & Environmental

Sessions were recorded and made available to governors unable to attend.

In addition, governors are also made aware of additional opportunities of training and development through the circa-monthly governor briefings, and emails to specific governors where appropriate (opportunities specific to Chairs etc).

Chairs and Principals are invited to attend their regional AoC forum events for Chairs and Principals.

Prior to the Ofsted inspection, training materials were shared with governors, and additional sessions held in the interests of preparation.

Upon appointment, governors are provided with a governor induction with the Assistant Director of Governance. Sessions are held on a one-to-one basis, unless there are a number of governors starting at the same point in time.

NCG also held a governor's conference on the 15 and 16 June 2022, open to all governors, to focus on the following themes:

- Realising the purpose of Further Education
- Chief Executive Updates
- College Updates
- NCG Level Updates (Quality, Finance and Estates)
- NCG Priorities

## Statement of corporate governance and internal control

### Training and Development (Continued)

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As part of the Corporation and College Board workplan for 21/22, each meeting was focussed around a 'Thematic Discussion and Feedback Session' this allowed for the Board's to receive information on a specific area of focus which could include a visit to a specific curriculum area, a presentation, and / or the opportunity to speak with staff and students to triangulate learning. This has allowed the Board to gain a deeper understanding of key areas of focus. In addition, the Corporation Board and College Board have a number of Link Roles which involves certain governors carrying out link visits focussed on a specific area and share their learning with the Board. Each Board must have a Safeguarding and EDIB Link Governor, and other roles are implemented as appropriate.

On a meeting-by-meeting basis, governors are also asked to highlight any visits / training / Continuing Professional Development (CPD) they have completed as part of, or to assist them, in their role as a governor.

### Training and development undertaken by Clerk to the Corporation

The Clerk to the Corporation has undertaken CPD during 21/22. This has included personal study and review of sector publications and documents as well as interaction at regional and national level with the AOC's governance agenda.

### Self-Assessment

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For 21/22, a standardised internal self-assessment exercise was carried out for the Corporation Board, Committees and College Boards. The document included sections on the following:

- Membership
- The role of the Chair
- Terms of Reference
- Meetings
- Operations
- Risk
- Board responsibilities (including a compliance check with the terms of reference)

The self-assessment was shared with each Board for approval with an overarching summary document being shared with the Corporation Board.

The Board are planning to undergo an external governance review in Autumn 2023.

### Internal control

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#### Scope of responsibility

The Corporation is ultimately responsible for NCG'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 Chief Executive, as Accounting Officer, for maintaining a sound system of internal control. This supports the achievement of NCG policies, aims and objectives, while safeguarding the public funds and assets for which the Chief Executive is personally responsible, in accordance with the responsibilities assigned to them in the Financial Memorandum between the Corporation and the ESFA. The Chief Executive is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of NCG policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in NCG for the year ended 31 July 2022 and up to the date of approval of the annual report and financial statements.

# Statement of corporate governance and internal control

## Internal control (Continued)

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### Capacity to handle risk

The Corporation has reviewed the key risks to which NCG 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 an adequate formal ongoing process for identifying, evaluating and managing NCG's significant risks that has been in place since the year ended 31 July 2022 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Corporation.

### The risk and control framework

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

- regular review of all business risks by the Corporation.
- review of non-financial key performance indicators of the business to the Corporation.
- comprehensive budgeting systems with an annual budget which is reviewed and agreed by the Corporation.
- regular reviews by the Corporation of periodic and annual financial reports which indicate financial performance against forecasts.
- setting targets to measure financial and other performance.
- clearly defined capital investment control procedures.
- the adoption of formal project management disciplines, where appropriate.

NCG 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 NCG is exposed and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are approved by the Corporation on the recommendation of the Audit Committee. At least annually, the Corporation is provided with a report on audit activity in NCG, including an opinion on the adequacy and effectiveness of NCG's system of risk management, controls, and governance processes.

As the Instrument and Articles of Government for NCG (the I&A) already legislated for electronic attendance at meetings, a change was not required following COVID-19. Meetings have therefore taken place in person and virtually via Microsoft Teams. This complied in full with the I&A.

### Risks faced by the Corporation

A new risk framework was approved in 2019, which established strategic and business risks. The strategic risk register, which focuses on the long-term risks to the business, is overseen by the Corporation Board. The business risks, which relate more to the 'here and now', form the basis of the College level operational risk registers. This has been further amended for 2021/22. Full documented processes have been established for both approaches.

### Control weaknesses identified

Governance, risk management and control, and value for money arrangements in relation to business-critical areas, have been found to be generally satisfactory by our internal auditors. However, there are some areas of weakness or non-compliance noted within the conclusions of or internal audit activity for which:

- a) All recommendations have been responded to by management.
- b) Actions to address have been agreed and have been / are being implemented to address these concerns.
- c) The Audit and Risk Committee regularly reviews progress on the implementation of internal audit report recommendations.

### Responsibilities under funding agreements

Governors have commissioned and received assurances from both management and assurance services re the required compliance with Funding Agreements and Contracts with the ESFA. Further a number of specific data funding audits have been undertaken which has been delivered based on ESFA funding methodology; where issues have been noted addressing actions have been taken.

## Statement of corporate governance and internal control

### Internal control (continued)

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#### 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.

The specific areas of work reported to audit committee in 2021/22 and up to the date of approval of the financial statements are covered within 5 sub-areas which are reflected within the Annual Opinion provided by PwC. In the Annual Opinion, PwC conclude that NCG is 'generally satisfactory with some improvements required'. Further the report states that 'Governance, risk management and control, and value for money arrangements in relation to business-critical areas are generally satisfactory'.

#### Review of effectiveness

As Accounting Officer, the Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. The Chief Executive's review of effectiveness of the system of internal control is informed by:

- the work of the internal auditors
- the work of the executive managers within NCG who have responsibility for the development and maintenance of the internal control framework
- comments made by NCG's auditors of the financial statement and regularity assurance, the appointed funding auditors in their management letters and other reports.

The Chief Executive 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 a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Executive Board receives reports setting out key performance & risk indicators and considers possible control issues brought to their attention by early warning mechanisms that are embedded within the departments and reinforced by risk systems. The Executive Board and the Audit Committee also receive regular reports from internal audit, 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 consideration of risk and control, and it receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance, not merely reporting by exception. At its November 22 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2022 by considering documentation from the Audit Committee, financial statements and internal audit, and taking account of events since 31 July 2022.

## Statement of corporate governance and internal control

### Going concern

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After making appropriate enquiries, the Corporation considers that NCG has adequate resources to continue in operational existence for the foreseeable future. Despite the current economic and political uncertainty, the Corporation maintains a strong balance sheet with low gearing, cash reserves with and robust budget management to mitigate current inflationary pressures. In addition, the corporation has considered the impact of the provision referenced in the strategic report and specifically in note 21 of the financial statements and the opinion that it has sufficient resources to continue in operational existence for the foreseeable future remains unchanged. The 2022/23 budget reflects the expected impact of items noted above with the impact on cash and covenants being carefully modelled to confirm financial strength. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Approved by order of the members of the Corporation on 26 January 2023 and signed on its behalf by:

*John Widdowson*

John Widdowson  
(Deputy Chair of the Corporation)



Liz Bromley  
(Chief Executive)

## Statement on regularity, propriety and compliance with Funding body terms and conditions of funding

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 non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to ESFA.



Liz Bromley  
Chief Executive & Accounting Officer  
26 January 2023

### Statement of the chair of governors

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



John Widdowson  
Deputy Chair of the Corporation  
26 January 2023

## Statement of responsibilities of the members of the Corporation

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

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

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

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

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

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

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

Approved by order of the members of the Corporation on 26 January 2023 and signed on its behalf by:

*John Widdowson*

John Widdowson

(Deputy Chair of the Corporation)

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NCG CORPORATION

## Opinion

We have audited the financial statements of NCG (the 'College') for the year ended 31 July 2022 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Balance Sheet, the 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 College's affairs as at 31 July 2022 and of its deficit of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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.

## Emphasis of Matter

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in notes 1 and 21 to the financial statements concerning the funding clawback provision. The amount and timing of the clawback are uncertain and therefore a provision has been made in the financial statements at a level which management consider reflects their ongoing challenge to this claim.

## 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 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.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NCG CORPORATION

## 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 32, 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 College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Corporation either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 College and its 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 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 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 and pension legislation.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NCG CORPORATION

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 the assets and liabilities of the Defined Benefit Pension Scheme, the valuation of investment property and the accruals reclaimable by funding bodies, revenue recognition (which we pinpointed to the cut-off assertion in respect of non-funding body grant income), 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Other required reporting

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

In our opinion, in all material respects:

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

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

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

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

#### Use of the audit report

This report is made solely to the Corporation as a body in accordance with Article 19 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 College and the Corporation as a body for our audit work, for this report, or for the opinions we have formed.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NCG CORPORATION

*Mazars LLP*

Mazars LLP

Chartered Accountants and Statutory Auditor

Bank Chambers

26 Mosley Street

Newcastle

NE1 1DF

United Kingdom

Date 27/01/2023

## Statement of comprehensive income

|   | Notes | Year ended<br>31 July 2022<br>Total<br>£000 | Year ended<br>31 July 2021<br>Total<br>£000 |
|---|-------|---|---|
| <b>INCOME</b>                                       |       |   |   |
| Funding body grants                                 | 2     | 101,917                                     | 101,840                                     |
| Tuition fees and education contracts                | 3     | 29,209                                      | 27,350                                      |
| Other grants and contracts                          | 4     | 1,797                                       | 1,779                                       |
| Other income  | 5     | 3,569                                       | 1,666                                       |
| Investment income                                   | 6     | 71  | 4   |
| <b>Total income</b>                                 |       | <b>136,563</b>                              | <b>132,639</b>                              |
| <b>EXPENDITURE</b>                                  |       |   |   |
| Staff costs   | 8     | 99,068                                      | 92,115                                      |
| Restructuring costs                                 | 8     | 472   | 287   |
| Other operating expenses                            | 9     | 37,458                                      | 35,143                                      |
| Depreciation  | 14    | 14,628                                      | 14,004                                      |
| Interest payable and other finance costs            | 11    | 2,507                                       | 2,288                                       |
| <b>Total expenditure</b>                            |       | <b>154,133</b>                              | <b>143,837</b>                              |
| <b>Deficit before other gains and losses</b>        |       | <b>(17,570)</b>                             | <b>(11,198)</b>                             |
| (Loss)/ Profit on Disposal of Assets                | 14    | (25)  | 172   |
| Revaluation of Investment Properties                | 15    | 410   | (490)                                       |
| Impairment  | 14    | -   | (225)                                       |
| <b>Deficit</b>                                      |       | <b>(17,185)</b>                             | <b>(11,741)</b>                             |
| Actuarial gain in respect of pension schemes        | 26    | 124,562                                     | 1,706                                       |
| <b>Total comprehensive gain/(loss) for the year</b> |       | <b>107,377</b>                              | <b>(10,035)</b>                             |

The following table is non-GAAP disclosure and as such does not form part of these financial statements:

| <b>Non-GAAP disclosure - Earnings before interest, tax, depreciation &amp; amortisation (EBITDA)</b> | Year ended<br>31 July 2022<br>Total<br>£000 | Year ended<br>31 July 2021<br>Total<br>£000 |
|--|---|---|
| Deficit before other gains and losses  | (17,570)                                    | (11,198)                                    |
| <i>Less</i> Capital grant release income   | (4,777)                                     | (4,468)                                     |
| Investment income  | (71)  | (4)   |
| <i>Add</i> Depreciation  | 14,628                                      | 14,004                                      |
| Interest payable and other finance costs   | 2,507                                       | 2,288                                       |
| <i>Add</i> LGPS Costs  | 14,322                                      | 11,876                                      |
| <i>Less</i> LGPS Employer Contributions Paid   | (5,547)                                     | (5,528)                                     |
| <b>EBITDA</b>  | <b>3,492</b>                                | <b>6,970</b>                                |

## Statement of changes in reserves

|   | Income and<br>expenditure<br>account<br>£000 | Revaluation<br>reserve<br>£000 | Total<br>£000   |
|---|--|--------------------------------|-----------------|
| <b>Balance at 1 August 2020</b>                                   | 62,446                                       | 5,642                          | 68,088          |
| Deficit from the income and expenditure account                   | (11,741)                                     | -                              | (11,741)        |
| Other comprehensive income  | 1,706  | -                              | 1,706           |
| Transfers between revaluation and income and expenditure reserves | 201  | (201)                          | -               |
|   | <b>(9,834)</b>                               | <b>(201)</b>                   | <b>(10,035)</b> |
| <b>Balance at 31 July 2021</b>                                    | <b>52,612</b>                                | <b>5,441</b>                   | <b>58,053</b>   |
| Deficit from the income and expenditure account                   | (17,185)                                     | -                              | (17,185)        |
| Other comprehensive income  | 124,562                                      | -                              | 124,562         |
| Transfers between revaluation and income and expenditure reserves | 55   | (55)                           | -               |
| <b>Total comprehensive gain for the year</b>                      | <b>107,432</b>                               | <b>(55)</b>                    | <b>107,377</b>  |
| <b>Balance at 31 July 2022</b>                                    | <b>160,044</b>                               | <b>5,386</b>                   | <b>165,430</b>  |

## Balance Sheet at 31 July 2022

|  | Notes | As at 31 July<br>2022<br>£000 | As at 31 July<br>2021<br>£000 |
|--|-------|-------------------------------|-------------------------------|
| <b>Non-current assets</b>  |       |                               |                               |
| Tangible fixed assets  | 14    | 240,914                       | 249,666                       |
| Investment property  | 15    | 2,800                         | 2,390                         |
|  |       | <b>243,714</b>                | <b>252,056</b>                |
| <b>Current assets</b>  |       |                               |                               |
| Stocks   | 16    | 95                            | 78                            |
| Trade and other receivables  | 17    | 8,384                         | 6,225                         |
| Investments  | 22    | 9,506                         | 7,000                         |
| Cash and cash equivalents  | 23    | 15,345                        | 14,450                        |
|  |       | <b>33,330</b>                 | <b>27,753</b>                 |
| <b>Less: Creditors</b> - amounts falling due<br>within one year    | 18    | 30,599                        | 27,365                        |
|  |       | <b>2,731</b>                  | <b>388</b>                    |
| <b>Net current assets</b>  |       | <b>246,445</b>                | <b>252,444</b>                |
| <b>Total assets less current liabilities</b>                       |       | <b>246,445</b>                | <b>252,444</b>                |
| <b>Creditors</b> - amounts falling due after<br>more than one year | 19    | 66,657                        | 74,471                        |
| <b>Provisions</b>  |       |                               |                               |
| Defined benefit pension obligations                                | 26    | 1,118                         | 115,192                       |
| Other provisions   | 21    | 13,240                        | 4,728                         |
|  |       | <b>165,430</b>                | <b>58,053</b>                 |
| <b>Total net assets</b>  |       | <b>165,430</b>                | <b>58,053</b>                 |
| <b>Unrestricted reserves</b>                                       |       |                               |                               |
| Revaluation reserve  |       | 5,386                         | 5,441                         |
| Income and expenditure account                                     |       | 160,044                       | 52,612                        |
|  |       | <b>165,430</b>                | <b>58,053</b>                 |

The financial statements were approved by the members of the Corporation on 26 January 2023 and were signed on their behalf by:

*John Widdowson*

John Widdowson  
(Deputy Chair of the Corporation)

*Liz Bromley*

Liz Bromley  
(Chief Executive)

## Statement of cash flows

|  | Notes | Year ended<br>31 July 2022<br>£000 | Year ended<br>31 July 2021<br>£000 |
|--|-------|------------------------------------|------------------------------------|
| <b>Cash flow from operating activities</b>                   |       |                                    |                                    |
| Deficit for the year   |       | (17,185)                           | (11,741)                           |
| <b>Adjustment for non-cash items</b>                         |       |                                    |                                    |
| Depreciation   |       | 14,628                             | 14,004                             |
| Deferred capital grants released to income                   |       | (4,777)                            | (4,468)                            |
| Decrease in stocks   |       | (17)                               | (3)                                |
| Decrease in debtors  |       | (2,159)                            | (3,125)                            |
| Increase/(Decrease) in creditors due in less than 1 year     |       | (626)                              | 8,489                              |
| Increase/(Decrease) in provisions                            |       | 8,565                              | (461)                              |
| Pensions costs less contributions payable                    |       | 10,444                             | 8,515                              |
| <b>Adjustment for investing or financing activities</b>      |       |                                    |                                    |
| Investment income  |       | (71)                               | (4)                                |
| Interest payable   |       | 497                                | 515                                |
| Loss/(Profit) on sale of fixed assets                        |       | 25                                 | (172)                              |
| Revaluation of Investment Properties                         |       | (410)                              | 490                                |
| Impairment   |       | -                                  | 225                                |
| <b>Net cash inflow from operating activities</b>             |       | <b>8,914</b>                       | <b>12,264</b>                      |
| <b>Cash flows from investing activities</b>                  |       |                                    |                                    |
| Proceeds from sale of fixed assets                           |       | -                                  | 600                                |
| Investment income  |       | 71                                 | 4                                  |
| New deposits   |       | (2,506)                            | (7,000)                            |
| Capital grants received                                      |       | 2,507                              | 6,991                              |
| Payments made to acquire fixed assets                        |       | (5,881)                            | (9,196)                            |
|  |       | <u>(5,809)</u>                     | <u>(8,601)</u>                     |
| <b>Cash flows from financing activities</b>                  |       |                                    |                                    |
| Interest paid  |       | (462)                              | (515)                              |
| Repayments of amounts borrowed                               |       | (1,748)                            | (1,712)                            |
|  |       | <u>(2,210)</u>                     | <u>(2,227)</u>                     |
| <b>Increase in cash and cash equivalents<br/>in the year</b> | 23    | <b>895</b>                         | <b>1,436</b>                       |
| Cash and cash equivalents at beginning of the year           |       | 14,450                             | 13,014                             |
| Cash and cash equivalents at end of the year                 |       | <u>15,345</u>                      | <u>14,450</u>                      |

# Notes to the financial statements

at 31 July 2022

## 1. Accounting policies

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The following accounting policies have been applied consistently when 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 *College Accounts Direction for 2021 to 2022* and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS102). NCG is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS102.

The preparation of financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying NCG accounting policies.

### Basis of accounting

The financial statements are prepared in accordance with the historical cost convention as modified by the use of previous valuations as deemed cost at transition for certain non-current Tangible Fixed assets.

### Going concern

The activities of NCG, together with the factors likely to affect its future development and performance are set out in the Strategic Report. The financial position of NCG, its cash flow, liquidity and borrowings are presented in the financial statements and accompanying notes.

After making appropriate enquiries, the Corporation considers that NCG has adequate resources to continue in operational existence for the foreseeable future. Despite the current economic and political uncertainty, the Corporation maintains a strong balance sheet with low gearing, cash reserves with and robust budget management to mitigate current inflationary pressures. In addition, the corporation has considered the impact of the provision referenced in the strategic report and specifically in note 21 of the financial statements and the opinion that it has sufficient resources to continue in operational existence for the foreseeable future remains unchanged. The 2022/23 budget reflects the expected impact of items noted above with the impact on cash and covenants being carefully modelled to confirm financial strength. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

# Notes to the financial statements

at 31 July 2022

## 1. Accounting policies (continued)

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### Recognition of income

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS102. 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. Any under achievement after considering the defined tolerance for the Adult Education Budget (whether directly from the ESFA or through the devolved local authorities) is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year-end reconciliation process with the funding body following the year-end, and the results of any funding audits. ESFA 16-19 grant funding is not normally subject to reconciliation and is therefore not subject to contract adjustments other than audit adjustments.

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

Where part of a government grant is deferred, the deferred element is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate. Grants (including research grants) from non-government sources are recognised in income when NCG 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.

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual model as permitted by FRS102. Other capital grants are recognised in income when the Group 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.

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.

All income from short-term deposits is accounted for in the Statement of Comprehensive Income in the period in which it is earned on a receivable basis.

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

Where NCG subcontracts part of their income contracts to other organisations, the income is recognised in full against the appropriate categorisation as part of income, the amounts that are earned by the subcontractor is classified as expenditure and is included within Other Operating Expenses in the Statement of Comprehensive Income.

### Agency arrangements

The college 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 college where the college is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

# Notes to the financial statements

## at 31 July 2022

### 1. Accounting policies (continued)

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#### Accounting for post-employment benefits

Post-employment benefits to employees of NCG are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). NCG is a scheduled body of two Local Government Pension Schemes, the Tyne and Wear Pension Fund (TWPF) and the London Pension Fund Authority (LPFA). These are defined benefit plans, which are externally funded and contracted out of the State Second Pension.

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 NCG 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.

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 staff costs within expenditure 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. As NCG is a member of more than one fund in the LGPS then each fund is treated separately for valuation and disclosure purposes.

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 payable and other finance costs.

Actuarial gains and losses are recognised immediately in actuarial gains and losses in other comprehensive income.

#### 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 NCG. Any unused benefits are accrued and measured as the additional amount NCG expects to pay as a result of the unused entitlement.

#### Enhanced pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by a college annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to staff costs in the year that the member of staff retires. In subsequent years, a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the Association of Colleges (AoC).

#### Termination benefits

Termination benefits are amounts payable as a result of a decision by NCG to terminate an employee's employment before their normal retirement date or an employee's decision to accept voluntary redundancy. These benefits are charged on an accrual's basis to the Statement of Comprehensive Income at the earlier of when the Group can no longer withdraw the offer of those benefits or when the Group recognises costs for a restructuring.

## Notes to the financial statements at 31 July 2022

### 1. Accounting policies (continued)

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#### Non-current assets - tangible fixed assets

Tangible fixed assets are stated at cost / deemed 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.

##### *Land and buildings*

Freehold buildings are depreciated on a straight-line basis over their expected useful lives as follows:

- Building Exterior – 30 Years
- Fabric of the Building – 30 Years
- Building Interior – 20 Years
- Mechanical and Engineering parts e.g. Lifts, Heating – 18 Years
- Structural parts e.g. Building frame, stairs, roof – 60 Years

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

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.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors and are released to the income and expenditure account over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

On adoption of FRS102, NCG followed the transitional provision to retain the book value of buildings, which were revalued in 1993, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

##### *Leasehold Improvements*

Leasehold improvements are capitalised and depreciated over the lower of the remaining term of the lease or the expected useful life as per freehold buildings. All are short leasehold.

##### *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 NCG, in which case it is capitalised and depreciated on the relevant basis.

# Notes to the financial statements

at 31 July 2022

## 1. Accounting policies (continued)

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### Non-current assets - tangible fixed assets (continued)

#### *Equipment*

Equipment costing less than £1,000 per individual item is recognised as expenditure in the period of acquisition, except IT equipment, which is capitalised regardless of value. Where capitalised, equipment is recorded as a tangible fixed asset at cost.

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

- technical equipment 5 years
- motor vehicles 5 years
- computer equipment 4 years
- furniture, fixtures and fittings 5 years

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors and are released to the income and expenditure account over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy.

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.

#### *Investment Properties*

Investment properties are measured at fair value annually and any changes to the value goes through the Statement of Comprehensive Income. The fair value is measured by an independent valuer which is has been based on market value in this instance.

### **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. Any lease premiums or incentives relating to leases signed after 1 August 2014 are spread over the minimum lease term. The Group has taken advantage of the transitional exemptions in FRS102 and has retained the policy of spreading lease premiums and incentives to the date of the first market rent review for leases signed before 1 August 2014.

Leasing agreements, which transfer to NCG 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 a finance lease obligation. 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 in subsidiaries**

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

### **Stocks**

Stocks are stated at the lower of their cost 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.

## Notes to the financial statements at 31 July 2022

### 1. Accounting policies (continued)

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#### 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.

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 NCG are classified as basic financial instruments in accordance with FRS102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS102 requires that basic financial instruments are subsequently measured at amortised cost, however, NCG 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

NCG 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, NCG 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.

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

#### Provisions and contingent liabilities

Provisions are recognised when

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

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

# Notes to the financial statements

## at 31 July 2022

### 1. Accounting policies (continued)

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#### Provisions and contingent liabilities (continued)

A contingent liability arises from a past event that gives NCG a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of NCG. 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.

Identified areas of provision are as follows:

##### *Funding Clawback Provision*

A provision has been made in for a reclaim of funding by the ESFA in relation to historic delivery between 2018/19 – 2020/21. The estimation is based on the calculation of funding recovery provided by the ESFA but adjusted on a prudent basis to reflect the ongoing challenge to this claim.

##### *Dilapidations*

Dilapidations are provided for based on a recognised valuation formula over the lifetime of a property's lease and are reviewed regularly.

##### *Restructuring Provision*

A restructuring provision is recognised when there is a legal or constructive obligation at the reporting date. The provision made is based on contractual and/ or legal requirements.

##### *Onerous Contracts*

An onerous contract is one in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The provision for onerous contracts is calculated as the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

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

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

- Determine whether leases entered into by NCG 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 NCG tangible assets, including goodwill. 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.
- CPI assumption

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 10.1% 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.

# Notes to the financial statements

at 31 July 2022

## 1. Accounting policies (continued)

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### Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

- Local Government Pension Scheme

As the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, the plan has a notional surplus. As management do not consider that the Group will be able to recover the surplus either through reduced contributions in the future or through refunds from the plan, the surplus has not been recognised in these financial statements in line with paragraph 28.22 of FRS102

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

- Tangible fixed assets

Tangible fixed assets, other than investment properties, are depreciated over their useful lives considering residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on 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.

- Defined benefit pension schemes

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing 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.

- Dilapidations

The estimated dilapidation costs are based on a recognised valuation formula over the lifetime of a property's lease and are reviewed regularly.

- Valuation of Investment Property

NCG has used a third-party qualified person to value the property to try to mitigate this risk.

- Funding Clawback Provision

A provision has been made for a reclaim of funding by the ESFA in relation to historic delivery between 2018/19 – 2020/21. The estimation is based on the calculation of funding recovery provided by the ESFA but adjusted on a prudent basis to reflect the ongoing challenge to this claim. Due to the ongoing dispute there is uncertainty over the value and timing of the payment of this provision hence the brought forward value from 2021 has been transferred from creditors falling due in less than one year.

## Notes to the financial statements at 31 July 2022

### 2. Funding body grants

|   | Year ended<br>31 July 2022 | Year ended<br>31 July 2021 |
|---|----------------------------|----------------------------|
|   | Total<br>£000              | Total<br>£000              |
| <b>Recurrent grants</b>                             |                            |                            |
| Education & Skills Funding Agency - adult           | 6,377                      | 10,342                     |
| Devolved Adult Education Budget                     | 15,959                     | 16,278                     |
| Education & Skills Funding Agency - 16-19           | 69,520                     | 64,151                     |
| Education & Skills Funding Agency - apprenticeships | 6,976                      | 5,642                      |
| Exceptional Funding Clawback Provision              | (5,436)                    | (3,035)                    |
| Office for Students                                 | 1,491                      | 1,683                      |
| <b>Specific grants</b>                              |                            |                            |
| Teacher Pension Scheme contribution grant           | 2,192                      | 2,238                      |
| Releases of government capital grants               | 4,777                      | 4,468                      |
| Office for Students - Challenge grant               | 61                         | 73                         |
|   | <u>101,917</u>             | <u>101,840</u>             |

Under Education & Skills Funding Agency - 16-19 the amounts drawn down for Tuition Fund are £1,752,000 (2021: £1,007,000).

The exceptional funding clawback provision relates to the reclaim of funding by the ESFA for historic delivery between 2018/19 – 2020/21. The estimation is based on the calculation of funding recovery provided by the ESFA but adjusted on a prudent basis to reflect the ongoing challenge to this claim.

### 3. Tuition fees and education contracts

|                                    | Year ended<br>31 July 2022 | Year ended<br>31 July 2021 |
|------------------------------------|----------------------------|----------------------------|
|                                    | Total<br>£000              | Total<br>£000              |
| Adult education fees               | 864                        | 405                        |
| Apprenticeship fees and contracts  | 123                        | 105                        |
| Fees for FE loan supported courses | 2,756                      | 3,318                      |
| Fees for HE loan supported courses | 17,525                     | 17,444                     |
| International students fees        | 1,095                      | 604                        |
| Total tuition fees                 | 22,363                     | 21,876                     |
| Education contracts                | 6,846                      | 5,474                      |
|                                    | <u>29,209</u>              | <u>27,350</u>              |

NCG is committed to enabling potential learners to access education regardless of their personal finances. This has resulted in tuition fees foregone under NCG own fee waiver policy in the year totalling £1,361,000 (2021: £4,160,000). All courses are given an assumed fee based on guided learner hours, whether or not a fee had been charged to the students, which seeks to reflect the actual fees foregone.

## Notes to the financial statements at 31 July 2022

### 4. Other grants and contracts

|  | Year ended<br>31 July 2022 | Year ended<br>31 July 2021 |
|--|----------------------------|----------------------------|
|  | Total                      | Total                      |
|  | £000                       | £000                       |
| Erasmus/Turing Scheme                  | 941                        | 131                        |
| European Commission                    | 657                        | 885                        |
| Other grants and contracts             | 179                        | 368                        |
| Coronavirus Job Retention Scheme grant | 20                         | 395                        |
|  | <u>1,797</u>               | <u>1,779</u>               |

During the year, the corporation furloughed a maximum of 40 (2021: 131) support staff under the government's Coronavirus Job Retention Scheme (CJRS), including commercial services, catering, security, cleaning and technical staff. The funding received of £20,000 (2021: £395,000) relates to staff costs which are included within the staff costs note below as appropriate. The CJRS ended on the 20 September 2021.

### 5. Other income

|                      | Year ended<br>31 July 2022 | Year ended<br>31 July 2021 |
|----------------------|----------------------------|----------------------------|
|                      | Total                      | Total                      |
|                      | £000                       | £000                       |
| Catering             | 936                        | 268                        |
| Miscellaneous income | 2,633                      | 1,398                      |
|                      | <u>3,569</u>               | <u>1,666</u>               |

### 6. Investment income

|                           | Year ended<br>31 July 2022 | Year ended<br>31 July 2021 |
|---------------------------|----------------------------|----------------------------|
|                           | Total                      | Total                      |
|                           | £000                       | £000                       |
| Other interest receivable | 71                         | 4                          |
|                           | <u>71</u>                  | <u>4</u>                   |

## Notes to the financial statements at 31 July 2022

### 7. Grant and fee income

|   | Notes | Year ended<br>31 July 2022<br>Total<br>£000 | Year ended<br>31 July 2021<br>Total<br>£000 |
|---|-------|---|---|
| <b>Grant income from the OfS</b>              |       | 3,582                                       | 1,957                                       |
| <b>Grant income from other bodies</b>         |       |   |   |
| Education & Skills Funding Agency adult       | 2     | 5,977                                       | 15,004                                      |
| Devolved Adult Education Budget               | 2     | 21,395                                      | 16,893                                      |
| Education & Skills Funding Agency 16-19       | 2     | 64,484                                      | 61,368                                      |
| TPS contribution grant                        | 2     | 2,192                                       | 2,238                                       |
| Other capital grants                          |       | 477   | 1,262                                       |
| <b>Fee income for taught awards</b>           | 3     | 17,525                                      | 17,444                                      |
| <b>Fee income from non-qualifying courses</b> |       |   |   |
| Adult education fees                          | 3     | 864   | 405   |
| Fees for FE loan supported courses            | 3     | 2,756                                       | 3,318                                       |
| International students fees                   | 3     | 1,095                                       | 604   |
|   |       | <b>120,347</b>                              | <b>120,492</b>                              |

Grant income from the OfS includes recurrent teaching funding and also non-recurrent funding (including grants for capital infrastructure and challenge competitions). The amount received in relation to capital infrastructure funding is classified as a capital grant on receipt and forms part of the balance within creditors on the balance sheet. Capital infrastructure funding was £2,030,000 in the year (2021: £201,000).

Grant income from the ESFA includes recurrent teaching funding and also non-recurrent funding (including grants for capital infrastructure). The amount received in relation to capital infrastructure funding is classified as a capital grant on receipt and forms part of the balance within creditors on the balance sheet. Capital infrastructure funding was £nil in the year (2021: £4,598,000).

Grant income from the other bodies includes non-recurrent funding for capital infrastructure. The amount received in relation to capital infrastructure funding is classified as a capital grant on receipt and forms part of the balance within creditors on the balance sheet. Capital infrastructure funding was £477,000 in the year (2021: £1,200,000).

## Notes to the financial statements at 31 July 2022

### 8. Staff costs

The average number of persons (including key management personnel) employed by the Group during the year is shown below. This is the average headcount, calculated on a monthly basis, determined by dividing the relevant annual number by the number of months in the financial year.

|                    | Year ended<br>31 July 2022 | Year ended<br>31 July 2021 |
|--------------------|----------------------------|----------------------------|
|                    | Total<br>No.               | Total<br>No.               |
| Teaching staff     | 1,354                      | 1,247                      |
| Non teaching staff | 1,205                      | 1,208                      |
|                    | <u>2,559</u>               | <u>2,455</u>               |

#### Staff costs for the above persons:

|                                 | Year ended<br>31 July 2022 | Year ended<br>31 July 2021 |
|---------------------------------|----------------------------|----------------------------|
|                                 | Total<br>£000              | Total<br>£000              |
| Wages and salaries              | 70,431                     | 66,713                     |
| Social security costs           | 6,637                      | 6,237                      |
| TPS pension costs               | 7,497                      | 7,220                      |
| LGPS pension costs (TWPF)       | 12,300                     | 9,920                      |
| LGPS pension costs (LPFA)       | 2,022                      | 1,956                      |
| Other pension costs             | 181                        | 69                         |
| <b>Payroll sub-total</b>        | <u>99,068</u>              | <u>92,115</u>              |
| Exceptional restructuring costs | 472                        | 287                        |
| <b>Total staff costs</b>        | <u>99,540</u>              | <u>92,402</u>              |

NCG runs salary sacrifice schemes for Cycle to Work, Childcare Vouchers, shared cost AVCs and Electric Vehicles.

## Notes to the financial statements at 31 July 2022

### 8. Staff costs (continued)

#### Key Management Personnel and Higher Paid Staff

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

| Bandings based on Emoluments excluding employer pension contributions | Key management personnel   |                            | Other higher paid staff    |                            |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
|   | Year ended<br>31 July 2022 | Year ended<br>31 July 2021 | Year ended<br>31 July 2022 | Year ended<br>31 July 2021 |
|   | No.                        | No.                        | No.                        | No.                        |
| £60,000 to £65,000  | 1                          | -                          | 9                          | 7                          |
| £65,001 to £70,000  | -                          | -                          | 13                         | 5                          |
| £70,001 to £75,000  | -                          | 1                          | 10                         | 7                          |
| £75,001 to £80,000  | -                          | -                          | 3                          | 1                          |
| £80,001 to £85,000  | 2                          | -                          | 2                          | 1                          |
| £85,001 to £90,000  | -                          | -                          | -                          | 1                          |
| £90,001 to £95,000  | -                          | -                          | 2                          | 4                          |
| £95,001 to £100,000   | 1                          | -                          | 1                          | 1                          |
| £100,001 to £105,000  | 1                          | 2                          | -                          | -                          |
| £105,001 to £110,000  | 2                          | 2                          | -                          | -                          |
| £110,001 to £115,000  | 1                          | 1                          | -                          | -                          |
| £115,001 to £120,000  | 4                          | -                          | -                          | -                          |
| £120,001 to £125,000  | -                          | 3                          | -                          | -                          |
| £125,001 to £130,000  | 2                          | -                          | -                          | -                          |
| £130,001 to £135,000  | 2                          | -                          | -                          | -                          |
| £140,001 to £145,000  | -                          | 1                          | -                          | -                          |
| £150,001 to £155,000  | -                          | 1                          | -                          | -                          |
| £185,001 to £190,000  | -                          | 1                          | -                          | -                          |
| £230,001 to £235,000  | 1                          | -                          | -                          | -                          |
| £240,001 to £245,000  | -                          | 1                          | -                          | -                          |
|   | <b>17</b>                  | <b>13</b>                  | <b>40</b>                  | <b>27</b>                  |

Including part time workers grossed up to full time equivalent the bandings would have been as follows:

- 1 member (2021: 1) of key management personnel would have been paid in the £160,001 to £165,000 banding in 2022.
- 1 member (2021: nil) of key management personnel would have been paid in the £60,000 to £65,000 banding in 2022.
- 1 member (2021: nil) of higher paid staff would have been paid in the £85,001 to £90,000 banding in 2022.
- 1 member (2021: 1) of higher paid staff would have been paid in the £75,001 to £80,000 banding in 2022.
- 2 members (2021: nil) of higher paid staff would have been paid in the £60,000 to £65,000 banding in 2022.

The number of key management personnel and other staff who had a full-time basic salary of over £100,000 on the 31 July, in the following ranges was:

## Notes to the financial statements at 31 July 2022

### 8. Staff costs (continued)

#### Key Management Personnel and Higher Paid Staff (continued)

| Bandings based on Basic Salary of £100,000 and over | Key management personnel |              | Other higher paid staff |              |
|---|--------------------------|--------------|-------------------------|--------------|
|   | Year ended               | Year ended   | Year ended              | Year ended   |
|   | 31 July 2022             | 31 July 2021 | 31 July 2022            | 31 July 2021 |
|   | No.                      | No.          | No.                     | No.          |
| £100,000 to £105,000                                | 3                        | 4            | -                       | 1            |
| £105,001 to £110,000                                | 1                        | 2            | 1                       | -            |
| £110,001 to £115,000                                | 1                        | 1            | -                       | -            |
| £115,001 to £120,000                                | 5                        | 3            | -                       | -            |
| £120,001 to £125,000                                | -                        | 1            | -                       | -            |
| £125,001 to £130,000                                | 3                        | -            | -                       | -            |
| £160,001 to £165,000                                | 1                        | 1            | -                       | -            |
| £185,001 to £190,000                                | -                        | 1            | -                       | -            |
| £205,001 to £210,000                                | 1                        | 1            | -                       | -            |
|   | <b>15</b>                | <b>14</b>    | <b>1</b>                | <b>1</b>     |

Key Management Personnel were those persons having authority and responsibility for planning, directing and controlling the activities of NCG and are represented by the Executive Team.

The Key Management Personnel of NCG during the year ended 31 July 2022 were as follows,

- Chief Executive Officer,
- Deputy Chief Executive Officer,
- Chief Finance Officer,
- Chief Operations & Compliance Officer and Secretary to the Board (previously Executive Director and Secretary to the Board),
- Executive Director of Quality,
- Director of People & Development,
- Chief Information, Data and Estates Officer (formerly Chief Information and Data Officer),
- Executive Principals of North and South,
- Principals of Carlisle College, Kidderminster College, Newcastle College, West Lancashire College, Lewisham College, Southwark College and Newcastle Sixth Form College.

## Notes to the financial statements

at 31 July 2022

### 8. Staff costs (continued)

#### Key Management Personnel and Higher Paid Staff (continued)

|  | Year ended<br>31 July 2022<br>No.  | Year ended<br>31 July 2021<br>No.  |
|--|------------------------------------|------------------------------------|
| The number of Key Management Personnel including those who held office for only part of the year, was: | <u>18</u>                          | <u>18</u>                          |
|  | Year ended<br>31 July 2022<br>£000 | Year ended<br>31 July 2021<br>£000 |
| Key Management Personnel emoluments are made up as follows:  |                                    |                                    |
| Basic Salary   | 1,916                              | 1,832                              |
| Performance related pay and bonus  | 5                                  | -                                  |
| Benefits in Kind - Health Insurance  | <u>21</u>                          | <u>17</u>                          |
|  | 1,942                              | 1,849                              |
| Employers Pension Contributions  | 378                                | 339                                |
| Payments in Lieu of Pensions   | <u>20</u>                          | <u>43</u>                          |
| Total emoluments   | <u><u>2,340</u></u>                | <u><u>2,231</u></u>                |

The Key Management Personnel emoluments include amounts payable to the Accounting Officer and highest paid officer in 2022, the Chief Executive, of:

|                                     | Year ended<br>31 July 2022<br>£000 | Year ended<br>31 July 2021<br>£000 |
|-------------------------------------|------------------------------------|------------------------------------|
| Basic Salary                        | 210                                | 210                                |
| Employers Pension Contributions     | 14                                 | -                                  |
| Payments in Lieu of Pensions        | 20                                 | 30                                 |
| Benefits in Kind - Health Insurance | <u>2</u>                           | <u>2</u>                           |
| Total emoluments                    | <u><u>246</u></u>                  | <u><u>242</u></u>                  |

Ahead of each academic and financial year, the Chair of Corporation agrees with the Chief Executive their objectives for the year ahead. These objectives are items considered over and above the day-to-day operation of the role and are specifically linked to the delivery of the NCG Strategy. Alongside a half year review, the Chair of Corporation undertakes a full performance review annually where the CEO's performance against the set objectives is fully considered. In 2021/ 2022 academic year the Chair of Corporation rated the CEO as being 'Outstanding'. This grading along with comparative reward information (from 1- Local Colleges, 2- Next tier organisations (based on income), 3- Equivalent tier (based on income) ESFA published data, 4- an analysis of similar sized HE providers) is then presented to the Appraisal and Remuneration committee for further consideration and challenge. The conclusion of the Appraisal and Remuneration committee is that whilst a salary increase would be appropriate to the CEO, due to the inability of the business to do so at a meaningful level for all staff no salary increase would be made at this time.

There were no amounts due to Key Management Personnel that were waived in the year. Emoluments do not include Employers National Insurance or compensation for loss of office.

The governing body has adopted AoC's Senior Staff Remuneration Code and continues to assess pay in line with its principles in future.

## Notes to the financial statements

at 31 July 2022

### 8. Staff costs (continued)

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#### Key Management Personnel and Higher Paid Staff (continued)

Salaries and benefits paid to Key Management Personnel are presented annually to the Appraisal and Remuneration committee. Decisions on salary and specific salary changes are linked to performance, role changes and sector benchmarking information. Governors assess the proposal made by the Chief Executive, and formally agree or amend the proposed numbers.

Relationship of Chief Executive pay and remuneration expressed as a multiple (on a full-time equivalent basis):

|   | Year ended<br>31 July 2022 | Year ended<br>31 July 2021 |
|---|----------------------------|----------------------------|
| CEO's basic salary as a multiple of the median of all staff       | 7.23                       | 7.23                       |
| CEO's total remuneration as a multiple of the median of all staff | 6.98                       | 7.67                       |

In determining the median pay, agency staff are excluded. In getting to total remuneration the specific employers pension rate is applied to basic salary and allowances where appropriate. Salary sacrifice, employers national insurance, expenses that are not chargeable to UK income tax and compensation for loss of office are not included in the staff costs when calculating the median.

The following members of the board of governors and local college boards have received payments in the year

- The Chief Executive
- Staff Members
- College Principals

These payments have been in relation to their duties as employees of NCG but not to remunerate them for acting as a member of the board. The remaining governors who served during the year did not receive any form of payment from NCG other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

## Notes to the financial statements

at 31 July 2022

### 8. Staff costs (continued)

#### Compensation for loss of office paid and payable to former Key Management Personnel and higher paid staff

|   | Year ended<br>31 July 2022<br>£000 | Year ended<br>31 July 2021<br>£000 |
|---|------------------------------------|------------------------------------|
| Compensation paid to Key Management Personnel                     |                                    |                                    |
| Non-contractual compensation                                      | 16                                 | -                                  |
|   | <u>16</u>                          | <u>-</u>                           |
|   |                                    |                                    |
|   | Year ended<br>31 July 2022<br>£000 | Year ended<br>31 July 2021<br>£000 |
| Compensation paid to staff earning in excess of £60,000 per annum |                                    |                                    |
| Contractual compensation  | 6                                  | -                                  |
| Non-contractual compensation                                      | 89                                 | 45                                 |
|   | <u>95</u>                          | <u>45</u>                          |
|   |                                    |                                    |
|   | Year ended<br>31 July 2022<br>£000 | Year ended<br>31 July 2021<br>£000 |
| Compensation paid to staff earning less than £60,000 per annum    |                                    |                                    |
| Contractual compensation  | 35                                 | 59                                 |
| Non-contractual compensation                                      | 326                                | 113                                |
|   | <u>361</u>                         | <u>172</u>                         |

The number of people to whom compensation has been paid in 2022 was 74 (2021: 26). Corporation approves all compensation payments paid to senior post holders, while for non-senior post holders this is delegated within the articles to Liz Bromley. The pension contributions in respect of the Key Management Personnel relate to employer's contributions to the Teachers' Pension Scheme or the Local Government Pension Scheme and are paid at the same rate as for other employees.

## Notes to the financial statements at 31 July 2022

### 9. Other operating expenses

|  | Year ended<br>31 July 2022 | Year ended<br>31 July 2021 |
|--|----------------------------|----------------------------|
|  | Total<br>£000              | Total<br>£000              |
| Teaching costs                             | 2,938                      | 1,954                      |
| Teaching and other support costs           | 11,451                     | 11,677                     |
| Administration costs                       | 6,121                      | 6,438                      |
| Operational costs                          | 8,545                      | 7,653                      |
| Maintenance costs                          | 2,836                      | 2,936                      |
| Examination costs                          | 3,180                      | 3,362                      |
| Rent and lease costs                       | 923                        | 1,060                      |
| Catering, residences and conferences costs | 1,023                      | 372                        |
| Bad debt provision                         | 194                        | (483)                      |
| Other costs                                | 247                        | 174                        |
|  | <b>37,458</b>              | <b>35,143</b>              |

#### Other operating expenses include:

|   | Year ended<br>£000 | Year ended<br>£000 |
|---|--------------------|--------------------|
| Auditor's remuneration:                           |                    |                    |
| - External audit (including Regularity Audit)     | 56                 | 56                 |
| - Other services provided by the external auditor | 2                  | 2                  |
| Subcontractor costs                               | 4,274              | 4,581              |
| Hire of assets under operating leases:            |                    |                    |
| - Land and buildings                              | 726                | 684                |
| - Other   | 307                | 393                |

### 10. Access and participation expenditure

|  | Year ended 31 July 2022 |               |               | Year ended 31 July 2021 |               |               |
|--|-------------------------|---------------|---------------|-------------------------|---------------|---------------|
|  | Staffing<br>£000        | Other<br>£000 | Total<br>£000 | Staffing<br>£000        | Other<br>£000 | Total<br>£000 |
| Access investment                          | 299                     | -             | 299           | 249                     | -             | 249           |
| Financial support provided to students     | -                       | 1,265         | 1,265         | -                       | 1,612         | 1,612         |
| Support for Disabled Students              | 274                     | 12            | 286           | 262                     | 10            | 272           |
| Research and evaluation                    | 6                       | -             | 6             | 4                       | -             | 4             |
| Total access and participation expenditure | <b>579</b>              | <b>1,277</b>  | <b>1,856</b>  | <b>515</b>              | <b>1,622</b>  | <b>2,137</b>  |

The published Access and Participation Plan can be found here: <https://www.ncgrp.co.uk/guide-to-information/our-policies-and-procedures/he-regulatory-document/>.

The staffing above is intrinsic in being able to deliver the Access and participation plan. These costs are included as part of note 8 staff costs.

## Notes to the financial statements at 31 July 2022

### 11. Interest payable and other finance costs

|                            | Year ended<br>31 July 2022 | Year ended<br>31 July 2022 |
|----------------------------|----------------------------|----------------------------|
|                            | Total<br>£000              | Total<br>£000              |
| On bank loans              | 496                        | 515                        |
| Other interest - pensions  | 2,010                      | 1,773                      |
| Other interest and charges | 1                          | -                          |
|                            | <u>2,507</u>               | <u>2,288</u>               |

### 12. Taxation

NCG was not liable for any corporation tax arising from its activities during the year.

### 13. Intangible fixed assets and investments

*NCG – investments*

|                          | As at 31 July<br>2022 | As at 31 July<br>2021 |
|--------------------------|-----------------------|-----------------------|
|                          | £                     | £                     |
| Subsidiary holdings      | 1.00                  | 7.00                  |
| Investment in VSpark Ltd | 1.50                  | -                     |
|                          | <u>2.50</u>           | <u>7.00</u>           |

#### Subsidiary Holdings

At the balance sheet date, NCG Corporation has 1 subsidiary company NCG Professional Services Limited (formerly Intraining Holdings Ltd). This entity has been dormant since 1 August 2021 and has no balances at the balance sheet date.

During the year the following dormant subsidiaries were dissolved on 7 December 2021:

Intraining (ESD) Ltd  
Intraining (NTP) Ltd  
Intraining (Quantica) Ltd  
NCG Select Ltd  
Newcastle College Construction Ltd  
TWL Training Ltd

The insolvency proceedings of The Intraining Group Ltd and Rathbone Training is still ongoing at the balance sheet date.

#### Investment

On the 12 August 2021 NCG became a shareholder of VSpark Limited, a private limited company registered in England and Wales.

The company has an issued share capital of £10 divided into 1,000 of £0.01 each, all of which are fully paid.

NCG has a minority shareholding of 150 shares (15%).

VSpark Limited has been set up to be a college-owned, national community of best practice which supports learners of all ages in their entrepreneurship and self-employment aspirations.

## Notes to the financial statements at 31 July 2022

### 13. Intangible fixed assets and investments (continued)

#### Joint Venture

The investment in the joint venture relates to an entity, Cumbria Colleges Limited, in which Carlisle College has an interest on a long-term basis. It is a private company limited by guarantee without share capital. The entity is jointly controlled with three other organisations under a contractual agreement to promote and develop further education within Cumbria.

Consolidated financial statutory accounts have not been prepared on the basis of materiality and that Cumbria Colleges Limited and NCG Professional Services Limited are dormant throughout the year and at the balance sheet date.

### 14. Tangible fixed assets

|                                       | Land and<br>buildings<br>£000 | Plant and<br>equipment<br>£000 | Total<br>£000  |
|---------------------------------------|-------------------------------|--------------------------------|----------------|
| <b>Cost or valuation:</b>             |                               |                                |                |
| At 1 August 2021                      | 370,389                       | 21,763                         | 392,152        |
| Additions                             | 1,693                         | 4,209                          | 5,902          |
| Impairment                            | -                             | -                              | -              |
| Disposals                             | (1,661)                       | (4,249)                        | (5,910)        |
| <b>At 31 July 2022</b>                | <b>370,421</b>                | <b>21,723</b>                  | <b>392,144</b> |
| <b>Depreciation:</b>                  |                               |                                |                |
| At 1 August 2021                      | 127,669                       | 14,817                         | 142,486        |
| Charge for year                       | 12,026                        | 2,602                          | 14,628         |
| Disposals                             | (1,658)                       | (4,226)                        | (5,884)        |
| <b>At 31 July 2022</b>                | <b>138,037</b>                | <b>13,193</b>                  | <b>151,230</b> |
| <b>Net book value at 31 July 2022</b> | <b>232,384</b>                | <b>8,530</b>                   | <b>240,914</b> |
| Net book value at 1 August 2021       | 242,720                       | 6,946                          | 249,666        |

Inherited land and buildings were valued at £25,934,000 on 27 August 1993. Of this, £25,859,000 relates to buildings stated at depreciated replacement cost, and £75,000 relates to a building valued at open market value by Storey Sons & Parker, a firm of chartered surveyors.

Other tangible fixed assets inherited from the local education authority at incorporation were capitalised at depreciated cost at incorporation. Should these assets be sold, NCG would have to use the sale proceeds in accordance with the financial memorandum with the ESFA. If inherited land and buildings had not been revalued, they would have been included with a net book value of £nil.

Land and buildings with a net book value of £88,798,444 have been partially financed by grants from the ESFA. Should these assets be sold, NCG would either have to surrender the sale proceeds to the ESFA or use the proceeds in accordance with the Financial Memorandum with the ESFA.

Included in land and buildings are assets at a cost of £737,507 which have not been depreciated as the assets have not yet been brought into use.

Freehold land held at a value of £64,664,919 has not been depreciated.

#### Revaluation reserve

Inherited land and buildings were valued at £25,934,000 on 27 August 1993.

## Notes to the financial statements at 31 July 2022

### 15. Investment property

|                                       | £000         |
|---------------------------------------|--------------|
| Carrying value at 1 August 2021       | 2,390        |
| Transfer from tangible fixed assets   |              |
| Gains from fair value adjustments     | 410          |
| <b>Carrying value at 31 July 2022</b> | <b>2,800</b> |

100 St James' Boulevard is considered to continue to meet the criteria of being an investment property as it was not being used for supply of services and was being held to earn rentals. This building has been measured by an independent valuer, Lambert Smith Hampton whose employees are a RICS Registered Valuer. The valuation that Lambert Smith Hampton has produced is on the basis of Market Value.

### 16. Stocks

|        | As at 31 July<br>2022<br>£000 | As at 31 July<br>2021<br>£000 |
|--------|-------------------------------|-------------------------------|
| Stocks | 95                            | 78                            |
|        | <b>95</b>                     | <b>78</b>                     |

### 17. Trade and other receivables

|   | As at 31 July<br>2022<br>£000 | As at 31 July<br>2021<br>£000 |
|---|-------------------------------|-------------------------------|
| <b>Amounts falling due within one year:</b> |                               |                               |
| Trade debtors                               | 1,750                         | 1,006                         |
| Other debtors                               | 74                            | 33                            |
| Prepayments and accrued income              | 5,414                         | 4,770                         |
| Amounts owed by the ESFA                    | 1,146                         | 416                           |
|   | <b>8,384</b>                  | <b>6,225</b>                  |

## Notes to the financial statements at 31 July 2022

### 18. Creditors: amounts falling due within one year

|                                    | As at 31 July<br>2022<br>£000 | As at 31 July<br>2021<br>£000 |
|------------------------------------|-------------------------------|-------------------------------|
| Deferred income                    | 6,516                         | 6,351                         |
| Amounts owed to the ESFA           | 3,290                         | 1,614                         |
| Trade creditors                    | 1,261                         | 467                           |
| Payroll creditors                  | 27                            | -                             |
| Other taxation and social security | 292                           | 434                           |
| Accruals                           | 7,110                         | 7,180                         |
| Bank loans                         | 4,863                         | 1,748                         |
| Other creditors                    | 2,227                         | 5,237                         |
| Deferred capital grants            | 5,013                         | 4,334                         |
|                                    | <b>30,599</b>                 | <b>27,365</b>                 |

### 19. Creditors: amounts falling due after more than one year

|                         | As at 31 July<br>2022<br>£000 | As at 31 July<br>2021<br>£000 |
|-------------------------|-------------------------------|-------------------------------|
| Bank loans              | 10,568                        | 15,432                        |
| Deferred capital grants | 56,089                        | 59,039                        |
|                         | <b>66,657</b>                 | <b>74,471</b>                 |

### 20. Maturity of debt

|                            | As at 31 July<br>2022<br>£000 | As at 31 July<br>2021<br>£000 |
|----------------------------|-------------------------------|-------------------------------|
| In one year or less        | 4,863                         | 1,748                         |
| Between one and two years  | 1,327                         | 7,803                         |
| Between two and five years | 4,335                         | 3,769                         |
| In five years or more      | 4,907                         | 3,860                         |
|                            | <b>15,432</b>                 | <b>17,180</b>                 |

Bank loans and overdrafts carry interest at rates between 2.74% and 6.83% for fixed rate loans and between Bank of England (BoE) Base Rate +1.1% and BoE Base Rate +2.95% for variable. Loans are repayable by instalments and due to mature between 2023 and 2035.

All loans are secured by a legal charge over Newcastle College Rye Hill Campus freehold land and buildings, 100 St James Boulevard freehold land, and Carlisle College main campus freehold land. The net book value of assets on which security is held is £61,982,000.

## Notes to the financial statements at 31 July 2022

### 21. Provisions

|  | Funding Clawback<br>Provision<br>£000 | Dilapidations<br>£000 | Enhanced<br>pensions<br>£000 | Total<br>£000 |
|--|---------------------------------------|-----------------------|------------------------------|---------------|
| At 1 August 2021                             | -                                     | 818                   | 3,910                        | 4,728         |
| Amounts transferred from current liabilities | 3,035                                 | -                     | -                            | 3,035         |
| Actuarial gains                              | -                                     | -                     | 232                          | 232           |
| Benefits paid                                | -                                     | -                     | (346)                        | (346)         |
| Interest charged to other operating expenses | -                                     | -                     | 64                           | 64            |
| Charged in the year                          | 5,436                                 | 155                   | -                            | 5,591         |
| Utilised in the year                         | -                                     | (10)                  | -                            | (10)          |
| Released in the year                         | -                                     | (54)                  | -                            | (54)          |
| At 31 July 2022                              | <b>8,471</b>                          | <b>909</b>            | <b>3,860</b>                 | <b>13,240</b> |

The Funding Clawback was part of the creditors less than one year balance at 31 July 2021, this treatment has been revised for 2022 following receipt of more information from the funding body. At 31 July 2022 the liability has been classified as a provision due to its uncertain amount however a very prudent best estimate has been based on the calculation of funding recovery provided by the ESFA.

Dilapidations are provided for on rented properties and the expected settlement for the majority is within the next 4 years.

The enhanced pension provision relates to costs of staff that have already left NCG employment and commitments for reorganisation costs from which NCG cannot reasonably withdraw at the balance sheet date.

|                 | 2022<br>% per<br>Annum  | 2021<br>% per<br>Annum |
|-----------------|-------------------------|------------------------|
| Price Inflation | <u>0.0, 2.75 or 3.1</u> | <u>0.0 or 0.5</u>      |
| Discount rate   | <u>3.3 to 3.6</u>       | <u>1.6 to 1.75</u>     |

NCG has numerous methods of paying pensioners who are included within the enhanced pension provision which accounts for the varying assumptions in the table above.

### 22. Investments

|                     | As at 31 July<br>2022<br>£000 | As at 31 July<br>2021<br>£000 |
|---------------------|-------------------------------|-------------------------------|
| Short-term deposits | <u>9,506</u>                  | <u>7,000</u>                  |

Deposits are held in short term notice accounts with more than 3 months maturity at the balance sheet date.

## Notes to the financial statements at 31 July 2022

### 23. Cash and cash equivalents

|                                  | As at 31 July<br>2021 | Other Cash<br>flows | Other non-<br>cash changes | As at 31 July<br>2022 |
|----------------------------------|-----------------------|---------------------|----------------------------|-----------------------|
|                                  | £000                  | £000                | £000                       | £000                  |
| <b>Cash and cash equivalents</b> |                       |                     |                            |                       |
| Short term liquid investments    | 3,392                 | (2,498)             | -                          | 894                   |
| Cash at bank and in hand         | 11,058                | 3,393               | -                          | 14,451                |
|                                  | <b>14,450</b>         | <b>895</b>          | <b>-</b>                   | <b>15,345</b>         |
| <br>                             |                       |                     |                            |                       |
| <b>Borrowings</b>                |                       |                     |                            |                       |
| Debt due within one year         | 1,748                 | -                   | 3,115                      | 4,863                 |
| Debt due after one year          | 15,432                | (1,748)             | (3,115)                    | 10,569                |
|                                  | <b>17,180</b>         | <b>(1,748)</b>      | <b>-</b>                   | <b>15,432</b>         |
| <br>                             |                       |                     |                            |                       |
| <b>Total</b>                     | <b>17,180</b>         | <b>(1,748)</b>      | <b>-</b>                   | <b>15,432</b>         |

### 24. Capital commitments

|                                       | As at 31 July<br>2022 | As at 31 July<br>2021 |
|---------------------------------------|-----------------------|-----------------------|
|                                       | £000                  | £000                  |
| Commitments contracted for at 31 July | 430                   | 1,598                 |

### 25. Lease obligations

|   | As at 31 July<br>2022 | As at 31 July<br>2021 |
|---|-----------------------|-----------------------|
|   | £000                  | £000                  |
| Future minimum lease payments due:                |                       |                       |
| <b>Land and buildings</b>                         |                       |                       |
| Not later than one year                           | 429                   | 650                   |
| Later than one year but not later than five years | 661                   | 939                   |
| Later than five years                             | 169                   | 228                   |
|   | <b>1,259</b>          | <b>1,817</b>          |
| <br>  |                       |                       |
| <b>Other</b>                                      |                       |                       |
| Not later than one year                           | 239                   | 326                   |
| Later than one year but not later than five years | 7                     | 213                   |
|   | <b>246</b>            | <b>539</b>            |

## Notes to the financial statements at 31 July 2022

### 26. Pension schemes

The Group's employees belong to three principal defined benefit pension schemes: The Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the following Local Government Pension Schemes (LGPS) for college non-teaching staff, the Tyne and Wear Pension Fund (TWPF), London Pension Fund Authority Scheme (LPFA) for Lewisham College and Southwark College employees.

|                                 | Year ended<br>31 July 2022 | Year ended<br>31 July 2021 |
|---------------------------------|----------------------------|----------------------------|
|                                 | £000                       | £000                       |
| TPS pension costs               | 7,497                      | 7,220                      |
| LGPS pension costs (TWPF)       | 12,300                     | 9,920                      |
| LGPS pension costs (LPFA)       | 2,022                      | 1,956                      |
| Other pension costs             | 181                        | 69                         |
| Total pension cost for the year | <b>22,000</b>              | <b>19,165</b>              |

#### Amounts recognised in the Statement of Comprehensive Income

|                                      | Year ended<br>31 July 2022 | Year ended<br>31 July 2021 |
|--------------------------------------|----------------------------|----------------------------|
|                                      | £000                       | £000                       |
| Tyne & Wear LGPS                     | 81,509                     | (4,060)                    |
| London Pension Fund Authority Scheme | 43,285                     | 5,306                      |
| Enhanced Pension Charge (note 21)    | (232)                      | 460                        |
| Actuarial gain recognised            | <b>124,562</b>             | <b>1,706</b>               |

#### Pension liability recognised in the balance sheet

|                                      | As at 31 July<br>2022 | As at 31 July<br>2021 |
|--------------------------------------|-----------------------|-----------------------|
|                                      | £000                  | £000                  |
| Tyne & Wear LGPS                     | -                     | 72,590                |
| London Pension Fund Authority Scheme | 1,118                 | 42,602                |
|                                      | <b>1,118</b>          | <b>115,192</b>        |

Outstanding contributions at 31 July 2022, included within creditors, were £nil (2021: £nil).

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was as at 31 March 2016 and as at 31 March 2019 for the LGPS.

## Notes to the financial statements

at 31 July 2022

### 26. Pension schemes (continued)

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#### The Teachers' Pension Scheme

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

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

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

Accordingly, the Group 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 Group has set out above the information available on the plan and the implications for the Group 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 2018/19). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2021-22 academic year which is detailed in note 2.

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 £7,497,000 (2021: £7,220,000).

## Notes to the financial statements

at 31 July 2022

### 26. Pension schemes (continued)

#### Local Government Pension Scheme - Tyne & Wear Pension Fund (TWPF)

The following disclosures relate to the funded liabilities of the Tyne and Wear Pension Fund (TWPF), an administering authority in the Local Government Pension Scheme (LGPS).

The LGPS is a defined benefit pension scheme. Benefits accrued from 1 April 2014 are based on career average revalued earnings (CARE); benefits accrued prior to 2014 are based on final salary.

Regular employer contributions to the Fund for the year ending 31 July 2023 are estimated to be £4,730,000. Additional contributions may also become due in respect of any employer discretions to enhance members' benefits in the Fund over the next accounting period.

Contribution rates from 1 April 2022 are:

| Full-time Equivalent Salary | Contribution rate per year |
|-----------------------------|----------------------------|
| Up to £15,000               | 5.50%                      |
| £15,001 to £23,600          | 5.80%                      |
| £23,601 to £38,300          | 6.50%                      |
| £38,301 to £48,500          | 6.80%                      |
| £48,501 to £67,900          | 8.50%                      |
| £67,901 to £96,200          | 9.90%                      |
| £96,201 to £113,400         | 10.50%                     |
| £113,401 to £170,100        | 11.40%                     |
| £170,101 or more            | 12.50%                     |

#### Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2022 by a qualified independent actuary

| TWPF   | At 31 July<br>2022 | At 31 July<br>2021 | At 31 July<br>2020 |
|--|--------------------|--------------------|--------------------|
| CPI Inflation                                  | 2.75%              | 2.70%              | 2.05%              |
| Rate of general long-term increase in salaries | 2.75%              | 2.70%              | 1.20%              |
| Rate of increase for pensions in payment       | 2.75%              | 2.70%              | 2.05%              |
| Rate of revaluation of pension accounts        | 2.75%              | 2.70%              | 2.05%              |
| Discount rate                                  | 3.60%              | 1.75%              | 1.65%              |

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

| TWPF                        | As at 31 July<br>2022<br>Years | As at 31 July<br>2021<br>Years |
|-----------------------------|--------------------------------|--------------------------------|
| <b>Retiring at 31 July</b>  |                                |                                |
| Males                       | 21.1                           | 21.1                           |
| Females                     | 24.5                           | 24.3                           |
| <b>Retiring in 20 years</b> |                                |                                |
| Males                       | 22.1                           | 22.0                           |
| Females                     | 25.6                           | 25.5                           |

## Notes to the financial statements

at 31 July 2022

### 26. Pension schemes (continued)

#### Local Government Pension Scheme - Tyne & Wear Pension Fund (TWPF) (continued)

The asset split in the scheme were:

| TWPF               | Asset split<br>at 31 July<br>2022<br>% | Asset split<br>at 31 July<br>2021<br>% |
|--------------------|--|--|
| Equities           | 53.8                                   | 56.3                                   |
| Property           | 11.1                                   | 7.9                                    |
| Government Bonds   | 1.6                                    | 2.0                                    |
| Corporate Bonds    | 18.6                                   | 19.6                                   |
| Multi Asset Credit | 4.4                                    | -                                      |
| Cash               | 1.8                                    | 4.0                                    |
| Other              | 8.7                                    | 10.2                                   |
| Total market value | <u>100.0</u>                           | <u>100.0</u>                           |

#### Reconciliation of funded status to Balance Sheet:

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

| TWPF   | As at 31 July<br>2022<br>£000 | As at 31 July<br>2021<br>£000 |
|--|-------------------------------|-------------------------------|
| Fair value of assets   | 176,850                       | 173,800                       |
| Present value of funded defined benefit obligation                         | <u>(168,920)</u>              | <u>(246,390)</u>              |
| Net pensions asset/(liability)   | 7,930                         | (72,590)                      |
| Less notional surplus not recognised                                       | <u>(7,930)</u>                | <u>-</u>                      |
| Net pensions asset/(liability) as recognised in these financial statements | <u>-</u>                      | <u>(72,590)</u>               |

As the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, the plan has a notional surplus. As management do not consider that NCG will be able to recover the surplus either through reduced contributions in the future or through refunds from the plan, the surplus has not been recognised in these financial statements in line with paragraph 28.22 of FRS102.

#### Analysis of the amount charged to the Statement of Comprehensive Income

| TWPF                 | Year ended<br>31 July 2022<br>£000 | Year ended<br>31 July 2021<br>£000 |
|----------------------|------------------------------------|------------------------------------|
| Current service cost | 12,290                             | 9,920                              |
| Past service cost    | 10                                 | -                                  |
| Interest cost        | <u>1,230</u>                       | <u>990</u>                         |
|                      | <u>13,530</u>                      | <u>10,910</u>                      |

## Notes to the financial statements at 31 July 2022

### 26. Pension schemes (continued)

#### Local Government Pension Scheme - Tyne & Wear Pension Fund (TWPF) (continued)

##### Changes to the present value of liabilities during the year

###### TWPF

|  | As at 31 July<br>2022<br>£000 | As at 31 July<br>2021<br>£000 |
|--|-------------------------------|-------------------------------|
| Opening defined benefit obligation       | 246,390                       | 207,110                       |
| Current service cost                     | 12,290                        | 9,920                         |
| Interest cost                            | 4,290                         | 3,400                         |
| Contributions by participants            | 1,490                         | 1,450                         |
| Actuarial (gains)/losses on liabilities* | (91,560)                      | 28,390                        |
| Net benefits paid out**                  | (3,990)                       | (3,880)                       |
| Past service cost                        | 10                            | -                             |
| Closing defined benefit obligation       | <u>168,920</u>                | <u>246,390</u>                |

##### Changes to the fair value of assets during the year

###### TWPF

|                                    | As at 31 July<br>2022<br>£000 | As at 31 July<br>2021<br>£000 |
|------------------------------------|-------------------------------|-------------------------------|
| Opening fair value of assets       | 173,800                       | 144,960                       |
| Interest income on assets          | 3,060                         | 2,410                         |
| Actuarial (losses)/gains on assets | (2,120)                       | 24,330                        |
| Contributions by the employer      | 4,610                         | 4,530                         |
| Contributions by participants      | 1,490                         | 1,450                         |
| Net benefits paid out              | (3,990)                       | (3,880)                       |
| Closing fair value of assets       | <u>176,850</u>                | <u>173,800</u>                |

##### Actual return on assets

###### TWPF

|                                    | Year ended<br>31 July 2022<br>£000 | Year ended<br>31 July 2021<br>£000 |
|------------------------------------|------------------------------------|------------------------------------|
| Interest income on assets          | 3,060                              | 2,410                              |
| Actuarial (losses)/gains on assets | (2,120)                            | 24,330                             |
| Actual return on assets            | <u>940</u>                         | <u>26,740</u>                      |

## Notes to the financial statements at 31 July 2022

### 26. Pension schemes (continued)

#### Local Government Pension Scheme - Tyne & Wear Pension Fund (TWPF) (continued)

##### History of asset values, present value of liabilities and deficit

| TWPF                                 | 2022<br>£000 | 2021<br>£000    | 2020<br>£000    | 2019<br>£000    | 2018<br>£000   |
|--------------------------------------|--------------|-----------------|-----------------|-----------------|----------------|
| Fair value of assets                 | 176,850      | 173,800         | 144,960         | 143,695         | 131,474        |
| Present value of liabilities         | (168,920)    | (246,390)       | (207,110)       | (169,359)       | (139,017)      |
| Less notional surplus not recognised | (7,930)      | -               | -               | -               | -              |
| Deficit                              | -            | <b>(72,590)</b> | <b>(62,150)</b> | <b>(25,664)</b> | <b>(7,543)</b> |

##### Sensitivity analysis

The approximate impact of changing the key assumptions on the present value of the funded defined benefit obligation as at 31 July 2022 and the projected service cost for the period ending 31 July 2022 is set out below:

| TWPF  | £000     | £000    | £000     |
|---|----------|---------|----------|
| Adjustment to discount rate                             | + 0.1%   | 0.0%    | - 0.1%   |
| Present value of total obligation                       | 164,870  | 168,920 | 172,970  |
| Projected service cost                                  | 5,930    | 6,190   | 6,460    |
| Adjustment to long term salary increase                 | + 0.1%   | 0.0%    | - 0.1%   |
| Present value of total obligation                       | 169,260  | 168,920 | 168,580  |
| Projected service cost                                  | 6,190    | 6,190   | 6,190    |
| Adjustment to pension increase and deferred revaluation | + 0.1%   | 0.0%    | - 0.1%   |
| Present value of total obligation                       | 172,640  | 168,920 | 165,200  |
| Projected service cost                                  | 6,460    | 6,190   | 5,930    |
| Adjustment to life expectancy assumptions               | + 1 year | None    | - 1 year |
| Present value of total obligation                       | 174,160  | 168,920 | 163,850  |
| Projected service cost                                  | 6,430    | 6,190   | 5,950    |

##### The McCloud/Sargeant Judgement

The McCloud and Sargeant cases relate to age discrimination within the Judicial and Fire Pension schemes, respectively. The valuation for 2020 included a McCloud 'underpin' liability within the current service cost, together with an allowance within the balance sheet reflecting service since the scheme reforms in 2014. For the July 2022 results the roll-forward method based on last year's results has continued to be used.

This method for valuing the McCloud remedy is closely aligned with the method proposed by MHCLG (Ministry of Housing, Communities & Local Government) in its consultation issued in July 2020. On 13 May 2021 MHCLG's written ministerial statement confirmed they would be proceeding with the key principles as laid out in that consultation, with a full government response to follow later in 2021. Subsequently the MHCLG has changed its name to the Department for Levelling Up, Housing and Communities (DLUHC).

## Notes to the financial statements

at 31 July 2022

### 26. Pension schemes (continued)

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#### Local Government Pension Scheme - Tyne & Wear Pension Fund (TWPF) (continued)

##### *GMP equalisation*

The GMP equalisation is where pension schemes are required to provide equal benefits to men and women after May 1990, which was the date of the Barber judgement. The approach used is to value full CPI inflation pension increases on GMPs of members whose State Pension Age is on or after 6 April 2016. This is an approximate method of recognising the cost of the Government's commitment to compensate public service scheme members from the removal of the Additional Pension element of the State Pension from this date, and for the outcome of the Lloyds judgement which found GMPs to be illegally sex discriminatory. Government has consulted on its approach to compensating affected members and announced on 23 March 2021 that it would adopt a long-term policy of uprating GMPs in line with CPI inflation for members whose State Pension Age (SPA) is on or after 6 April 2016. The consultation response recognised that this solution will not address all sex inequalities for a minority of members. Further guidance from DLUHC is expected on how they propose to deal with this, however there is no defined timetable in place for this.

##### *The Goodwin Ruling*

In June 2020 an Employment Tribunal ruled, in relation to the Teachers' Pension Scheme, that provisions for survivor's benefits of a female member in an opposite sex marriage are less favourable than for a female in a same sex marriage or civil partnership, and that treatment amounts to direct discrimination on grounds of sexual orientation. The chief secretary to the Treasury announced in a written ministerial statement on 20 July 2020 that he believed that changes would be required to other public service pension schemes with similar arrangements.

Those changes are yet to be reflected in the LGPS Regulations, or in the data that is received to calculate the FRS102 valuation from the Administering Authority, so therefore there has no allowance for this ruling in the above calculations.

#### Local Government Pension Scheme - London Pension Fund Authority (LPFA)

NCG participates in the London Pension Fund Authority (LPFA) Local Government Pension Scheme (LGPS). Non-teaching staff who work at the London Colleges will be offered membership into this LGPS fund.

The assets of the scheme are invested and managed independently of the finances of NCG. The pension costs relating to the schemes are calculated separately on the projected unit method and are assessed with the advice of a qualified actuary. The latest FRS102 actuarial assessment of this scheme was on 31 July 2022 and was carried out by Barnett Waddingham LLP, an independent actuary and the net liability at that point is estimated at £1,118,000.

The following disclosures relate to the funded liabilities of the London Pension Fund Authority (LPFA), an administering authority in the Local Government Pension Scheme (LGPS). The LGPS is a defined benefit pension scheme. Benefits accrued from the 1 April 2014 are based on career average revalued earnings (CARE); benefits accrued prior to 2014 are based on final salary.

## Notes to the financial statements at 31 July 2022

### 26. Pension schemes (continued)

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#### Local Government Pension Scheme - London Pension Fund Authority (LPFA) (continued)

Employee Contribution rates from 1 April 2022 are:

| Full-time Equivalent Salary | Contribution rate per year |
|-----------------------------|----------------------------|
| Up to £15,000               | 5.50%                      |
| £15,001 to £23,600          | 5.80%                      |
| £23,601 to £38,300          | 6.50%                      |
| £38,301 to £48,500          | 6.80%                      |
| £48,501 to £67,900          | 8.50%                      |
| £67,901 to £96,200          | 9.90%                      |
| £96,201 to £113,400         | 10.50%                     |
| £113,401 to £170,100        | 11.40%                     |
| £170,101 or more            | 12.50%                     |

#### *Impact of McCloud/ Sargeant Cases*

The results of the FRS102 valuation include an allowance to reflect the Court of Appeal judgement in respect of the McCloud and Sargeant cases which relate to age discrimination within the Judicial and Fire Pension schemes, respectively. This allowance was described in the previous accounting report and incorporated into the accounting results as at 31 July 2019. These results, including the allowance, have continued to be rolled forward and remeasured to obtain the accounting results as at 31 July 2022.

On 31 May 2021, the Government issued a ministerial statement on the proposed remedy to be applied to LGPS benefits in response to the McCloud and Sargeant cases. The actuaries do not believe there are any material differences between the approach underlying the estimated allowance and the proposed remedy. A more detailed analysis at this stage would require a significant volume of member data which is not yet available. Therefore, no further adjustment has been made in light of the expected changes to the Regulations in this report

#### *Impact of Guaranteed Minimum Pension Indexation and Equalisation*

As a result of the High Court's recent Lloyds ruling on the equalisation of GMPs between genders, a number of pension schemes have adjusted accounting disclosures to reflect the effect this ruling has on the value of pension liabilities. It is our understanding that HM Treasury have confirmed that the judgement "does not impact on the current method used to achieve equalisation and indexation in public service pension schemes". More information on the current method of equalisation of public service pension schemes can be found here.

On 23 March 2021, the Government published the outcome to its Guaranteed Minimum Pension Indexation consultation, concluding that all public service pension schemes, including the LGPS, will be directed to provide full indexation to members with a GMP reaching SPA beyond 5 April 2021. This is a permanent extension of the existing 'interim solution' that has applied to members with a GMP reaching SPA on or after 6 April 2016.

The actuary's valuation assumption for GMP is that the Fund will pay limited increases for members that have reached SPA by 6 April 2016, with the Government providing the remainder of the inflationary increase. For members that reach SPA after this date, it has been assumed that the Fund will be required to pay the entire inflationary increase. Therefore, no adjustments to the value placed on the liabilities have been made as a result of the above outcome.

## Notes to the financial statements at 31 July 2022

### 26. Pension schemes (continued)

#### Local Government Pension Scheme - London Pension Fund Authority (LPFA) (continued)

Employer contribution rates were fixed at 17.9% from April 2020 onwards.

The financial assumptions used to calculate the results are as follows:

| LPFA - NCG        | At 31 July<br>2022 | At 31 July<br>2021 |
|-------------------|--------------------|--------------------|
| Discount rate     | 3.55%              | 1.70%              |
| Salary increases  | 2.80%              | 2.70%              |
| Pension increases | 2.80%              | 2.70%              |

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

| LPFA - NCG                  | At 31 July<br>2022 | At 31 July<br>2021 |
|-----------------------------|--------------------|--------------------|
| <i>Retiring at 31 July</i>  |                    |                    |
| Males                       | 21.2               | 20.9               |
| Females                     | 23.8               | 23.5               |
| <i>Retiring in 20 years</i> |                    |                    |
| Males                       | 22.1               | 21.7               |
| Females                     | 25.2               | 24.9               |

#### Principal Actuarial Assumptions

The estimated asset allocation for NCG as at 31 July is as follows:

| LPFA - NCG              | At 31 July<br>2022<br>% | At 31 July<br>2021<br>% |
|-------------------------|-------------------------|-------------------------|
| Equities                | 56.8                    | 56.1                    |
| Target Return Portfolio | 21.7                    | 21.6                    |
| Infrastructure          | 10.5                    | 8.8                     |
| Property                | 9.8                     | 8.3                     |
| Cash                    | 1.2                     | 5.2                     |
|                         | <b>100.0</b>            | <b>100.0</b>            |

#### Net pension liability as at 31 July:

| LPFA - NCG                                      | 2022<br>£000   | 2021<br>£000    | 2020<br>£000    |
|---|----------------|-----------------|-----------------|
| Present value of the defined benefit obligation | (102,249)      | (141,204)       | (134,937)       |
| Fair value of Fund assets (bid value)           | 102,176        | 99,977          | 90,254          |
| Deficit   | (73)           | (41,227)        | (44,683)        |
| Present value of unfunded obligation            | (1,045)        | (1,375)         | (1,557)         |
| Net defined benefit liability                   | <b>(1,118)</b> | <b>(42,602)</b> | <b>(46,240)</b> |

## Notes to the financial statements at 31 July 2022

### 26. Pension schemes (continued)

#### Local Government Pension Scheme - London Pension Fund Authority (LPFA) (continued)

The amounts recognised in the Statement of Comprehensive Income are:

| LPFA - NCG                            | Year to 31<br>July 2022<br>£000 | Year to 31<br>July 2021<br>£000 |
|---------------------------------------|---------------------------------|---------------------------------|
| Service cost                          | 1,892                           | 1,839                           |
| Net interest on the defined liability | 716                             | 710                             |
| Administration expenses               | 130                             | 117                             |
|                                       | <b>2,738</b>                    | <b>2,666</b>                    |

#### Reconciliation of opening and closing balances of the present value of the defined benefit obligation

| LPFA - NCG   | At 31 July<br>2022<br>£000 | At 31 July<br>2021<br>£000 |
|--|----------------------------|----------------------------|
| Opening defined benefit obligation                     | 142,579                    | 136,494                    |
| Current service cost                                   | 1,892                      | 1,839                      |
| Interest cost  | 2,382                      | 2,079                      |
| Change in demographic assumptions                      | 892                        | (2,175)                    |
| Change in financial assumptions                        | (40,034)                   | 11,560                     |
| Experience loss/(gain) on defined benefit obligation   | 525                        | (2,393)                    |
| Estimated benefits paid net of transfers in            | (4,991)                    | (4,900)                    |
| Contributions by Fund participants and other employers | 247                        | 273                        |
| Unfunded pension payments                              | (198)                      | (198)                      |
| Closing defined benefit obligation                     | <b>103,294</b>             | <b>142,579</b>             |

#### Reconciliation of opening and closing balances of the fair value of Fund assets

| LPFA - NCG   | At 31 July<br>2022<br>£000 | At 31 July<br>2021<br>£000 |
|--|----------------------------|----------------------------|
| Opening fair value of Fund assets                        | 99,977                     | 90,254                     |
| Interest on assets                                       | 1,666                      | 1,369                      |
| Return on assets less interest                           | 4,668                      | 12,298                     |
| Administration expenses                                  | (130)                      | (117)                      |
| Contributions by employer including unfunded             | 937                        | 998                        |
| Contributions by Fund participants and other employers   | 247                        | 273                        |
| Estimate benefits paid plus unfunded net of transfers in | (5,189)                    | (5,098)                    |
| Closing fair value of Fund assets                        | <b>102,176</b>             | <b>99,977</b>              |

## Notes to the financial statements at 31 July 2022

### 26. Pension schemes (continued)

#### Local Government Pension Scheme - London Pension Fund Authority (LPFA) (continued)

##### Sensitivity analysis

The approximate impact of changing the key assumptions on the present value of the funded defined benefit obligation as at 31 July 2022 and the projected service cost for the period ending 31 July 2022 is set out below:

| LPFA - NCG  | £000     | £000    | £000     |
|---|----------|---------|----------|
| Adjustment to discount rate                             | + 0.1%   | 0.0%    | - 0.1%   |
| Present value of total obligation                       | 101,336  | 103,294 | 105,292  |
| Projected service cost                                  | 1,026    | 1,062   | 1,100    |
| Adjustment to long term salary increase                 | + 0.1%   | 0.0%    | - 0.1%   |
| Present value of total obligation                       | 103,332  | 103,294 | 103,256  |
| Projected service cost                                  | 1,063    | 1,062   | 1,062    |
| Adjustment to pension increase and deferred revaluation | + 0.1%   | 0.0%    | - 0.1%   |
| Present value of total obligation                       | 105,266  | 103,294 | 101,357  |
| Projected service cost                                  | 1,100    | 1,062   | 1,025    |
| Adjustment to life expectancy assumptions               | + 1 year | None    | - 1 year |
| Present value of total obligation                       | 107,492  | 103,294 | 99,268   |
| Projected service cost                                  | 1,104    | 1,062   | 1,022    |

##### Remeasurement of the defined benefit pension liability

| LPFA - NCG  | Year to 31<br>July 2022<br>£000 | Year to 31<br>July 2021<br>£000 |
|---|---------------------------------|---------------------------------|
| Return on Fund assets in excess of interest                   | 4,668                           | 12,298                          |
| Change in financial assumptions                               | 40,034                          | (11,560)                        |
| Change in demographic assumptions                             | (892)                           | 2,175                           |
| Experience loss on defined benefit obligation                 | (525)                           | 2,393                           |
| <b>Remeasurement of the defined benefit pension liability</b> | <b>43,285</b>                   | <b>5,306</b>                    |

##### Projections for the year to 31 July 2022

| LPFA - NCG                            | £000         |
|---------------------------------------|--------------|
| Service cost                          | 1,062        |
| Net interest on the defined liability | 23           |
| Administration expenses               | 133          |
|                                       | <b>1,218</b> |
| Employer contributions                | 747          |

## Notes to the financial statements at 31 July 2022

### 27. Related party transactions

Due to the nature of NCG operations and the composition of the Corporation (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 NCG's financial regulations and normal procurement procedures.

Travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity:

|   | As at 31 July<br>2022<br>£000 | As at 31 July<br>2021<br>£000 |
|---|-------------------------------|-------------------------------|
| <b>Payments paid to or on behalf of Governors</b> |                               |                               |
| - Corporation                                     | 5                             | 1                             |
| - Local college boards                            | 2                             | 1                             |
|   | <u>7</u>                      | <u>2</u>                      |
| <b>Number of governors</b>                        | <b>No.</b>                    | <b>No.</b>                    |
| - Corporation                                     | 10                            | 4                             |
| - Local college boards                            | 3                             | 1                             |
|   | <u>13</u>                     | <u>5</u>                      |

Peter Lauener is the chair of the Construction Industry Training Board (CITB); NCG delivers training to CITB's learners. At 31 July 2022, a net position of £nil (2021: £7,000) was due to NCG from CITB, with transactions during the year totalling £48,000 (2021: £250,000) sales ledger and £2,000 (2021: £nil) purchase ledger.

He also holds the position of Chair of the Board of the SLC. SLC provides loans to eligible learners to fund their studies with NCG and the money to settle the fees is received directly from the SLC. At 31 July 2022, £69,000 (2021: £20,000) was due to NCG from SLC, with transactions during the year totalling £15,031,000 (2021: £16,805,000).

Newcastle College Student's Union (SU) is a separate entity from NCG. During the year a £30,000 grant (2021: £30,000) was approved. There are various transactions which NCG pays for on behalf of the SU, which are then reimbursed. The transactions during the year were £30,000 (2021: £30,000) payable to the SU and £31,000 (2021: £23,000) due from the SU, and at 31 July 2022 the outstanding balance due to NCG was £31,000 (2021: £nil).

One board member is company director of Robertsons Facilities Management. At 31 July 2022, there was no balance due to or owed by NCG (2021: £nil), with transactions during the year totaling £806,000 (2021: £3,098,000).

One member of the board is a partner of Armstrong Watson LLP. There were transactions during the year totaling £3,000 (2021: £6,000) with no balance due to or owed by NCG at 31 July 2022 (2021: £nil).

During the year, the Finance Director for NCG North was a director of Cumbria Colleges Limited. Carlisle College has given a guarantee of £25,000 in the event of Cumbria Colleges Limited entering into insolvent liquidation. During the period, no transactions were undertaken between NCG and Cumbria Colleges Limited.

The Executive Director and Secretary to the Board is the chair of One Awards a charity offering access to Higher Education Diplomas, Accreditation services and training to learning providers. NCG had £1,000 owing at 31 July 2022 (2021: £nil) and there were transactions during the year of £20,000 (2021: £25,000).

In the prior year, one of the college board members was the Managing Partner and Shareholder of Muckle LLP. At 31 July 2021, the balance due from NCG to this organisation was £2,000, with transactions during the year totaling £134,000. The board member left his position on the local college board at the end of July 2021.

A member of the corporation was a Commissioner with the Port of Blyth (Blyth Harbour Commission) for the year ending 31 July 2021. There was no balance owed to the organisation at that date however there were transactions of £48,000 throughout the year. The member of the corporation is no longer a Commissioner with the Port of Blyth.

## Notes to the financial statements at 31 July 2022

### 28. Amounts disbursed as agent

|  | As at 31 July<br>2022<br>£000 | As at 31 July<br>2021<br>£000 |
|--|-------------------------------|-------------------------------|
| ESFA 16-19 bursary                               | 1,982                         | 2,037                         |
| ESFA 16-19 Vulnerable bursary                    | 317                           | 234                           |
| ESFA Advanced Learner Loans bursary              | 616                           | 1,107                         |
| Other funding body grants                        | <u>252</u>                    | <u>370</u>                    |
|  | 3,167                         | 3,748                         |
| Disbursed to students                            | (2,890)                       | (2,097)                       |
| Administration costs                             | <u>(106)</u>                  | <u>(100)</u>                  |
| Balance unspent at 31 July included in creditors | <u><u>171</u></u>             | <u><u>1,551</u></u>           |

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

### 29. Events after the reporting period

#### Reclassification of the Further Education Sector

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.

#### Incorporation of NCG Foundation Limited

On 28 November 2022, a company limited by guarantee was created called NCG Foundation Limited. NCG is the sole member of this company.

## Notes to the financial statements

at 31 July 2022

### Glossary

| Acronym | Meaning   |
|---------|---|
| AEB     | Adult Education Budget  |
| AoC     | Association of Colleges   |
| AV      | Audio Visual  |
| CARE    | Career Average Related Earnings                                   |
| CJRS    | Coronavirus Job Retention Scheme                                  |
| CPD     | Continuing Professional Development                               |
| DfE     | Department for Education  |
| DLUHC   | Department for Levelling Up, Housing and Communities              |
| EBITDA  | Earnings before Interest, Taxation, Depreciation and Amortisation |
| EDIB    | Equality, diversity, inclusion and belonging                      |
| ESFA    | Education and Skills Funding Agency                               |
| ESOL    | English for Speakers of Other Languages                           |
| FE      | Further Education   |
| GMP     | Guaranteed Minimum Pensions                                       |
| HE      | Higher Education  |
| KPIs    | Key Performance Indicators  |
| I&A     | Instrument and Articles of Government                             |
| LED     | Light emitting diode  |
| LGPS    | Local Government Pension Scheme                                   |
| LIBOR   | London Inter Bank Offered Rate                                    |
| MHCLG   | Ministry of Housing, Communities & Local Government               |
| OfS     | Office for Students   |
| Ofsted  | Office for Standards in Education, Children's Services and Skills |
| ONS     | Office for National Statistics                                    |
| QAA     | Quality Assurance Agency for Higher Education                     |
| SAR     | Self-Assessment Report  |
| SDF     | Strategic Development Fund  |
| SLC     | Student Loans Company   |
| SORP    | Statement of Recommended Practice                                 |
| SPA     | State Pension Age   |
| SPH     | Senior Post Holders   |
| SU      | Newcastle College Student's Union                                 |
| TPS     | Teachers' Pension Scheme  |
| TWPF    | Tyne and Wear Pension Fund  |
| VAT     | Value Added Tax   |

# Independent auditor's report on regularity

## to the Corporation of NCG and the Secretary of State for Education, acting through Education and Skills Funding Agency ("ESFA")

In accordance with the terms of our engagement letter dated 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 NCG 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 NCG 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 NCG 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 NCG and the ESFA for our work, for this report, or for the conclusion we have formed.

### Respective responsibilities of NCG and the reporting accountant

The corporation of NCG 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.
- Obtained the policy for personal gifts and/or hospitality.
- Obtained the register of personal interests.

## Independent auditor's report on regularity

to the Corporation of NCG and the Secretary of State for Education, acting through Education and Skills Funding Agency ("ESFA")

- 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.

Signed: 

Mazars LLP

Date: 27/01/2023

# Appendix 1

## Local College Boards

The members who served on the Local College Boards during the year and up to the date of signature of NCG report and financial statements are as listed in the tables below:

| Carlisle College Board |        |              |                         |                       |                   |                   |
|------------------------|--------|--------------|-------------------------|-----------------------|-------------------|-------------------|
| Name                   | Appt.  | End of Appt. | Category of Appointment | Reappointment Details | Meetings attended | Out of a possible |
| Sarah McGrath          | May-21 | N/A          | Principal               |                       | 6                 | 6                 |
| Darren Crossley        | Mar-17 | Mar-24       | Independent (Chair)     | Mar 20 – Mar 24       | 6                 | 6                 |
| Stephen Gilby          | Jul-18 | Jul-25       | Independent             | Jul 21 – Jul 25       | 3                 | 6                 |
| Brian Hough            | Dec-17 | Dec-24       | Independent             | Dec 20 – Dec 24       | 5                 | 6                 |
| Chetna Reay            | Jul-19 | Jul-23       | Independent             |                       | 3                 | 6                 |
| Nigel Woodcock         | Jul-19 | Jul-23       | Independent             |                       | 3                 | 6                 |
| Andrew Abernethy       | Jul-19 | Jul-23       | Independent             |                       | 6                 | 6                 |
| Julie Mennell          | May-22 | May-26       | Independent             |                       | 1                 | 1                 |
| Husamettin Kocaturkmen | Feb-22 | Feb-24       | Staff                   |                       | 3                 | 4                 |
| Ewan Nicholson         | Feb-22 | Jul-22       | Student                 |                       | 2                 | 3                 |
| Kimberley Ruddick      | Oct-18 | Oct-21       | Staff                   |                       | 1                 | 1                 |

| Kidderminster College Board |        |              |                             |                       |                   |                   |
|-----------------------------|--------|--------------|-----------------------------|-----------------------|-------------------|-------------------|
| Name                        | Appt.  | End of Appt. | Category of Appointment     | Reappointment Details | Meetings attended | Out of a possible |
| Cat Lewis                   | Jan-21 | N/A          | Principal                   |                       | 5                 | 5                 |
| John Widdowson              | Sep-21 | Dec-22       | Independent (Interim Chair) |                       | 5                 | 5                 |
| Craig Fenney                | Mar-20 | Jan -21      | Independent                 |                       | 2                 | 2                 |
| Cathy Shaw                  | Mar-20 | Mar-24       | Independent                 |                       | 5                 | 5                 |
| Janak Patel                 | Nov-20 | Nov-24       | Independent                 |                       | 4                 | 5                 |
| David Morton                | Mar-21 | May-22       | Independent                 |                       | 2                 | 5                 |
| Simon Hyde                  | Mar-21 | Mar-25       | Independent                 |                       | 4                 | 5                 |
| Dale Parmenter              | May-21 | May-25       | Independent                 |                       | 3                 | 5                 |
| Claire Wanless              | Oct-21 | Oct-23       | Staff                       |                       | 5                 | 5                 |
| Rachael Parsons             | Oct-21 | Jul-21       | Student                     |                       | 4                 | 5                 |
| Lisa Gregg                  | Jul-22 | Jul-26       | Independent                 |                       | 0                 | 0                 |
| Peter Gennard               | Oct-19 | Oct-21       | Staff                       |                       | 1                 | 1                 |

# Appendix 1

## Local College Boards (continued)

| Lewisham College Board |        |              |                         |                       |                   |                   |
|------------------------|--------|--------------|-------------------------|-----------------------|-------------------|-------------------|
| Name                   | Appt.  | End of Appt. | Category of Appointment | Reappointment Details | Meetings attended | Out of a possible |
| Asfa Sohail            | N/A    | Dec-21       | Principal               |                       | 2                 | 2                 |
| Gerard Garvey          | Dec-21 | N/A          | Interim Principal       |                       | 4                 | 4                 |
| Simon Russell          | May-20 | May-24       | Independent (Chair)     |                       | 6                 | 6                 |
| Lekhnath Pandey        | May-15 | May-23       | Independent             | Jan 20 – May 23       | 3                 | 3                 |
| Hilary Moore           | Dec-14 | Dec-22       | Independent             | Jan 20 – Dec 22       | 3                 | 6                 |
| Linlin Jin             | Jan-20 | Dec-23       | Independent             |                       | 4                 | 6                 |
| Phoebe Juggins         | Feb-20 | Feb-24       | Independent             |                       | 6                 | 6                 |
| Olivia Gowie           | Feb-20 | Jul-22       | Independent             |                       | 4                 | 6                 |
| Edward Dent            | May-20 | May-21       | Independent             |                       | 1                 | 4                 |
| Robin Landman          | Nov-20 | Jul-22       | Independent             |                       | 4                 | 6                 |
| Deavon Baker-Oxley     | Nov-20 | Nov-24       | Independent             |                       | 6                 | 6                 |
| Jane Hoyle             | Dec-19 | Dec-21       | Staff                   |                       | 3                 | 3                 |
| Garineh Mirzaei        | Dec-21 | Dec-23       | Staff                   |                       | 3                 | 4                 |
| Fiona Fraser           | Oct-20 | Oct-22       | Staff                   |                       | 5                 | 6                 |
| Vijay Bissessur        | Feb-22 | Jul-22       | Student                 |                       | 2                 | 3                 |

| Newcastle College Board |        |              |                         |                       |                   |                   |
|-------------------------|--------|--------------|-------------------------|-----------------------|-------------------|-------------------|
| Name                    | Appt.  | End of Appt. | Category of Appointment | Reappointment Details | Meetings attended | Out of a possible |
| Scott Bullock           | N/A    | N/A          | Principal               |                       | 6                 | 6                 |
| Alex Turner             | Jul-19 | Jul-23       | Independent (Chair)     |                       | 6                 | 6                 |
| Sue McArdle             | Nov-17 | Nov-21       | Independent             | Nov 19 to Nov 21      | 1                 | 1                 |
| Lynne Shaw              | Nov-17 | Nov-24       | Independent             | Nov 20 to Nov 24      | 5                 | 6                 |
| Jonathan Eaton          | Feb-20 | Feb-24       | Independent             |                       | 5                 | 6                 |
| Val Bailey              | May-19 | Jan-21       | Independent             |                       | 2                 | 3                 |
| David Pearson           | Nov-20 | Nov-24       | Independent             |                       | 3                 | 6                 |
| David Lowes             | Sep-18 | Sep-21       | Staff                   |                       | 0                 | 0                 |
| Minerva Peace Eweka     | Feb-21 | Feb-22       | Student                 |                       | 2                 | 5                 |
| Peter Monaghan          | Sep-21 | Jan-21       | Staff                   |                       | 2                 | 2                 |
| Stephen Ireland         | Mar-22 | Mar-22       | Staff                   |                       | 1                 | 1                 |
| Lucy Hall               | Jul-22 | Jun-23       | Student                 |                       | 1                 | 1                 |
| Emma Campbell           | May-22 | May-24       | Staff                   |                       | 2                 | 2                 |

## Appendix 1

### Local College Boards (continued)

| Newcastle Sixth Form College Board |        |              |                         |                       |                   |                   |
|------------------------------------|--------|--------------|-------------------------|-----------------------|-------------------|-------------------|
| Name                               | Appt.  | End of Appt. | Category of Appointment | Reappointment Details | Meetings attended | Out of a possible |
| Gerard Garvey                      | N/A    | Dec-21       | Principal               |                       | 2                 | 2                 |
| Simon Ross                         | Dec-21 | N/A          | Interim Principal       |                       | 4                 | 4                 |
| Geoff Phillips                     | Feb-18 | Feb-25       | Independent (Chair)     | Feb 21 – Feb 25       | 6                 | 6                 |
| Paul Atkinson                      | Dec-18 | Jul-22       | Independent             | Dec 21 – Jul 22       | 4                 | 6                 |
| Lesley Pender                      | Sep-19 | Sep-23       | Independent             |                       | 4                 | 6                 |
| Suzanne Crozier                    | Dec-18 | Jul-22       | Independent             | Aug 20 – Jul 22       | 5                 | 6                 |
| Alan Hodgkiss                      | Oct-21 | Oct-25       | Independent             |                       | 4                 | 5                 |
| Jack Garrett                       | Oct-21 | Oct-25       | Independent             |                       | 2                 | 5                 |
| James Widmer                       | Feb-22 | Jul-23       | Parent                  |                       | 2                 | 3                 |
| Elliot Luke                        | Nov-20 | Sept-21      | Staff                   |                       | 0                 | 0                 |
| Laura Holwick                      | Oct-21 | Jul-21       | Staff                   |                       | 0                 | 5                 |
| Stephen Joel                       | Jul-22 | Jul-24       | Staff                   |                       | 0                 | 0                 |
| Helen Chong                        | Mar-21 | Mar-22       | Student                 |                       | 2                 | 3                 |
| Emily Shord                        | Mar-21 | Mar-22       | Student                 |                       | 1                 | 3                 |
| Matthew May                        | Mar-22 | Mar-23       |                         |                       | 2                 | 3                 |

| Southwark College Board |        |              |                         |                       |                   |                   |
|-------------------------|--------|--------------|-------------------------|-----------------------|-------------------|-------------------|
| Name                    | Appt.  | End of Appt. | Category of Appointment | Reappointment Details | Meetings attended | Out of a possible |
| Annette Cast            | N/A    | Jul-22       | Principal               |                       | 6                 | 6                 |
| Kim Caplin              | Sep-20 |              | Independent (Chair)     |                       | 5                 | 6                 |
| Elaine Hawkins          | Dec-14 | Dec-22       | Independent             | Jan 20 – Dec 22       | 5                 | 6                 |
| John Jeffcock           | Feb-20 | Feb-24       | Independent             |                       | 5                 | 6                 |
| Holly Roberts-Harry     | Feb-21 | Feb-25       | Independent             |                       | 6                 | 6                 |
| Smith Kusi              | Feb-21 | May-22       | Independent             |                       | 3                 | 4                 |
| Roy Senoga              | Feb-21 | Feb-25       | Independent             |                       | 5                 | 6                 |
| Jasmine Ali             | May-21 | May-25       | Independent             |                       | 5                 | 6                 |
| Austen Atkinson         | May-22 | May-26       | Independent             |                       | 2                 | 2                 |
| Jo Young                | May-22 | May-26       | Independent             |                       | 2                 | 2                 |
| Martha Mackenzie        | May-22 | May-26       | Independent             |                       | 2                 | 2                 |
| Damien Williams         | Feb-20 | Feb-22       | Staff                   |                       | 2                 | 3                 |
| Hannah D'aguiar         | Feb-22 | Feb-24       | Staff                   |                       | 2                 | 3                 |
| Georgia Russell         | Mar-22 | Mar-24       | Staff                   |                       | 3                 | 3                 |
| Cheffon White-Mcleod    | Mar-22 | Jul-22       | Student                 |                       | 2                 | 3                 |

## Appendix 1

### Local College Boards (continued)

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| West Lancashire College Board |        |              |                         |                       |                   |                   |
|-------------------------------|--------|--------------|-------------------------|-----------------------|-------------------|-------------------|
| Name                          | Appt.  | End of Appt. | Category of Appointment | Reappointment Details | Meetings attended | Out of a possible |
| Denise Williamson             | N/A    | N/A          | Principal               |                       | 4                 | 4                 |
| Mark Whitworth                | Jan-18 | Jan-25       | Independent (Chair)     | Jan 21 – Jan 25       | 4                 | 4                 |
| Paula Gamester                | Nov-19 | Nov-23       | Independent             |                       | 3                 | 4                 |
| Rebecca Butcher               | Nov-20 | Nov-24       | Independent             |                       | 4                 | 4                 |
| Jane Galbraith                | Mar-19 | Mar-23       | Independent             |                       | 3                 | 4                 |
| Mike Maguire                  | Jun-19 | Jan-21       | Independent             |                       | 0                 | 1                 |
| Jackie Moran                  | Feb-22 | Feb-26       | Independent             |                       | 1                 | 2                 |
| Jual Bercial                  | Feb-22 | Feb-24       | Staff                   |                       | 2                 | 2                 |
| Leonie Darby                  | Feb-20 | Feb-22       | Staff                   |                       | 2                 | 2                 |
| Bethany Richman               | Apr-21 | Apr-22       | Student                 |                       | 1                 | 3                 |