



REPORT AND FINANCIAL STATEMENTS

31 JULY 2025

CONTENTS

Reference and administrative details	2
Strategic Report	5
Statement of corporate governance and internal control	30
Statement on regularity, propriety and compliance	48
with funding body terms and conditions of funding	
Statement of responsibility of the members of the corporation	49
Independent auditor's report to the members of NCG	52
Financial Statements	54
Independent auditor's report on regularity	94
Glossary	96

REFERENCE AND ADMINISTRATIVE DETAILS

BOARD OF GOVERNORS:

John Widdowson
Vikki Smith
Chris McCourt
Rob Holt
Darren Crossley
Lisa Gregg
Louise Humpish
Joanne Marshall
Rachel Taylor (resigned September 2025)
Chris Wigginton
Andrew Young
Sally McMahon (appointed November 2024)
Chris Byrne (appointed November 2024)
Karrar Swadi (appointed December 2024)
Conor Allen (appointed December 2024)
Ian Dunn (appointed July 2025)
Raghu Vydyanath (appointed July 2025)
Andrew Forrest (appointed July 2025)
Paul Fitton (appointed July 2025)
Shirley Atkinson (resigned June 2025)
Kevin Stach (resigned November 2024)
Charlotte Croffie (resigned February 2025)
Liz Bromley

ADDRESS

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



KEY MANAGEMENT PERSONNEL

Job Title	Name
Chief Executive Officer	Liz Bromley
Chief Finance Officer	Lisa Sproats
Chief Information, Data and Estates Officer	Scott Mulholland
Executive Director of Quality	Steve Wallis
Executive Principal – Curriculum	Tony Lewin
Executive Principal – People and Culture	Gerard Garvey
Principal – Carlisle College	Sarah McGrath
Principal – Kidderminster College	Cat Lewis
Principal – Lewisham College	Jamie Stevenson
Principal – Newcastle College	Jon Ridley
Principal – Newcastle Sixth Form College	Simon Ross
Principal – Southwark College	Jane Button
Principal – West Lancashire College	Christian Thersby

Resigned During the Academic Year

Job Title	Name
Principal - Newcastle College	Scott Bullock

PROFESSIONAL ADVISERS

INDEPENDENT AUDITOR

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

SOLICITORS

Muckle LLP
32 Gallowgate
Newcastle upon Tyne
NE1 1DF

Ward Hadaway LLP
Sandgate House
102 Quayside
Newcastle Upon Tyne
NE1 3DX

BANKERS

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

OTHER PROFESSIONAL ADVISERS

Internal auditors:	RSM Risk Assurance Services LLP
Insurance brokers:	Arthur J. Gallagher (formerly known as FE Protect)
Property valuers:	Lambert Smith Hampton, JLL (Leeds) and Sanderson Weatherall
Pension advisers:	Aon
Tax Advisers:	Deloitte LLP
HE Advisers:	Eversheds Sutherland LLP

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 2025.

LEGAL STATUS

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 a range of vocational and technical courses and apprenticeships for young people and adults.

Kidderminster College is a further education college based in Worcestershire. The college provides technical and vocational education programmes and apprenticeships for young people, adult and community and High Needs Learners in the Wyre Forest and more widely across Worcestershire and the West Midlands.

Lewisham College is a Further Education college based in inner South-East London. The college provides a wide range of vocational, English and maths programmes from entry to level 3, for 14-16, 16-18 and 19 plus individuals.

Newcastle College is a large general further education college comprising substantial education programmes for young people, adult and community, apprentices and High Needs Funded Learners. 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 central South London with modern facilities delivering technical training and vocational education from entry level to level 3 for adults and 16-18, including significant English, maths and ESOL provision for all learner types.

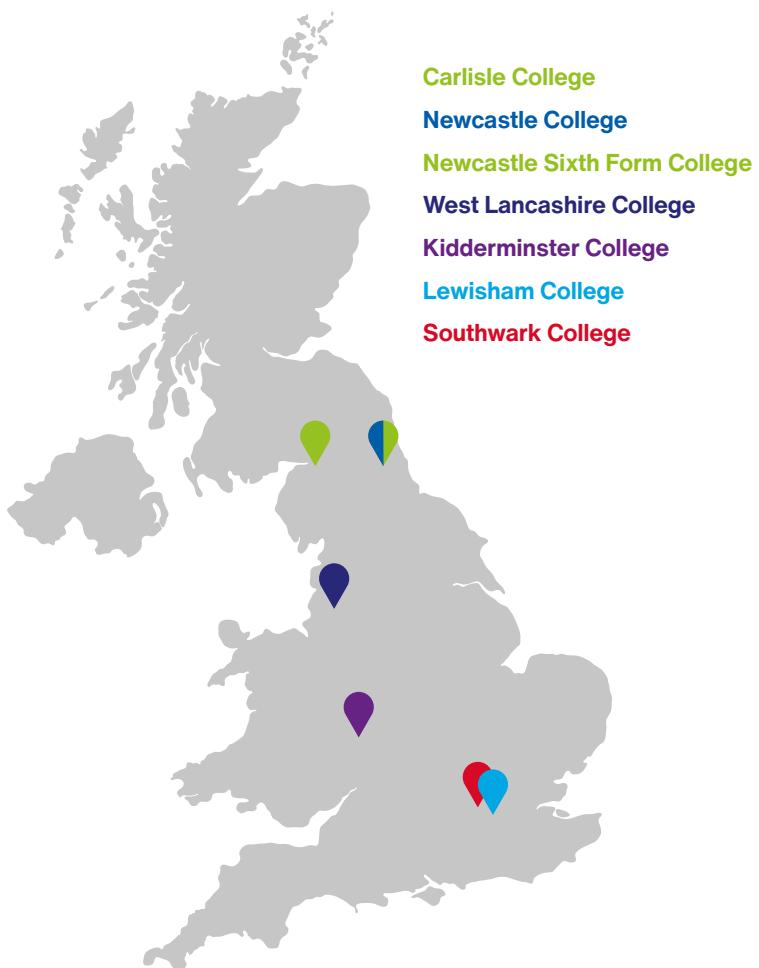
West Lancashire College is a further education college based in Skelmersdale, West Lancashire offering a range of school leaver, adult, apprenticeship and professional qualifications.

PUBLIC BENEFIT

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 31 to 33.

In setting and reviewing NCG's strategy, the Governing Body has had due regard for the Charity Commission's guidance on Charitable Purposes and 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 are covered throughout the strategic report.



Continued on next page

STRATEGIC REPORT

STRATEGY AND OBJECTIVES

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 where we operate**
-

The Towards 2030 strategy was reviewed and refreshed early in the 2024/25. The implementation of the strategy is supported by local college strategies that align to the NCG Strategy which were reviewed and approved by the Corporation in July 2025. In addition to the college strategies, NCG produces its annual Accountability Plan (part 2) which sets out specific strategic objectives for NCG and for each college to support the NCG strategy and local, regional and national skills needs.

Continued on next page



STRATEGIC REPORT

STAKEHOLDERS

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 support

Partner schools and universities

The wider communities that we are based in

Local borough councils, combined authorities, Local Enterprise Partnerships and Chambers of Commerce that surround our colleges

Ofsted, the Education and Skills Funding Agency (prior to March 2025), the Department for Education (post March 2025), the Office for Students and the Quality Assurance Agency.

HSBC, Lloyds Bank, Santander and Barclays Bank



STRATEGIC REPORT

PEOPLE

At NCG, we have a distinct set of organisational values that value and empower our people by:

**BEING BOTH INCLUSIVE
AND DIVERSE**

**TRUSTING AND RESPECTING
OUR COMMUNITIES**

**TAKING OWNERSHIP WHILST
WORKING COLLABORATIVELY**

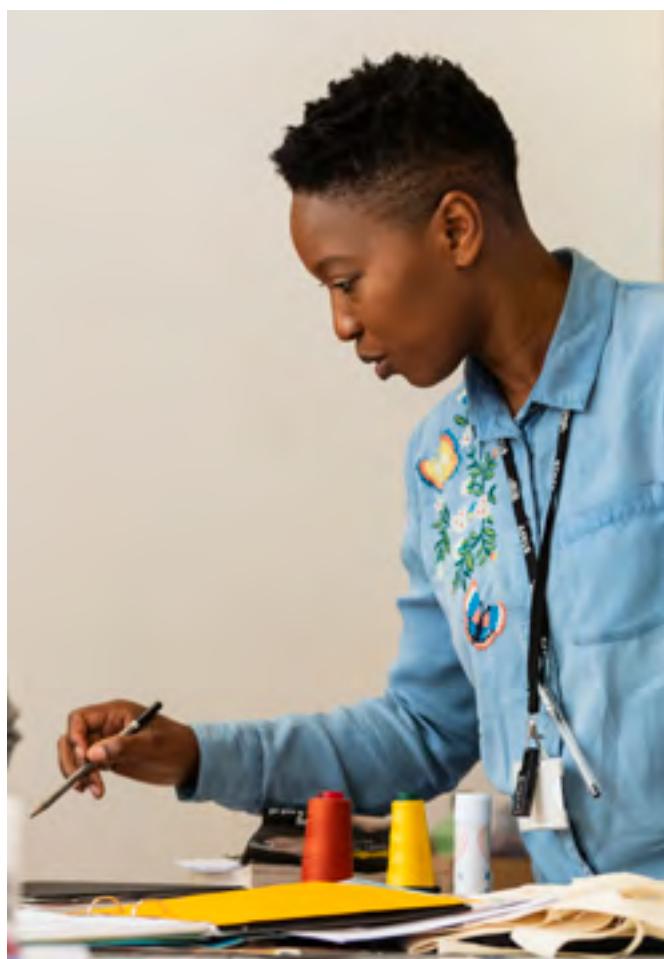
**INSPIRING EXCELLENCE
AND CURIOSITY**

Our values underpin the culture and beliefs of our organisation, fostering a sense of pride in working for NCG.

In 2023 we launched the NCG People Plan which makes clear our commitments to promoting staff recruitment, retention and development and our ambitions to become educational employer of choice in the areas we serve. As part of this, we have begun a harmonisation project which includes the implementation of a job evaluation system to ensure equity across all of our colleges and professional services.

In 2024, we established a People and Culture Committee of the NCG Corporation to provide assurance on our strategic approach and operational impact.

NCG employed 2,596 people (expressed using average headcount calculation) in 2025 (2024: 2,598) of whom 1,402 are teaching (2024: 1,408). The number of teaching staff includes those delivering all forms of training.



STRATEGIC REPORT

DEVELOPMENT AND PERFORMANCE

DEVELOPMENTS

The impact of being back in the public sector continues to challenge our established ways of working. This is emphasised in the regions where there are new Mayoral Combined Authorities, all seeking to establish their boundaries, priorities and stakeholders.

The election of a Labour government has given us the opportunity to make a significant contribution to the national strategy across each of the Five Missions. NCG and its colleges will help kick start each of the local economies where we operate, contributing to national economic growth as we deliver the education and training needed by both current and future workforces. Our Energy Academy and green curriculum will contribute to Britain's ambition to becoming a clean energy superpower, whilst our broad health and social care provision will provide a pipeline to the NHS at every level. Our social mission and high expectations of our learners in our colleges will support greater safety on the streets, and our very ethos is to break down barriers and create opportunity. As 'One NCG' we have local plans in place, in line with our Strategy Towards 2030, which ensure that, wherever we operate, we are fit for purpose, fit for place, focused on the communities we serve and with the Government's mission based priorities.

One NCG continues to deliver high-quality learning opportunities by sharing the very best practice from across our colleges and the wider sector, using communities of practice. Our colleges continue to work with efficient, standardised processes which retain the flexibility needed to be locally responsive. This has enabled our colleges to focus on the delivery of education and training to meet the skills needed for employment. The curriculum offer has been reviewed and realigned to the local and national skills priorities, and we continue to monitor the effectiveness of new qualifications such as T-levels. We continue to prioritise investment into curriculum areas that are responding to local priorities.

Effective management of our finances, particularly through cost control, and seeking opportunities for sustainable growth, has ensured we have a balanced budget, cash reserves, and a clear vision for an infrastructure plan to be delivered over the coming years.

Ofsted conducted an enhanced inspection of all NCG Colleges in November 2024, the last one that we will have under the Education Inspection Framework (EIF). Colleges have not been included in the change that Ofsted introduced earlier in the year to complete a score card rather than give a one-word judgement, so in our case we had to present a consistent level of quality across each of our seven colleges to achieve the single judgement of 'Good'. Our continued focus on performance and accountability underpins our delivery of 'exceptional education' for learners, and this has ensured our grade of 'Good' overall and 'Reasonable' for our integrated skills provision (against a possible range of 'limited', 'reasonable' and 'strong'). Feedback indicated that NCG colleges have travelled a good distance in terms of quality provision and consistency since the previous inspection in 2022.

We were particularly pleased that our one remaining 'Requires Improvement' judgement pertaining to our Apprenticeship delivery has moved into the category of 'Good', and as with all our provision, we will continue to improve our practice and processes as we continue with our theme of being 'Ambitious for Outstanding'.

STRATEGIC REPORT

DEVELOPMENT AND PERFORMANCE (CONTINUED)

DEVELOPMENTS (CONTINUED)

NCG has made progress in many areas:

- NCG has introduced a 'place-based' governance model built around college boards that represent Employers, Education providers, Civic Institutions and the Community which ensures a curriculum offer that meets the local and regional skills needs. We have repopulated our college boards with a number of well qualified new members, and have considerably increased the size and skills base of our Corporation Board.
- We will continue to work on a number of improvement themes throughout the 2025/26 academic year as identified and detailed in the Self-Assessment Report. Most notable are the challenges of developing literacy and numeracy in our learners and improving attendance.
- The Curriculum and Quality Plan has been developed to ensure a higher degree of consistency around the organisation, based on a number of professional expectations and standards. This runs in tandem with the streamlining of processes and associated policies to reduce workload and improve efficiency.

Higher Education

- NCG's National Student Survey (NSS) outcomes for 2025 show that we are broadly in line with benchmark in four out of the five TEF metrics: teaching quality, assessment and feedback, student voice and learning resources. In relation to learning resource this metric demonstrates a significant improvement in NCGs NSS score after

significant investment in recent years, moving us from a significantly under benchmark position to one broadly in line with benchmark. The final TEF metrics, Academic Support, remains above benchmark noting NCGs strong pastoral support off for our students. It is important to note that NCG sector benchmark levels have risen significantly, with increases between 3.1% and 7.9% across all question themes.

- In 2024/25 NCG continued to expand its HE partnership portfolio with providers outside of NCG to support the OfS drive to widen access to Higher Education in England for students that are less likely to obtain a place through more traditional routes. This academic year saw further growth with our existing two partners Organisational Learning Centre and Elizabeth School London in terms of student volume. We also onboarded a third partner, CECOS College London for a modest level 6 only offer.
- We have continued to invest in developing NCG's estate. During 2024/25, we upgraded our teaching facilities and learning spaces in Childcare, Business, Travel and Tourism, and Aviation, transforming both the aesthetics of the spaces and the technology utilised across these areas. In addition, we have strengthened our Engineering department through significant investment in specialist facilities and state-of-the-art, industry-standard equipment. This ensures students develop the skills required for their future careers using the same tools and technologies found in the workplace.

Learner numbers for NCG are as follows:

	Year ended 31 July 2025	Year ended 31 July 2024
	Total	Total
16-19 Classroom Learners	13,578	12,835
Classroom Based Adult Learners	15,208	17,921
Apprentices	1,492	1,600
HE Learners	4,303	3,272
	<hr/>	<hr/>
	34,581	35,628
	<hr/>	<hr/>

Achievement rates for 16-19 classroom learners were 85.9% (2024: 84.4%), classroom based adult learners was 89.5% (2024: 88.0%) and apprentices were 71.3% (2024: 63.7%)

STRATEGIC REPORT

DEVELOPMENT AND PERFORMANCE (CONTINUED)

FINANCIAL RESULTS

Key Performance Indicators

	Year ended 31 July 2025	Year ended 31 July 2024
Adjusted Current Ratio*	1.92	1.65
EBITDA as a percentage of Adjusted Income – education specific**	3.69%	3.37%
Borrowing as a percentage of Adjusted Income**	4.07%	5.34%
Financial Health	Good	Good

* Adjusted Current Ratio is calculated as: (Current Assets – Restricted Cash) / (Current Liabilities – Capital Grants Due in less than one year – Accrual for Holiday and Sabbatical Pay).

** Adjusted Income is calculated as Total Income less Capital Grant Release and Net Return on Pension Scheme.

NCG's financial health remains robust, with a continued **'Good' rating under the ESFA financial health framework**, reflecting disciplined financial stewardship and strategic alignment with our long-term goals. Our performance this year demonstrates the strength of our operating model, our commitment to people and place, and our ability to deliver sustainable growth in a dynamic funding environment.

2024/25 FINANCIAL GOALS ALIGNED TO STRATEGIC PLAN

Our financial strategy this year focused on:

- **sustainable growth in learner numbers**, aligned with local skills priorities and demand.
- **diversifying income streams**, to build resilience and future-proof our funding base.
- **investment in our workforce**, through meaningful financial and non-financial rewards.
- **strategic estate development**, supporting our long-term infrastructure ambitions.
- **delivering strong EBITDA performance**, ensuring long-term financial sustainability.

STRATEGIC HIGHLIGHTS

▪ Budget Outperformance and Staff Recognition

We exceeded our budget targets, enabling us to reward our colleagues with a **non-consolidated payment of £1,250**, in addition to a **consolidated 3% pay award**. This reflects our strategic priority to **invest in our people**, recognising their continued dedication to our mission and values.

▪ Strong Cash Position and Capital Deployment

Our cash reserves remain strong, underpinned by prudent financial management and the strategic utilisation of **capital grants secured in prior years in addition to surplus asset sales**. These funds continue to support our **Infrastructure Plan to 2030**, ensuring our estate evolves to meet learner and community needs.

- Our treasury management approach has been further strengthened this year through the implementation of a new investment platform, designed to optimise the management of surplus cash. This platform enables us to achieve better returns on available funds while maintaining a strong, risk-managed position. By making our money work harder for us, we can reinvest the gains directly into enhancing the learner experience—whether through improved facilities, additional resources, or new initiatives that support teaching and learning. Ultimately, this ensures that every pound is working to maximise impact for our learners and the wider community, aligning financial stewardship with our core educational mission.

Continued on next page

STRATEGIC REPORT

DEVELOPMENT AND PERFORMANCE (CONTINUED)

- Our approach to financial management has also included careful monitoring of operational costs and proactive risk mitigation, ensuring our resources are allocated efficiently to maximise impact. We have continued to strengthen our forecasting capabilities, allowing us to respond swiftly to changes in the external environment and maintain financial stability throughout the year.

KEY FINANCIAL METRICS

- EBITDA:** Delivered at **£6,618k**, representing **3.69% of education specific turnover**. An improvement compared to £5,597k in the prior year, it reflects **substantial income growth** and **cost discipline**.
- Turnover Growth:** Turnover from continuing operations rose from **£172,286k** to **£187,473k**, driven by:
 - Growth in the **16-19 contract**, reflecting increased learner volumes and an in-year award for exceptional growth.
 - Additional 16-19 funding announced post budget, however in year growth for 16-19 awarded at a lower proportion than in previous years. NI cost increase almost fully funded in 2024/25 driving increased turnover although some offset with increased costs.
- There has been an overall reduction in adult learners due to the following factors:
 - Decrease in available contract across both devolved and non devolved providers – a theme across the sector.
 - Funding rates have increased but as there is no increase in overall contract value the number of learners NCG is able to fund has reduced.
 - Mix of learning has changed meaning adult learners on average are participating in longer courses compared to prior year.
 - Expansion in **Higher Education**, supported by strategic investment in our **Newcastle University Centre**, enhancing competitiveness and positive growth with our partnership provision.
- Teachers' Pension Scheme (TPS) Grant:** In April 2024 the TPS employers contribution rate increased from 23.7% to 28.7% the impact was an annual increase in cost

to NCG of over £5,000k. The DFE announced support to colleges to fund this change resulting in receipt of a £4,900k grant, this funding is guaranteed until April 2026 with future years funding to be determined in the next spending review. This uncertainty presents a risk to performance and one which we carefully manage and monitor.

EXPENDITURE OVERVIEW

Total expenditure reached **£188,524k**, an increase of **£13,859k** year-on-year, comprising both operating and non-cash items:

- Staff Costs:** Increased due to pay awards, incremental progression, real living wage adjustments, NI increases and staffing growth aligned to income expansion. These were partially offset by vacancy management and sector-wide recruitment challenges.
- Operating Expenses:** Rose due to additional costs relating to HE partner growth.

REPORTED LOSS

In the current financial year, a reported loss of £1,576k was recorded, a notable shift from the surplus of £9,575k achieved in 2023/24. The primary reason for this variance is the sale of a surplus assets in the previous year, which contributed a one-off profit of £12,589k and significantly boosted the prior year's surplus.

The reported loss is largely due to substantial depreciation charges. These charges are attributed to historical accounting adjustments, as well as continued investment in the organisation's infrastructure. Although these depreciation costs are expected to persist in future periods, they are not considered a risk to the organisation's underlying financial performance.

BALANCE SHEET STRENGTH

- Reserves:** NCG maintains a **strong asset-backed balance sheet**, with **accumulated reserves of £169,731k** (2024: £171,307k), largely invested in tangible fixed assets to benefit learners.
- Pension Liabilities:** Both Local Government Pension Schemes showed accounting surpluses at year-end, though these are not recognised due to uncertainty around recoverability. The **Defined Benefit Liability** stands at **£434k**, representing unfunded obligations.

Continued on next page

STRATEGIC REPORT

DEVELOPMENT AND PERFORMANCE (CONTINUED)

CAPITAL EXPENDITURE

NCG is committed to the transformation of our physical and digital estate for the benefit of learners and staff, our communities, and the wider environment. We have embarked on an Infrastructure Plan which sets out spend priorities of over £160m by 2030 as funding permits, with the vision of establishing smart, sustainable, and safe campuses in each of our colleges. The plan is progressing well with over 6,000 new IT devices issued and audio-visual equipment extensively upgraded.

Significant capital funded projects have been completed this year following successful funding bids and capital grant awards enabling NCG to invest in curriculum equipment, across FE and HE, as well as estate improvements. Highlights include upgraded teaching spaces in the Mandela Building, Newcastle College with the installation of Digital Arts and Technology to enhance student learning and supports collaboration. We improved facilities needed to increase capacity,

enhance the learner experience, and develop the future workforce in each of our regions. Capital grant funding enabled the replacement and upgrade of non-functioning/end of life assets with modern energy efficient versions reducing on-going running costs through lower consumption of gas or electricity. Focused capital expenditure to improve the condition of our buildings and facilities across the college estate that will benefit delivery of further education provision. We have significantly improved poor condition teaching spaces thereby enhancing the learning experience.

This year again we invested in support of our T Level learners by acquiring the equipment they need to ensure students can develop their skills using industry relevant equipment and facilities.

Current year activity can be summarised as follows:

	2025 £000	2024 £000
IT infrastructure and systems	3,603	1,584
Bids and grant funded projects for curriculum improvement	16,154	11,435
Curriculum equipment	1,205	957
Estate upgrades	1,999	2,259
	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>
	22,961	16,235

STRATEGIC REPORT

DEVELOPMENT AND PERFORMANCE (CONTINUED)

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.

CASH FLOWS AND LIQUIDITY

Cash flow generated in the year from operating activities amounted to £2,256k (2024: £2,499k).

Included within cash and cash equivalents are £19,079k (2024 £20,869k) of capital grant funding received but not yet spent.

Closing cash balance of £41,403k (2024: £39,876k) and £5,250k held in investment accounts (2024: £5,020k), resulting in total cash and cash investments of £46,653k (2024: £44,896k).

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 £7,312k (2024: £8,872k).



Continued on next page

STRATEGIC REPORT

FUTURE PROSPECTS AND FINANCIAL SUSTAINABILITY

- We continue to support the Government's five missions both in practice and in the language that we use. This is important as we believe that the Further Education sector remains the key mechanism by which to achieve their vision, and we would contend that this is supported by the move of the Skills portfolio into the Department for Work and Pensions. We will therefore continue to raise our voice across the country to remind MPs and Mayors, and the civil servants working in both the DfE and DWP, of the impact of FE and the outputs of our education and training into the workforce.
- One NCG is supported by a strong values system, and we are 'Ambitious for Outstanding' in all that we do. We are consistently committed, across the Group, to changing the lives of our learners through academic and vocational qualifications which range from an introduction to the English language, to Master's programmes delivered by our University Centre which benefits from indefinite degree awarding powers.
- NCG's educational ambitions, combined with careful management of resource, and commitment to our people, puts us in a strong position to work at both national and regional levels. We will embrace opportunities as they arise – including the introduction of Technical Excellence Colleges (TECs) as they are rolled out sector by sector to promote collaboration and local strategies to deliver real change.
- NCG Governors approve our financial plans in July each year and then set appropriate objectives for the following period. Corporate planning is based on the individual business plans developed by each college and professional service, consolidating into one, overarching NCG plan. The last planning round demonstrated that financial health would remain 'Good', with a continuing, robust EBITDA generation resulting in strong cash reserves will continue to support the investment in people and the physical and virtual infrastructure that we have planned for to ensure the best possible experience for our learners long into the future.
- The financial plan balances an appetite and ability to grow in an uncertain funding landscape due to the current economic outlook in the UK. NCG has clear priorities driven by local skills needs in the communities that each of our colleges serves, continuing to foster relationships with local, regional and national businesses across a range of sectors. We see this collaborative approach as key in delivering successful outcomes for our learners and ensuring long term financial sustainability.
- As has happened in previous years, we know that we will see continued growth in all areas of delivery and if recruitment aligns to our plan further funding will be realised in year. We will continue to develop and seek out new funding opportunities for both capital and revenue programmes to allow further capital investment across our colleges. Additional funding will also help with the ongoing challenge of recruiting and retaining qualified and appropriately qualified staff, that NCG and the entire FE sector faces. However, we also remain confident that we are delivering an essential service to the economy, and to society, and that our approach as One NCG has been proven to be effective.

STRATEGIC REPORT

RESERVES POLICY

NCG has implemented a formal reserves policy which was approved at the July 2024 Corporation meeting.

It is the view of the Governors that the most appropriate basis for NCG's reserves policy is managed cash and investments (Cash Reserves).

NCG will hold cash reserves of £10,000k and a minimum of 25 days operational requirements, in order to provide ongoing financial security, the operational target will be to hold equivalent to 40 days.

Cash days at 31 July 2025 was 88 days (2024: 103 days).

Included within cash and cash equivalents are £19,079k (2024: £20,869k) of capital grant funding received but not yet spent.



STRATEGIC REPORT

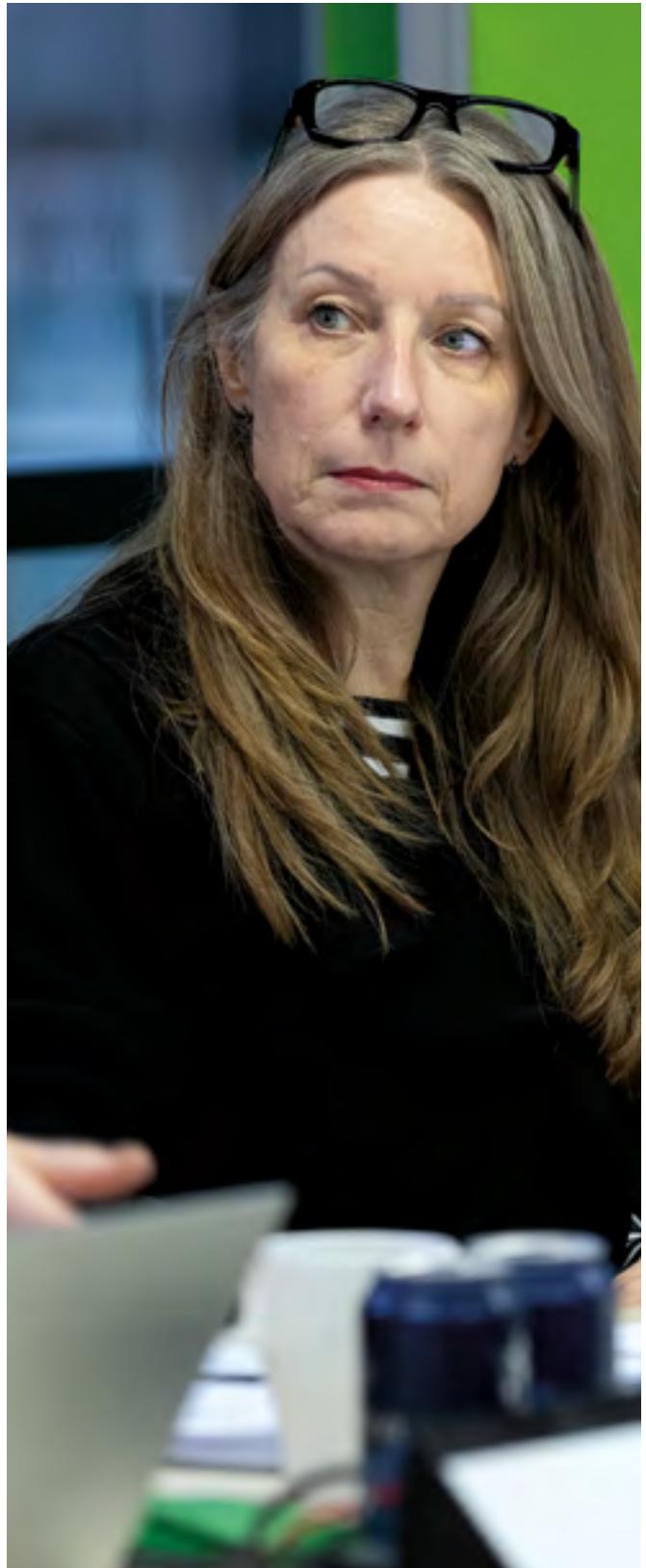
ENVIRONMENT, SOCIAL AND GOVERNANCE

COMMUNITY

NCG's impact on its local communities stems directly from its place as a stable and sustainable high-quality provider of education and training. Our Colleges are anchor institutions for their local areas, bringing together the community and other local stakeholders to be part of the local College Board membership and governance arrangements.

In addition, NCG makes a significant contribution to many local and national initiatives through the work we do, including:

- A curriculum and support offer to learners that is bespoke to the social and economic demands of the local communities where NCG colleges are located.
- A curriculum developed in response to the green agenda, alongside the use of renewable energy and continued contribution to Net Zero targets through our own Sustainability Strategy.
- The engagement of learners and colleagues with volunteering opportunities, and participation in projects for national and local charities and public benefit organisations.
- Participation of all colleges in key local strategic groups and partnerships.
- The promotion of healthy living amongst learners, colleagues and the local community, and making resources and support available to improve mental health and wellbeing.
- Sponsorship of local and national projects and events.
- The promotion of diversity, tolerance, and acceptance of different beliefs.
- The utilisation of creative and performance learners for the benefit of our local communities.
- Collaboration with other educational organisations to promote learning and improve skills in the local community.
- Fundraising events for the benefit of charities and good causes.
- Offering the use of college facilities to local groups and societies.



STRATEGIC REPORT

ENVIRONMENT, SOCIAL AND GOVERNANCE (CONTINUED)

ADDRESSING ENVIRONMENTAL IMPACT

The following has been undertaken in progressing our Environmental strategy in 2024/2025:

- NCG adapted the Environmental Association for Universities & Colleges (EAUC) pathway to Net Zero. Our performance toward achieving Net Zero is measured across three key areas, estates, leadership and within our curriculum.
- NCG now has a dedicated Curriculum Sustainability Co-ordinator in post, supporting the pathway to Net Zero, delivering training to teaching staff, budget holders and leaders and embedding sustainability within our curriculum. When improvements to our estate are carried out it is to ensure that students can actively learn from these measures.
- NCG is liaising with local government and combined authorities on their Net Zero plans, potential decarbonisation measures such as heat networks and on how the FE sector can support the green transition in our college regions.
- A Net Zero study has been undertaken, this will form the basis for establishing a full review of the road map to Net Zero for scope 1,2 and 3, not least the implementation of systems link software for improved reporting and monitoring of energy and SECR reporting Scope 1 and 2.
- Kidderminster College – Replacement of all lighting with energy efficient LED. Installation of Solar PV. Replacement of obsolete boilers with energy efficient boilers. Installation of Solar PV at the new GTC (Green Technology Centre) facility.
- Newcastle College and NSFC – replacement of all lighting with energy efficient LED. Works are currently underway to connect the Newcastle Campus to the Newcastle city wide district heat network, due to complete in May 2026.
- West Lancashire College and Carlisle College – Replacement of lighting with energy efficient LED. Programme to install solar PV through partnership with SNRG.
- Lewisham College - A project through specific HDP for replacement of lighting to LED, completion of electrifying the training kitchens from gas, Solar V and the installation of an energy centre with Air Source Heat Pumps (ASHP). This is a 5-year plan with some challenges owing to the construction of the building owing to the removal of obsolete mechanical ventilation, interim replacement of obsolete boilers with more energy efficient ones, all compounded by the presence of asbestos throughout the building.
- Southwark College - A pilot scheme has commenced with Carbon Architecture, called Inmetriks, this is a process whereby device agnostic diagnostics enables the root cause identification of faults, so that critical failure of assets is minimised through preventive works. Building maintenance based on performance in real time, becomes prioritised, planned and corrective in nature, this will enhance energy utilisation together with space and occupancy utilisation for efficiency. This work has already shown promising results, reducing carbon impact and running costs.

Continued on next page

STRATEGIC REPORT

ENVIRONMENT, SOCIAL AND GOVERNANCE (CONTINUED)

PROMOTING EQUALITY AND VALUING DIVERSITY

The NCG Strategy Towards 2030 outlines our commitment to delivering exceptional education as a diverse and ambitious learning organisation, enabling social mobility and economic prosperity for those we serve. Central to our mission is our dedication to Equality, Diversity, Inclusion, and Belonging (EDIB).

Our commitment to EDIB is woven throughout NCG's teaching, learning, and operations. This means ensuring equality of opportunity for NCG's students, apprentices, staff, and local communities. We value the rich experiences gained from a diverse learner body and staffing base, fostering a culture that is inclusive and welcoming to people from all backgrounds and life experiences. We respect the differences individuals bring to NCG's communities and acknowledge the learning opportunities that come from being inclusive and diverse.



NCG aims to meet the public sector equality duty (PSED) as outlined in the Equality Act 2010 through our EDIB Policy. In practice, this involves:

- Reviewing all policies for their impact on protected characteristics, including disability.
- An EDIB Council made up of colleagues from across NCG and NCG Corporation Board that monitors the policy's effectiveness, advises on continuous improvement, and supports knowledge sharing.
- College leads are required to produce an EDIB action plan, approved annually by the College Board.
- Mandatory EDIB training for all staff, including disability awareness.
- Utilising Power BI dashboards to monitor student attainment gaps, with actions taken accordingly. The annual self-assessment report highlights any ongoing attainment gaps.
- Policies for staff and learners that specify required special adjustments, including the provision of specialist equipment.
- Policies for admissions, attendance, learner progress, safeguarding, teaching, and learning that explicitly reference protected characteristics.
- Specialist staff at all colleges to support learners with physical, sensory, emotional, and learning difficulties, with detailed education, health, and care plans in place.
- Clear pathways for accessing welfare support for staff and students, ranging from ad-hoc mental fitness support via an app to specialist counselling and advice services.
- Safeguarding designated leads trained to triage referrals and consult with external agencies as needed.
- A safeguarding and welfare platform for recording incidents and support.

NCG's latest Equality Diversity Inclusion and Belonging Annual Report can be viewed here [Equality, Diversity, Inclusion and Belonging | NCG](#)

Continued on next page

STRATEGIC REPORT

ENVIRONMENT, SOCIAL AND GOVERNANCE (CONTINUED)

STAFF, STUDENT AND CUSTOMER INVOLVEMENT

NCG's Group Communications Team oversees strategic and incident related communications across NCG. Marketing Officers have been established within NCG's colleges to underpin and promote strategic and operational communications across NCG. NCG engages with staff through recognised Trade Unions, Staff Forums, an annual Colleague Engagement Survey, and a range of informal mechanisms for consulting with and listening to staff such as Town Halls, Round Tables or conversations with the CEO.

Students' and customers' views continue to be sought regularly via a variety of evaluation surveys. College Boards have been reconstituted so that they contain representation from students, staff and other key stakeholders. A subcommittee to the Corporation receives the outcomes from large-scale surveys several times a year (i.e. induction, first term, end-of-year, apprenticeships, and destination surveys). Additionally, there are regular and timely learner forums running in colleges to enhance communications between learners and colleges. Students are encouraged to participate in local community and social action through the NCG Guarantee, whilst NCG promotes by supporting, administering, and subsidising the Students' Union in Newcastle.



STRATEGIC REPORT

PRINCIPAL RISKS AND UNCERTAINTIES

NCG has robust strategies for managing risk and strives to embed a culture of risk management in its day-to-day operations. Risk management processes are designed to protect NCG's assets, reputation and financial stability. Our approach to risk management is outlined in the Risk Management Policy which is published on NCG's website.

The Corporation has overall responsibility for risk management including the approval of NCG's approach to managing risks. This is also outlined in the statement of corporate governance and internal control on pages 30 to 47.

NCG has a Strategic Risk Register which outlines the threats that present a risk to the achievement of our organisational goals and objectives. The Strategic Risk Register is presented to Audit and Risk Committee at

each meeting with an accompanying risk update report setting out any material changes or factors that they should be aware of. The Corporation reviews the risk management policy each year and reviews strategic risks on a rolling basis within each year.

The Strategic Risk Register is regularly reviewed by the Chief Executive Officer and their direct reports to confirm the risks contained on the Strategic Risk Register are accurate and the mitigations and priorities assigned remain appropriate. To support the review, external benchmarking is also undertaken to ensure key risks are not omitted from the Strategic Risk Register.

During 2024/25, the strategic risks and key mitigating actions were as follows:

Risk description and impact	Mitigating actions
<p>Academic Quality Teaching fails to hit desired levels and NCGs quality of provision falls below expectations.</p>	<p>The NCG Quality Plan 2023 to 2026: Ambitious for Outstanding is in place to signal our intent to be a first-class teaching and learning organisation.</p> <p>Specialist SLT / Heads of Teaching, Learning and Assessment (TLA) are in place at each of NCG's colleges with support provided from the central Quality Team within Professional Services.</p> <p>A TLA Policy is in place which sets out how TLA activity should be conducted across NCG.</p>
<p>Learner Experience Learners turn away from NCG as the experience and offering fail to match expectations.</p>	<p>A Tutorial, Progress and Attainment Policy is in place to ensure checkpoints are established for learners to receive opportunities for progress checks, information, advice, and guidance in pursuit of their academic and career aspirations.</p> <p>NCG Guarantee gives all our students access to additional activities, resources and initiatives centred around five core principles to help them achieve their ambitions and career goals.</p> <p>Our Student Positive Behaviour Policy facilitates effective learning in a supportive and safe environment.</p>

Continued on next page

STRATEGIC REPORT

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Risk description and impact	Mitigating actions
<p>Curriculum</p> <p>NCG Curriculum offer does not match local, national and regional priorities and needs.</p>	<p>The Curriculum and Quality Policy sets out NCG's arrangements to deliver and assure a high-quality curriculum, which is aligned to NCG's mission to 'enable social mobility and economic prosperity through exceptional education'.</p> <p>The Curriculum Strategy Group is in operation to oversee effective implementation of the curriculum planning process.</p> <p>NCG's Accountability Statement (published online), and Local Accountability Plans are in place to facilitate the achievement of the objectives outlined within the Statement.</p>
<p>People</p> <p>NCG fails to attract, recruit and retain high calibre staff who are engaged and clearly demonstrate NCG's values.</p>	<p>NCG's People Plan has now been launched to drive three key priorities pertaining to recruitment, development and retention.</p> <p>The Recruitment Policy is in place to drive effective and safe recruitment and onboarding procedures.</p> <p>NCG's Performance Management Policy sets out the expectations for effective objective setting and performance appraisal.</p>
<p>Safeguarding</p> <p>Insufficient safeguarding/welfare controls potentially put staff, students and stakeholders at risk of harm.</p>	<p>Mandatory training undertaken by all new joiners and refreshed on a periodic basis.</p> <p>An annual safeguarding declaration is obtained to confirm all staff understand their safeguarding obligations and to confirm whether there have been any changes in DBS status.</p> <p>Designated Safeguarding Leads and Deputy Designated Safeguarding Leads are in place at all colleges (with supervision provided from the Group Designated Safeguarding Lead).</p> <p>Automated safeguarding software is in operation to log, track and monitor ongoing safeguarding incidents and referrals.</p> <p>The Safeguarding Council governs and oversees safeguarding matters across NCG.</p>

Continued on next page

STRATEGIC REPORT

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Risk description and impact	Mitigating actions
<p>Health and Safety</p> <p>Failure to maintain the physical safety, health and wellbeing of staff and learners results in accidents and incidents.</p>	<p>NCG has competent health and safety specialists in post to advise and guide staff.</p> <p>All NCG colleagues undertake mandatory health and safety training and completion is subject to fortnightly review.</p> <p>Risk assessments are reviewed and approved in accordance with prescribed timescales (which are monitored on a monthly basis).</p> <p>Health and safety inspections, audits and reviews are undertaken in accordance with a defined programme.</p> <p>Health and safety reporting (including a compliance tracker) is tabled at the Estates Committee meetings to provide appropriate oversight of risk.</p>
<p>Learning Environment</p> <p>NCG's physical and digital environment fails to meet current and future learner expectations and business need.</p>	<p>NCG's Infrastructure Plan approved by the Corporation Board, is designed to allocate resources to meet curriculum requirements between now and 2030.</p> <p>The Capital Expenditure Panel is in place to review and approve expenditure and ensure the resources allocated meet the objectives of the Infrastructure Plan.</p>
<p>Cyber Attack</p> <p>NCG operations are severely compromised by cyber-attack which may result in a loss of data and / or critical systems.</p>	<p>All NCG colleagues must complete mandatory information security training when joining NCG and subsequently on a three-year cycle (mandatory training completion is reviewed on a fortnightly basis).</p> <p>Access management controls are in operation to prevent unauthorised access to the NCG network.</p> <p>A vulnerability management plan is in operation and is reviewed on an annual basis.</p> <p>NCG has a Cyber Incident Response Plan which is reviewed on an annual basis.</p>

Continued on next page

STRATEGIC REPORT

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Risk description and impact	Mitigating actions
<p>Financial Sustainability Financial challenges do not allow NCG to operate sustainably and to allow for planned reinvestment within the business.</p>	<p>NCG's annual budget setting process in place is approved by Corporation Board and monitored through quarterly reviews.</p> <p>Financial KPIs have been established to monitor performance (e.g. EBITDA, Pay: Income Ratio etc).</p> <p>Capital and Staffing Approval Panels are in operation to control expenditure in these areas.</p> <p>Income diversification strategies in place to spread risk – for example weakness in HE market leading to increased competition being mitigated through work with partners and planned initiatives to widen opportunities for delivery.</p>
<p>Reach NCG fails to maximise its position within the sector to influence and succeed as a result.</p>	<p>The Business Development Strategy in place sets out NCG's objectives in relation to civic and stakeholder engagement.</p>
<p>Data NCG fails to maintain data and supporting records to externally specified requirements and in a manner that supports informed decision making.</p>	<p>The Learner Data Partnership Oversight Group is in operation and membership is regularly reviewed.</p> <p>A Learner Data Lead is in post at each college to manage data that is entered into the Individualised Learning Record (ILR). Resources to manage data are also regularly reviewed.</p>
<p>Disruption NCG does not have adequate arrangements in place to respond to significant disruption.</p>	<p>NCG's Business Continuity Plan (BCP) guides colleagues in the event of significant disruption.</p> <p>Testing of the BCP is undertaken to ascertain the effectiveness of the plan.</p> <p>Incident reporting is managed and monitored via the Service Desk to track volumes and identify themes and lessons learned.</p>
<p>Compliance NCG fails to comply with legislation and regulation, leading to sanctions, penalties and damage to reputation.</p>	<p>Policy framework is in operation to set the expectations of staff in complying with legislation and regulation. All policy updates must be considered by a Policy Review Council to ensure key requirements are met.</p> <p>The Risk Management Policy and framework in operation are designed to support colleagues in identifying and mitigating risks accordingly.</p> <p>Internal audit service is established to assess the design and effectiveness of internal controls.</p>

Continued on next page

STRATEGIC REPORT

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Risk description and impact	Mitigating actions
<p>Political</p> <p>The instability in the political environment results in uncertainty for NCG as an organisation.</p>	<p>Annual budget setting process is in place and approved by Corporation Board. This is based on a prudent approach with potential changes to funding landscape/ costs to the business assessed as part of a robust sensitivity analysis undertaken and presented to the Corporation Board.</p>
<p>Physical Attack</p> <p>NCG does not adequately prepare or respond to the threat of acts of terrorism or extreme violence causing threat to life.</p>	<p>Critical Incident Management Plan is in place which acts as a framework for all college emergency plans. Emergency plans have been established in each college which anticipate a variety of incidents including physical attack. A Crisis Communications Plan has also been established.</p>
<p>Reputation</p> <p>Failure to manage the impact of adverse events on NCG's reputation in the education sector and the local communities we serve.</p>	<p>NCG's Accountability Statement is in place and published online.</p> <p>Place based governance and skills leadership at each college supports the development of close working local relationships and enables early insight of issues of significant impact.</p> <p>Market insight is used to track future local and national political landscape, and monitor opportunities and to support us to navigate the changing FE landscape.</p> <p>NCG Skills Council and NCG Skills Plan is in place to support the management of stakeholder relationships and to mitigate any associated reputational risk.</p> <p>External funding opportunities follow NCG Funding Bid and Generic Income Approval Policy to ensure projects and investment meet strategic aims and address local skills needs.</p>

Continued on next page

STRATEGIC REPORT

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Risk description and impact	Mitigating actions
HE Partnerships – Financial Sustainability	<p>Emergency plans are established to ensure NCG can continue delivery or support the provision of alternative delivery for NCG students in the event a HE partner ceases trading.</p> <p>Thorough due diligence including financial and operational assessments of all partners is undertaken before entering into an agreement. Subsequently, the arrangements with HE partners are monitored on an ongoing basis through regular performance reviews, financial health checks, and compliance audits. Indicators of risk are also monitored such as declining student numbers, staff turnover and compliance with NCG requirements.</p>
HE Partnerships – Financial Sustainability and Reputation	<p>Emergency plans are established to ensure NCG can continue delivery or support the provision of alternative delivery for NCG students in the event a HE partner ceases trading.</p> <p>NCG contractual arrangements with HE partners contain robust termination clauses permitting immediate termination depending on severity of breaches/issues, alongside the ability to pause any further student recruitment pending NCG investigation into developing issues.</p> <p>Regular audit activity undertaken on the admission practices and regular unannounced visits are carried out during student interviews allowing for risks and issues to be identified.</p>

Operational risk registers and projects risk registers are also in place in accordance with NCG's Risk Management Policy.

STRATEGIC REPORT

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

FINANCIAL RISKS

The following specific financial risks are also managed as follows:

Risk description and impact	Mitigation of risk
Liquidity 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.
Credit Risk that debtors are not recoverable.	A significant proportion of the NCG's income is received from the DfE (ESFA), Devolved Local Authorities and the OfS/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.
Interest Rate Risk that interest rate increases create additional funding costs to the Group.	45% of NCG's long-term borrowing is on fixed rate terms – leaving a manageable 55% on floating rates. Management model the effect of increasing interest rates as part of cash flow forecasting when assessing liquidity risks.

STRATEGIC REPORT

TRADE UNION FACILITY TIME

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 2024 to 31 March 2025 which is the reporting period required (and 1 April 2023 to 31 March 2024 for comparison).

	Year ended 31 March 2025	Year ended 31 March 2024
Relevant Union Officials during the period		
Number of employees	19.0	21.0
Full time equivalent number of employees	16.2	18.2
Percentage of time spent on facility time		
21 employees who were relevant Union Officials spent between 1 and 50% of their working hours on facility time (2024: 21 employees).		
Percentage of pay bill spent on facility time		
Total cost of facility time (£000's)	32	42
Total pay bill (£000's)	108,560	99,124
Percentage of total bill spent on facility time	0.03%	0.04%
Time spent on paid Trade Union activities as a percentage of total paid facility hours		
Total paid facility hours	1,740.8	2,259.3
Total Union activity hours	171.0	203.4
Percentage of facility hours spent on Union activities	9.82%	9.00%

STRATEGIC REPORT

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 2024 to 31 July 2025, NCG paid 85.12% (2024: 94.03%) of its invoices within 30 days. NCG incurred £626 of interest charges in respect of late payment for this period (2024: £434).

DISCLOSURE OF INFORMATION TO THE AUDITOR

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which 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 9 December 2025 and signed on its behalf by:

John Widdowson

John Widdowson
(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 2024 to 31 July 2025 and up to the date of approval of the annual report and financial statements.

NCG endeavours to conduct its business:

- in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership).
- in accordance with the guidance to colleges from the Association of Colleges in the Further Education Code of Good Governance ("the Code").
- having due regard to the UK Corporate Governance Code insofar as it is relevant to the further education sector.
- NCG is committed to exhibiting best practice in all aspects of corporate governance.

In the opinion of the Governors, the College complies with the provisions of the Code, and it has complied throughout the year ended 31 July 2025. This opinion is based on an internal review of the Code, reported to the Corporation Board in September 2025. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of the most recent version of the Further Education Code of Good Governance issued by the Association of Colleges and formally adopted by the Corporation in December 2024. The Group's Corporate Governance arrangements have been reported by drawing on available evidence-based practice, including those aspects from the UK Corporate Governance Code 2024 (though not adopted) we consider to be relevant to the FE sector and best practice.

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.



Continued on next page

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
John Widdowson	Sep-20	Jul-27	Chair of Governors	Aug 23 – Jul 2027 (4 years)	<ul style="list-style-type: none"> ▪ Appraisal and Remuneration ▪ Search, Nominations and Governance ▪ FE Quality and Students
Chris McCourt	Jun-20	Jun-28	Independent Governor	Jun 24 – Jun 28 (4 years)	<ul style="list-style-type: none"> ▪ Audit and Risk ▪ Appraisal and Remuneration ▪ Search, Nominations and Governance
Robert Holt	Jun -20	Jun-26	Independent Governor	Jun 24 – Jun 25 (1 year) Jun 25 – Jun 26 (1 year)	Finance and Resources (Chair)
Darren Crossley, No	Mar-24	Mar-28	Independent Governor	N/A	<ul style="list-style-type: none"> ▪ Search, Nominations and Governance (Chair) ▪ Appraisal and Remuneration (Chair) ▪ People and Culture
Lisa Gregg	Mar-24	Mar-26	Independent Governor	N/A	People and Culture
Joanne Marshall	May-24	May-27	Independent Governor	N/A	<ul style="list-style-type: none"> ▪ Appraisal and Remuneration ▪ Search, Nominations and Governance ▪ People and Culture
Louise Humpish	May-24	May27	Independent Governor	N/A	Finance and Resources

Continued on next page

THE CORPORATION (CONTINUED)

Name	Appointment	End of Appointment	Category of Appointment	Reappointment Details	Committees Served
Rachel Taylor	May-24	May-26	Independent Governor	Resigned September 2025	Audit and Risk
Chris Wigginton	May-24	May-28	Independent Governor	N/A	HE Governance
Andrew Young	May-24	May-28	Independent Governor	N/A	Audit and Risk
Andrew Forrest	Jul-25	Jul-29	Independent Governor	N/A	Audit and Risk
Ian Dunn	Jul-25	Jul-29	Independent Governor	N/A	HE Governance People and Culture
Paul Fitton	Jul-25	Jul-28	Independent Governor	N/A	Finance and Resources FE Quality and Students
Raghu Vydyanath	Jul-25	Jul-29	Independent Governor	N/A	Audit and Risk
Sally McMahon	Nov-25	Nov-27	Staff Governor	N/A	N/A
Chris Byrne	Nov-25	Nov-27	Staff Governor	N/A	N/A
Conor Allen	Dec-25	Dec-26	Student Governor	N/A	N/A
Karrar Swadi	Dec-25	Dec-26	Student Governor	N/A	N/A

Continued on next page

THE CORPORATION (CONTINUED)

Name	Appointment	End of Appointment	Category of Appointment	Reappointment Details	Committees Served
Liz Bromley	Aug-19	N/A	Governor (ex-officio)	N/A	<ul style="list-style-type: none"> ▪ HE Governance ▪ Search, Nominations and Governance ▪ Finance and Resources
Shirley Atkinson	Jun -20	Jun-25	Independent Governor	Jun 24 – Jun 25 (1 year)	HE Governance (Chair)
Charlotte Croffie	May-24	May-26	Independent Governor	Resigned February 2025	FE Quality and Students



Continued on next page

THE CORPORATION (CONTINUED)

The Corporation formally met seven times during the year (six meetings and one Board Strategy Day):

Further information about members of the Corporation is available on the NCG website at
<https://www.ncgrp.co.uk/about-ncg/ncg-governors/>

Governor	Meetings attended	Out of a possible
John Widdowson, Independent Governor and Chair	7	7
Vikki Smith, Independent Governor and Vice Chair	5	7
Chris McCourt, Independent Governor	4	7
Robert Holt, Independent Governor	4	7
Darren Crossley	3	7
Lisa Gregg	5	7
Joanne Marshall	5	7
Louise Humpish	5	7
Rachel Taylor	4	7
Chris Wigginton	3	7
Andrew Young	6	7
Chris Byrne	3	6
Sally McMahon	6	6
Conor Allen	5	5
Karrar Swadi	2	5
Shirley Atkinson, Independent Governor	4	5
Charlotte Croffie, Independent Governor (resigned Feb 2025)	2	3
Kevin Stach, Staff Governor	1	1
Liz Bromley, CEO	7	7

Continued on next page



THE CORPORATION (CONTINUED)

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.

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 and Remuneration, Audit and Risk, FE Quality and Students, Finance and Resources, HE Governance, People and Culture, Search, Nominations and Governance and Local College Boards. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Director of Governance at:

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

clerk@ncgrp.co.uk

The Director of Governance maintains a register of financial and personal interests of the Governors. The register is available on the NCG website at:
<https://www.ncgrp.co.uk/guide-to-information/how-we-make-decisions/>

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 Director of Governance 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.

Continued on next page

APPOINTMENTS TO THE CORPORATION

Any new independent appointments to the Corporation / Committees and College Boards are a matter for consideration by the Search, Nominations & Governance Committee. The appointment of Governors to the Corporation and independent coopted committee members is reserved to the Corporation. The appointment of members of College Boards has been delegated to the Search, Nominations and Governance Committee.

The Corporation has a Search, Nominations and Governance Committee, consisting of five members of the Corporation who are responsible for advising on the appointment of all independent governors, coopted committee members and college board members. The details of which is on page 41.



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 appointed for up to four years with an option to be reappointed for a second four-year term. A one-year extension may be offered in exceptional circumstances, in consideration of institutional memory and business needs. Terms of office are staggered for the purposes of business continuity and institutional memory. The Chief Executive is an ex-officio member and will remain so for the duration of their service within this role.

LOCAL COLLEGE BOARDS

NCG operates a place-based governance model which is primarily focused on engaging directly with local communities regarding the educational provision on offer in its colleges. As such, the primary focus of the College Board is to:

- advise the College on local skills needs, gaps and opportunities for future development.
- contribute to the annual Accountability Statement (including the Local Needs Duty) and monitor progress against its objectives.
- contribute to the annual self-assessment report (SAR) and recommend to the Corporation for approval.
- engage with key stakeholders in the wider community for the benefit of the College.

NCG College Board members have an assurance, advisory and advocacy role. All our College Board members bring a mix of skills and expertise which are unique but which are grounded in a solid understanding of local economy needs.

Continued on next page

APPRAISAL AND REMUNERATION COMMITTEE

The Appraisal and Remuneration Committee comprises four independent 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 Director of Governance (Clerk to the Corporation).

The Committee met on two occasions during the year. The members that served on the committee during the year are listed in the table below:

Governor	Meetings attended	Out of a possible
Darren Crossley (Chair of Committee)	2	2
John Widdowson	2	2
Chris McCourt	1	2
Joanne Marshall	1	2

Details of remuneration for the year ended 31 July 2025 are set out in note 8 to the financial statements.



Continued on next page

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee comprises of three independent members of the Corporation, plus an independent co-opted 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 on four occasions during the year. The members that served on the committee during the year are listed in the table below:

Governor	Meetings attended	Out of a possible
Chris McCourt (Chair of Committee)	4	4
Andrew Young	4	4
Rachel Taylor (resigned September 2025)	4	4
Jack Garrett (coopted member)	3	4

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.

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 and Risk Committee has considered the financial statements auditor's findings in relation to the financial statements.

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

The Audit and Risk Committee is responsible for advising the Corporation on the appointment or reappointment of the auditor. The Audit and Risk Committee also advises the Corporation on the remuneration of internal and financial statements auditors. The Audit and Risk Committee recommended the reappointment of the auditors (Forvis Mazars) for three years in March 2025.

Continued on next page

FE QUALITY AND STUDENTS COMMITTEE

The Corporation established an FE Quality and Students Committee for the 2024/25 academic year. This Committee comprises of four members of the Corporation as well as one independent coopted member and a student member. The Committee met on three occasions this year and scrutinises institutional strategy and performance as it relates to further education, ensuring high standards in quality, outcomes and student experience. The members that served on the committee during the year are listed in the table below:

Governor	Meetings attended	Out of a possible
Vikki Smith (Chair of Committee)	3	3
John Widdowson	3	3
Lisa Gregg	3	3
Charlotte Croffie (resigned February 2025)	1	3
Emmanuel Arakpogun	0	3
Kai Gray	1	2

FINANCE AND RESOURCES COMMITTEE

For 2024/25, a new Corporation Finance and Resources Committee was established. This Committee comprises of four members of the Corporation as well as two independent coopted members. The Committee met on four occasions this year and provides oversight of the organisation's approach to the management of its resources (physical and digital but not human). 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 of Committee)	3	4
Louise Humpish	4	4
Lisa Gregg	1	1
Liz Bromley	4	4
Angela Dragone (coopted member)	4	4
Phoebe Juggins (coopted member)	4	4

Continued on next page

HE GOVERNANCE COMMITTEE

The HE Governance Committee comprises of at least four members, including two independent members of the Corporation, the Chief Executive Officer, a student representative and two independent coopted members 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
Shirley Atkinson (Chair of Committee)	4	4
Chris Wigginton	4	4
Liz Bromley	3	4
Caroline MacDonald	4	4
Emmanuel Arakpogun	3	4
Student Member – VACANT	0	0

PEOPLE AND CULTURE COMMITTEE

The People and Culture Committee is a new committee established for the 2024/25 academic year with the remit to oversee NCG's strategic approach to its people and culture. The Committee comprises of five members of the Corporation. The Committee met on three occasions during the academic year. The members that served on the Committee during the year are listed in the table below.

Governor	Meetings attended	Out of a possible
Charlotte Croffie (Chair of Committee – resigned February 2025)	2	2
Lisa Gregg	3	3
Joanne Marshall (Chair of Committee – from March 2025)	2	3
Vikki Smith	3	3
Darren Crossley	1	3

Continued on next page

SEARCH, NOMINATIONS AND GOVERNANCE COMMITTEE

For 2024/25 onwards, the remit of the existing Search Committee was extended to include nominations and governance. This Committee oversees on behalf of the Corporation, all matters relating to Board and committee membership, performance and development and the review of all documentation relating to effective corporate governance. It also has the delegated authority to appoint the members of local college boards. The Committee comprises of five members of the Corporation. The Committee met on four occasions during the academic year. The members that served on the Committee during the year are listed in the table below.

Governor	Meetings attended	Out of a possible
Darren Crossley (Chair of Committee)	4	4
John Widdowson	4	4
Joanne Marshall	2	4
Chris McCourt	4	4
Liz Bromley	4	4



TRAINING AND DEVELOPMENT

TRAINING AND DEVELOPMENT UNDERTAKEN BY GOVERNORS

Online cross-group training was offered to all Governors and College Board members in the following areas:

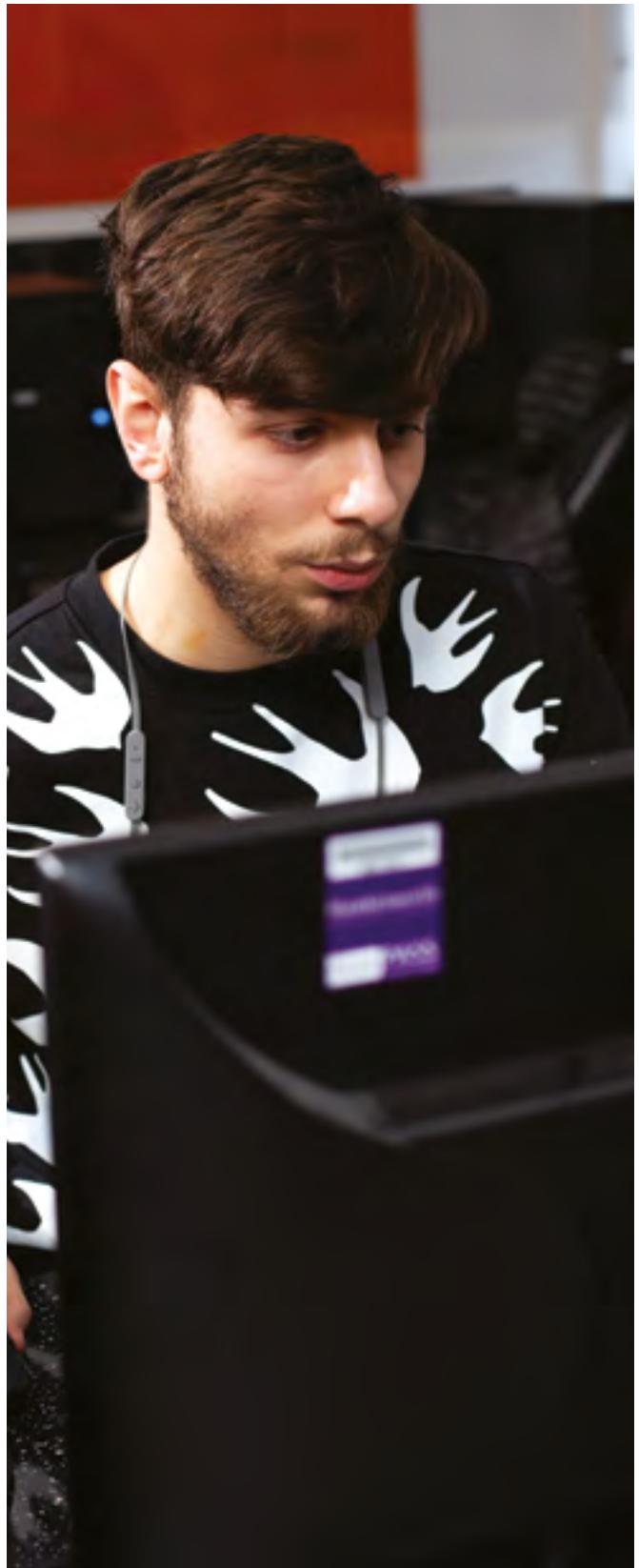
- Safeguarding
- Ofsted Preparation
- FE Curriculum Landscape
- Funding and Finance
- Quality Metrics
- NCG Guarantee
- NCG Leadership Hub

Sessions were recorded and made available for those who were unable to attend. Governors are also made aware of additional training and development opportunities through communications briefings pointing governors to the relevant training (e.g., opportunities specific to Chairs, staff / student governors etc). Chairs and Principals are invited to attend their regional AoC forum events for Chairs and Principals.

Upon appointment, all Governors are provided with an induction which is coordinated by the Director of Governance.

TRAINING AND DEVELOPMENT UNDERTAKEN BY THE DIRECTOR OF GOVERNANCE

The Director of Governance continued to undertake CPD during 2024/25 across a variety of networks. This included attendance at various training and development sessions hosted by the AoC and Further Education Commissioner as well as online webinars offered by the AoC and other providers. In addition, the Director of Governance successfully completed the ETF Governance Professionals Development Program – Expert Level in 2024/25.



Continued on next page

SELF ASSESSMENT

The Corporation undertakes a governance self-assessment on an annual basis, unless an external review has taken place. The most recent external governance review took place between March and July 2024. This review was undertaken by Gatenby Sanderson and the full report was approved by the Corporation Board in July 2024. Recommendations identified in the review were actioned in the 2024/25 academic year and overseen by the Search, Nominations and Governance Committee.

In 2024/25, the annual governance self-assessment focused on a review of the place-based governance model which was implemented for the start of the 2024/25 academic year. The self-assessment utilised a variety of methods including a survey of all members of NCG's governance community as well as targeted focus groups with Governors, College Board Chairs, the Group executive and local principalship teams. The output of the review was shared with the Search, Nominations and Governance Committee and the Corporation in September 2025.

INTERNAL CONTROL

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 2025 and up to the date of approval of the annual report and financial statements.

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 2025 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Corporation.

INTERNAL CONTROL (CONTINUED)

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 Framework and Guide for External Auditors and Reporting Accountants of Colleges published by the DfE. 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.



Continued on next page

INTERNAL CONTROL (CONTINUED)

RISKS FACED BY THE CORPORATION

The strategic risk register, which focuses on the risks that could prevent the achievement of our strategic objectives is overseen by the Audit and Risk Committee, on behalf of the Corporation Board. Please see the 'Principal Risks and Uncertainties' section which outlines each of the risks included on the strategic risk register during 2024/25.

The Corporation recognises the introduction of the College Financial Handbook, effective from 1 August 2024, as a significant development in the regulatory framework for further education institutions. The Handbook consolidates and formalises prior financial guidance, including the "Dear Accounting Officer" letters and bite-size updates, into a single, binding document forming part of the Corporation's accountability agreement. This has impacted on internal NCG policies and procedures and the Corporation has reviewed and updated relevant policies, including the Financial Regulations to incorporate the new framework and ensure ongoing compliance.

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 internal audit for which:

- All recommendations have been responded to by management.
- Actions to address have been agreed and have been / are being implemented to address these concerns.
- 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 regarding the required compliance with Funding Agreements and contracts with the DfE. Further, a number of specific data funding audits have been undertaken which has been delivered based on DfE funding methodology; where issues have been noted, addressing actions have been taken.



Continued on next page

INTERNAL CONTROL (CONTINUED)

STATEMENT FROM THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee has advised the Board of Governors that the Corporation has an effective framework for governance and risk management in place. The Audit and Risk Committee believes the Corporation has effective internal controls in place.

The specific areas of work reported to the Audit and Risk committee in 2024/25 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 the Director of Business Assurance and Risk. In the Annual Opinion, the Director of Business Assurance and Risk concludes that NCG is 'generally satisfactory with some improvements required'.



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 and Risk 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 and 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 and Risk Committee also receive regular reports from internal audit, which include recommendations for improvement.

The Audit and Risk Committee's role in this area is confined to a high-level review of the arrangements for internal control. Corporation meetings consider risk and control, and they receive reports thereon from the senior management team and the Audit and Risk Committee. The emphasis is on obtaining the relevant degree of assurance, not merely reporting by exception. At its December 2025 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2025 by considering documentation from the Audit and Risk Committee, financial statements and internal audit, and taking account of events since 31 July 2025.

Based on the advice of the Audit and Risk Committee and the Accounting Officer, the Corporation is of the opinion that NCG has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for "the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets.

GOING CONCERN

In the current financial year, a reported loss of £1,576k was recorded, a notable shift from the surplus of £9,575k achieved in 2023/24. The primary reason for this variance is the sale of a surplus asset in the previous year, which contributed a one-off profit of £12,050k and significantly boosted the prior year's surplus.

The reported loss is largely due to substantial depreciation charges. These charges are attributed to historical accounting adjustments, as well as continued investment in the organisation's infrastructure. Although these depreciation costs are expected to persist in future periods, they are not considered a risk to the organisation's underlying financial performance.

After making appropriate enquiries, the Corporation considers that NCG has adequate resources to continue in operational existence for the foreseeable future. Despite the ongoing economic and political uncertainty, the Corporation maintains a strong balance sheet with low gearing, cash reserves with and robust budget management to mitigate external pressures. The budget for years ending 31 July 2026 and 2027 reflects a balanced approach to growth and cost control. 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 9 December 2025 and signed on its behalf by:

John Widdowson

John Widdowson
(Chair of the Corporation)



Liz Bromley
(Chief Executive Officer)



STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE WITH FUNDING BODY TERMS AND CONDITIONS OF FUNDING

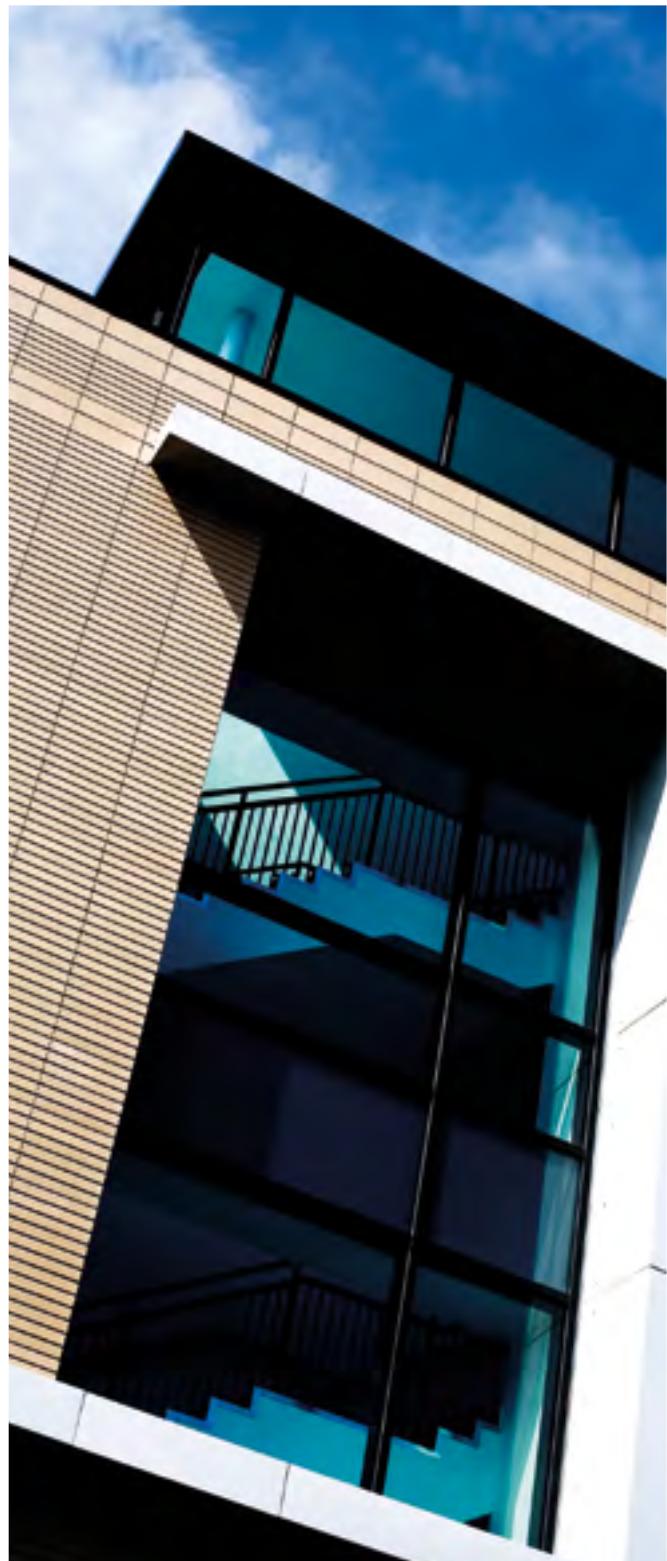
As accounting officer of NCG Corporation, I confirm that I have had due regard to the framework of authorities governing regularity, propriety and compliance, including NCG's accountability agreement with DfE, and the requirements of the College Financial Handbook. I have also considered my responsibility to notify the Corporation's board of governors and DfE of material irregularity, impropriety and noncompliance with terms and conditions of all funding.

I confirm that I, and the Board of governors, are able to identify any material irregular or improper use of all funds by the Corporation, or material non-compliance with the framework of authorities

I confirm that no instances of material irregularity, impropriety or non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of governors and DfE.



Liz Bromley
Chief Executive Officer
9 December 2025



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 accountability agreement, funding agreements and contracts with ESFA and DfE and any other relevant bodies, 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, DfE'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 (as amended), 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 websites; 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 DfE and any other public funds, are used only in accordance with the Accountability agreement, funding agreements and contracts and any other conditions, that may be prescribed from time to time by DfE, or any other public funder, including that any transactions entered into by the Corporation are within the delegated authorities set out in the College Financial Handbook.

On behalf of the Corporation, the Chair of the Board of governors is responsible for discussing the accounting officer's statement of regularity, propriety and compliance with the accounting officer.

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 DfE and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 9 December 2025 and signed on its behalf by:

John Widdowson

John Widdowson
(Chair of the Corporation)

Independent auditor's report to the members of NCG

Opinion

We have audited the financial statements of NCG (the 'College') for the year ended 31 July 2025 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 2025 and of its deficit for the year then ended; and
- 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.

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 are 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.

Independent auditor's report to the members of NCG

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the College and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Statement of Corporate Governance and Internal Control.

We have nothing to report in respect of the following matters where the Framework and guide for external auditors and reporting accountants of colleges issued by the Department of Education 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
- 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 49, 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.

Independent auditor's report to the members of NCG

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, HM Treasury's "Managing public money".

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

- Inquiring of management and, where appropriate, those charged with governance, as to whether the 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 legislation, pension legislation.

In addition, we evaluated the Members of the Corporation and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to the assets and liabilities of the Defined Benefit Pension Scheme and the valuation of investment property, revenue recognition (which we pinpointed to the cut-off assertion in respect of non-recurrent 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.

Independent auditor's report to the members of NCG

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

Other required reporting

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

In our opinion, in all material respects:

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

Matters on which we are required to report by exception

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

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

Use of the audit report

This report is made solely to the Corporation as a body in accordance with Article 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.

Forvis Mazars LLP

Forvis Mazars LLP

Chartered Accountants and Statutory Auditor

Bank Chambers

26 Mosley Street

Newcastle

NE1 1DF

Date 12/12/2025

Statement of comprehensive income

	Notes	Year ended	
		31 July 2025	31 July 2024
		Total £000	Total £000
INCOME			
Funding body grants	2	141,447	131,087
Tuition fees and education contracts	3	41,442	34,687
Other grants and contracts	4	671	1,410
Other income	5	2,661	3,380
Investment income	6	1,252	1,722
Total income		187,473	172,286
EXPENDITURE			
Staff costs	8	112,841	101,964
Restructuring costs	8	127	280
Other operating expenses	9	58,372	55,880
Depreciation	14	16,472	15,682
Interest payable and other finance costs	11	712	859
Total expenditure		188,524	174,665
Deficit before other gains and losses		(1,051)	(2,379)
Profit on Disposal of Assets	14	-	12,589
Revaluation of Investment Properties	15	(585)	(20)
(Deficit)/ Surplus		(1,636)	10,190
Actuarial gain/ (loss) in respect of pension schemes	26	60	(615)
Total comprehensive (loss)/ gain for the year		(1,576)	9,575

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

	Notes	Year ended	
		31 July 2025	31 July 2024
		Total £000	Total £000
Non-GAAP disclosure - Earnings before interest, tax, depreciation & amortisation (EBITDA)			
Deficit before other gains and losses		(1,051)	(2,379)
<i>Less</i> Capital grant release income		(7,841)	(5,668)
Investment income		(1,252)	(1,722)
<i>Add</i> Depreciation		16,472	15,682
Interest payable and other finance costs		712	859
<i>Add</i> LGPS Costs		5,642	5,330
<i>Less</i> LGPS Employer Contributions Paid		(6,182)	(5,969)
<i>Less</i> Movement in Holiday Pay Accrual		118	(536)
EBITDA		6,618	5,597

Statement of changes in reserves

	Income and expenditure account £000	Revaluation reserve £000	Total £000
Balance at 1 August 2023	156,410	5,322	161,732
Surplus from the income and expenditure account	10,190	-	10,190
Other comprehensive loss	(615)	-	(615)
Transfers between revaluation and income and expenditure reserves	9	(9)	-
Total comprehensive gain/ (loss) for the year	9,584	(9)	9,575
Balance at 31 July 2024	165,994	5,313	171,307
Deficit from the income and expenditure account	(1,636)	-	(1,636)
Other comprehensive income	60	-	60
Transfers between revaluation and income and expenditure reserves	10	(10)	-
Total comprehensive loss for the year	(1,566)	(10)	(1,576)
Balance at 31 July 2025	164,428	5,303	169,731

Balance Sheet at 31 July 2025

	Notes	As at 31 July 2025 £000	As at 31 July 2024 £000
Non-current assets			
Tangible fixed assets	14	228,249	221,760
Investment property	15	2,045	2,630
		230,294	224,390
Current assets			
Stocks	16	130	140
Trade and other receivables due within 1 year	17	29,089	15,324
Trade and other receivables due after 1 year	17	-	14,000
Investments	22	5,250	5,020
Cash and cash equivalents	23	41,403	39,876
		75,872	74,360
Less: Creditors - amounts falling due within one year	18	51,028	42,630
Net current assets		24,844	31,730
Total assets less current liabilities		255,138	256,120
Creditors - amounts falling due after more than one year	19	81,213	79,787
Provisions			
Defined benefit pension obligations	26	434	-
Other provisions	21	3,760	5,026
Total net assets		169,731	171,307
Unrestricted reserves			
Revaluation reserve		5,303	5,313
Income and expenditure account		164,428	165,994
Total unrestricted reserves		169,731	171,307

The financial statements were approved by the members of the Corporation on 9 December 2025 and were signed on their behalf by:

John Widdowson

John Widdowson
(Chair of the Corporation)

Liz Bromley

Liz Bromley
(Chief Executive Officer)

Statement of cash flows

	Notes	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
Cash flow from operating activities			
(Deficit)/ Surplus for the year		(1,636)	10,190
Adjustment for non-cash items			
Depreciation		16,472	15,682
Deferred capital grants released to income		(7,841)	(5,668)
Decrease/ (Increase) in stocks		10	(45)
(Increase)/ Decrease in debtors		(8,162)	756
Increase in creditors due in less than 1 year		5,464	75
(Decrease)/ Increase in creditors due in more than 1 year		(1,250)	4,999
Decrease in provisions		(231)	(9,692)
Pensions costs less contributions payable		(540)	(615)
Adjustment for investing or financing activities			
Investment income		(1,122)	(1,237)
Interest payable		507	623
Loss on sale of fixed assets		-	(12,589)
Revaluation of Investment Properties		585	20
Net cash inflow from operating activities		2,256	2,499
Cash flows from investing activities			
Proceeds from sale of fixed assets		8,398	2,658
Investment income		1,122	1,237
New deposits		(230)	4,704
Capital grants received		14,604	19,127
Payments made to acquire fixed assets		(22,548)	(16,895)
		1,346	10,831
Cash flows from financing activities			
Interest paid		(515)	(628)
Repayments of amounts borrowed		(1,560)	(1,534)
		(2,075)	(2,162)
Increase in cash and cash equivalents			
in the year	23	1,527	11,168
Cash and cash equivalents at beginning of the year		39,876	28,708
Cash and cash equivalents at end of the year		41,403	39,876

1. Accounting policies

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 2024 to 2025* 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 ongoing economic and political uncertainty, the Corporation maintains a strong balance sheet with low gearing, cash reserves and robust budget management to mitigate external pressures. The 2025 to 2027 budget reflects a balanced approach to growth and cost control. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

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/ DfE 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 or in year growth awards.

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 NCG 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 earned.

1. Accounting policies (continued)

Recognition of income (continued)

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.

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 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 based on 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.

1. Accounting policies (continued)

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 NCG can no longer withdraw the offer of those benefits or when NCG recognises costs for a restructuring.

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.

1. Accounting policies (continued)

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. NCG 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.

1. Accounting policies (continued)

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.

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.

1. Accounting policies (continued)

Provisions and contingent liabilities (continued)

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

In the prior year, a provision was held in relation to ESFA historic delivery between 2018/19 – 2020/21. The obligation has now been agreed with the funding body and accordingly the liability is now recorded in creditors.

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:

- 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 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

Other key sources of estimation uncertainty

- Tangible fixed assets

Tangible fixed assets, other than investment properties, are depreciated over their useful lives considering residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on several factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are considered. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- Defined benefit pension schemes

The present value of the Local Government Pension Scheme defined benefit liability depends on several 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,

1. Accounting policies (continued)

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

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 2022 has been used by the actuary in valuing the pensions liability at 31 July 2025. 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.

- **Valuation of Investment Property**

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

2. Funding body grants

	Year ended 31 July 2025	Year ended 31 July 2024
	Total £000	Total £000
Recurrent grants		
Education & Skills Funding Agency - adult	6,326	8,543
Devolved Adult Skills Fund	22,381	20,687
Education & Skills Funding Agency - 16-19	89,905	84,565
Education & Skills Funding Agency - apprenticeships	7,153	6,556
Exceptional Funding Clawback Provision	-	(48)
Office for Students	1,451	1,527
Specific grants		
Teacher Pension Scheme contribution grant	4,922	3,589
Post-16 National Insurance grant	767	-
Releases of government capital grants	7,841	5,668
Office for Students - Challenge grant	701	-
	141,447	131,087

Under Education & Skills Funding Agency - 16-19 the amounts drawn down for Tuition Fund are £nil (2024: £1,277,000).

The exceptional funding clawback provision relates to the reclaim of funding by the ESFA for historic delivery between 2018/19 – 2020/21. The value is equal to the settlement amount agreed between NCG and the funding body.

3. Tuition fees and education contracts

	Year ended 31 July 2025	Year ended 31 July 2024
	Total £000	Total £000
Adult education fees		
Apprenticeship fees and contracts	448	547
Fees for FE loan supported courses	65	120
Fees for HE loan supported courses	833	1,263
International students fees	30,024	22,225
	<u>1,890</u>	<u>2,854</u>
Total tuition fees	33,260	27,009
Education contracts	8,182	7,678
	<u>41,442</u>	<u>34,687</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 £1,508k (2024: £1,565k). 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.

4. Other grants and contracts

	Year ended 31 July 2025	Year ended 31 July 2024
	Total £000	Total £000
Erasmus/Turing Scheme	560	1,156
Other grants and contracts	<u>111</u>	<u>254</u>
	<u>671</u>	<u>1,410</u>

5. Other income

	Year ended 31 July 2025	Year ended 31 July 2024
	Total £000	Total £000
Catering	1,143	1,076
Miscellaneous income	<u>1,518</u>	<u>2,304</u>
	<u>2,661</u>	<u>3,380</u>

6. Investment income

	Year ended 31 July 2025	Year ended 31 July 2024
	Total £000	Total £000
Other interest receivable	<u>1,122</u>	<u>1,237</u>
	<u>1,122</u>	<u>1,237</u>
Net return on pension scheme	<u>130</u>	<u>485</u>
	<u>1,252</u>	<u>1,722</u>

7. Grant and fee income

Notes		Year ended	Year ended
		31 July 2025	31 July 2024
		Total	Total
		£000	£000
Grant income from the OfS		3,975	4,713
Grant income from other bodies			
Education & Skills Funding Agency adult	2	6,326	8,543
Devolved Adult Skills Fund	2	22,381	20,687
Education & Skills Funding Agency 16-19	2	89,905	84,565
TPS contribution grant	2	4,922	3,589
Other capital grants		279	358
Other capital grants from ESFA/ DfE		12,501	15,583
Fee income for taught awards	3	30,024	22,225
Fee income from non-qualifying courses			-
Adult education fees	3	448	547
Fees for FE loan supported courses	3	833	1,263
International students fees	3	1,890	2,854
		173,484	164,927

Grant income from the OfS includes recurrent teaching funding and 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 £1,823k in the year (2024: £50k).

Grant income from the ESFA includes recurrent teaching funding and 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 £12,501k in the year (2024: £14,896k).

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 £279k in the year (2024: £126k).

8. Staff costs

The average number of persons (including key management personnel) employed by NCG 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 31 July 2025	Year ended 31 July 2024
	Total No.	Total No.
Teaching staff	1,412	1,408
Non teaching staff	<u>1,202</u>	<u>1,190</u>
	<u>2,614</u>	<u>2,598</u>

Staff costs for the above persons:

	Year ended 31 July 2025	Year ended 31 July 2024
	Total £000	Total £000
Wages and salaries	86,882	79,761
Social security costs	9,303	7,821
TPS pension costs	11,014	9,052
LGPS pension costs (TWPF)	4,660	4,440
LGPS pension costs (LPFA)	<u>982</u>	<u>890</u>
Payroll sub-total	112,841	101,964
Exceptional restructuring costs	<u>127</u>	<u>280</u>
Total staff costs	<u>112,968</u>	<u>102,244</u>

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

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 31 July 2025	Year ended 31 July 2024	Year ended 31 July 2025	Year ended 31 July 2024
	No.	No.	No.	No.
£60,000 to £65,000	-	-	16	10
£65,001 to £70,000	-	-	7	8
£70,001 to £75,000	-	-	9	12
£75,001 to £80,000	-	-	15	6
£80,001 to £85,000	-	-	5	6
£85,001 to £90,000	1	-	3	5
£90,001 to £95,000	-	1	2	1
£95,001 to £100,000	-	-	1	1
£100,001 to £105,000	-	-	2	1
£105,001 to £110,000	2	1	3	-
£110,001 to £115,000	-	3	1	1
£115,001 to £120,000	3	-	-	-
£120,001 to £125,000	-	1	-	1
£125,001 to £130,000	1	1	-	-
£130,001 to £135,000	-	2	-	-
£135,001 to £140,000	-	2	-	-
£140,001 to £145,000	1	1	-	-
£145,001 to £150,000	1	-	-	-
£150,001 to £155,000	2	1	-	-
£155,001 to £160,000	-	1	-	-
£170,001 to £175,000	1	-	-	-
£225,001 to £230,000	-	1	-	-
£245,001 to £250,000	1	-	-	-
	13	15	64	52

Part time workers grossed up to full time equivalent and staff on maternity, paternity or sickness leave at their usual rate of pay the bandings would have been as follows:

- 1 member (2024: 0) of higher paid staff would have been paid in the £60,001 to £65,000 banding in 2025.
- No members (2024: 4) of higher paid staff would have been paid in the £70,001 to £75,000 banding in 2025.
- 2 members of higher paid staff (2024: 0) would have been paid in the £75,001 to £80,000 banding in 2025.
- No members (2024: 1) of higher paid staff would have been paid in the £80,001 to £85,000 banding in 2025.
- 2 members of higher paid staff (2024: 2) would have been paid in the £85,001 to £90,000 banding in 2025.

8. Staff costs (continued)

Key Management Personnel and Higher Paid Staff (continued)

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:

Bandings based on Basic Salary of £100,000 and over	Key management personnel		Other higher paid staff	
	Year ended 31 July 2025	Year ended 31 July 2024	Year ended 31 July 2025	Year ended 31 July 2024
	No.	No.	No.	No.
£100,000 to £105,000	3	3	4	2
£105,001 to £110,000	-	1	1	1
£110,001 to £115,000	2	1	-	1
£115,001 to £120,000	-	1	-	-
£120,001 to £125,000	1	1	-	-
£125,001 to £130,000	1	3	-	-
£130,001 to £135,000	1	-	-	-
£140,001 to £145,000	3	-	-	-
£205,001 to £210,000	-	1	-	-
£225,001 to £230,000	1	-	-	-
	12	11	5	4

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 2025 were as follows,

- Chief Executive Officer
- Executive Principal, People & Culture
- Executive Principal, Curriculum
- Chief Finance Officer
- Executive Director of Quality
- Chief Information, Data and Estates Officer (formerly Chief Information and Data Officer)
- Principals of Carlisle College, Kidderminster College, Newcastle College, Lewisham College, Southwark College, Newcastle Sixth Form College and West Lancs College.

8. Staff costs (continued)

Key Management Personnel and Higher Paid Staff (continued)

	Year ended 31 July 2025 No.	Year ended 31 July 2024 No.
The number of Key Management Personnel including those who held office for only part of the year, was:	<u>14</u>	<u>15</u>
Key Management Personnel emoluments are made up as follows:		
Basic Salary	1,672	1,729
Non-consolidated One-off Payment	77	123
Benefits in Kind - Health Insurance	<u>14</u>	<u>15</u>
	1,763	1,867
Employers Pension Contributions	333	295
Payments in Lieu of Pensions	<u>35</u>	<u>43</u>
Total emoluments	<u>2,131</u>	<u>2,205</u>

The Key Management Personnel emoluments include amounts payable to the Accounting Officer and highest paid officer in 2025, the Chief Executive, of:

	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
Basic Salary	227	210
Non-consolidated One-off Payment	18	14
Employers Pension Contributions	38	35
Benefits in Kind - Health Insurance	<u>3</u>	<u>3</u>
Total emoluments	<u>286</u>	<u>262</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 mid-year review, the Chair of the Corporation undertakes a full performance review annually where the CEO's performance against the set objectives is fully considered. In the 2024/25 academic year, the Chair of the Corporation confirmed that the CEO had performed strongly throughout the accounting period, leading NCG to an Ofsted judgement of 'Good' across all judgement areas. This review of performance along with comparative reward information (from 1- Local Colleges, 2- Next tier organisations (based on income), 3- Equivalent tier (based on income) DfE published data, 4- an analysis of similar sized HE providers) was then presented to the Appraisal & Remuneration Committee for further consideration and challenge. The conclusion of the Appraisal & Remuneration Committee was that the CEO should receive a 4% consolidated pay award (in line with the pay award for all staff) as well as a non-consolidated one-off award of £5k in line with what was proposed for all executive senior post-holders. This recommendation was subsequently approved by the Corporation.

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 as well as in accordance with guidance issued from the FE Commissioner and HM Treasury.

8. Staff costs (continued)

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 recommend or amend the proposed numbers to the Corporation for approval.

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

	Year ended 31 July 2025	Year ended 31 July 2024
CEO's basic salary as a multiple of the median of all staff	6.80	6.48
CEO's total remuneration as a multiple of the median of all staff	6.65	6.30

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.

8. Staff costs (continued)

Amounts paid and payable for loss of office to former staff

	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
Severance paid or payable to Key Management Personnel		
Contractual severance	-	5
Non-contractual severance	-	28
	<u><u>-</u></u>	<u><u>33</u></u>
Severance paid or payable to staff earning in excess of £60,000 per annum		
Contractual severance	-	55
Non-contractual severance	-	79
	<u><u>-</u></u>	<u><u>134</u></u>
Severance paid or payable to staff earning less than £60,000 per annum		
Contractual severance	62	50
Non-contractual severance	65	63
	<u><u>127</u></u>	<u><u>113</u></u>

The number of people to whom severance was paid or became payable in 2025 was 17 (2024: 25). The Appraisal and Remuneration committee 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.

NCG paid 17 severance payments in the year, disclosed in the following bands:

Amounts for loss of office paid or payable	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
£0 - £25,000	17	22
£25,001 - £50,000	-	3
Total number of employees paid or payable	17	25

Of the 17 people (2024: 25) with severance payments, there were no Key Management Personnel (2024: 1), no higher paid staff earning over £60k (2024: 8) and 17 people (2024: 16) were staff earning under £60k. However, one payment was made to a member of staff who would have earned in excess of £60,000 per annum but had not received any remuneration in the financial year.

Included in staff restructuring costs are special severance payments totalling £65,061 (2024: £169,772). Individually, the payments in 2025 were: £797, £2,505, £2,601, £3,120, £3,693, £4,000, £4,742, £5,947, £10,928, £11,250 and £15,479.

9. Other operating expenses

	Year ended 31 July 2025	Year ended 31 July 2024
	Total £000	Total £000
Teaching costs	3,470	3,593
Teaching and other support costs	20,226	15,708
Administration costs	10,924	10,279
Operational costs	11,937	13,990
Maintenance costs	4,532	4,283
Examination costs	4,192	4,862
Rent and lease costs	1,182	1,165
Catering, residences and conferences costs	1,917	1,823
Bad debt provision	(111)	52
Other costs	103	125
	<u>58,372</u>	<u>55,880</u>
Other operating expenses include:		
	Year ended 31 July 2025	Year ended 31 July 2024
	£000	£000
Auditor's remuneration:		
- External audit (including Regularity Audit)	101	93
- Other services provided by the external auditor	3	3
Subcontractor costs	13,293	7,803
Hire of assets under operating leases:		
- Land and buildings	754	821
- Other	<u>768</u>	<u>523</u>

The total value of any debts written off or other losses incurred in the year was £2,500 (2024: £8,000). There were no debts written off that were over £5,000.

10. Access and participation expenditure

	Year ended 31 July 2025	Year ended 31 July 2024				
	Staffing £000	Other £000	Total £000	Staffing £000	Other £000	Total £000
Access investment	339	-	339	305	-	305
Financial support provided to students	-	1,406	1,406	-	1,792	1,792
Support for Disabled Students	586	-	586	531	-	531
Research and evaluation	7	-	7	7	-	7
Total access and participation expenditure	<u>932</u>	<u>1,406</u>	<u>2,338</u>	<u>843</u>	<u>1,792</u>	<u>2,635</u>

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.

11. Interest payable and other finance costs

	Year ended 31 July 2025	Year ended 31 July 2024
	Total £000	Total £000
On bank loans	498	621
Other interest - pensions	205	236
Other interest and charges	9	2
	712	859

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 2025	As at 31 July 2024
	£	£
Subsidiary holdings	1.00	1.00
	1.00	1.00

Subsidiary Holdings

At the balance sheet date, NCG Corporation has 2 subsidiary companies NCG Professional Services Limited (formerly Intraining Holdings Ltd) and NCG Foundation Limited. NCG Professional Services Limited has been dormant since 1 August 2021 and has no balances at the balance sheet date. NCG Foundation Limited has never traded since its incorporation on 28 November 2022, it is a company limited by guarantee. NCG is the sole member of this company.

The two training providers which have been under insolvency proceedings have now been dissolved. Rathbone Training was dissolved on 2 October 2024 and The Intraining Group Ltd was dissolved on 12 September 2025.

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.

On the 31 July 2024, NCG disposed of the minority shareholding of 150 shares (15%) in this company for £2 consideration.

Joint Venture

The joint venture company with three other organisations, Cumbria Colleges Limited was dissolved on 30 January 2024.

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

14. Tangible fixed assets

	Land and buildings £000	Plant and equipment £000	Total £000
Cost or valuation:			
At 1 August 2024	357,321	27,923	385,244
Additions	12,976	9,985	22,961
Disposals	-	(7,182)	(7,182)
Transfer between Categories	(2,477)	2,477	-
At 31 July 2025	367,820	33,203	401,023
Depreciation:			
At 1 August 2024	150,911	12,573	163,484
Charge for year	10,690	5,782	16,472
Disposals	-	(7,182)	(7,182)
Transfer between Categories	(2,866)	2,866	-
At 31 July 2025	158,735	14,039	172,774
Net book value at 31 July 2025	209,085	19,164	228,249
Net book value at 1 August 2024	206,410	15,350	221,760

Inherited land and buildings were valued at £25,934k on 27 August 1993. Of this, £25,859k relates to buildings stated at depreciated replacement cost, and £75k 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 £103,769k (2024: £95,332k) 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 £5,969k (2024: £5,457k) which have not been depreciated as the assets have not yet been brought into use.

Freehold land held at a value of £56,607k (2024: £56,607k) has not been depreciated.

In 2025, certain items previously classified as Land & Buildings have been transferred to Plant & Equipment to better reflect the nature of the asset.

Revaluation reserve

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

Restricted capital proceeds on sale of land and buildings

Per Managing Public Money (MPM) bite-size guidance, for land and buildings (whether freehold or leasehold), the proceeds of disposal must be used for capital reinvestment in further fixed assets.

Additions for the year ended 31 July 2025, that have not been funded by capital grants amount to £6,044k resulting in an amount to allocate to future cashflows of £10,493k spend using NCG's reserves. The following table shows the overall position to carry forward into next year in relation to restricted capital proceeds.

14. Tangible fixed assets (continued)

	Restricted Capital Proceeds £000
At 1 August 2024	19,471
Cash received in the year	8,398
Reduction in amounts payable by Deptford Property Purchaser	(8,500)
Fixed Asset Prepayment	(2,832)
Fixed Asset Additions	(6,044)
At 31 July 2025	<u>10,493</u>

15. Investment property

	As at 31 July 2025 £000
Carrying value at 1 August 2024	2,630
Revaluation of Investment Properties	(585)
Carrying value at 31 July 2025	<u>2,045</u>

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 2025 £000	As at 31 July 2024 £000
Stocks	130	140
	<u>130</u>	<u>140</u>

17. Trade and other receivables

	As at 31 July 2025 £000	As at 31 July 2024 £000
Amounts falling due within one year:		
Trade debtors	6,558	2,648
Other debtors	14,187	8,567
Prepayments and accrued income	7,507	3,565
Amounts owed by the DfE	837	544
	<u>29,089</u>	<u>15,324</u>
Amounts falling due after one year:		
Other debtors after one year	-	14,000
	<u>-</u>	<u>14,000</u>

The debtors falling due after one year is in relation to the deferred consideration for the disposal of the Deptford site.

18. Creditors: amounts falling due within one year

	As at 31 July 2025 £000	As at 31 July 2024 £000
Deferred income	11,843	8,294
Amounts owed to the DfE	3,247	2,231
Trade creditors	1,881	146
Payroll creditors	1,938	1,230
Holiday pay accrual	945	762
Other taxation and social security	280	309
Accruals	7,583	8,347
Bank loans due within one year	1,588	1,560
Other creditors	757	1,475
Payments received on Account	490	300
Deferred capital grants due within one year	7,775	4,898
Deferred capital grants unspent due within one year	12,701	13,078
	<u>51,028</u>	<u>42,630</u>

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

	As at 31 July 2025 £000	As at 31 July 2024 £000
Bank loans due after one year	5,725	7,312
Amounts owed to DfE due after one year	3,749	4,999
Deferred capital grants due after one year	65,433	59,685
Deferred capital grants unspent due after one year	6,306	7,791
	<u><u>81,213</u></u>	<u><u>79,787</u></u>

20. Maturity of debt

Bank Loans and overdrafts are repayable as follows:

	As at 31 July 2025 £000	As at 31 July 2024 £000
In one year or less	1,588	1,560
Between one and two years	3,170	1,588
Between two and five years	1,978	4,749
In five years or more	<u>576</u>	<u>975</u>
	<u><u>7,312</u></u>	<u><u>8,872</u></u>

Bank loans and overdrafts carry interest at rates between 3.74% and 6.83% for fixed rate loans and between Bank of England (BoE) Base Rate +1.18% and BoE Base Rate +2.95% for variable. Loans are repayable by instalments and due to mature between 2027 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 £72,726k (2024: £74,449k).

21. Provisions

	Dilapidations £000	Enhanced pensions £000	Total £000
At 1 August 2024	951	4,075	5,026
Actuarial gains	-	(1,157)	(1,157)
Benefits paid	-	(365)	(365)
Interest charged	-	198	198
Charged in the year	59	-	59
Released in the year	(1)	-	(1)
At 31 July 2025	1,009	2,751	3,760

Dilapidations are provided for on rented properties and the expected settlement for over 50% 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.

NCG has numerous methods of paying pensioners who are included within the enhanced pension provision which results in various assumptions. The price inflation assumption applied is either 0%, 1.7% or 2.5% (2024: 0%, 2.6% or 6.07%) and the discount rate assumption is 5.5% or 5.8% (2024: 4.8% or 5%).

22. Investments

	As at 31 July 2025 £000	As at 31 July 2024 £000
Short-term deposits	5,250	5,020

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

23. Cash and cash equivalents

	As at 31 July 2024	Other Cash flows	Other non- cash changes	As at 31 July 2025
Cash and cash equivalents	£000	£000	£000	£000
Short term liquid investments	5,013	-	-	5,013
Cash at bank and in hand - Unrestricted cash	13,994	3,317	-	17,311
Restricted cash at bank and in hand				
– unspent government capital grants	20,869	(1,790)	-	19,079
	<hr/>	<hr/>	<hr/>	<hr/>
	39,876	1,527	-	41,403
Borrowings				
Debt due within one year	1,560	-	28	1,588
Debt due after one year	7,312	(1,560)	(28)	5,724
	<hr/>	<hr/>	<hr/>	<hr/>
	8,872	(1,560)	-	7,312
Total	8,872	(1,560)	-	7,312

24. Capital commitments

	As at 31 July 2025	As at 31 July 2024
	£000	£000
Commitments contracted for at 31 July	<hr/>	<hr/>
	3,417	5,000

25. Lease obligations

	As at 31 July 2025	As at 31 July 2024
	£000	£000
Future minimum lease payments due:		
Land and buildings		
Not later than one year	787	607
Later than one year but not later than five years	2,130	2,018
Later than five years	5,972	5,245
	<hr/>	<hr/>
	8,889	7,870
Other		
Not later than one year	687	551
Later than one year but not later than five years	1,435	1,658
Later than five years	13	15
	<hr/>	<hr/>
	2,135	2,224

26. Pension schemes

NCG'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.

Total staff pension cost for the year

	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
TPS pension costs	11,014	9,052
LGPS pension costs (TWPF)	4,660	4,440
LGPS pension costs (LPFA)	982	890
Total pension cost for the year	<u>16,656</u>	<u>14,382</u>

Amounts recognised in the Statement of Comprehensive Income

	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
Tyne & Wear LGPS	(770)	(780)
London Pension Fund Authority Scheme	(327)	(344)
Enhanced Pension Charge (note 21)	1,157	509
Actuarial gain recognised	<u>60</u>	<u>(615)</u>

Pension liability recognised in the balance sheet

	As at 31 July 2025 £000	As at 31 July 2024 £000
Tyne & Wear LGPS	-	-
London Pension Fund Authority Scheme	434	-
434	<u>434</u>	<u>-</u>

Outstanding contributions at 31 July 2025, included within creditors, were £1,893k (2024: £1,191k).

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 2020 and as at 31 March 2022 for the LGPS.

26. Pension schemes (continued)

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. NCG is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly, NCG 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. NCG has set out above the information available on the plan and the implications for the NCG 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 valuation of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department for Education (the Department) in October 2023. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222 billion giving a notional past services deficit of £40 billion (compared to £22 billion in the 2016 valuation).

As a result of the valuation, new employer contribution rates were set at 28.68% of pensionable pay from April 2024 onwards (compared to 23.68% during 2018/19). DfE are continuing to pay a teacher pension employer contribution grant to cover the additional costs during the 2025/26 academic year.

A full copy of the 2020 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 £11,014k (2024: £9,052k).

Local Government Pension Scheme (LGPS)

NCG is an employer in two LGPS pension funds, the Tyne and Wear Pension Fund (TWPF) and the London Pension Fund Authority Scheme (LPFA). The LGPS operates through 86 administering authorities, and although all funds follow the same laws and regulations, differences arise due to local funding strategies, actuarial assumptions, and investment policies, which can result in variations in employer contribution rates and reported surplus or deficits therefore the following disclosure is split out by fund. That being said there are some common issues that the all LGPS funds are facing which are summarised as follows:

The McCloud/Sargeant Judgement

The McCloud and Sergeant 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.

Regulations in respect of the McCloud and Sergeant judgements came into force on 1 October 2023. These may affect the value of the liabilities in respect of accrued benefits and therefore an allowance may need to be included in an employer's report. An allowance for the McCloud remedy has been made in the liabilities which is consistent with the method adopted at the last actuarial valuation.

26. Pension schemes (continued)

Local Government Pension Scheme (LGPS) (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.

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 State Pension Age (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. Details of the consultation outcome can be found [here](#).

It has been assumed that the funds 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, the assumption is that the fund will be required to pay the entire inflationary increase. The assumption is consistent with the consultation outcome and the actuaries believe that no further adjustments are required to the liabilities.

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.

The UK Government's consultation on the Local Government Pension Scheme (LGPS) in England and Wales addressing survivor benefits, aiming to rectify historical inequalities and ensure fairness across all member categories is ongoing.

As the proposed 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, there has no allowance for this ruling in the calculations.

Impact of Virgin Media Limited v NTL Pension Trustees ruling

In June 2023 the High Court ruled in the case of Virgin Media Limited v NTL Pension Trustees. The ruling was that certain pension scheme rule amendments were invalid if they were not accompanied by the correct actuarial confirmation.

This High Court ruling was appealed. In a judgment delivered on 25 July 2024, the Court of Appeal unanimously upheld the decision of the High Court.

On 5 June 2025, the Government announced that it will introduce legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards. Once the legislation has been passed, this will mean that pension schemes will be able to obtain written confirmation from an actuary about the benefit changes that were previously made and apply that confirmation retrospectively without making the plan amendments void, if the changes met the necessary standards.

At the date of approval of these financial statements, while it is known there is potential for additional pension liabilities to be recognised as a result of this ruling, the impact in monetary terms is not known and it is reasonable to form the view that it is not reasonably estimable. Accordingly, no adjustments to reflect the impact of the ruling have been made in these financial statements.

The Corporation will continue to monitor the developments and consider the impact on the LGPS liabilities recognised by NCG.

26. Pension schemes (continued)

Local Government Pension Scheme (LGPS) (continued)

Employee Contribution Rates

Employee contribution rates for the Local Government Pension Scheme (LGPS) are set centrally under the LGPS Regulations and reviewed periodically. Therefore, the following contribution rates from 1 April 2025, apply to both TWPF and LPFA:

Actual Pensionable pay	Contribution rate per year
Up to £17,800	5.50%
£17,801 to £28,000	5.80%
£28,001 to £45,600	6.50%
£45,601 to £57,700	6.80%
£57,701 to £81,000	8.50%
£81,001 to £114,800	9.90%
£114,801 to £135,300	10.50%
£135,301 to £203,000	11.40%
£203,001 or more	12.50%

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 funded 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 2026 are estimated to be £5,400k (2024: £5,130k). Additional contributions may also become due in respect of any employer discretions to enhance members' benefits in the Fund over the next accounting period.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2022 updated to 31 July 2025 by a qualified independent actuary:

TWPF - Principal Actuarial Assumptions

TWPF	At 31 July 2025	At 31 July 2024	At 31 July 2023
CPI Inflation	2.50%	2.60%	2.60%
Rate of general long-term increase in salaries	2.50%	2.60%	2.60%
Rate of increase for pensions in payment	2.50%	2.60%	2.60%
Rate of revaluation of pension accounts	2.50%	2.60%	2.60%
Discount rate	5.80%	5.00%	5.00%

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 2025	As at 31 July 2024
	Years	Years
Retiring at 31 July		
Males	20.4	20.1
Females	23.4	23.3
Retiring in 20 years		
Males	21.0	20.6
Females	24.2	24.1

26. Pension schemes (continued)

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

The asset split in the scheme were:

TWPF	Asset split at 31 July 2025	Asset split at 31 July 2024
	%	%
Equities	48.3	50.2
Property	11.1	10.4
Government Bonds	1.0	8.1
Corporate Bonds	18.1	18.6
Multi Asset Credit	4.5	4.5
Cash	1.2	0.8
Other	15.8	7.4
Total market value	100.0	100.0

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:

	As at 31 July 2025	As at 31 July 2024
	£000	£000
Fair value of assets	209,300	195,680
Present value of funded defined benefit obligation	(135,740)	(150,510)
Net pensions asset	73,560	45,170
Less notional surplus not recognised	(73,560)	(45,170)
Net pensions asset/(liability) as recognised in these financial statements	-	-

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 31 July 2025	Year ended 31 July 2024
	£000	£000
Current service cost	4,630	4,350
Past service cost	30	90
Interest income	(130)	(120)
	4,530	4,320

26. Pension schemes (continued)**Local Government Pension Scheme - Tyne & Wear Pension Fund (TWPF) (continued)****Changes to the present value of liabilities during the year**

	As at 31 July 2025 £000	As at 31 July 2024 £000
Opening defined benefit obligation	150,510	143,450
Current service cost	4,630	4,350
Interest cost	7,420	7,080
Contributions by participants	1,840	1,740
Actuarial gains on liabilities	(22,420)	(430)
Net benefits paid out	(6,270)	(5,770)
Past service cost	30	90
Closing defined benefit obligation	135,740	150,510

Changes to the fair value of assets during the year

	As at 31 July 2025 £000	As at 31 July 2024 £000
Opening fair value of assets	195,680	181,200
Interest income on assets	9,810	9,090
Actuarial losses on assets	2,940	4,320
Contributions by the employer	5,300	5,100
Contributions by participants	1,840	1,740
Net benefits paid out	(6,270)	(5,770)
Closing fair value of assets	209,300	195,680

Actual return on assets

	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
Interest income on assets	9,810	9,090
Actuarial gain on assets	2,940	4,320
Actual return on assets	12,750	13,410

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	2025 £000	2024 £000	2023 £000	2022 £000	2021 £000
Fair value of assets	209,300	195,680	181,200	176,850	173,800
Present value of liabilities	(135,740)	(150,510)	(143,450)	(168,920)	(246,390)
Less notional surplus not recognised	<u>(73,560)</u>	<u>(45,170)</u>	<u>(37,750)</u>	<u>(7,930)</u>	<u>-</u>
Deficit	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>(72,590)</u></u>

Sensitivity analysis

The approximate impact of changing the key assumptions on the present value of the funded defined benefit obligation as at 31 July 2025 and the projected service cost for the period ending 31 July 2025 is set out below:

TWPF	£000	£000	£000
Adjustment to discount rate	+ 0.1%	0.0%	- 0.1%
Present value of total obligation	133,570	135,740	137,910
Projected service cost	3,010	3,180	3,350
Adjustment to long term salary increase	+ 0.1%	0.0%	- 0.1%
Present value of total obligation	135,880	135,740	135,600
Projected service cost	3,180	3,180	3,180
Adjustment to pension increase and deferred revaluation	+ 0.1%	0.0%	- 0.1%
Present value of total obligation	137,780	135,740	133,700
Projected service cost	3,350	3,180	3,010
Adjustment to life expectancy assumptions	+ 1 year	None	- 1 year
Present value of total obligation	138,860	135,740	132,620
Projected service cost	3,300	3,180	3,060

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 2024 and was carried out by Barnett Waddingham LLP, an independent actuary. This valuation estimated a pension surplus of £38,950k (before unfunded obligations) however 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.

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.

26. Pension schemes (continued)

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

Employer contribution rates were fixed at 10.0% from April 2024 onwards.

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

LPFA - NCG	At 31 July 2025	At 31 July 2024
Discount rate	5.80%	5.00%
Salary increases	2.50%	2.60%
Pension increases	2.50%	2.60%

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 2025	At 31 July 2024
<i>Retiring at 31 July</i>		
Males	19.6	19.3
Females	22.9	22.8
<i>Retiring in 20 years</i>		
Males	20.8	20.5
Females	24.3	24.2

Principal Actuarial Assumptions

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

LPFA - NCG	At 31 July 2025	At 31 July 2024
	%	%
Equities	57.1	60.6
Target Return Portfolio	18.6	16.4
Infrastructure	11.4	10.8
Property	8.9	9.0
Cash	4.0	3.2
	100	100

Net pension surplus/ (liability) as at 31 July:

LPFA - NCG	2025 £000	2024 £000	2023 £000
Present value of the defined benefit obligation	(72,601)	(82,116)	(82,360)
Fair value of Fund assets (bid value)	<u>111,117</u>	<u>107,761</u>	<u>104,482</u>
Surplus / (Deficit)	38,516	25,645	22,122
Present value of unfunded obligation	(434)	571	696
Less notional surplus not recognised	<u>(38,516)</u>	<u>(26,216)</u>	<u>(22,818)</u>
Net defined benefit liability	(434)	-	-

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 July 2025 £000	Year to 31 July 2024 £000
Service cost	950	859
Net interest on the defined liability	7	(365)
Administration expenses	32	31
	989	525

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

LPFA - NCG	At 31 July 2025 £000	At 31 July 2024 £000
Opening defined benefit obligation	82,116	82,360
Current service cost	950	859
Interest cost	3,942	4,002
Change in demographic assumptions	547	(150)
Change in financial assumptions	(9,315)	-
Experience loss/ (gain) on defined benefit obligation	990	(245)
Estimated benefits paid net of transfers in	(6,841)	(4,888)
Contributions by Fund participants and other employers	365	331
Unfunded pension payments	(153)	(153)
Closing defined benefit obligation	72,601	82,116

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

LPFA - NCG	At 31 July 2025 £000	At 31 July 2024 £000
Opening fair value of Fund assets	107,761	104,482
Interest on assets	5,246	5,129
Return on assets less interest	3,889	2,022
Other actuarial gains	-	-
Administration expenses	(32)	(31)
Contributions by employer including unfunded	882	869
Contributions by Fund participants and other employers	365	331
Estimate benefits paid plus unfunded net of transfers in	(6,994)	(5,041)
Closing fair value of Fund assets	111,117	107,761

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 2025 and the projected service cost for the period ending 31 July 2025 is set out below:

LPFA	£000	£000	£000
Adjustment to discount rate	+ 0.1%	0.0%	- 0.1%
Present value of total obligation	71,699	72,601	73,522
Projected service cost	692	715	738
Adjustment to long term salary increase	+ 0.1%	0.0%	- 0.1%
Present value of total obligation	72,611	72,601	72,591
Projected service cost	715	715	715
Adjustment to pension increase and deferred revaluation	+ 0.1%	0.0%	- 0.1%
Present value of total obligation	73,542	72,601	71,679
Projected service cost	739	715	691
Adjustment to life expectancy assumptions	+ 1 year	None	- 1 year
Present value of total obligation	75,461	72,601	69,867
Projected service cost	739	715	691

Remeasurement of the defined benefit pension liability

LPFA	Year to 31 July	
	2025	2024
	£000	£000
Return on Fund assets in excess of interest	3,889	2,022
Change in financial assumptions	9,315	-
Change in demographic assumptions	(547)	150
Experience gain/(loss) on defined benefit obligation	(990)	245
Changes in effect of asset ceiling	<u>27,527</u>	<u>15,992</u>
Remeasurement of the defined benefit pension liability	<u>39,194</u>	<u>18,409</u>

Projections for the year to 31 July 2026

LPFA	£000
Service cost	715
Net interest on the defined liability / (Asset)	(2,261)
Administration expenses	<u>33</u>
	<u>(1,513)</u>
Employer contributions	770

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 2025 £000	As at 31 July 2024 £000
Payments paid to or on behalf of Governors		
- Corporation	1	3
Number of governors	No.	No.
- Corporation	3	8

During the year, one independent governor was a Consultant for Advance HE. There were £5,000 of purchases in the year (2024: £17,000) and £3,000 of sales in the year (2024: £nil) with £nil balance owed by or to NCG as of 31 July 2025 (2024: £nil).

One independent governor holds the position of Consultant for the Education and Training Foundation. During the year there were sales of £13,000 (2024: £14,000) and purchases of £7,000 (2024: £11,000) during the year. There was a balance owed by NCG of £nil (2024: £2,000) and balance owed to NCG of £nil (2024: £8,000) as of 31 July 2025.

The Chief Executive Officer is a Non-Executive Director for Newcastle Hospitals Foundation Trust; during the year there were sales of £nil (2024: £6,000). There was £nil balance owed to NCG as at 31 July 2025 (2024: £nil).

One independent governor is the company director of Robertsons Facilities Management. There were purchase transactions during the year totaling £1,343,000 (2024: £163,000). There was £nil balance owed by or to NCG as at 31 July 2025 (2024: £nil).

One independent governor is a board member for Clear Futures/Robertson Capital. There were purchase transactions totaling £5,997,000 (2024: £189,000). The balance owed to NCG at the year-end was £66,000 (2024: £nil) and owed from NCG was £nil (2024: £67,000). Clear Futures is a long-term Strategic Partnering Agreement (SPA) designed for UK public sector organisations. The SPA was set up by Eastbourne Borough Council following a compliant procurement process. Where decisions regarding Clear Futures have been discussed at Corporation Board or a relevant Committee meeting, the independent governor has declared their interest and not participated in any discussion / recommendation.

One of the independent governors is a Global Account Director for JLL. Purchase transactions in the year amounted to £118,000 (2024: £130,000) and there was £nil outstanding balance at the year end (2024: £nil).

One of the independent governors is Chair of the Board for Education Competencies Consortium, purchases during the year totaled £20,000 with £nil due to or by NCG at yearend.

The Executive Principal is on the advisory board for Northumbria University, purchases in the year amounted to £11,000 with £nil due to or by NCG at the year-end.

The Executive Director of Quality and Chief Executive Officer are a Committee Member and Board Member respectively, for NCFE. During the year, purchases totaled £1,111,000 with £8,000 due by NCG to NCFE as at 31st July 2025.

The Chief Financial Officer is a Trustee of the Teachers Pension Scheme, during the year, purchases totaled £216,000 with £13,500 due by NCG as at 31st July 2025.

28. Amounts disbursed as agent

	As at 31 July 2025 £000	As at 31 July 2024 £000
ESFA 16-19 bursary	2,566	2,441
ESFA 16-19 Vulnerable bursary	151	167
ESFA Advanced Learner Loans bursary	419	669
Other funding body grants	503	441
	3,639	3,718
Disbursed to students	(2,998)	(2,914)
Administration costs	(115)	(120)
	526	684
Balance unspent at 31 July included in creditors		

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.

The college distributes 16-19 discretionary and vulnerable bursaries and free meals in further education (FEFM) funds to students as an agent for DfE.

In the accounting period ended 31 July 2025, the college received a total of £3,298k and disbursed £3,011k from DfE 16-19 discretionary and vulnerable bursaries and FEFM funding after charging £160k for administration costs.

As at 31 July 2025, the cumulative unspent 16-19 discretionary and vulnerable bursary funds and FEFM funding is £3,562k, of which £398k relates to funds that are in scope to be returned to DfE in March 2026. Comparatives for the accounting period ended 31 July 2024 are £3,182k received from DfE, £3,002k disbursed to learners after charging £160k for administration costs, and total cumulative unspent funds of £3,435k, of which £254k was repayable to DfE.

27. Post Balance Sheet Events

On the 03 October 2025 NCG incorporated a wholly owned subsidiary, NCG Higher Education Centre Limited, for the purpose of providing technical higher education.

NCG HE Centre Limited entered into a business purchase agreement with Elizabeth School of London Limited on 10 November 2025 resulting in the TUPE of 28 staff to NCG Higher Education Centre Limited.

Due to the contingent nature of elements of the consideration, the College cannot currently reliably estimate the total consideration for the purchase

Independent auditor's report on regularity

To: The corporation of NCG and Secretary of State for Education

In accordance with the terms of our engagement letter dated 3 September 2025 and further to the requirements of Department for Education (DfE), as included in the extant Framework and Guide for External Auditors and Reporting Accountants of Colleges, 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 2024 to 31 July 2025 have not been applied to the purposes intended by Parliament or the financial transactions do not conform to the authorities which govern them.

This report is made solely to the corporation of NCG and the Secretary of State for Education 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 the Secretary of State 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 Secretary of State for Education for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the accounting officer of NCG and the reporting accountant

The accounting officer is responsible, under the requirements of the corporation's accountability agreement with the Secretary of State for Education and the College Financial Handbook, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament, and that the financial transactions conform to the authorities which 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 extant Framework and Guide for External Auditors and Reporting Accountants of Colleges. 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 2024 to 31 July 2025 have not been applied for the 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 Framework and Guide for External Auditors and Reporting Accountants of Colleges issued by DfE, which requires a limited assurance engagement, as set out in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

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

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 accountability agreements, grant funding agreements and contracts with the ESFA/DfE.
- 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.
- Tested a sample of credit card transactions.
- Tested a sample of expense claims in respect of KMP and Members of the Corporation.
- Tested a sample of suppliers and reviewed and assessed adherence to procurement policies.

Independent auditor's report on regularity

- Tested a sample of bursary expenditure and reviewed whether such expenditure was in line with funding agreements.
- Obtained the policy for personal gifts and/or hospitality.
- Obtained the register of personal interests.
- Obtained the financial regulations/financial procedures.
- Obtained the College's whistleblowing policy.
- Reviewed the College's compliance with Part 5 of the College Financial Handbook in respect of delegated authorities.
- Considered whether the college has complied with the requirements concerning senior pay controls as summarised in part 2 of the College Financial Handbook.

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 2024 to 31 July 2025 has not been applied for the purposes intended by Parliament, or that the financial transactions do not conform to the authorities which govern them.

Signed: *Forvis Mazars LLP*

Forvis Mazars LLP

Date: 12/12/2025

GLOSSARY

Acronym	Meaning
AoC	Association of Colleges
ASHP	Air Source Heat Pump
BCP	Business Continuity Plan
CARE	Career Average Related Earning
CEO	Chief Executive Officer
CPD	Continuing Professional Development
DBS	Disclosure and Barring Service
DfE	Department for Education
DWP	Department for Work and Pensions
EAUC	Environmental Association for Universities and Colleges
EBITDA	Earnings Before Interest, Taxation, Depreciation and Amortisation
EDIB	Equality, Diversity, Inclusion and Belonging
EIF	Education Inspection Framework
ESFA	Education and Skills Funding Agency
ESOL	English for Speakers of Other Languages
FE	Further Education
GCSE	General Certificate of Secondary Education
GMP	Guaranteed Minimum Pensions
GTC	Green Technology Centre
HDP	High Demand Project
HE	Higher Education
ILR	Individualised Learning Record
KPIs	Key Performance Indicators
LED	Light Emitting Diode

Continued on next page

GLOSSARY (CONTINUED)

Acronym	Meaning
LGPS	Local Government Pension Scheme
LPFA	London Pension Fund Authority
NSFC	Newcastle Sixth Form College
NSS	National Student Survey
OfS	Office for Students
Ofsted	Office for Standards in Education, Children's Services and Skills
PSED	Public Sector Equality Duty
PV	Photovoltaic
SAR	Self-Assessment Report
SECR	Streamlined Energy and Carbon Reporting
SLC	Student Loans Company
SLT	Senior Leadership Team
SORP	Statement of Recommended Practice
SPA	State Pension Age
SPH	Senior Post Holders
TEF	Teaching Excellence Framework
TLA	Teaching, Learning and Assessment
TPS	Teachers' Pension Scheme
TWPF	Tyne and Wear Pension Fund
UCU	University and College Union
VAT	Value Added Tax