



REPORT AND FINANCIAL STATEMENTS

31 JULY 2024

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REFERENCE AND ADMINISTRATIVE DETAILS

BOARD OF GOVERNORS:

John Widdowson
Chris McCourt
Rob Holt
Shirley Atkinson
Kevin Stach
Charlotte Croffie (appointed May 2024)
Darren Crossley (appointed March 2024)
Lisa Gregg (appointed March 2024)
Louise Humpish (appointed May 2024)
Joanne Marshall (appointed May 2024)
Vikki Smith (appointed March 2024)
Rachel Taylor (appointed May 2024)
Chris Wigginton (appointed May 2024)
Andrew Young (appointed May 2024)
Liz Bromley
Tristan Jackson (resigned February 2024)
Alfie Cockle (appointed September 2023 / resigned February 2024)
Mark Squires (resigned October 2023)
Jeannette Strachan (resigned February 2024)
Andrew Cunningham (resigned June 2024)
Matthew Otubu (resigned June 2024)

ADDRESS

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



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KEY MANAGEMENT PERSONNEL

Job Title	Name
Chief Executive Officer	Liz Bromley
Chief Finance Officer	Lisa Sproats
Chief Information, Data and Estates Officer	Scott Mulholland
Director of Governance / Clerk to the Corporation	Jane Farrelly (appointed June 2024)
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	Scott Bullock
Principal – Newcastle Sixth Form College	Simon Ross
Principal – Southwark College	Jane Button

Resigned During the Academic Year	
Job Title	Name
Chief Operations and Compliance Officer	David Balme

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
Data assurance auditors:	KPMG LLP
Insurance brokers:	Arthur J. Gallagher
Property valuers:	Lambert Smith Hampton and Sanderson Weatherall
Pension advisers:	Aon
Tax advisers:	Deloitte 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 2024.

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 South East London, providing a wide range of vocational courses.

Newcastle College is a large general further education college comprising substantial education programmes for young people, adult and community, 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 page 29 to page 31.

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.



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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**

The implementation of the strategy has been supported by local college strategies that align to the NCG Strategy. In addition to the college strategies, in 2023/24 NCG produced its 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.

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, the Office for Students, the Quality Assurance Agency and the Department for Education

HSBC, Lloyds Bank and Barclays Bank



STRATEGIC REPORT

PEOPLE

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

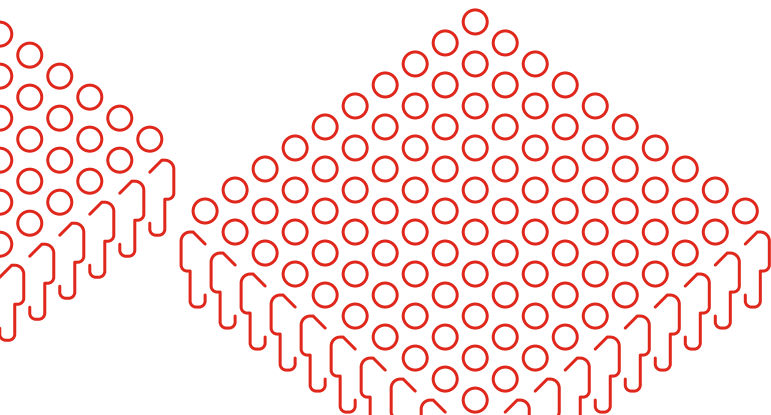
**BEING BOTH INCLUSIVE
AND DIVERSE**

**TRUSTING AND RESPECTING
OUR COMMUNITIES**

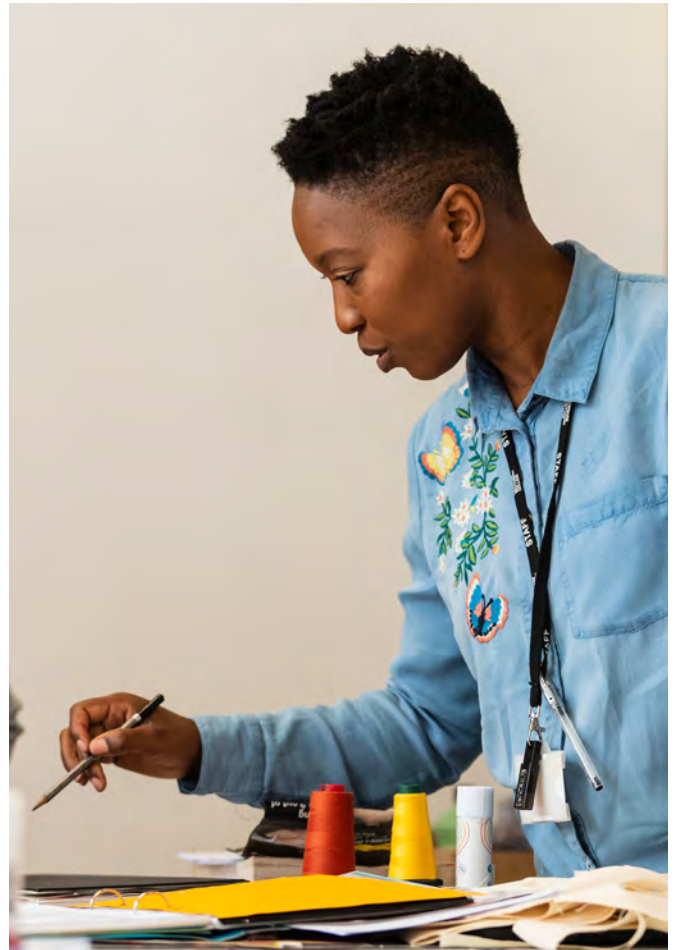
**TAKING OWNERSHIP WHILST
WORKING COLLABORATIVELY**

**INSPIRING EXCELLENCE
AND CURIOSITY**

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



NCG employed 2,598 people (expressed using average headcount calculation) in 2024 (2023: 2,499) of whom 1,408 are teaching (2023: 1,306). 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 Mission-Led Labour government has given us the opportunity to make a significant contribution to the national strategy across each of the Five Missions. NCG 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.

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 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 2024/25 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 & 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 2024 show that we are significantly above benchmark in four out of the five TEF metrics: teaching quality, assessment and feedback, academic support, and student voice. However, the final TEF metric, 'learning resources,' remains below benchmark. Substantial investments are being made to enhance the student experience through advanced technology and upgraded equipment, ensuring that NCG's technical higher education offerings remain aligned with industry standards. This includes IT resources that enable teaching staff to deliver high-quality education to students seamlessly, as well as a complete upgrade of all student-facing equipment, ensuring that no PCs or laptops are older than two years. While we expect this investment to bring us up to the required standard, we recognise that maintaining this level will necessitate ongoing annual investment.
 - We have also developed NCG's estate for higher education students, creating wellbeing social hubs to encourage collaboration and showcase our facilities to external stakeholders. Additionally, we have introduced new state-of-the-art facilities, including CAD and photography suites, and large, open-plan art studios designed to maximise natural light. In addition a new, spacious higher education social area has been established.
 - In 2023/24 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, we continue to look for opportunities to further grow to meet this demand.

Learner numbers for NCG are as follows:

	Year ended 31 July 2024 Total	Year ended 31 July 2023 Total
16-19 Classroom Learners	12,835	12,334
Classroom Based Adult Learners	17,921	14,767
Apprentices	1,600	1,662
HE Learners	<u>3,272</u>	<u>2,433</u>
	<u><u>35,628</u></u>	<u><u>31,196</u></u>

Achievement rates for 16-19 classroom learners was 84.4% (2023: 82.4%), classroom based adult learners was 88% (2023: 88.3%) and apprentices were 63.7% (2023: 54.6%)

STRATEGIC REPORT

DEVELOPMENT AND PERFORMANCE (CONTINUED)

FINANCIAL RESULTS

Key Performance Indicators

	Year ended 31 July 2024	Year ended 31 July 2023
Adjusted Current Ratio*	1.65	1.42
EBITDA as a percentage of Adjusted Income**	3.37	4.45%
Borrowing as a percentage of Adjusted Income**	5.34	7.33%
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 & sabbatical pay)

** Adjusted Income is calculated as Total Income less Capital Grant Release and Net return on pension scheme

Our key financial performance indicators summarised above are based on the Education and Skills Funding Agency (ESFA) financial health calculations.

Financial Health has remained 'Good' reflecting a strong performance across the year. Budget was exceeded and we were also able to pay all staff a non-consolidated payment of £500 as a thank you for their ongoing commitment. Cash position was strong, and we continue to utilise the significant capital grants received in previous financial years.

Our financial goals in 23/24 have been: -

- Ongoing growth of learner numbers which are financially viable and in line with local skills priorities and learner demand
- to invest in our people, providing meaningful financial and non-financial rewards across the organisation
- ongoing investment in our estate, in line with our Infrastructure plan to 2030
- to deliver strong financial performance, ensure long term financial sustainability
- to agree and implement a streamlined set of bank covenants
- to explore opportunities for diversifying our income base to support future flexibility and sustainability

We delivered Earnings before Interest Tax, Depreciation and Amortisation (EBITDA) as calculated underneath the Statement of comprehensive income on page 51, of

£5,597,000 representing 3.37% of turnover, although this has decreased compared to £6,271,000 in prior year, the budget was exceeded as a result of substantial income growth and ongoing rigour around costs. Notable year on year progress in West Lancashire and Kidderminster colleges reflect the significant focus and efforts made towards their improvement plans, support from across NCG has been a key enabler. In addition, there has been significant income growth in Newcastle College in particular, all of these factors have contributed to the strong financial performance of NCG.

Surplus for the year is £9,575,000 compared to the loss reported in 2023 of £3,698,000. The significant improvement is a result of the sale of a surplus asset, which realised a profit of £12,589,000 in the year after discounting as the cash will be received in stages.

Turnover from continuing operations increased from £146,819,000 in 2023 to £172,286,000 in 2024. This was primarily due to growth in the 16-19 contract, driven by significant learner number growth which resulted in an increase in our base contract plus a further in year award for exceptional growth. In addition, a funding rate increase announced post budget provided £4.6m additional funding which topped up the planned consolidated pay award allowing a 6% plus £500 consolidated award paid to all but key management personnel. Adult Skills income also grew which was a result of additional delivery being awarded in year plus a rate increase on the devolved contracts. Higher Education income also contributed to our income growth, benefits of recent capital investment in our Newcastle College University Centre helped us remain competitive with local universities and an increase in HE partnership provision drove additional income.

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STRATEGIC REPORT

DEVELOPMENT AND PERFORMANCE (CONTINUED)

FINANCIAL RESULTS (CONTINUED)

We continued to receive The Teachers' Pension scheme grant, this amounted to £3,589,000 in 2024 reflecting an increase compared to 2023 which was to fund the further significant contribution rate increase implemented in April 2024, current employer's contribution rate is 28.6%. Funding of £4,922,000 is committed for 2024/25 reflecting the full year increase and we await the outcome of the next spending review for future year commitments. We plan assuming this funding is recurrent although recognise there is a risk surrounding the certainty of this.

Total expenditure of £174,665,000 comprising both operating and non-operating/non-cash items, has increased compared to prior year by £21,112,000.

- Staff costs have increased due to a combination of the consolidated pay award made to staff, incremental salary increases, real living wage increases, plus additional staffing requirement due to income growth. Offset with savings from staff efficiencies resulting from careful vacancy management but also impacted by the ongoing challenges of recruiting staff in the sector.
- Other operating expenses also increased due to further increases in the cost of utilities, costs associated with delivering grant funded projects and additional franchise costs offset with additional income.
- NCG has a strong asset backed balance sheet. NCG has accumulated reserves of £171,307,000 (2023: £161,732,000). These accumulated reserves are largely tied up in tangible fixed assets to be used for the benefit of our learners.
- Due to market conditions at the year-end, both Local Government Pension Schemes have been valued as showing an accounting surplus. NCG does not consider that the surplus will be recovered through reduced contributions in the future or through refunds from the plan and therefore this surplus has not been recognised in the financial statements. The Defined Pension Benefit Liability has been moderated to £nil (2023: £nil) at the balance sheet date.

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. Several significant capital building projects have been completed with the delivery of new teaching facilities in Kidderminster, Carlisle and Newcastle colleges. We have proof of concept projects underway to determine our smart campus approach which will combine embedded

sensors, intelligent devices and data analytics to create more intuitive learning spaces while reducing cost and our impact on the environment. Our next priority is the completion of estates master plans for each college and road maps to plot the next stage of our transformation.

Following successful funding bids and capital grant awards NCG was able to invest in curriculum equipment, across FE and HE, as well as estate improvements. Digital spaces to support learners were created and industry standard equipment invested in to prepare learners for employment. Significant investment was made to refurbish ageing elements of the estate.

Current year activity can be summarised as follows:

NCG invested £16,235,000 in capital expenditure in 2024 (2023: £7,224,000). The principal schemes were:

Capital Spend

	2024	2023
	£000	£000
IT infrastructure and systems	1,584	1,783
Bids and grant funded projects for curriculum improvement	11,435	2,067
Curriculum equipment	957	2,498
Estate upgrades	2,259	877
	<u>16,235</u>	<u>7,225</u>

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

Energy Efficiency, Estate Improvement, FE Capital Transformation and Decarbonisation grant funding allowed for £1,816,000 of capital investment in year to support repairs to the estate and improvements in energy efficiency. This investment is included in the above noted £2,259,000 of estate upgrades.

Office for Students, Local Skills Improvement Fund, HE Skills Injection Fund and T-Level funding has allowed for investment of £11,313,000, including NCG match funding contributions, in curriculum equipment and facilities in year.

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 £2,499,000 (2023: £9,901,000).

Closing cash balance of £39,876,000 (2023: £28,708,000) and £5,020,000 held in investment accounts (2023: £9,724,000), resulting in total cash and cash investments of £44,897,000 (2023: £38,432,000).

The size of NCG total borrowing and its approach to interest rates has been calculated to ensure an appropriate cushion between the total cost of servicing debt and cash flow available for debt servicing. Total bank debt was £8,872,000 (2023: £10,406,000).



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STRATEGIC REPORT

FUTURE PROSPECTS AND FINANCIAL SUSTAINABILITY

- This year we will be focussed on ensuring that the new government uses the sector as a key mechanism by which to achieve their missions. We will use our voice across the country to remind new MPs and civil servants 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 NCG, to changing the lives of our learners through academic and vocational qualifications which range from an introduction to the English language, to Masters 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 with both the new government and the devolved local authorities, and we will embrace these opportunities at every touch point.
- NCG Governors approved a financial plan in July 2024 which sets objectives for the period to 2026. This was based on individual business plans developed by each college and professional service, consolidating into one, overarching NCG plan. This demonstrated that financial health would remain 'Good', robust EBITDA generation resulting in strong cash reserves will support the investment in people and the physical and virtual infrastructure in the coming years to ensure the best possible experience for our learners.
- 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 each of our colleges serves, continuing to foster relationships with local and national businesses across a range of sectors is key in delivering successful outcomes for our learners and ensuring long term financial sustainability.
- 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 NCG, together with the entire FE sector faces in recruiting and retaining qualified and appropriately qualified staff.

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 £10m 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 2024 was 103 days (2023: 105 days)

Included within cash and cash equivalents are £20,869,000 (2023 £12,273,000) of capital grant funding received but not yet spent.



STRATEGIC REPORT

ENVIRONMENT, SOCIAL AND GOVERNANCE

COMMUNITY

NCG's impact on society comes naturally from operating as a high-quality provider of education and training in the heart of communities across England. 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 2023/2024:

- 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 CASC facility.
- Newcastle College and NSFC – replacement of all Lighting with energy efficient LED, continued development with Newcastle City Council with connecting the main Rye Hill Campus to the Heat Network.
- 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.

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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.

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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. Public Relations or 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 team 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. The Corporation receives an annual report, summarising feedback - this is supplemented by quarterly updates. Additionally, there are regular and timely Learner Forums across NCG to enhance communications between learners and colleges. Students are encouraged to participate in local community and national activities through the National Union of Students, which NCG promotes by supporting, administering, and subsidising the Students' Union in Newcastle.



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 28 to 44.

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.

An annual review with the Chief Executive Officer and their direct reports is undertaken 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 2023/24, the strategic risks and key mitigating actions were as follows:

Risk description and impact	Mitigating actions
<p>Academic Quality</p> <p>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</p> <p>Learners turn away from NCG as the experience and offering fail to match expectations.</p>	<p>A Tutorial, Progress & 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 NCG 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</p> <p>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.</p> <p>Capital and Staffing Approval Panels are in operation to control expenditure in these areas.</p>
<p>Reach</p> <p>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</p> <p>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>Data KPIs have been established to drive accuracy across NCG.</p>
<p>Disruption</p> <p>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>

Continued on next page



STRATEGIC REPORT

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Risk description and impact	Mitigating actions
<p>Compliance</p> <p>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>

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

FINANCIAL RISKS

The following specific financial risks are also managed as follows:

Risk description and impact	Mitigation of risk
<p>Liquidity</p> <p>Risk that NCG cannot fulfil its obligations as they fall due.</p>	<p>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.</p>
<p>Credit</p> <p>Risk that debtors are not recoverable.</p>	<p>A significant proportion of the NCG's income is received from the ESFA, OfS and the Student Loans Company (SLC) who are not considered a credit risk. Amounts due from individual learners and companies are regularly monitored with a standard credit process followed. Learners are not permitted to continue with their learning after a period of time where their fees have not been paid.</p>
<p>Interest Rate</p> <p>Risk that interest rate increases create additional funding costs to NCG.</p>	<p>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.</p>

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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 2023 to 31 March 2024 which is the reporting period required (and 1 April 2022 to 31 March 2023 for comparison).

	Year ended 31 July 2024	Year ended 31 July 2024
Relevant Union Officials during the period		
Number of employees	21.0	21.0
Full time equivalent number of employees	18.2	18.7
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 (2023: 21 employees).		
Percentage of pay bill spent on facility time		
Total cost of facility time (£000's)	42	39
Total pay bill (£000's)	99,124	101,010
Percentage of total bill spent on facility time	0.04%	0.04%

STRATEGIC REPORT

TRADE UNION FACILITY TIME (CONTINUED)

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 2023 to 31 July 2024, NCG paid 94.03% (2023: 92.45%) of its invoices within 30 days. NCG incurred £434 of interest charges in respect of late payment for this period (2023: £8,153).

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 17 December 2024 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 2023 to 31 July 2024 and up to the date of approval of the annual report and financial statements.

NCG endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership).
- ii. in accordance with the guidance to colleges from the Association of Colleges in the Further Education Code of Good Governance ("the Code").
- iii. 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, NCG complies with the provisions of the Code, and it has complied throughout the year ended 31 July 2024. This opinion is based on an internal review of the Code, reported to the Corporation Board in September 2024. 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 2023. NCG'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.



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THE CORPORATION

In December 2023, the Corporation approved an increase in the number of independent members on the Board (from 11 to 13). 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 • Estates • HE Governance • Search
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
Shirley Atkinson	Jun 20	Jun 25	Independent Governor	Jun 24 – Jun 25 (1 year)	<ul style="list-style-type: none"> • HE Governance (Chair) • Search
Robert Holt	Jun 20	Jun 25	Independent Governor	Jun 24 – Jun 25 (1 year)	<ul style="list-style-type: none"> • Estates (Chair)
Darren Crossley	Mar 24	Mar 28	Independent Governor	N/A	<ul style="list-style-type: none"> • Search
Lisa Gregg	Mar 24	Mar 26	Independent Governor	N/A	N/A
Vikki Smith	Mar 24	Mar 27	Independent Governor	N/A	N/A
Charlotte Croffie	May 24	May 26	Independent Governor	N/A	N/A
Joanne Marshall	May 24	May 27	Independent Governor	N/A	N/A

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THE CORPORATION (CONTINUED)

Name	Appointment	End of Appointment	Category of Appointment	Reappointment Details	Committees Served
Louise Humpish	May 24	May 27	Independent Governor	N/A	N/A
Rachel Taylor	May 24	May 26	Independent Governor	N/A	N/A
Chris Wigginton	May 24	May 28	Independent Governor	N/A	N/A
Andrew Young	May 24	May 28	Independent Governor	N/A	N/A
Mark Squires	Nov 16	Nov 23	Independent Governor	Nov 16 – Nov 19 (3 years) Nov 19 – Nov 23 (4 years)	<ul style="list-style-type: none"> ▪ Appraisal and Remuneration (Chair) ▪ Audit and Risk ▪ Search ▪ Estates
Jeannette Strachan	Feb 20	Feb 24	Independent Governor	N/A	<ul style="list-style-type: none"> ▪ HE Governance ▪ Audit and Risk
Andrew Cunningham	Jun 20	Jun 24	Independent Governor	N/A	<ul style="list-style-type: none"> ▪ Audit and Risk (Chair) ▪ Appraisal and Remuneration
Matthew Otubu	Jun 20	Jun 24	Independent Governor	N/A	N/A
Liz Bromley	Aug 19	N/A	Governor (ex-officio)		<ul style="list-style-type: none"> ▪ HE Governance ▪ Search
Kevin Stach	Nov 22	Nov 24	Staff Governor		N/A

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THE CORPORATION (CONTINUED)

Name	Appointment	End of Appointment	Category of Appointment	Reappointment Details	Committees Served
Chris Byrne	Nov 24	Nov 26	Staff Governor		N/A
Sally McMahon	Nov 24	Nov 26	Staff Governor		N/A
Alfie Cockle	Sep 23	Feb 24	Student Governor		N/A
Tristan Jackson	May 23	Feb 24	Student Governor		N/A



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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-governance/meet-our-governors-and-college-board-members/>

Governor	Meetings attended	Out of a possible
John Widdowson, Independent Governor	7	7
Chris McCourt, Independent Governor	5	7
Robert Holt, Independent Governor	6	7
Shirley Atkinson, Independent Governor	7	7
Andrew Cunningham, Independent Governor	5	5
Matthew Otubu, Independent Governor	2	5
Mark Squires, Independent Governor	1	1
Jeannette Strachan, Independent Governor	3	3
Charlotte Croffie, Independent Governor	0	1
Darren Crossley, Independent Governor	2	2
Lisa Gregg, Independent Governor	1	2
Louise Humpish, Independent Governor	0	1
Joanne Marshall, Independent Governor	0	1
Vikki Smith, Independent Governor	2	2
Rachel Taylor, Independent Governor	1	1
Chris Wigginton, Independent Governor	1	1
Andrew Young, Independent Governor	0	1
Kevin Stach, Staff Governor	2	7
Tristan Jackson, Student Governor	2	3
Alfie Cockle, Student Governor	2	2
Liz Bromley, CEO	7	7

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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 & Remuneration, Audit and Risk, Estates, HE Governance, Search, 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

In December 2023, the Corporation approved the establishment of two new Board Committees (FE Quality & Students Committee and People & Culture Committee) to take effect in time for the 2024/25 academic year.

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 Clerk are matters for the Corporation as a whole.

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are also provided on an ad hoc basis.

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

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

APPOINTMENTS TO THE CORPORATION

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

The Corporation has a Search Committee, consisting of three members of the Corporation plus a co-opted College Board member, who are responsible for advising on the appointment of all independent governors and college board members.

The Search Committee met on five occasions during the year. There were also occasions between meetings where electronic approval was sought. The members of the Search Committee were as listed in the following table (for details of resignations in the period please see Corporation Tables page 29 to 31):

Governor	Meetings attended	Out of a possible
John Widdowson	5	5
Shirley Atkinson	4	5
Liz Bromley	4	5
Darren Crossley (co-opted College Board Member)	3	5
Mark Squires	2	2

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 a four-year term of office, 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. The Chief Executive is an ex-officio member and will remain so for the duration of their service within this role.

LOCAL COLLEGE BOARDS

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

- College Principal
- a student member
- a staff member
- a parent member (Newcastle Sixth Form College only)
- a number of independent members including the Chair.

During 2023/24, the Corporation Board undertook an extensive internal governance review. Recruitment to College Boards was paused and the previous cycle of business was adapted while this review was conducted. College Boards continued to meet throughout this period to maintain oversight of college performance and contribute to the outcome of the governance review. A new governance model will be implemented for 2024/25 academic year.

The members who served on the Local College Boards during the year ended 31 July 2024 were as listed in Appendix 1.

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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 Clerk to the Corporation.

The Appraisal and Remuneration Committee met on two occasions during the year. The members of the Appraisal and Remuneration Committee were as listed in the table below (for details of resignations in the period please see Corporation Tables page 29 to 31)

Governor	Meetings attended	Out of a possible
Mark Squires (Chair of Committee)	1	2
John Widdowson	2	2
Andrew Cunningham (Vice Chair of Committee)*	1	2
Chris McCourt	2	2

* Andrew Cunningham took over Chair of Committee from November 2023.

Details of remuneration for the year ended 31 July 2024 are set out in note 8 to the financial statements.

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 four times during the year. The members of the Audit & Risk Committee who served during the year were as listed in the table below. (for details of resignations in the period please see Corporation Tables page 29 to 31).

Governor	Meetings attended	Out of a possible
Andrew Cunningham (Chair of Committee)	4	4
Mark Squires	1	1
Chris McCourt	4	4
Jeannette Strachan	2	2
Jack Garrett (Co-opted 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 Committee also advises the Corporation on the remuneration of internal and financial statements auditors. The Audit Committee recommended the reappointment of the auditors (Forvis Mazars) for an additional 12-month period during the 2023-24 financial year.

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 NCG. The members that served on the committee during the year are listed in the table below (for details of resignations in the period please see Corporation Tables page 29 to 31).



Governor	Meetings attended	Out of a possible
Shirley Atkinson (Chair of Committee)	4	4
Jeannette Strachan	1	1
Caroline MacDonald	1	1
John Widdowson	3	4
Liz Bromley	2	4
Emmanuel Arakpogun (Co-opted Member)	1	1
Mathew Scott Davies (Student representative, appointed March 2023)	3	3

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ESTATES COMMITTEE

The Estates Committee comprises of four members, at least three of whom must be members of the Corporation. Due to resignations and vacancies, the membership of this Committee was reduced in 2023/24. The Committee met twice during the academic year. The purpose of the Committee is to oversee the development and progress of the NCG Estates and Environmental Strategies, as well as monitor and seek assurance on relevant Estates, H&S and Environmental matters. The members that served on the committee during the year are listed in the table below (for details of resignations in the period please see Corporation Tables page 29 to 31).

Governor	Meetings attended	Out of a possible
Rob Holt (Chair)	2	2
John Widdowson	2	2
Mark Squires	0	1



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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
- AoC Code of Good Governance
- Curriculum Development and Reform
- Financial Management
- Dashboards and Deep Dives
- Technology and Digital Transformation
- Higher Education
- NCG's Brilliant at the Basics Program
- People Management
- Environmental Sustainability

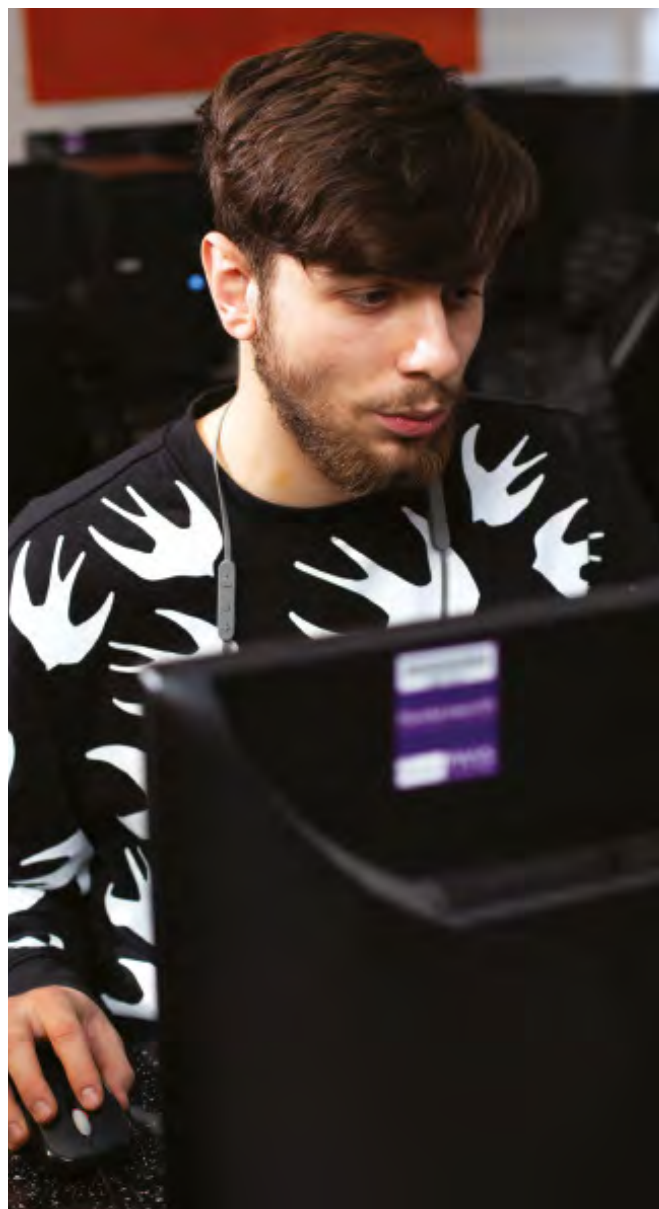
Sessions were recorded and made available for those who were unable to attend. Governors are also made aware of additional training and development opportunities through communications briefings pointing governors to the relevant training (e.g., opportunities specific to Chairs, staff / student governors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

A new Governor Induction, Development and Performance policy was endorsed by the Search Committee and approved by the Corporation Board in July 2023.

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 Corporation Board appointed an independent Director of Governance (Senior Post Holder) in May 2024 following a review of the executive structure. This post-holder reports directly to the Chair of the Corporation Board. The Director of Governance has undertaken CPD during 2023/24. This has 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.



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SELF ASSESSMENT

In 2023/24, the Corporation Board undertook an internal governance review to establish whether its existing governance model remained fit for purpose in the post-classification era. Throughout the 2023/24 academic year, the Chair, CEO and Director of Governance consulted extensively with the College Boards, Corporation Board and Search Committee members to discuss the challenges posed by the existing model and to explore alternative governance models. Based on the feedback received throughout the autumn and winter terms, the Chair, CEO and Director of Governance articulated the new model of NCG's governance (now referred to as place-based governance). This was then tested with the College Boards in March 2024, refined and subsequently approved by the Corporation Board in May 2024. Full implementation of the place-based governance model will take place in the 2024/25 academic year.

An 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 will be actioned in the 2024/25 academic year and overseen by the Search, Nominations and Governance Committee.

A summary of the review as provided by the reviewer is available on the NCG Website at "<https://www.ncgrp.co.uk/media/4u3pzfiy/2024-external-governance-review-summary.pdf>"

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 2024 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 2024 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 ESFA's Post 16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which NCG is exposed and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are approved by the Corporation on the recommendation of the Audit Committee. At least annually, the Corporation is provided with a report on audit activity in NCG, including an opinion on the adequacy and effectiveness of NCG's system of risk management, controls, and governance processes.

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



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 & 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 2023/24.

CONTROL WEAKNESSES IDENTIFIED

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

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

RESPONSIBILITIES UNDER ACCOUNTABILITY AGREEMENTS

The Department for Education and Education and Skills Funding Agency introduced new controls for the college on 29 November 2022 on the day that the Office for National Statistics reclassified colleges as public sector organisations in the national accounts. The ESFA chief executive communicated these changes to all college accounting officers and explained plans to introduce a college financial handbook in 2024. Governors have received assurances from both management and assurance services regarding the required compliance with Accountability Agreements and Contracts with the ESFA. Further a number of specific data funding audits have been undertaken which has been delivered based on ESFA funding methodology; where issues have been noted addressing actions have been taken.



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 2023/24 and up to the date of approval of the financial statements are covered within five sub-areas which are reflected within the Annual Opinion which concludes that NCG is 'generally satisfactory with some improvements required'. Further, the report states that 'Governance, risk management and control, and value for money arrangements in relation to business-critical areas are generally satisfactory'.

REVIEW OF EFFECTIVENESS

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

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

The Chief Executive has been advised on the implications of the result of their review of the effectiveness of the system of internal control by the Audit 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.

INTERNAL CONTROL (CONTINUED)

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 2024 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2024 by considering documentation from the Audit and Risk Committee, financial statements and internal audit, and taking account of events since 31 July 2024.

Approved by order of the members of the Corporation on 17 December 2024 and signed on its behalf by:

John Widdowson

John Widdowson
(Chair of the Corporation)

GOING CONCERN

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 2024/26 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.

AEBromley

Liz Bromley
(Chief Executive Officer)



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

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

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

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

AEBromley

Liz Bromley
Chief Executive Officer
17 December 2024

STATEMENT OF THE CHAIR OF GOVERNORS

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

John Widdowson

John Widdowson
Chair of the Corporation
17 December 2024



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 and an operating and financial review for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's college accounts direction and the UK's Generally Accepted Accounting Practice, which give a true and fair view of the state of affairs and its surplus / deficit of income over expenditure for the relevant period.

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

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess whether the corporation is a going concern, noting the key supporting assumptions, qualifications, or mitigating actions, as appropriate (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, that describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the corporation.

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

The corporation is responsible for the maintenance and integrity of its 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 ESFA, 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 ESFA, or any other public funder, including that any transactions entered into by the corporation are within the delegated authorities set out in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides. Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the corporation are responsible for securing economic, efficient, and effective management of the corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 17 December 2024 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 2024 which comprise the Statement of Comprehensive Income and Expenditure, 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 2024 and of its surplus of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the 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 is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Independent auditor's report to the members of NCG

otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements 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 Post 16 Audit Code of Practice issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- 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 46, the Corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Based on our understanding of the College and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: compliance with the ESFA

Independent auditor's report to the members of NCG

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 and pension legislation.

In addition, we evaluated the Members of the Corporation and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related 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.

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

Independent auditor's report to the members of NCG

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 19/12/2024

Statement of comprehensive income

	Notes	Year ended 31 July 2024 Total £000	Year ended 31 July 2023 Total £000
INCOME			
Funding body grants	2	131,087	113,170
Tuition fees and education contracts	3	34,687	27,873
Other grants and contracts	4	1,410	1,679
Other income	5	3,380	3,376
Investment income	6	1,722	721
Total income		172,286	146,819
EXPENDITURE			
Staff costs	8	101,964	95,833
Restructuring costs	8	280	134
Other operating expenses	9	55,880	42,206
Depreciation	14	15,682	14,465
Interest payable and other finance costs	11	859	915
Total expenditure		174,665	153,553
Deficit before other gains and losses		(2,379)	(6,734)
Profit on Disposal of Assets	14	12,589	-
Revaluation of Investment Properties	15	(20)	(150)
Surplus/ (Deficit)		10,190	(6,884)
Actuarial (loss)/ gain in respect of pension schemes	26	(615)	3,186
Total comprehensive gain/ (loss) for the year		9,575	(3,698)

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

Non-GAAP disclosure - Earnings before interest, tax, depreciation & amortisation (EBITDA)	Year ended 31 July 2024 Total £000	Year ended 31 July 2023 Total £000
Deficit before other gains and losses	(2,379)	(6,734)
<i>Less</i> Capital grant release income	(5,668)	(4,813)
Investment income	(1,722)	(721)
<i>Add</i> Depreciation	15,682	14,465
Interest payable and other finance costs	859	915
<i>Add</i> LGPS Costs	5,330	8,828
<i>Less</i> LGPS Employer Contributions Paid	(5,969)	(5,669)
<i>Less</i> Movement in Holiday Pay Accrual	(536)	-
EBITDA	5,597	6,271

Statement of changes in reserves

	Income and expenditure account £000	Revaluation reserve £000	Total £000
Balance at 1 August 2022	160,044	5,386	165,430
Deficit from the income and expenditure account	(6,884)	-	(6,884)
Other comprehensive income	3,186	-	3,186
Transfers between revaluation and income and expenditure reserves	64	(64)	-
Total comprehensive gain for the year	(3,634)	(64)	(3,698)
Balance at 31 July 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 for the year	9,584	(9)	9,575
Balance at 31 July 2024	165,994	5,313	171,307

Balance Sheet at 31 July 2024

	Notes	As at 31 July 2024 £000	As at 31 July 2023 £000
Non-current assets			
Tangible fixed assets	14	221,760	233,674
Investment property	15	2,630	2,650
		<u>224,390</u>	<u>236,324</u>
Current assets			
Stocks	16	140	95
Trade and other receivables due within 1 year	17	15,324	7,580
Trade and other receivables due after 1 year	17	14,000	-
Investments	22	5,020	9,724
Cash and cash equivalents	23	39,876	28,708
		<u>74,360</u>	<u>46,107</u>
Less: Creditors - amounts falling due within one year	18	<u>42,630</u>	<u>39,339</u>
Net current assets		<u>31,730</u>	<u>6,768</u>
Total assets less current liabilities		256,120	243,092
Creditors - amounts falling due after more than one year	19	79,787	66,642
Provisions			
Defined benefit pension obligations	26	-	-
Other provisions	21	5,026	14,718
		<u>5,026</u>	<u>14,718</u>
Total net assets		<u>171,307</u>	<u>161,732</u>
Unrestricted reserves			
Revaluation reserve		5,313	5,322
Income and expenditure account		165,994	156,410
		<u>165,994</u>	<u>156,410</u>
Total unrestricted reserves		<u>171,307</u>	<u>161,732</u>

The financial statements were approved by the members of the Corporation on 17 December 2024 and were signed on their behalf by:

John Widdowson

John Widdowson
(Chair of the Corporation)

AEBromley

Liz Bromley
(Chief Executive Officer)

Statement of cash flows

	Notes	Year ended 31 July 2024 £000	Year ended 31 July 2023 £000
Cash flow from operating activities			
Deficit for the year		10,190	(6,884)
Adjustment for non-cash items			
Depreciation		15,682	14,465
Deferred capital grants released to income		(5,668)	(4,813)
Increase in stocks		(45)	-
Decrease in debtors		756	804
(Decrease)/ Increase in creditors due in less than 1 year		75	2,595
Increase in creditors due in more than 1 year		4,999	-
(Decrease)/ Increase in provisions		(9,692)	1,478
Pensions costs less contributions payable		(615)	2,067
Adjustment for investing or financing activities			
Investment income		(1,237)	(721)
Interest payable		623	760
Profit on sale of fixed assets		(12,589)	-
Revaluation of Investment Properties		20	150
Net cash inflow from operating activities		2,499	9,901
Cash flows from investing activities			
Proceeds from sale of fixed assets		2,658	-
Investment income		1,237	721
Withdrawal of Deposits / (New deposits)		4,704	(218)
Capital grants received		19,127	15,744
Payments made to acquire fixed assets		(16,895)	(6,985)
		<u>10,831</u>	<u>9,262</u>
Cash flows from financing activities			
Interest paid		(628)	(774)
Repayments of amounts borrowed		(1,534)	(5,026)
		<u>(2,162)</u>	<u>(5,800)</u>
Increase in cash and cash equivalents in the year	23	<u>11,168</u>	<u>13,363</u>
Cash and cash equivalents at beginning of the year		28,708	15,345
Cash and cash equivalents at end of the year		<u>39,876</u>	<u>28,708</u>

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 2023 to 2024* 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 2024 to 2026 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 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 received.

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:

- Determine whether leases entered into by NCG either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease-by-lease basis.
- Determine whether there are indicators of impairment of NCG tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- 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 2024. 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 2024	Year ended 31 July 2023
	Total £000	Total £000
Recurrent grants		
Education & Skills Funding Agency - adult	8,543	5,804
Devolved Adult Education Budget	20,687	18,021
Education & Skills Funding Agency - 16-19	84,565	74,534
Education & Skills Funding Agency - apprenticeships	6,556	6,210
Exceptional Funding Clawback Provision	(48)	(729)
Office for Students	1,527	1,757
Specific grants		
Teacher Pension Scheme contribution grant	3,589	2,760
Releases of government capital grants	5,668	4,813
	<u>131,087</u>	<u>113,170</u>

Under Education & Skills Funding Agency - 16-19 the amounts drawn down for Tuition Fund are £1,277,000 (2023: £1,119,000).

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 2024	Year ended 31 July 2023
	Total £000	Total £000
Adult education fees	547	711
Apprenticeship fees and contracts	120	92
Fees for FE loan supported courses	1,263	2,126
Fees for HE loan supported courses	22,225	16,185
International students fees	2,854	1,920
Total tuition fees	27,009	21,034
Education contracts	7,678	6,839
	<u>34,687</u>	<u>27,873</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 £1,565,000 (2023: £984,000). All courses are given an assumed fee based on guided learner hours, whether or not a fee had been charged to the students, which seeks to reflect the actual fees foregone.

4. Other grants and contracts

	Year ended 31 July 2024	Year ended 31 July 2023
	Total £000	Total £000
Erasmus/Turing Scheme	1,156	695
European Commission	-	901
Other grants and contracts	<u>254</u>	<u>83</u>
	<u>1,410</u>	<u>1,679</u>

5. Other income

	Year ended 31 July 2024	Year ended 31 July 2023
	Total £000	Total £000
Catering	1,076	1,200
Miscellaneous income	<u>2,304</u>	<u>2,176</u>
	<u>3,380</u>	<u>3,376</u>

6. Investment income

	Year ended 31 July 2024	Year ended 31 July 2023
	Total £000	Total £000
Other interest receivable	<u>1,237</u>	<u>631</u>
	<u>1,237</u>	<u>631</u>
Net return on pension scheme	<u>485</u>	<u>90</u>
	<u>1,722</u>	<u>721</u>

7. Grant and fee income

		Year ended 31 July 2024	Year ended 31 July 2023
	Notes	Total £000	Total £000
Grant income from the OfS		4,713	3,028
Grant income from other bodies			-
Education & Skills Funding Agency adult	2	8,543	5,804
Devolved Adult Education Budget	2	20,687	18,021
Education & Skills Funding Agency 16-19	2	84,565	74,534
TPS contribution grant	2	3,589	2,760
Other capital grants		358	2,037
Other capital grants from ESFA		15,583	12,417
Fee income for taught awards	3	22,225	16,185
Fee income from non-qualifying courses			-
Adult education fees	3	547	711
Fees for FE loan supported courses	3	1,263	2,126
International students fees	3	2,854	1,920
		<u>164,927</u>	<u>139,543</u>

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 £50,000 in the year (2023: £1,271,000).

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 £14,896,000 in the year (2023: £12,417,000).

Grant income from the other bodies includes non-recurrent funding for capital infrastructure. The amount received in relation to capital infrastructure funding is classified as a capital grant on receipt and forms part of the balance within creditors on the balance sheet. Capital infrastructure funding was £126,000 in the year (2023: £2,037,000).

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 2024	Year ended 31 July 2023
	Total No.	Total No.
Teaching staff	1,408	1,306
Non teaching staff	1,190	1,193
	<u>2,598</u>	<u>2,499</u>

Staff costs for the above persons:

	Year ended 31 July 2024	Year ended 31 July 2023
	Total £000	Total £000
Wages and salaries	79,761	72,328
Social security costs	7,821	6,985
TPS pension costs	9,052	7,692
LGPS pension costs (TWPF)	4,440	7,510
LGPS pension costs (LPFA)	890	1,318
Other pension costs	-	-
Payroll sub-total	101,964	95,833
Exceptional restructuring costs	280	134
Total staff costs	<u>102,244</u>	<u>95,967</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	Year ended	Year ended	Year ended
	31 July 2024	31 July 2023	31 July 2024	31 July 2023
	No.	No.	No.	No.
£60,000 to £65,000	-	-	10	9
£65,001 to £70,000	-	-	8	16
£70,001 to £75,000	-	-	12	6
£75,001 to £80,000	-	-	6	5
£80,001 to £85,000	-	1	6	3
£85,001 to £90,000	-	-	5	3
£90,001 to £95,000	1	-	1	1
£95,001 to £100,000	-	-	1	1
£100,001 to £105,000	-	3	1	-
£105,001 to £110,000	1	1	-	2
£110,001 to £115,000	3	-	1	-
£120,001 to £125,000	1	1	1	-
£125,001 to £130,000	1	3	-	-
£130,001 to £135,000	2	1	-	-
£135,001 to £140,000	2	2	-	-
£140,001 to £145,000	1	-	-	-
£145,001 to £150,000	-	1	-	-
£150,001 to £155,000	1	-	-	-
£155,001 to £160,000	1	-	-	-
£215,001 to £220,000	-	1	-	-
£225,001 to £230,000	1	-	-	-
	15	14	52	46

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:

- No members (2023: 4) of higher paid staff would have been paid in the £65,001 to £70,000 banding in 2024.
- 4 members (2023: 0) of higher paid staff would have been paid in the £70,001 to £75,000 banding in 2024.
- 1 member (2023: 3) of higher paid staff would have been paid in the £80,001 to £85,000 banding in 2024.
- 2 members of higher paid staff (2023: 0) would have been paid in the £85,001 to £90,000 banding in 2024.
- No members (2023: 1) of key management personnel would have been paid in the £95,001 to £100,000 banding in 2024.

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	Year ended	Year ended	Year ended
	31 July 2024	31 July 2023	31 July 2024	31 July 2023
	No.	No.	No.	No.
£100,000 to £105,000	3	3	2	-
£105,001 to £110,000	1	2	1	1
£110,001 to £115,000	1	1	1	-
£115,001 to £120,000	1	2	-	-
£120,001 to £125,000	1	1	-	-
£125,001 to £130,000	3	3	-	-
£205,001 to £210,000	1	1	-	-
	11	13	4	1

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 2024 were as follows,

- Chief Executive Officer
- Chief Finance Officer
- Chief Operations & Compliance Officer and Secretary to the Board (previously Executive Director and Secretary to the Board – resigned March 2024)
- Executive Director of Quality
- Chief Information, Data and Estates Officer (formerly Chief Information and Data Officer)
- Executive Principal, People & Culture
- Executive Principal, Curriculum
- 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 2024 No.	Year ended 31 July 2023 No.
The number of Key Management Personnel including those who held office for only part of the year, was:	<u>15</u>	<u>15</u>
	Year ended 31 July 2024 £000	Year ended 31 July 2023 £000
Key Management Personnel emoluments are made up as follows:		
Basic Salary	1,729	1,661
Non-consolidated One-off Payment	123	53
Benefits in Kind - Health Insurance	<u>15</u>	<u>17</u>
	1,867	1,731
Employers Pension Contributions	295	311
Payments in Lieu of Pensions	<u>43</u>	<u>11</u>
Total emoluments	<u>2,205</u>	<u>2,053</u>

The Key Management Personnel emoluments include amounts payable to the Accounting Officer and highest paid officer in 2024, the Chief Executive, of:

	Year ended 31 July 2024 £000	Year ended 31 July 2023 £000
Basic Salary	210	210
Non-consolidated One-off Payment	14	7
Employers Pension Contributions	35	38
Benefits in Kind - Health Insurance	<u>3</u>	<u>3</u>
Total emoluments	<u>262</u>	<u>258</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 2023/24 academic year, the Chair of the Corporation confirmed to the Appraisal & Remuneration Committee that the CEO had performed strongly throughout the accounting period. 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) ESFA published data, 4- an analysis of similar sized HE providers) is then presented to the Appraisal & Remuneration Committee for further consideration and challenge. The conclusion of the Appraisal & Remuneration Committee is that whilst the CEO's salary will remain at the current level, a non-consolidated one-off award of 6.5% (in relation to academic year 2023/24) will be made.

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

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

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 agree or amend the proposed numbers.

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

	Year ended 31 July 2024	Year ended 31 July 2023
CEO's basic salary as a multiple of the median of all staff	6.48	6.99
CEO's total remuneration as a multiple of the median of all staff	6.30	6.98

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)**Compensation for loss of office paid and payable to former staff**

	Year ended 31 July 2024 £000	Year ended 31 July 2023 £000
Compensation paid or payable to Key Management Personnel		
Contractual compensation	5	-
Non-contractual compensation	28	27
	<u>33</u>	<u>27</u>
	Year ended 31 July 2024 £000	Year ended 31 July 2023 £000
Compensation paid or payable to staff earning in excess of £60,000 per annum		
Contractual compensation	55	29
Non-contractual compensation	79	-
	<u>134</u>	<u>29</u>
	Year ended 31 July 2024 £000	Year ended 31 July 2023 £000
Compensation paid or payable to staff earning less than £60,000 per annum		
Contractual compensation	50	43
Non-contractual compensation	63	35
	<u>113</u>	<u>78</u>

The number of people to whom compensation was paid or became payable in 2024 was 25 (2023: 14). 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 25 severance payments in the year, disclosed in the following bands:

	Year ended 31 July 2024 £000	Year ended 31 July 2023 £000
Compensation for loss of office paid or payable		
£0 - £25,000	22	13
£25,001 - £50,000	3	1
	<u>25</u>	<u>14</u>
Total number of employees paid or payable		

Of the 25 people (2023: 14) with severance payments, 1 person (2023: 1) was a member of Key Management Personnel, 8 people (2023: 3) were higher paid staff earning over £60k and 16 people (2023: 10) were staff earning under £60k.

Included in staff restructuring costs are special severance payments totalling £169,772 (2023: £67,209). Individually, the payments in 2024 were: £4,672, £4,920, £6,743, £7,051, £8,835, £9,569, £10,000, £15,316, £16,598, £16,849, £20,502, £21,101 and £27,616.

9. Other operating expenses

	Year ended 31 July 2024	Year ended 31 July 2023
	Total £000	Total £000
Teaching costs	3,593	2,915
Teaching and other support costs	15,708	10,969
Administration costs	10,279	7,711
Operational costs	13,990	11,000
Maintenance costs	4,283	3,698
Examination costs	4,862	3,615
Rent and lease costs	1,165	712
Catering, residences and conferences costs	1,823	1,497
Bad debt provision	52	-
Other costs	125	89
	55,880	42,206

Other operating expenses include:

	Year ended 31 July 2024	Year ended 31 July 2023
	£000	£000
Auditor's remuneration:		
- External audit (including Regularity Audit)	93	90
- Other services provided by the external auditor	3	2
Subcontractor costs	7,803	3,832
Hire of assets under operating leases:		
- Land and buildings	821	634
- Other	523	321

The total value of any debts written off or other losses incurred in the year was £8,000 (2023: £3,000). There were no debts written off that were over £5,000.

10. Access and participation expenditure

	Year ended 31 July 2024			Year ended 31 July 2023		
	Staffing £000	Other £000	Total £000	Staffing £000	Other £000	Total £000
Access investment	305	-	305	281	-	281
Financial support provided to students	-	1,792	1,792	-	1,560	1,560
Support for Disabled Students	531	-	531	485	12	497
Research and evaluation	7	-	7	6	-	6
Total access and participation expenditure	843	1,792	2,635	772	1,572	2,344

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 2024	Year ended 31 July 2023
	Total £000	Total £000
On bank loans	621	760
Other interest - pensions	236	155
Other interest and charges	2	-
	<u>859</u>	<u>915</u>

12. Taxation

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

13. Intangible fixed assets and investments

NCG – investments

	As at 31 July 2024	As at 31 July 2023
	£	£
Subsidiary holdings	1.00	1.00
Investment in VSpark Ltd	-	1.50
	<u>1.00</u>	<u>2.50</u>

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

Investment

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

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

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 2023	373,475	21,444	394,919
Additions	6,392	9,843	16,235
Disposals	(22,546)	(3,364)	(25,910)
At 31 July 2024	357,321	27,923	385,244
Depreciation:			
At 1 August 2023	149,369	11,876	161,245
Charge for year	11,624	4,058	15,682
Disposals	(10,082)	(3,361)	(13,443)
At 31 July 2024	150,911	12,573	163,484
Net book value at 31 July 2024	206,410	15,350	221,760
Net book value at 1 August 2023	224,106	9,568	233,674

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

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

Land and buildings with a net book value of £95,332,000 (2023: £95,942,000) 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 £5,457,000 (2023: £2,060,000) which have not been depreciated as the assets have not yet been brought into use.

Freehold land held at a value of £56,607,000 (2023: £64,586,000) has not been depreciated.

Revaluation reserve

Inherited land and buildings were valued at £25,934,000 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.

During the year land and buildings were disposed of with cash received of £2,658,000 against those sales plus deferred consideration of £22,142,000 held within debtors.

Additions for the year ended 31 July 2024, that have not been funded by capital grants amount to £5,687,000 resulting in an amount to allocate to future cashflows of £3,021,000 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 2023	-
Cash received in the year	2,658
Amounts payable by Deptford Property Purchaser <1yr	8,500
Amounts payable by Deptford Property Purchaser >1yr	14,000
Fixed Asset Additions	(5,687)
	<hr/>
At 31 July 2024	<u><u>19,471</u></u>

15. Investment property

	As at 31 July 2024 £000
Carrying value at 1 August 2023	2,650
Revaluation of Investment Properties	(20)
	<hr/>
Carrying value at 31 July 2024	<u><u>2,630</u></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 2024 £000	As at 31 July 2023 £000
Stocks	140	95
	<hr/>	<hr/>
	<u><u>140</u></u>	<u><u>95</u></u>

17. Trade and other receivables

	As at 31 July 2024 £000	As at 31 July 2023 £000
Amounts falling due within one year:		
Trade debtors	2,648	1,626
Other debtors	8,567	95
Prepayments and accrued income	3,565	4,931
Amounts owed by the ESFA	544	928
	<u>15,324</u>	<u>7,580</u>
Amounts falling due after one year:		
Other debtors	14,000	-
	<u>14,000</u>	<u>-</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 2024 £000	As at 31 July 2023 £000
Deferred income	8,294	7,046
Amounts owed to the ESFA	2,231	4,597
Trade creditors	146	210
Payroll creditors	1,230	44
Holiday pay accrual	762	1,286
Other taxation and social security	309	249
Accruals	8,347	7,110
Bank loans	1,560	1,534
Other creditors	1,475	2,169
Payments received on Account	300	831
Deferred capital grants	4,898	4,652
Deferred capital grants unspent	13,078	9,611
	<u>42,630</u>	<u>39,339</u>

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

	As at 31 July 2024 £000	As at 31 July 2023 £000
Bank loans	7,312	8,872
Amounts owed to ESFA due after 1 year	4,999	-
Deferred capital grants	59,685	55,018
Deferred capital grants unspent	7,791	2,752
	<u>79,787</u>	<u>66,642</u>

20. Maturity of debt

Bank Loans and overdrafts are repayable as follows:

	As at 31 July 2024 £000	As at 31 July 2023 £000
In one year or less	1,560	1,534
Between one and two years	1,588	1,560
Between two and five years	4,749	5,937
In five years or more	975	1,375
	<u>8,872</u>	<u>10,406</u>

Bank loans and overdrafts carry interest at rates between 2.74% and 6.83% for fixed rate loans and between Bank of England (BoE) Base Rate +1.1% and BoE Base Rate +2.95% for variable. Loans are repayable by instalments and due to mature between 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 £74,449,000 (2023: £77,296,000)

21. Provisions

	Funding Clawback Provision £000	Dilapidations £000	Enhanced pensions £000	Total £000
At 1 August 2023	9,200	799	4,719	14,718
Actuarial gains	-	-	(509)	(509)
Benefits paid	-	-	(371)	(371)
Interest charged	-	-	236	236
Charged in the year	-	152	-	152
Utilised in the year	(3,000)	-	-	(3,000)
Transferred to Creditors	(6,200)	-	-	(6,200)
At 31 July 2024	<u>-</u>	<u>951</u>	<u>4,075</u>	<u>5,026</u>

The Funding Clawback has now been agreed with the ESFA. £3,000,000 has been repaid in the year and the remainder has been transferred to creditors.

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%, 2.6% or 6.07% (2023: 0%, 2.6% or 10.1%) and the discount rate assumption is 4.8% or 5% (2023: 5%).

22. Investments

	As at 31 July 2024 £000	As at 31 July 2023 £000
Short-term deposits	<u>5,020</u>	<u>9,724</u>

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 2023	Other Cash flows	Other non- cash changes	As at 31 July 2024
	£000	£000	£000	£000
Cash and cash equivalents				
Short term liquid investments	5,013	-	-	5,013
Cash at bank and in hand - Unrestricted cash	11,422	2,572	-	13,994
Restricted cash at bank and in hand – unspent government capital grants	12,273	8,596	-	20,869
	28,708	11,168	-	39,876
Borrowings				
Debt due within one year	1,534	(1,534)	1,560	1,560
Debt due after one year	8,872	-	(1,560)	7,312
	10,406	(1,534)	-	8,872
Total	10,406	(1,534)	-	8,872

24. Capital commitments

	As at 31 July 2024 £000	As at 31 July 2023 £000
Commitments contracted for at 31 July	5,000	2,164

25. Lease obligations

	As at 31 July 2024 £000	As at 31 July 2023 £000
Future minimum lease payments due:		
Land and buildings		
Not later than one year	607	631
Later than one year but not later than five years	2,018	1,914
Later than five years	5,245	2,803
	7,870	5,348
Other		
Not later than one year	551	281
Later than one year but not later than five years	1,658	197
Later than five years	15	-
	2,224	478

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.

	Year ended 31 July 2024	Year ended 31 July 2023
	£000	£000
TPS pension costs	9,052	7,692
LGPS pension costs (TWPF)	4,440	7,510
LGPS pension costs (LPFA)	890	1,318
Total pension cost for the year	<u>14,382</u>	<u>16,520</u>

Amounts recognised in the Statement of Comprehensive Income

	Year ended 31 July 2024	Year ended 31 July 2023
	£000	£000
Tyne & Wear LGPS	(780)	2,650
London Pension Fund Authority Scheme	(344)	1,612
Enhanced Pension Charge (note 21)	509	(1,076)
Actuarial gain recognised	<u>(615)</u>	<u>3,186</u>

Pension liability recognised in the balance sheet

	As at 31 July 2024	As at 31 July 2023
	£000	£000
Tyne & Wear LGPS	-	-
London Pension Fund Authority Scheme	-	-
	<u>-</u>	<u>-</u>

Outstanding contributions at 31 July 2024, included within creditors, were £1,191,000 (2023: £nil).

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was as at 31 March 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 2024/25 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 £9,052,000 (2023: £7,692,000).

26. Pension schemes (continued)

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

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

The LGPS is a 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 2025 are estimated to be £5,130,000 (2023: £4,510,000). Additional contributions may also become due in respect of any employer discretions to enhance members' benefits in the Fund over the next accounting period.

Contribution rates from 1 April 2024 are:

Actual Pensionable pay	Contribution rate per year
Up to £17,600	5.50%
£17,601 to £27,600	5.80%
£27,601 to £44,900	6.50%
£44,901 to £56,800	6.80%
£56,801 to £79,700	8.50%
£79,701 to £112,900	9.90%
£112,901 to £133,100	10.50%
£133,101 to £199,700	11.40%
£199,701 or more	12.50%

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2023 updated to 31 July 2024 by a qualified independent actuary:

TWPF	At 31 July 2024	At 31 July 2023	At 31 July 2022
CPI Inflation	2.60%	2.60%	2.75%
Rate of general long-term increase in salaries	2.60%	2.60%	2.75%
Rate of increase for pensions in payment	2.60%	2.60%	2.75%
Rate of revaluation of pension accounts	2.60%	2.60%	2.75%
Discount rate	5.00%	5.00%	3.60%

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 2024 Years	As at 31 July 2023 Years
Retiring at 31 July		
Males	20.1	20.1
Females	23.3	23.3
Retiring in 20 years		
Males	20.6	20.6
Females	24.1	24.0

26. Pension schemes (continued)**Local Government Pension Scheme - Tyne & Wear Pension Fund (TWPF) (continued)**

The asset split in the scheme were:

TWPF	Asset split	Asset split
	at 31 July 2024	at 31 July 2023
	%	%
Equities	50.2	51.1
Property	10.4	10.3
Government Bonds	8.1	1.3
Corporate Bonds	18.6	18.8
Multi Asset Credit	4.5	4.6
Cash	0.8	1.7
Other	7.4	12.2
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 2024	As at 31 July 2023
	£000	£000
Fair value of assets	195,680	181,200
Present value of funded defined benefit obligation	(150,510)	(143,450)
Net pensions asset	45,170	37,750
Less notional surplus not recognised	(45,170)	(37,750)
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

	Year ended 31 July 2024	Year ended 31 July 2023
	£000	£000
Current service cost	4,350	7,510
Past service cost	90	-
Interest (income)/ cost	(120)	(90)
	4,320	7,420

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

	As at 31 July 2024 £000	As at 31 July 2023 £000
Opening defined benefit obligation	143,450	168,920
Current service cost	4,350	7,510
Interest cost	7,080	6,030
Contributions by participants	1,740	1,550
Actuarial gains on liabilities	(430)	(35,870)
Net benefits paid out	(5,770)	(4,690)
Past service cost	90	-
Closing defined benefit obligation	150,510	143,450

Changes to the fair value of assets during the year**TWPF**

	As at 31 July 2024 £000	As at 31 July 2023 £000
Opening fair value of assets	181,200	176,850
Interest income on assets	9,090	6,400
Actuarial losses on assets	4,320	(3,680)
Contributions by the employer	5,100	4,770
Contributions by participants	1,740	1,550
Net benefits paid out	(5,770)	(4,690)
Closing fair value of assets	195,680	181,200

Actual return on assets**TWPF**

	Year ended 31 July 2024 £000	Year ended 31 July 2023 £000
Interest income on assets	9,090	6,400
Actuarial Gain/(loss) on assets	4,320	(3,680)
Actual return on assets	13,410	2,720

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	2024	2023	2022	2021	2020
	£000	£000	£000	£000	£000
Fair value of assets	195,680	181,200	176,850	173,800	144,960
Present value of liabilities	(150,510)	(143,450)	(168,920)	(246,390)	(207,110)
Less notional surplus not recognised	(45,170)	(37,750)	(7,930)	-	-
Deficit	-	-	-	(72,590)	(62,150)

Sensitivity analysis

The approximate impact of changing the key assumptions on the present value of the funded defined benefit obligation as at 31 July 2024 and the projected service cost for the period ending 31 July 2024 is set out below:

TWPF	£000	£000	£000
Adjustment to discount rate	+ 0.1%	0.0%	- 0.1%
Present value of total obligation	147,950	150,510	153,070
Projected service cost	4,240	4,440	4,650
Adjustment to long term salary increase	+ 0.1%	0.0%	- 0.1%
Present value of total obligation	150,660	150,510	150,360
Projected service cost	4,440	4,440	4,440
Adjustment to pension increase and deferred revaluation	+ 0.1%	0.0%	- 0.1%
Present value of total obligation	152,920	150,510	148,100
Projected service cost	4,650	4,440	4,240
Adjustment to life expectancy assumptions	+ 1 year	None	- 1 year
Present value of total obligation	146,600	150,510	154,420
Projected service cost	4,280	4,440	4,600

The McCloud/Sargeant Judgement

The McCloud and Sargeant cases relate to age discrimination within the Judicial and Fire Pension schemes, respectively. The valuation for 2020 included a McCloud 'underpin' liability within the current service cost, together with an allowance within the balance sheet reflecting service since the scheme reforms in 2014. For the July 2023 results the roll-forward method based on last year's results has continued to be used.

On the 8 September 2023, the Department for Levelling Up, Housing and Communities published an update to the position on the McCloud remedy and the associated regulations in respect of the judgements came into force on 1 October 2023. Since then, the administering authorities have continued their detailed and important work on the remedy. The McCloud judgement has been accounted for in previous years and so there has been no requirement to recognise an additional past service cost in relation to this for the year ended 31 July 2024.

26. Pension schemes (continued)

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

GMP equalisation

The GMP equalisation is where pension schemes are required to provide equal benefits to men and women after May 1990, which was the date of the Barber judgement. The approach used is to value full CPI inflation pension increases on GMPs of members whose State Pension Age is on or after 6 April 2016. This is an approximate method of recognising the cost of the Government's commitment to compensate public service scheme members from the removal of the Additional Pension element of the State Pension from this date, and for the outcome of the Lloyds judgement which found GMPs to be illegally sex discriminatory. Government has consulted on its approach to compensating affected members and announced on 23 March 2021 that it would adopt a long-term policy of uprating GMPs in line with CPI inflation for members whose State Pension Age (SPA) is on or after 6 April 2016.

The Goodwin Ruling

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

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

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.

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.

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 £26,216,000 (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)

Employee Contribution rates from 1 April 2023 are:

Contribution rates from 1 April 2024 are:

Actual Pensionable pay	Contribution rate per year
Up to £17,600	5.50%
£17,601 to £27,600	5.80%
£27,601 to £44,900	6.50%
£44,901 to £56,800	6.80%
£56,801 to £79,700	8.50%
£79,701 to £112,900	9.90%
£112,901 to £133,100	10.50%
£133,101 to £199,700	11.40%
£199,701 or more	12.50%

Impact of McCloud/ Sargeant Cases

The results of the FRS102 valuation include an allowance to reflect the Court of Appeal judgement in respect of the McCloud and Sargeant cases which relate to age discrimination within the Judicial and Fire Pension schemes, respectively. This allowance was described in the previous accounting report and incorporated into the accounting results. As for the TWPF above, these results, including the allowance, have continued to be rolled forward and remeasured to obtain the accounting results as at 31 July 2024.

Impact of Guaranteed Minimum Pension Indexation and Equalisation

As a result of the High Court's recent Lloyds ruling on the equalisation of GMPs between genders, a number of pension schemes have adjusted accounting disclosures to reflect the effect this ruling has on the value of pension liabilities. It is our understanding that HM Treasury have confirmed that the judgement "does not impact on the current method used to achieve equalisation and indexation in public service pension schemes". It is not yet known if, or how, this will affect the LGPS. Further guidance from CIPFA and DLUHC is awaited. Whilst no guidance nor data is available, the actuary's standard approach currently is to make no allowance to reflect this judgement.

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

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

Impact of Virgin Media Limited v NTL Pension Trustees ruling

The LPFA will experience the same impact of this ruling as for the TWPF above and as such, 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 - London Pension Fund Authority (LPFA) (continued)

Employer contribution rates were fixed at 14.0% from April 2023 onwards.

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

LPFA - NCG	At 31 July 2024	At 31 July 2023
Discount rate	5.00%	5.00%
Salary increases	2.60%	2.60%
Pension increases	2.60%	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 2024	At 31 July 2023
<i>Retiring at 31 July</i>		
Males	19.3	19.3
Females	22.8	22.7
<i>Retiring in 20 years</i>		
Males	20.5	20.6
Females	24.2	24.1

Principal Actuarial Assumptions

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

LPFA - NCG	At 31 July 2024 %	At 31 July 2023 %
Equities	60.6	58.8
Target Return Portfolio	16.4	17.9
Infrastructure	10.8	12.5
Property	9.0	9.5
Cash	3.2	1.3
	100	100

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

LPFA - NCG	2024 £000	2023 £000	2022 £000
Present value of the defined benefit obligation	(82,116)	(82,360)	(102,249)
Fair value of Fund assets (bid value)	107,761	104,482	102,176
Surplus / (Deficit)	25,645	22,122	(73)
Present value of unfunded obligation	571	696	(1,045)
Less notional surplus not recognised	(26,216)	(22,818)	-
Net defined benefit liability	-	-	(1,118)

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	<i>Year to 31 July 2024 £000</i>	<i>Year to 31 July 2023 £000</i>
Service cost	859	1,318
Net interest on the defined liability	(365)	24
Administration expenses	31	51
	525	1,393

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

LPFA - NCG	<i>At 31 July 2024 £000</i>	<i>At 31 July 2023 £000</i>
Opening defined benefit obligation	82,360	103,294
Current service cost	859	1,318
Interest cost	4,002	3,590
Change in demographic assumptions	(150)	(5,941)
Change in financial assumptions	-	(27,321)
Experience loss on defined benefit obligation	(245)	11,775
Estimated benefits paid net of transfers in	(4,888)	(4,478)
Contributions by Fund participants and other employers	331	276
Unfunded pension payments	(153)	(153)
Closing defined benefit obligation	82,116	82,360

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

LPFA - NCG	<i>At 31 July 2024 £000</i>	<i>At 31 July 2023 £000</i>
Opening fair value of Fund assets	104,482	102,176
Interest on assets	5,129	3,566
Return on assets less interest	2,022	(582)
Other actuarial gains	-	2,829
Administration expenses	(31)	(51)
Contributions by employer including unfunded	869	899
Contributions by Fund participants and other employers	331	276
Estimate benefits paid plus unfunded net of transfers in	(5,041)	(4,631)
Closing fair value of Fund assets	107,761	104,482

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 2024 and the projected service cost for the period ending 31 July 2024 is set out below:

LPFA - NCG	£000	£000	£000
Adjustment to discount rate	+ 0.1%	0.0%	- 0.1%
Present value of total obligation	81,010	82,116	83,248
Projected service cost	830	857	884
Adjustment to long term salary increase	+ 0.1%	0.0%	- 0.1%
Present value of total obligation	82,129	82,116	82,104
Projected service cost	857	857	857
Adjustment to pension increase and deferred revaluation	+ 0.1%	0.0%	- 0.1%
Present value of total obligation	83,261	82,116	80,997
Projected service cost	886	857	829
Adjustment to life expectancy assumptions	+ 1 year	None	- 1 year
Present value of total obligation	85,649	82,116	78,750
Projected service cost	887	857	827

Remeasurement of the defined benefit pension liability

LPFA	Year to 31 July 2024 £000	Year to 31 July 2023 £000
Return on Fund assets in excess of interest	2,022	(582)
Other actuarial losses on assets	-	2,829
Change in financial assumptions	-	27,321
Change in demographic assumptions	150	5,941
Experience gain/(loss) on defined benefit obligation	245	(11,775)
Changes in effect of asset ceiling	15,992	(15,230)
Remeasurement of the defined benefit pension liability	18,409	8,504

Projections for the year to 31 July 2025

LPFA	£000
Service cost	857
Net interest on the defined liability / (Asset)	(1,280)
Administration expenses	32
	(391)
Employer contributions	695

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 2024 £000	As at 31 July 2023 £000
Payments paid to or on behalf of Governors		
- Corporation	3	2
- Local college boards	1	1
	<u>4</u>	<u>3</u>
Number of governors	No.	No.
- Corporation	8	5
- Local college boards	2	3
	<u>10</u>	<u>8</u>

During the year, one independent governor became a Consultant for Advance HE. There were £17,000 of purchases in the year with nil balance owed by or to NCG as of 31 July 2024.

One independent governor holds the position of Consultant for the Education and Training Foundation. During the year there were sales of £14,000 (2023: £12,000) and purchases of £11,000 (2023: £12,000) during the year. There was a balance owed by NCG of £2,000 (2023: £nil) and balance owed to NCG of £8,000 (2023: £1,000) as of 31 July 2024.

The Chief Executive Officer is a Non-Executive Director for Newcastle Hospitals Foundation Trust, during the year there were sales of £6,000 (2023: £nil). There was no balance owed to NCG at 31 July 2024 (2023: £nil).

One independent governor is the company director of Robertsons Facilities Management. There were purchase transactions during the year totaling £163,000 (2023: £nil). There was no balance owed by or to NCG at 31 July 2024 (2023: £nil).

One independent governor is a board member for Clear Futures/Robertson Capital. There were purchase transactions totaling £189,000 (2023: £nil). The balance owed by NCG at the year-end was £67,000 (2023: £nil).

The Principal of Newcastle College is a Trustee of Newcastle United Foundation, who subcontracts work from NCG. On 31 July 2024, there was no balance due to or owed by NCG (2023: £nil). Purchase transactions in the year amounted to £643,000 (2023: £643,000) and sales of £1,000 (2023: £nil).

One independent governor who was appointed during the year is the Director of Place Sustainable Growth and Transport for Cumberland Council. Sales in the year amounted to £310,000. £10,000 was owed to NCG at the year-end date.

One of the new independent governors is a Global Account Director for JLL. Purchase transactions in the year amounted to £130,000 and there was no outstanding balance at the year-end.

28. Amounts disbursed as agent

	As at 31 July 2024 £000	As at 31 July 2023 £000
ESFA 16-19 bursary	2,441	2,595
ESFA 16-19 Vulnerable bursary	167	159
ESFA Advanced Learner Loans bursary	669	549
Other funding body grants	441	264
	<u>3,718</u>	<u>3,567</u>
Disbursed to students	(2,914)	(3,188)
Administration costs	(120)	(133)
	<u>(3,034)</u>	<u>(3,321)</u>
Balance unspent at 31 July included in creditors	<u>684</u>	<u>246</u>

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

Independent auditor's report on regularity

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

In accordance with the terms of our engagement letter dated 4 July 2024 and further to the requirements and conditions of funding in ESFA and DfE's accountability agreements, grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by NCG during the period 1 August 2023 to 31 July 2024 have not been applied to the purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

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

This report is made solely to the corporation of NCG and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of NCG and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept, or assume, responsibility to anyone other than the corporation of NCG and ESFA for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of NCG and the reporting accountant

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

Our responsibilities for this engagement are established in the United Kingdom by the Code our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work, which suggests that in all material respects, expenditure disbursed and income received, during the period 1 August 2023 to 31 July 2024 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

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.
- Tested a sample of expenditure disbursed and income received to consider whether they have been applied to purposes intended by Parliament and in accordance with funding agreements where relevant.
- Tested a sample of individual learner records.
- Obtained the policy for personal gifts and/or hospitality.

Independent auditor's report on regularity

- Obtained the register of personal interests.
- Obtained the financial regulations/financial procedures.
- Obtained the College's whistleblowing policy.
- Reviewed the College's compliance with the requirements of HM Treasury's "Managing Public Money" document.

Conclusion

In the course of our work nothing has come to our attention which suggests that in all material respects, the expenditure disbursed and income received during the period 1 August 2023 to 31 July 2024 has not been applied to purposes intended by Parliament, and that the financial transactions do not conform to the authorities that govern them.

Signed: *Forvis Mazars LLP*

Forvis Mazars LLP

Date: 19/12/2024

GLOSSARY

Acronym	Meaning
AEB	Adult Education Budget
AoC	Association of Colleges
ASHP	Air Source Heat Pump
AV	Audio Visual
CARE	Career Average Related Earning
CJRS	Coronavirus Job Retention Scheme
CPD	Continuing Professional Development
DfE	Department for Education
DLUHC	Department for Levelling Up, Housing and Communities
EAUC	Environmental Association for Universities and Colleges
EBITDA	Earnings Before Interest, Taxation, Depreciation and Amortisation
EDIB	Equality, Diversity, Inclusion and Belonging
ESFA	Education and Skills Funding Agency
ESOL	English for Speakers of Other Languages
FE	Further Education
GMP	Guaranteed Minimum Pensions
HE	Higher Education
I&A	Instruments and Articles of Government
KPIs	Key Performance Indicators
LED	Light Emitting Diode
LGPS	Local Government Pension Scheme

GLOSSARY (CONTINUED)

Acronym	Meaning
LIBOR	London Inter Bank Offered Rate
LPFA	London Pension Fund Authority
MHCLG	Ministry of Housing, Communities and Local Government
OfS	Office for Students
Ofsted	Office for Standards in Education, Children's Services and Skills
ONS	Office for National Statistics
PV	Photovoltaic
QAA	Quality Assurance Agency for Higher Education
SAR	Self-Assessment Report
SDF	Strategic Development Fund
SLC	Student Loans Company
SORP	Statement of Recommended Practice
SPA	State Pension Age
SPH	Senior Post Holders
SU	Students' Union
TPS	Teachers' Pension Scheme
TWPF	Tyne and Wear Pension Fund
VAT	Value Added Tax

APPENDIX

LOCAL COLLEGE BOARDS

The members who served on the Local College Boards during the year ended 31 July 2024 were as listed below:

Carlisle College Board						
Name	Appt.	End of Appt.	Category of Appointment	Reappointment Details	Meetings attended	Out of a possible
Sarah McGrath	May 21	N/A	Principal		4	4
Darren Crossley	Mar-17	Jul-24	Independent (Chair)	Mar 20 – Mar 24 Mar 24 – Jul 24 Resigned Jul 24 to join Corporation	2	4
Stephen Gilby	Jul 18	Jul 26	Independent	Resigned Jul 25	3	4
Brian Hough	Dec 17	Dec 24	Independent	Dec 20 – Dec 24	4	4
Chetna Reay	Jul 19	Jul 25	Independent	Jul 24 – Jul 25	2	4
Andrew Abernethy	Jul 19	Jul 23	Independent	Jul 23 – Jul 24	6	6
Julie Mennell	May 22	May 26	Independent	Resigned Nov 23	0	2
Rob Trimble	Jan 24	Dec 24	Independent		2	2
Ashley Graham	Mar 23	Mar 25	Staff	Resigned Jul 24	1	4

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APPENDIX

LOCAL COLLEGE BOARDS (CONTINUED)

Kidderminster College Board						
Name	Appt.	End of Appt.	Category of Appointment	Reappointment Details	Meetings attended	Out of a possible
Cat Lewis	Jan 21	N/A	Principal		4	4
Lisa Gregg	Jul 22	Jul 26	Chair	Resigned Jul 24 to join Corporation	4	4
Cathy Shaw	Mar 20	Mar 28	Independent	Mar 24 – Mar 28	3	4
Dale Parmenter	May 21	May 25	Independent		1	4
Ian Hinksman	Nov 22	Nov 26	Independent		4	4
Matt Cooney	May 23	May 27	Independent		3	4
Kelly Wilson	May 23	May 25	Staff		3	4

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APPENDIX

LOCAL COLLEGE BOARDS (CONTINUED)

Lewisham College Board						
Name	Appt.	End of Appt.	Category of Appointment	Reappointment Details	Meetings attended	Out of a possible
Jamie Stevenson	Dec 21	N/A	Principal		4	4
Simon Russell	May 20	Jul 24	Independent (Chair)	May 24 – Jul 24	4	4
Hilary Moore	Dec 14	Dec 23	Independent	Dec 14 – Dec 18 Dec 18 – Dec 19 Jan 20 – Jan 22 Jan 22 – Dec 23 Resigned Dec 23	2	2
Linlin Jin	Jan 20	Jul 24	Independent	Dec 23 – Jul 24	1	4
Phoebe Juggins	Feb 20	Jul 24	Independent	Feb 24 – Jul 24	4	4
Deavon Baker-Oxley	Nov 20	Nov 24	Independent		4	4
Helen McIntosh	Jun 24	Jun 26	Independent		1	1
Jon Howlin	Jun 27	Jun 27	Independent		1	1
Kim Powell	Jan 24	Dec 27	Independent		1	2
Garineh Mirzaei	Dec 21	Jul 24	Staff	Dec 23 – Jul 24	3	4
Fiona Fraser	Oct 20	Jul 24	Staff	Oct 22 – Oct 23 Oct 23 – Jul 24	4	4
Haliya Sadiq	Jul 22	Jul 23	Student		1	2

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APPENDIX

LOCAL COLLEGE BOARDS (CONTINUED)

Newcastle College Board						
Name	Appt.	End of Appt.	Category of Appointment	Reappointment Details	Meetings attended	Out of a possible
Scott Bullock	N/A	N/A	Principal		4	4
Alex Turner	Jul 19	Jul 27	Independent (Chair)	Jul 23 – Jul 24 Jul 24 – Jul 27	4	4
Jonathan Eaton	Feb 20	Feb 24	Independent	Jul 24 – Jul 27	1	1
Simon Bowker	Nov 22	Nov 26	Independent		3	4
Sadie Gormally	Feb 22	Feb 26	Independent		4	4
Graham Harwood	Mar 23	Mar 27	Independent	Resigned Sep 23	0	0
Lindsay Gaskill	Feb 23	Feb 25	Staff		4	4
Jacob McGregor	Jul 23	Jun 24	Student		4	4

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APPENDIX

LOCAL COLLEGE BOARDS (CONTINUED)

Newcastle Sixth Form College Board						
Name	Appt.	End of Appt.	Category of Appointment	Reappointment Details	Meetings attended	Out of a possible
Simon Ross	Dec 21	N/A	Principal		4	4
Geoff Phillips	Feb 18	Feb 25	Independent (Chair)	Feb 21 – Feb 25	4	4
Lesley Pender	Sep 19	Sep 23	Independent	Resigned Sep 23	0	0
Alan Hodgkiss	Oct 21	Oct 25	Independent		3	4
James Widmer	Feb 22	Jul 24	Independent	Jul 23 – Jul 24	2	4
Stephen Joel	Jul 22	Jul 24	Staff	Resigned Mar 24	1	3
Sarah Beech*	Sep 22	Jul 26	Independent	Resigned May 24	0	3
Sasha Quigg	Sep 22	Jul 26	Independent		4	4
Katy McDonald	Dec 23	Jul 25	Parent		2	2
Sarah Hall	Jun 24	Jun 27	Independent		1	1
Lynda Evans	Jun 24	Jun 28	Independent		1	1
Aya Bajeaifer	May 24	May 25	Student		0	1
Jonathan Valentine	Feb 23	Feb 24	Student		0	3
Manar Amir	Feb 23	Feb 24	Student		2	3

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APPENDIX

LOCAL COLLEGE BOARDS (CONTINUED)

Southwark College Board						
Name	Appt.	End of Appt.	Category of Appointment	Reappointment Details	Meetings attended	Out of a possible
Jane Button	N/A		Principal		4	4
Kim Caplin	Sep 20	Sep 24	Independent (Chair)		4	4
Holly Roberts-Harry	Feb 21	Feb 25	Independent		4	4
Roy Senoga	Feb 21	Feb 25	Independent		3	4
Jasmine Ali	May 21	May 25	Independent		1	4
Austen Atkinson	May 22	May 26	Independent	Resigned Mar 24	2	3
Jo Young	May 22	May 26	Independent		3	4
Hannah D'aguiar	Feb 22	Feb 24	Staff		2	3
Mary Ougundario	Jan 23	Jan 24	Student		1	2

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APPENDIX

LOCAL COLLEGE BOARDS (CONTINUED)

West Lancashire College Board						
Name	Appt.	End of Appt.	Category of Appointment	Reappointment Details	Meetings attended	Out of a possible
Jane Button	N/A		Principal		4	4
Kim Caplin	Sep 20	Sep 24	Independent (Chair)		4	4
Holly Roberts-Harry	Feb 21	Feb 25	Independent		4	4
Roy Senoga	Feb 21	Feb 25	Independent		3	4
Jasmine Ali	May 21	May 25	Independent		1	4
Austen Atkinson	May 22	May 26	Independent	Resigned Mar 24	2	3
Jo Young	May 22	May 26	Independent		3	4
Hannah D'aguiar	Feb 22	Feb 24	Staff		2	3
Mary Ougundario	Jan 23	Jan 24	Student		1	2











2023-24 NCG Annual Report and Financial Statements - Compressed - Final


Final Audit Report

2024-12-19

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