DERWENTSIDE COLLEGE

Annual Report and Financial Statements

For the Year Ended 31 July 2025

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Reference and Administrative Details

Key Management Personnel

Key management personnel are defined as members of the College Executive Team and the Head of Governance, and were represented by the following in 2024/25:

Chris Todd	Principal and Chief Executive and Accounting Officer
Susan Errington	Deputy Principal
Rachel Holmes	Director of Human Resources
Tina Hannant	Vice Principal Finance and Resources and Chief Financial Officer
Elaine Gaines	Clerk to the Corporation Board / Head of Governance

Board of Governors

A full list of Governors is provided on page 17 in these financial statements.

The role of Clerk to the Corporation Board is undertaken by the Head of Governance.

Professional Advisors

Chartered Accountants & Statutory Auditor:
Azets Audit Services
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

Internal auditor:
Wbg Services LLP
168 Bath Street
Glasgow
G2 4TP

Banker:
Lloyds Banking Group
4th Floor
Grey Street Branch
Newcastle upon Tyne
NE1 6AG

Additional Banking Services:
Nationwide Building Society
Kings Park Road
Moulton Park
Northampton
NN3 6NW

Legal advisors:
Sintons LLP
The Cube
Barrack Road
Newcastle upon Tyne
NE4 6DB

Strategic report

OBJECTIVES AND STRATEGY

The Governing Body presents their annual report together with the financial statements and auditor's reports for Derwentside College for the year ended 31 July 2025.

Legal Status

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

Mission, Vision, Strategy and Objectives

The College's aims are outlined in both the published Strategic Plan and the Annual Accountability Agreement. The current Strategic Plan is undergoing review, with a revised version expected to be approved and published during the 2025/26 academic year.

Mission

To provide high quality education and training that shapes the future and transforms lives.

Vision

To be an outstanding college that is highly valued by our learners and partners.

Values and Behaviours

Our values and behaviours are at the heart of the College's culture. They guide how we work, interact, and make decisions every day. We are committed to living these values in everything we do:

- **Trust** – We build confidence through honesty, integrity, and accountability.
- **Respect** – We value diversity, treat others with dignity, and foster an inclusive environment.
- **Excellence** – We strive for the highest standards in all that we do.
- **Enjoyment** – We create a positive and supportive environment where people enjoy learning and working.
- **Enterprise** – We embrace innovation, creativity, and opportunity to drive progress and growth.

Strategic Priorities

The current College Strategic Plan will remain in place until early 2026, at which point it is expected to be succeeded by a new five-year Strategic Plan covering the period through to 2031. The existing plan outlines the following strategic priorities:

- **Leadership & Governance**
  Effective leadership and governance are essential to the College's success, influencing our performance, sustainability, and reputation. Over the coming years, we are committed to delivering outstanding leadership and governance across the organisation, ensuring the successful implementation of our strategic objectives.

- **Curriculum & Quality**
  Providing a high-quality curriculum that aligns with national, regional, and local skills needs is a key strategic priority. We aim to deliver programmes that not only support economic growth and meet the needs of our employer partners but also enrich the lives and future prospects of our students.

- **Engagement**
  Strong communication and engagement are vital to our continued success. Through a focus on our people agenda, we will empower staff, students, employers, and stakeholders to contribute fully to the College's mission, unlocking our collective potential.

The College's strategic priorities are monitored through an Annual Quality Improvement Plan and a set of strategic objectives approved by the Governing Body. Performance against these priorities is reviewed regularly at key points throughout the year, ensuring effective oversight and the successful delivery of the College's goals.

Resources

The College has various resources of both a current and non-current nature it can deploy in pursuit of its strategic objectives.

The College employs 171 people, expressed as full-time equivalents, of whom 102 are teaching staff.

The college enrolled approximately 4,167 students. The college's student population includes 495 16-to-18-year-old students, 2,251 apprentices, 1,228 adult learners and no higher education students.

The College has £7.431m of net assets. The college has no borrowing.

The College has a good reputation locally and nationally. Maintaining a quality brand is essential for the College's success at attracting learners and maintaining positive and productive relationships with a range of external stakeholders.

Stakeholders

Like other colleges and universities, Derwentside College works with a wide range of stakeholders who play a vital role in shaping and supporting our mission. These include:

- Learners
- Staff
- Local schools and academies
- Strategic and delivery partners
- Education sector funding bodies
- FE Commissioner
- Local employers
- Subcontracted partners
- Local authorities, combined authorities, and the elected Mayor
- Local enterprise partnerships (LEPs)
- The wider local community
- Other further education institutions
- Independent training providers
- Trade unions
- Professional and regulatory bodies

The College recognises the importance of maintaining strong, collaborative relationships with all stakeholders. We are committed to regular, transparent communication and meaningful engagement to ensure their voices inform our direction and decision-making.

Public Benefit Statement

Derwentside College is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who act as trustees of the charity, are listed on page 17.

In setting and reviewing the College's strategic objectives, the Governing Body has given due consideration to the Charity Commission's guidance on charitable purposes and public benefit—particularly its supplementary guidance on the advancement of education. This guidance requires all organisations seeking charitable status to clearly demonstrate that their aims serve the public benefit.

In fulfilling its mission, the College delivers a range of identifiable public benefits through the advancement of education, including:

- **High-quality teaching** that leads to strong student achievement and progression.
- **Widening participation** and addressing social exclusion by providing accessible learning opportunities.
- **Positive student destinations**, including progression into employment, further education, or higher education.
- **Comprehensive student support**, which enhances attainment, builds confidence, and improves employability.
- **Economic contribution**, through close collaboration with employers to address local skills needs and reduce gaps in the labour market.
- **Strategic partnerships**, supporting local industries and economic development by working with Local Enterprise Partnerships (LEPs), Combined Authorities, and other key stakeholders.

The College's aims are clearly articulated in its published Strategic Plan and Annual Accountability Agreement.

DEVELOPMENT AND PERFORMANCE

Financial Review

The College generated a surplus of £0.399m in the Statement of Comprehensive Income for the year ended 31 July 2025, compared to a surplus of £0.420m in the previous year. Total income for the year was £11.263m, of which £10.684m was received from funding body grants (see Note 3).

As at 31 July 2025, the College's reserves stood at £7.431m, representing an increase of £0.264m from £7.167m in 2023/24. Cash and cash equivalents increased significantly to £2.381m (2023/24: £1.409 m), primarily due to capital grant income received during the year.

This financial performance reflects the College's continued focus on maintaining a strong financial position, enabling ongoing investment in strategic priorities while ensuring long-term sustainability.

Cash Flows and Liquidity

As at 31 July 2025, the College held cash balances of £2.381m, reflecting a strong liquidity position. The net cash increase for the year was £0.972m. Net cash inflow from operating activities totalled £0.366m, demonstrating continued positive cash generation to support day-to-day operations. Capital grant receipts towards key strategic capital projects totalled

£1.632m and capital outflows were £1.058m, aligned with the College's Estates Strategy and investment priorities. The college has maintained a strong underlying level of cash generation to support its continued operations.

The College does not have any lending facilities in place and therefore carries no external borrowings.

The Corporation Board is confident that the College's cash reserves are sufficient to meet its financial obligations as they fall due, while continuing to support strategic investment in the development of the College and its curriculum.

FUTURE PROSPECTS

Future Developments

The current College Strategic Plan is expected to come to an end in December 2025, with a new plan set for launch in January 2026. The new Strategic Plan will run for a five-year period, up to the end of July 2031. The current Strategic Plan contains the following strategic priorities:

- **Leadership & Governance -** Leadership and governance are crucial strategic priorities for the College, impacting our overall effectiveness, sustainability, and reputation. Over the coming years, we will provide outstanding leadership and governance across the organisation, delivering on our strategic plan and achieving our goals.

- **Curriculum & Quality** - Delivering a high-quality curriculum that is aligned with national, regional, and local skills needs is of paramount strategic importance to the College. We will strive to deliver a curriculum that provides a significant contribution to the economy and our employer partners, but one which also enriches the prospects and lives of our students.

- **Engagement** - We believe that communication and engagement are critical factors in our ongoing success as a college. We will optimise our services through our people agenda, empowering our staff, students, employers and stakeholders to release our full potential.

As Derwentside College looks ahead, our development will be guided by the new Strategic Plan for 2026–2031, which sets out a bold and ambitious agenda for the next five years. Rooted in our new mission to *transform lives through education, ambition and impact*, the plan provides a framework for growth, resilience, and innovation at a time of significant change across the further education sector and the wider region.

Our future development will be shaped around five strategic priorities: *Leadership, Governance and People; Curriculum; Learners; Resources and Investment; and Partnerships*. These interconnected themes ensure that our efforts remain balanced, future-focused, and inclusive. We will continue to strengthen our leadership and culture, ensuring that our people are empowered to deliver excellence. Alongside this, we will deliver a curriculum that is both ambitious and aligned with local, regional, and national priorities, ensuring our learners are well-prepared for the future world of work.

Central to our vision is the learner experience. We will invest in strategies that help every learner to achieve, belong, and thrive, supported by a culture of inclusion, high aspiration, and wellbeing. At the same time, we will prioritise the financial resilience and sustainability of the College, modernising our estate, embracing digital transformation, and embedding sustainability across all operations. These steps will create the platform for long-term success and enable reinvestment into teaching, learning, and facilities.

Finally, the College will continue to strengthen its role as an anchor institution within County Durham and the wider North-East. By building purposeful partnerships with employers, local authorities, education providers, and civic organisations, we will not only address regional skills needs but also play an active role in shaping a fairer and more prosperous future for our communities. Through these commitments, Derwentside College will remain a responsive, high-performing, and trusted organisation—one that transforms lives and creates positive futures.

Development Plans for the Next 12 Months

Over the coming year, Derwentside College will pursue a number of significant initiatives that will position the organisation for continued growth, excellence, and regional impact. A central focus will be preparing for the next Ofsted inspection. We are committed to ensuring that our learners benefit from the very best teaching, support, and enrichment opportunities, and we will continue to drive improvements in quality, consistency, and ambition across all aspects of the learner journey. This work is underpinned by a clear focus on governance, leadership, and people—ensuring that we have the right structures, culture, and capability to achieve the College's goal of being recognised for outstanding provision.

During the year, the College will also be taking an active role as a new member of the North-East Institute of Technology. This provides a valuable opportunity to strengthen our technical education offer, broaden our employer partnerships, and give learners access to state-of-the-art skills development. Alongside this, we are developing a major capital project within our construction curriculum, closely linked to the new Construction Centre of Excellence being led regionally by Education Partnership North-East (EPNE). This investment will further enhance our facilities and ensure that we are preparing learners with the advanced skills needed by the construction sector both locally and nationally.

In addition, we will play a leading role in the newly established *Colleges for North-East England* group, with our Principal serving as Chair this year. This collective provides an important platform for collaboration, influence, and shared innovation across the region, strengthening the voice of further education and enabling colleges to address skills gaps and challenges together.

We will also continue to strengthen the College's financial position to ensure that we remain resilient and able to invest in our future priorities. By delivering targeted growth, improving cost efficiency, and embedding a value-for-money culture across all areas, we aim to drive up our EBITDA surpluses year-on-year. This will provide the financial headroom required to reinvest in our estate, digital transformation, and curriculum innovation—ensuring that every financial decision supports the delivery of our mission and long-term sustainability.

Through these developments, we will continue to place learners at the heart of all we do. Our focus remains clear: striving for greatness, enriching the learner experience, and ensuring that standards are consistently high. With the right people, leadership, and governance in place, we are confident that the next 12 months will mark a period of ambitious progress and meaningful impact for the College and the communities we serve.

Financial Plan

The College governors approved a three-year Strategic Plan and accompanying Financial Plan in July 2023, setting out key objectives through to 2026. These plans were further refined in July 2024 to reflect evolving priorities. During the 2024/25 academic year, work commenced on developing a new Strategic Plan for the period 2026 to 2031. In July 2025, governors approved an updated three-year Financial Plan to support this next phase of strategic development.

A key financial priority for the year ending 31 July 2026 is to continue strengthening the College's financial health, with a focus on maintaining a minimum financial health rating of 'Good'. Sustained growth in priority areas is expected to generate increased EBITDA surpluses and improved cash reserves. This will enhance financial resilience and create greater capacity for capital investment, aligned with the ambitions of the new Estates Strategy.

Treasury Policies and Objectives

Treasury management involves the oversight of the College's cash flows, banking arrangements, and transactions in the money and capital markets. It includes the effective management of financial risks and the pursuit of optimal performance within a prudent and compliant framework.

The College operates under a formal Treasury Management Policy, which governs the management of cash flow, banking relationships, and associated risks. This policy ensures that treasury activities are aligned with the College's strategic objectives and regulatory obligations.

In accordance with Department for Education (DfE) requirements, the College is not permitted to undertake any borrowing—including short-term or long-term arrangements—without prior written consent from the DfE. This excludes

routine expenditure made via College credit cards. The College did not undertake any borrowing during the 2024/25 financial year.

Reserves

The College has an approved Reserves Policy in place to guide financial decision-making and support long-term sustainability. The policy sets out expectations for maintaining minimum levels of cash-based working capital and unrestricted reserves. These thresholds are designed to ensure the College can meet short-term obligations while also safeguarding its ability to invest in future priorities.

While the Reserves Policy is not the sole measure used to assess the College's status as a going concern, it plays an important role in supporting financial resilience and strategic planning.

The College holds reserves to provide a financial buffer against unexpected costs, mitigate the impact of income shortfalls—such as those arising from reduced enrolments or changes in government funding—and to support future investment in the estate and infrastructure.

As at 31 July 2025, the College held reserves of £7.431m.

It is the Corporation's intention to grow reserves over the life of the Strategic Plan through the generation of annual operating surpluses, thereby strengthening the College's financial position and capacity for future investment.

PRINCIPAL RISKS AND UNCERTAINTIES

During 2024/25, the College undertook a comprehensive review of its Risk Management Framework, resulting in the development of a new Risk Management Policy and supporting procedures. This updated framework strengthens the College's approach to identifying, assessing, and managing risks that could impact the achievement of its strategic and operational objectives.

As part of this process, the College defined a set of Principal Risk Categories, which represent the key areas of potential exposure. Each category is aligned to the College's strategic priorities and is reviewed regularly by the Corporation Board, alongside the updated Strategic Risk Register.

For each principal risk, the College assessed its risk appetite and developed a corresponding Risk Appetite Statement, which was formally approved by the Corporation Board. These statements guide decision-making and ensure that risk-taking is consistent with the College's values and strategic direction.

As at 31 July 2025, the Corporation Board has agreed the following Principal Risk Categories and associated Risk Appetites:

Principal Risk Category	Risk Appetite
Leadership and Governance	Low
Legal, Regulatory, and Compliance	Zero
Partnerships and Collaboration	Moderate
Quality of Education	Low
Reputation	Low
Financial Performance and Sustainability	Moderate
People and Culture	Low
Strategic Change, Projects and Business Continuity	Moderate
Estates, Environment, and Sustainability	Low

All risks identified within the College are mapped to one of these categories and assessed using a consistent scoring methodology. Where appropriate, detailed mitigation plans are in place to manage risks within the defined appetite.

The College maintains both Operational and Strategic Risk Registers, with the Strategic Risk Register reviewed and monitored by the Corporation Board on a termly basis to ensure effective oversight and governance.

KEY PERFORMANCE INDICATORS

The College measures performance against a range of key performance indicators each year, with targets monitored and reported to the Board of the Corporation at each meeting.

During the 2024/25 academic year, the Executive Team monitored performance across a comprehensive set of Key Performance Indicators (KPIs) aligned to strategic priorities. The following summary and table outlines performance against these KPIs, highlighting areas of strength and those requiring further attention.

Ofsted and Self-Assessment

- The College maintained a 'Good' rating for Overall Effectiveness, aligning with the baseline target. However, the stretch target of 'Outstanding' cannot be achieved until the College goes through another Ofsted inspection.

Financial Performance

- The Financial Health Grade rating was 'Outstanding', exceeding expectations.
- EBITDA Surplus was 5%, achieving the 5%+ stretch target indicating stable and improving financial performance.
- The College has carried significant 16-19 unfunded growth this year, which has presented challenges.

Growth – Apprenticeships

- New starts funding reached £1,791k, exceeding the baseline of £1,750k but below the stretch target of £1,900k. The dip in year was caused by changes to the English and maths requirements in apprenticeships.
- Carry-in learner funding was £3,152k, exceeding both baseline and stretch targets, reflecting strong retention and progression.

Growth – Adult Education

- NECA adult education funding exceeded the stretch target of £1,525k, with a figure of £1,656k reported at year end.
- Delta North performed in line with target, and the Tees Valley contract was slightly exceeded.

Growth – EPYP

- College funding exceeded the stretch target of £2,450k, with £2,642k of funding generated at year end.
- Delta North funding held steady at £300k, meeting the baseline.
- T-Level learner numbers reached 57, exceeding the baseline of 56 but below the stretch target of 90.

Staff and Culture

- Staff pride remained high at 95%, meeting the baseline.
- Perceptions of being valued (81%) and leadership (85%) fell below baseline targets, highlighting areas for cultural development following some leadership changes in 2024-25.

Employer Satisfaction

- Employer recommendation score was 95.4%, exceeding the stretch target of 91%.
- The gov.uk apprenticeship satisfaction rating remained 'Excellent', with increased review volume.

Learner Satisfaction

- Overall satisfaction was 94%, just below the stretch target of 95%.
- Recommendation rate was 88%, meeting the baseline but below the stretch target.
- Apprentice satisfaction remained 'Good', with room for improvement.

Apprenticeship Quality

- Achievement rate was 67%, meeting the stretch target.

- Performance against the Apprenticeship Accountability Framework remained strong, with no issues to report against any of the key indicators monitored by the DfE.

EPYP and Adult Education Quality

- EPYP achievement held steady at 89%, meeting the stretch target.
- Attendance was 86%, slightly below the stretch target.
- Adult Education achievement was 88%, meeting the stretch target.

KPI Aspect	Ref	Key Performance Indicator Description	2024-25		
			Baseline Target	Stretch Target	Y/E Actual
Ofsted & SAR Grades	**1**	Overall Effectiveness	Good	Good	n/a
		Contribution to meeting local skills needs grade	Reasonable	Strong	n/a
Financials	**2**	Financial Health Grade (DfE)	Good	Good	Outstanding
		EBITDA Surplus as a percentage of income %	4%	5%	5%
Growth - Apps	**3**	Funding generated from new starts cumulative (£000)	£1,750k	£1.900k	£1,791k
		Funding generated from carry in learners cumulative (£000)	£2,600k	£2,800k	£3,152k
Growth – Adult Education	**4**	NECA contract funding generated (college only)	£1,466k	£1,525k	£1,656k
		NECA contract funding generated (Delta North only)	£200k	£265k	£265k
		Tees Valley contract funding generated £	£381k	£400k	£426k
Growth - EPYP	**5**	Funding generated (college only) £	£2,366k	£2,450k	£2,642k
		Funding generated (Delta North only) £	£300k	£300k	£300k
		T-Level Learner Numbers	56	62	57
Staff and Culture	**6**	Staff survey – I am proud to be a member of staff	25th percentile	25th percentile	95% 44th percentile
		Staff survey – I feel valued in the College	25th percentile	25th percentile	81% 39th percentile
		Staff survey – the College is well led and managed	25th percentile	25th percentile	85% 28th percentile
Employer Satisfaction	**7**	Employer survey – I would recommend Derwentside College to others looking for apprenticeship training	87%	91%	95%
		Apprenticeship Employer satisfaction rating (gov.uk)	Excellent	Excellent	Excellent 5 reviews
Learner Satisfaction	**8**	Annual learner survey – I am satisfied with my overall College experience %	90%	94%	94% 236 responses
		Annual learner survey – I would recommend the College to my friends and family %	88%	90%	88% 236 responses
		Apprentice satisfaction rating (gov.uk)	Good	Excellent	Good 46 reviews
Quality - Apps	**9**	Apprenticeship Achievement Rate – Overall %	63%	65%	67%
Quality - EPYP	**11**	Achievement rate %	86%	89%	88%
		Percentage attendance – overall - cumulative	85%	87%	87%
Quality – Adult Education	**12**	Achievement rate %	86%	88%	88%

Student Achievements

Learners and apprentices continue to prosper at the College. Student achievement rates remain very positive within our three key areas of provision.

- **Apprenticeships** – achievement rates in apprenticeships have demonstrated significant improvement in the last three years. At the end of 2024-25, our overall apprenticeship achievement is expected to be 67%, which builds on the previous two years of positive progress. This is significantly above the national benchmarks and given that a large proportion of our provision is in health and social care (where achievement is low), our performance is particularly positive.

- **Adult Education** – achievement rates in adult education remain positive at 88%. The majority of our work in this area is employer responsive, with a significant volume of sector-based work academies delivered. This makes delivering high achievement rates more challenging however, the programmes are incredibly worthwhile and lead to strong job outcomes.

- **Education Programmes for Young People** – achievement rates in this area remain high at 89%. The College has grown significantly in this area the last three years and despite this, we have maintained very strong performance, which is positive.

The College has placed a major emphasis on enrichment in the 2024-25 academic year, with a large number of our learners participating in various activities, trips and skills competitions.

Curriculum Developments

Derwentside College continues to deliver a dynamic and responsive curriculum that is closely aligned to national, regional, and local skills priorities. Our curriculum planning is informed by robust labour market intelligence, employer engagement, and strategic collaboration, ensuring that our provision remains relevant, inclusive, and future-focused. The College's curriculum is structured around three key strands: Apprenticeships, Adult Learning Programmes, and Education Programmes for Young People. Each strand plays a vital role in supporting economic growth, social mobility, and community development across County Durham and the wider North-East region.

Apprenticeships

Apprenticeships remain a cornerstone of the College's provision, representing over 50% of our delivery. In 2024–25, we delivered across 34 apprenticeship Standards to more than 2,000 apprentices, covering five vocational areas from Level 2 to Level 5. Our offer is fully aligned with employer demand and regional skills priorities, particularly in sectors such as Health, Advanced Manufacturing, and Construction. Notably, we introduced new Standards including the Level 4 Engineering Manufacturing Technician and continued to lead in niche areas such as the Floor layer Standard. Achievement rates across apprenticeship provision consistently exceed national averages, reflecting the quality and impact of our delivery.

Adult Learning Programmes

Our adult learning provision is distinctive in its employer-led approach, delivered through sector-based work academies and strong partnerships with Jobcentre Plus. This model ensures that programmes are directly aligned with job vacancy trends and employer needs, supporting adults into employment and further learning. In 2024–25, we met our devolved contract allocations for both the North-East and Tees Valley, with curriculum design shaped by national and regional priorities including Skills England and the Local Skills Improvement Plans. The provision spans Employer Upskilling, Classroom and Community Learning, and Online Flexible Learning, offering inclusive and flexible pathways for adult learners.

Education Programmes for Young People

Provision for young people continues to grow year-on-year, with over 400 learners enrolled across eight curriculum areas. In 2024/25, we expanded our T Level offer to five routeways and strengthened our partnership with the King's Trust to support disadvantaged learners. Our curriculum is designed to provide industry-relevant qualifications and progression pathways into employment, apprenticeships, and higher education. The College plays a vital role in reducing NEET rates locally, with strong engagement from schools and increasing market share among 16-year-olds in Consett and Stanley. Our nurturing environment and targeted support services ensure that young people are equipped with the skills and confidence to succeed.

Streamlined Energy and Carbon Reporting

At Derwentside College, our vision is to lead by example in creating a sustainable future for our learners, staff, and wider community. We strive to embed sustainability into every aspect of college life—from our curriculum and campus operations to our partnerships and community engagement.

We aspire to be recognised as a regional leader in environmental stewardship, empowering our learners and staff to become champions of environmental change. By fostering a culture of responsibility, innovation, and collaboration, we aim to contribute meaningfully to the transition toward a greener, more resilient County Durham and beyond.

To support this ambition, the College will introduce a new Environment and Sustainability Policy alongside a comprehensive Climate Action Plan in early 2025/26. These initiatives will provide a clear framework for reducing our environmental footprint and enhancing sustainable practices across the College.

In line with our commitment to transparency and accountability, the College's greenhouse gas emissions and energy usage for the reporting period have been calculated in accordance with the following standards:

- 2019 HM Government Environmental Reporting Guidelines
- GHG Reporting Protocol – Corporate Standard
- 2025 UK Government Conversion Factors for Company Reporting

This approach ensures consistency, comparability, and accuracy in our environmental disclosures.

The College's emissions and energy usage for the period are summarised in the following table:

Category	**2024 /25 Usage**	**Unit**
Scope 1 – Direct emissions (gas & diesel)	103.42	tonnes CO2e
Scope 2 – Indirect emissions (electricity)	66.00	tonnes CO2e
Total GHG Emissions	**169.42**	**tonnes CO2e**
Electricity consumption	341,118.20	kWh
Gas consumption	561,580.80	kWh
Renewable Energy Usage	0	% of total energy

Emissions Intensity

To provide context for our emissions performance, the College has calculated an intensity measure based on staff numbers. This equates to an emissions intensity of 0.92 tonnes CO_2e per staff member, based on a total of 185 staff.

These figures will inform the development of our Climate Action Plan and help track progress against future reduction targets. The College is committed to improving data quality and expanding reporting to include Scope 3 emissions in subsequent years.

Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2024 to 31 July 2025, the College paid 90 per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Trade Union Facility Time

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

Numbers of employees involved in the relevant period	FTE employee number
4	3.40

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

Total cost of facility time	£2,085.42
Total pay bill	£6,537,296.82
Percentage of total bill spent on facility time	0.032%

Time spent on paid trade union activities as a percentage of total paid facility time	0

EQUALITY AND DIVERSITY

Employment of Disabled Persons and Equal Opportunities

The College considers all applications for employment from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion that are, as far as possible, identical to those for other employees.

The College believes that discrimination against someone on the grounds of age, disability, special needs, gender, marital status, sexual orientation, religion, race, colour, nationality, ethnic or national origin, political belief or any other grounds is incompatible with its belief in the equal value of all people. It is therefore committed to promoting equality of opportunity in education, training and employment by the continuous development of a non-discriminatory culture and an environment free from harassment, bullying or unfair treatment regardless of individual differences.

The College has an Equality and Diversity Committee that includes Board and Trade Union representation. Under the 2010 Equality Act the College has published, on its website, information to demonstrate compliance and also prepared and published a number of equality objectives.

Disability Statement

The College seeks to achieve the objectives set down in the Equality Act 2010:

- All buildings facilitate easy access to people with disability;
- There is a list of specialist equipment, such as lighting for audio facilities, which the College can make available for use by students;
- The admissions policy for all students is described in the College charter. Appeals against a decision not to offer a place are dealt with under the complaints policy;
- The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities;
- Specialist programmes are described in programme information guides, and achievements and destinations are recorded and published in the standard College format;
- Counselling and welfare services are described in the College charter.

GOING CONCERN

After making appropriate enquiries, the Corporation is satisfied that the College has sufficient resources to continue in operational existence for the foreseeable future and therefore continues to adopt the going concern basis in preparing the financial statements.

During 2024/25, the College has continued to invest in its estate, funded through a combination of cash reserves and government grants, without the need for external borrowing. As a result, the College has no borrowing covenants to comply with. Reserves stand at £7.431m (2023/24: £7.167m), which are considered adequate to support ongoing operational requirements.

A three-year Financial Plan was approved by the Corporation Board in July 2025, forecasting continued annual surpluses. Strong cash balances will support further investment in the College's capital programme and Estates Strategy, while ensuring compliance with the College's Reserves Policy.

The College has submitted its College Financial Forecast Return (CFFR) to the Department for Education, covering the period to July 2027. This confirms that the College is expected to maintain a Financial Health rating of at least 'Good' throughout.

The College's principal source of income remains public funding, which is confirmed at levels comparable to the previous year.

Based on these factors, the Corporation considers it appropriate to prepare the financial statements on a going concern basis.

EVENTS AFTER THE REPORTING PERIOD

There are no significant events to disclose after the reporting period.

DISCLOSURE OF INFORMATION TO INDEPENDENT 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 the College'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 College's independent auditor is aware of that information.

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



D Allsop (Chair)

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the college to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2024 to 31 July 2025 and up to the date of the annual report and financial statements.

GOVERNANCE CODE

The College endeavours to conduct its business:

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

In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2025. This opinion is based on an internal review of compliance with the Code endorsed by the Search & Governance Committee on 22nd May 2025 and approved by the Governing Body on 15th July 2025. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in 2023, which it formally adopted on 24th October 2023.

THE CORPORATION

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

Governors serving on the College Board during 2024/25

Name	Date of appointment	Term of office	Date of Resignation	Status of appointment	Corporation attendance 2024/25	Committees Served
Mr C Todd	August 2018	N/A		Principal & CEO	5 of 5	Search & Governance Quality & Standards Finance & Resources Audit & Risk (attendee) Remuneration (attendee)
Mr D Allsop	- Appointed Governor - October 2021 - Appointed Vice Chair on 11th July 2023 - Appointed Corporation Chair on 5th December 2023	4 years		Independent	5 of 5	Search & Governance, Remuneration Finance & Resources
Mr C Bozeate	October 2021	4 years		Independent	5 of 5	Finance & Resources
Mr M Short	January 2015, re-appointed January 2019, re-appointed October 2023	4 years		Independent	3 of 5	Finance & Resources
Mr S Howard	October 2020	4 years	27th November 2024	Independent	0 of 1	
Ms C Loader	December 2023	4 years	4th December 2024	Independent	0 of 1	Quality & Standards

Name	Date of appointment	Term of office	Date of Resignation	Status of appointment	Corporation attendance 2024/25	Committees Served
Mrs H Brennan	December 2022	4 years		Staff	5 of 5	Quality & Standards
Mrs N Dixon	December 2018, re-appointed December 2022	4 years		Staff	1 of 5	
Mr G Brown	February 2024 - Appointed Vice Chair on 9th July 2024	4 years		Independent	5 of 5	Quality & Standards Remuneration
Ms S Jones	February 2024 - Appointed second Vice Chair on 9th July 2024)	4 years		Independent	5 of 5	Search & Governance
Ms K Miller	February 2024	4 years	13th September 2024	Independent	0 of 0	
Mr M Taylor	February 2024	4 years		Independent	5 of 5	Audit & Risk
Mr D McHugh	May 2024	4 years		Independent	5 of 5	Audit & Risk
Mr S Corbridge	- Appointed Governor on 21st May 2024 - Appointed Senior Independent Governor on 9th July 2024	4 years		Independent	5 of 5	Quality & Standards Search & Governance
Mr A Hayday	July 2024	4 years		Independent	5 of 5	Finance & Resources
Mr B Fullen	December 2024	4 years		Independent	4 of 4	Audit & Risk
Ms J Race	December 2024	4 years		Independent	4 of 4	Finance & Resources
Dr M Nangia	December 2024	4 years		Independent	2 of 4	Quality & Standards
Mr M Smith	December 2024 - Appointed co-opted member of Audit & Risk Committee on 11th December 2024. - Appointed to the Board on 14th July 2025	1 year 4 years		Co-opted Independent	1 of 1	Audit & Risk

The Governance Framework

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

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. Five Corporation Board meetings took place between 1 August 2024 and 31 July 2025.

The Corporation conducts its business through a number of committees. Each committee has established terms of reference, which have been approved by the Corporation. These committees are Audit & Risk, Finance & Resources, Search & Governance, Remuneration and Quality & Standards. Full minutes of all meetings, except those aspects deemed to be confidential by the corporation, are available on the college's website or from the Head of Governance at: Derwentside College, Front Street, Consett, County Durham, DH8 5EE.

The Head of Governance maintains a register of financial and personal interests of the governors. The register is available for inspection at the above address.

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

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are also provided on an ad-hoc basis. The Corporation has a strong and independent non-executive element, and no individual or group dominates its decision-making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

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

Appointments to the Corporation

Any new member appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search & Governance Committee consisting of four members of the Corporation, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the corporation are appointed for a term of office not exceeding 4 years. Additional terms of office are subject to recommendation to the Corporation by the Search & Governance Committee and based on the Governance need. Governance succession planning takes place through the Search & Governance Committee; recruitment took place during 2023-24 and as recommended by the Search & Governance Committee recruitment continued into 2024-25 to strengthen the composition of the Board and to meet the Governance needs identified.

As part of their role and the drive towards more effective governance, governors are afforded opportunities to engage with college life. The Safeguarding Lead Governor maintains oversight and scrutiny of the safeguarding policy, procedures, and practice on behalf of the Corporation. All governors complete Safeguarding training and are subject to enhanced DBS checks.

Meetings of the board and all committees continued throughout 2024/25. All board meetings have been held in person and on site at the College, with members occasionally attending committee meetings remotely due to personal constraints using Microsoft Teams.

The board has met outside of the regular board meetings at a strategy away day to review strategic direction and risks facing the College. Governors were able to gain understanding of the current FE landscape, discuss and approve the Annual Accountability Agreement for 2025-25. Governors also engaged in a task to support the development of the Action Plan following our recent External Board Review.

The Head of Governance is a senior postholder and was appointed by the Board in February 2024 and is enrolled onto the Level 4 Governance Officer qualification as part of their professional development. The apprenticeship qualification has been approved by the Institute for Apprenticeships and Technical Education (IfATE) and aligns with Chartered Governance Institute Foundation Level. In January, the Head of Governance attended the AoC Governance Professional's Conference and has also attended the regional AoC meetings where possible during the year.

Governance Review

The governing body commissioned an External Review of Governance in 2024-25, conducted by the Association of Colleges (AoC), Lead Reviewer – Marina Gaze. The review took place between February and April 2025, and focused on Board composition, structure, and interaction, following the standard governance framework and concluded that "*Governance at Derwentside College is Strong. Although some Board members are new, the Board is already highly effective with the capacity to improve further. The Board has made significant progress addressing the areas for development identified in the 2022 External Board Review*."

The review found strong evidence of the Board's positive impact on the college's strategy, effectiveness, and outcomes, and highlighted the introduction of the Senior Independent Governor role and the Board Assurance Frameworks as examples of best practice. An action plan is under development to address the areas for improvement identified in the report.

Corporation Performance

The governing body is committed to development; curriculum briefings were held before Corporation Board/Committee meetings, the AoC Regional Director attended our Corporation Board meeting in October and delivered a presentation to governors regarding skills priorities.

During the 2024-25 academic year our Corporation Chair has established good working arrangements with the AoC, the FE Commissioner's Office, DfE, other Regional Chairs etc. They attended the AoC Annual Conference in November 2024, have met with the AoC National Chair, the AoC Regional Director and various other AoC people on a number of occasions. The AoC holds frequent meetings for College Chairs/Vice Chairs nationally, regionally and groups of regions our Corporation Chair has attended as many of these as possible.

Where possible governors have engaged with the various development opportunities facilitated by the Association of Colleges and the Education and Training Foundation, four governors attended the Association of College (AoC) induction sessions, our committee chairs attended the AoC network meetings, and our Senior Independent Governor attended the AoC EDI network. As part of their role and the drive towards more effective governance, governors are afforded opportunities to engage with college life. The Safeguarding Lead Governor maintains oversight and scrutiny of the safeguarding policy, procedures and practice on behalf of the Corporation. All governors complete Safeguarding training and are subject to enhanced DBS checks.

Remuneration Committee

Throughout the year ended 31 July 2025, the College's Remuneration Committee comprised three independent members of the corporation. The Committee's responsibilities are to make recommendations to the board on remuneration and benefits of the Accounting Officer and other designated senior postholders.

The Corporation has adopted the AoC Senior Postholder Remuneration Code. Details of remuneration for the year ended 31 July 2025 are set out in Note 9 to the financial statements.

Membership and attendance during the 2024-25 period was:

Remuneration Committee Members	**Attendance 2024-25**
Ms S Jones (Committee Chair)	2 of 2
Mr D Allsop (Corporation Chair)	2 of 2
Mr G Brown	1 of 2
Mr C Todd (Principal & CEO) - attendee	2 of 2
Ms R Holmes (Director of HR) - attendee	2 of 2

Audit & Risk Committee

The Audit and Risk Committee comprises of three independent members of the corporation (excluding the Accounting Officer and Corporation Chair) and a co-optee. The Committee operates in accordance with written terms of reference approved by the Corporation.

The Audit & Risk Committee meets on a termly basis and provides a forum for reporting by the College's internal auditors, reporting accountants and financial statements auditors, who have access to the committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the main FE funding bodies as they affect the College's business.

The College's internal independent auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit & Risk Committee.

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

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

The Audit & Risk Committee met three times in the year to 31 July 2025. The members and their attendance records are shown below:

Audit & Risk Committee members	**Attendance 2024-25**
Mr M Taylor (Committee Chair)	2 of 3
Mr D McHugh	3 of 3
Ms S Jones	1 of 1
Mr B Fullen	2 of 2
Mr M Smith (co-optee)	1 of 2
Mr C Todd (attendee)	3 of 3

In addition to the Remuneration Committee and the Audit & Risk Committee, the College the following committees also support the governance framework:

Search & Governance Committee - The Articles of Government require the establishment of a Search Committee to advise on the appointment of members, and such other matters relating to membership and appointments as the Corporation may ask it to. The Committee operates in accordance with written terms of reference approved by the Corporation and comprises up to four members. The Search & Governance Committee met three times during the 2024-25 academic year.

Quality & Standards Committee - The Quality & Standards Committee advise the Corporation Board on teaching, learning, and assessment quality. It oversees the Quality Improvement Plan and policies to enhance learner experience and achievement. The Committee operates in accordance with written terms of reference approved by the Corporation and comprises up to six members appointed by the Corporation. The Quality & Standards Committee met four times during the 2024-25 academic year.

Finance & Resources Committee - The Finance & Resources Committee advise the Corporation Board on any matters relating to College policy and strategy, covering finance, estates, commercial activities, legal matters, procurement, IT, HR, strategic partnerships, and Health & Safety. The Committee operates in accordance with written terms of reference approved by the Corporation and comprises up to five members, at least one of whom has relevant financial experience. The Finance & Resources Committee met four times during the 2024-25 academic year.

INTERNAL CONTROL

Scope of Responsibility

The Corporation is ultimately responsible for the College'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 Principal, as Accounting Officer for maintaining a sound system of internal control that supports the achievements of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which they are personally responsible, in accordance with the responsibilities assigned to them in the Funding Agreement between Derwentside College and the funding bodies. They are also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The Purpose of the System of Internal Control

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College 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 Derwentside College for the year ended 31 July 2025 and up to the date of the approval of the annual report and accounts.

Capacity to Handle Risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the year ending 31 July 2025 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The Risk and Control Framework

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

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

Derwentside College has an internal audit service, which operates in accordance with the requirements of the DfE College Finance Handbook. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit and Risk Committee. The internal audit service has provided reports throughout the year for the Audit and Risk Committee and annually for the Corporation Board. The internal audit service provides assurance of the College's system of risk management, controls and governance processes. Internal audit services have been provided by Wbg Services LLP since 1 August 2023.

Risks Faced by the Corporation

The College's management team identifies, assesses, and reports strategic risks in accordance with the Risk Management Policy. These risks are presented to the Audit and Risk Committee at each of its meetings. The principal risk categories currently identified are outlined in the Strategic Report (Page 9). The Audit and Risk Committee evaluates each risk based on its likelihood and potential impact, monitors emerging and diminishing risks, and assesses the overall threat level associated with each. A comprehensive review of the College's approach to risk management was undertaken in early 2024/25. Following endorsement by the Audit and Risk Committee, the revised approach was formally approved by the Board in December 2024.

A revised Board Assurance Framework (BAF) was implemented in 2023/24. The BAF provides a structured approach to assess and monitor the effectiveness of governance, internal controls, risk The Board Assurance Framework (BAF) provides a structured approach to assess and monitor the effectiveness of governance, internal controls, risk management and compliance across the organisation. The framework ensures that key organisational requirements are identified, managed and reported effectively, promoting accountability, transparency and effective governance. By establishing clear responsibilities, monitoring mechanisms and reporting structures, this framework supports the Board

in fulfilling its governance responsibilities and promotes a culture of accountability and continuous improvement, providing the Corporation Board with greater insight and expertise into those risk areas.

Responsibilities Under Accountability Agreements

The Department for Education 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. These changes were communicated to all College Accounting Officers and explained plans to introduce a College Financial Handbook. This handbook was published in March 2024 and came into effect on 1 August 2024. The College has reviewed its policies, procedures and approval processes in line with the 2024-25 College Finance Handbook and its accountability agreement with DfE to ensure there are systems in place to identify and handle any transactions for which DfE approval is required.

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 & Risk Committee believes the Corporation has effective internal controls in place.

The specific areas of work undertaken by the committee in 2024/25 and up to the date of the approval of the financial statements are:

Review of the following reports prepared by the Internal Audit Service:

Area	Assurance Classification	High Priority Recommendations	Medium Priority Recommendations	Low Priority Recommendations
Safeguarding	Strong	0	0	1
Curriculum Planning	Strong	0	0	0
Corporate Governance	Strong	0	0	0
Mock Funding Review (Apprenticeships)	Substantial	0	1	2
Follow-up	Strong	0	1	0
Risk Management	Strong	0	0	2
Health and Safety	Substantial	0	2	1

All audit recommendations have been and will continue to be monitored for their implementation by the Audit and Risk Committee.

Risk Management

The Audit and Risk Committee endorsed a new Risk Management Policy and Procedure in November 2024, which was subsequently approved by the Board in December 2024. In accordance with the Risk Management Policy, the Strategic Risk Register is regularly reviewed and updated throughout the year. During the 2024/25 academic year, the Audit & Risk Committee received and reviewed regular risk management reports including updates to the Strategic Risk Register. Additionally, the committee reviewed and endorsed a revised Whistleblowing (Public Interest Disclosure) Policy during the period.

Review of Effectiveness

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

- the work of the internal audit service
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's financial statements independent auditors, the regularity auditors, and any appointed funding auditors in their management letters and other reports
- The regularity self-assessment questionnaire.

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

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

The Audit & Risk Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Executive Team and the Audit & Risk Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its November 2025 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2025 by considering documentation from the Executive Team and internal audit and taking account of events since 31 July 2025.

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

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



D Allsop (Chair)
Date: 9 December 2025



C Todd (Principal and Accounting Officer)
Date: 9 December 2025

Statement of Regularity, Propriety and Compliance

As Accounting Officer of the Corporation of Derwentside College, I confirm that I have had due regard to the framework of authorities governing regularity, priority and compliance, including the College's Accountability Agreement with DfE, and the requirements of the College Financial Handbook. I have also considered my responsibility to notify the Corporation's board of governors and DfE of material irregularity, impropriety and non-compliance with terms and conditions of all funding.

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

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



C Todd
Principal & Accounting Officer
Date: 9 December 2025

Statement of Responsibilities of the Members of the Corporation

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

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

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

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

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

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from DfE and any other public funds, are used only in accordance with the accountability agreement, funding agreements and contracts and any other conditions, that may be prescribed from time to time by DfE, or any other public funder, including that any transactions entered into by the Corporation are within the delegated authorities set out in the College Financial Handbook. On behalf of the Corporation, the Chair of the Board of Governors is responsible for discussing the Accounting Officer's statement of regularity, propriety, and compliance with the Accounting Officer.

Members of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the Corporation are responsible for securing economic, efficient and effective management of the Corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from DfE and other public bodies are not put at risk.

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



D Allsop
Chair of Governors

Independent Auditor's Report to the Corporation of Derwentside College

Opinion

We have audited the financial statements of the Corporation of Derwentside College (the 'College') for the year ended 31 July 2025 which comprise the statement of comprehensive income, the statement of changes in reserves, the balance sheet, the statement of cash flows, and the notes to the financial statements, including the statement of accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice). In our opinion, the financial statements:

- give a true and fair view of the state of the College's financial position as at 31 July 2025 and of the financial performance and cashflows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education and the DfE College Accounts Direction.

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 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 directors with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Corporation is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have

performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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
- 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.
- Conclusions relating to appropriateness of the use of the going concern basis of accounting and disclosures of material uncertainties, subject to the requirements of ISA 570 Going Concern, and whether the auditor has concluded that there is a material misstatement in other information, subject to the requirements of ISA 720 The Auditor's Responsibilities Relating to Other Information.

Responsibilities of the Corporation of Derwentside College

As explained more fully in the Statement of Corporation Responsibilities on page 26, 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 intends 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 these financial statements.

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

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Review OFSTED report;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.
- Reviewing minutes of meetings of those charged with governance;
- Reviewing internal audit reports; and

- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

Use of our Report

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



Claire Hinshaw (Senior Statutory Auditor)
For and on behalf of Azets Audit Services
Chartered Accountants
Statutory Auditor
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

Date 10 December 2025

Reporting Accountant's Assurance Report on Regularity

To: The Corporation of Derwentside College and Secretary of State for Education

In accordance with the terms of our engagement letter dated 25 June 2025 and further to the requirements of the Department for Education (DfE), as include in the extant framework and guide for external auditors and reporting accountants of Colleges, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Derwentside College during the period 1 August 2024 to 31 July 2025 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 College Auditor Framework issued by DfE and in any relevant conditions of funding concerning adult education notified by a relevant funder.

This report is made solely to the Corporation of Derwentside College and Secretary of State for Education in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Corporation of Derwentside College and the Secretary of State for Education 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 Derwentside College and the Secretary of State for Education for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the accounting officer of Derwentside College and the reporting accountant

The Corporation of Derwentside College is responsible, under the requirements of the corporation's accountability agreement with the Secretary of State for Education and the College Finance Handbook for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and that the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the extant framework and guide for external auditors and reporting accountants of Colleges. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2024 to 31 July 2025 have not been applied for the purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the extant framework and guide for external auditors and reporting accountants of Colleges. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Documenting the framework of authorities which govern the activities of the College;

- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;

- Reviewing the self-assessment questionnaire which supports the representations included in the Chair of Governors and Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;

- Testing transactions with related parties;

- Confirming through enquiry and sample testing that the College has complied with its procurement policies and that these policies comply with delegated authorities; and

- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This list is not exhaustive, and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a limited assurance conclusion on regularity consistent with the requirements of the extant framework and guide for external auditors and reporting accountants of colleges.

Conclusion

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2024 to 31 July 2025 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



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10 December 2025

Statement of Comprehensive Income and Expenditure for the year ended 31 July 2025

	Note	Year ended 31 July 2025	Year ended 31 July 2024
		£'000	£'000
Income			
Government grants	3	10,684	9,786
Tuition fees and education contracts	4	108	173
Other grants and contracts	5	-	-
Other income	6	439	172
Investment income	7	32	40
Total Income		**11,263**	**10,171**
Expenditure			
Staff costs	8	6,832	6,043
Other operating expenses	10	3,444	3,147
Depreciation	13	647	567
Interest and other finance costs	11	(59)	(6)
Total Expenditure		**10,864**	**9,751**
Surplus (Deficit) before tax		**399**	**420**
Taxation	12	-	-
Surplus (Deficit) for the year		**399**	**420**
Actuarial (loss) / gain in respect of pension schemes	17/20	(135)	(229)
Total Comprehensive Income and Expenditure for the Year		**264**	**191**

Statement of Changes in Reserves for the year ended 31 July 2025

	Income & Expenditure Reserve £'000	Total £'000
Balance at 1 August 2023	**6,976**	**6,976**
Surplus for the year	420	420
Other Comprehensive Income	(229)	(229)
Balance at 31 July 2024	**7,167**	**7,167**
Surplus for the year	399	399
Other Comprehensive Income	(135)	(135)
Balance at 31 July 2025	**7,431**	**7,431**
Balance represented by:		
Pension reserve	-	-
Income & Expenditure reserve	7,431	7,431
Balance at 31 July 2025	**7,431**	**7,431**

Balance Sheet as at 31 July 2025

	Note	31 July 2025 £'000	31 July 2024 £'000
Non-current assets			
Tangible Fixed Assets	13	9,904	9,493
		9,904	**9,493**
Current assets			
Trade and other receivables	14	738	525
Cash and cash equivalents	19	2,381	1,409
		3,119	1,934
Less: Creditors – amounts falling due within one year	15	(1,646)	(1,600)
Net current assets		**1,473**	**334**
Total assets less current liabilities		**11,377**	**9,827**
Less: Creditors - amounts falling due after more than one year	16	(3,593)	(2,223)
Provisions			
Defined benefit obligation	20	-	-
Other provisions	17	(353)	(437)
TOTAL NET ASSETS		**7,431**	**7,167**
Income and expenditure account		**7,431**	**7,167**
TOTAL RESERVES		**7,431**	**7,167**

The financial statements on pages 33 to 55 were approved and authorised for issue by the Corporation on 9 December 2025 and were signed on its behalf on that date by: -





D Allsop (Chair)

C Todd (Principal & Accounting Officer)

	Note	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
Cash flow from operating activities			
Surplus for the year		399	420
Adjustment for non-cash items			
Depreciation	13	647	567
Release of capital grants	18	(222)	(231)
(Increase) Decrease in debtors	14	(213)	(418)
Increase (Decrease) in creditors	15	5	(20)
Decrease in provisions for Enhanced Pension Provision	17	(18)	(24)
LGPS Current service pension costs	20	600	540
LGPS Past service pension costs	20	50	50
LGPS Curtailment costs	20	-	-
LGPS Pension contributions paid	20	(770)	(810)
LGPS Interest charged on pension scheme liabilities	20	1,070	1,020
LGPS Interest earned on pension scheme assets	20	(1,150)	(1,050)
Adjustment for investing and financing activities			
Investment income	7	(32)	(40)
Interest payable	11	-	-
Net cash inflow from operating activities		366	4
Cash flows from investing activities			
Investment income	7	32	40
Capital Grants received in year	18	1,632	434
Payments to acquire fixed assets	13	(1,058)	(1,675)
		606	(1,201)
Increase/(Decrease) in cash or cash equivalents in the year		972	(1,197)
Cash and cash equivalents at the beginning of the year	19	1,409	2,606
Cash and cash equivalents at the end of the year	19	2,381	1,409

1 COMPLIANCE WITH FRS102

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2024 to 2025 and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

2 ACCOUNTING POLICIES

Statement of accounting policies

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

Basis of preparation

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

Basis of accounting

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

Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Members' Report. The financial position of the College and its cash flows are presented in the Financial Statements and accompanying Notes.

The College currently has no borrowings or overdraft facility. The College continues to re-invest in its Estate and Asset base using cash reserves without the need for any external borrowings and hence has no borrowing covenants to comply with. At 31 July 2025 the College holds a cash balance of £2.381m (cash balance 31 July 2024 £1.409m). Overall, there has been a net cash inflow £0.972m in the year.

The College has prepared forecasts for the period though until July 2027 which forecast modest growth in activity and continued targeted investment in our facilities. The College is of the opinion that, taking account of these forecasts, the College will have sufficient funds from cash reserves to meet its liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

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 FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the Adult Skills Budget is adjusted for and reflected in the level of recurrent grant recognised in the statement of comprehensive income. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

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

Grants from non-government sources are recognised in income when the College 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 method as permitted by FRS 102. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

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

All income from short-term deposits is credited to the statement of comprehensive income in the period in which it is earned on a receivable basis.

Accounting for post-employment benefits

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

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method. The TPS is a multi-employer scheme, and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the statement of comprehensive income 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 operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other comprehensive income.

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 the College's income 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 funding bodies.

Non-current Assets - Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Land and buildings

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

- Freehold Buildings – 25-50 years
- Leasehold Buildings – 50 years

Freehold buildings are depreciated over their expected useful economic life to the College of between 25 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 25 and 50 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as stated. The related grants are credited to a deferred income account within creditors and are released to the

statement of comprehensive income 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.

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.

Subsequent expenditure on existing fixed assets

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

Equipment

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

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

- motor vehicles 25% per annum
- general equipment 25% per annum
- computer equipment 20% per annum
- furniture, fixtures and fittings 10% per annum

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to income and expenditure account over the expected useful economic life of the related equipment.

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

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. Liquid resources include sums on deposit with Lloyds Banking Group and Nationwide Building Society.

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 instruments

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

All loans, investments and short-term deposits held by the College are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the College 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.

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK Corporation tax purposes.

Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College is partially exempt in respect of Value Added Tax, so that it can recover minimal amounts 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.

Maintenance of premises

The cost of routine corrective maintenance is charged to the income and expenditure account in the period it is incurred.

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 the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements.

Agency arrangements

The College acts as an agent in the collection and payment of discretionary support funds and learner loan support funds. 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. These transactions are shown in Note 23, except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant. The College employs one member of staff dedicated to the administration of discretionary support fund applications and payments.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

Other key sources of estimation uncertainty

- *Tangible fixed assets*

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 July 2025. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability. We have ensured that our assumptions used by the actuary are appropriate for the College, and the valuation has been based on the following estimates:

- There is a minimum funding requirement in relation to LGPS
- There is the ability to recover a surplus through the ability to reduce future contributions (not refund)
- In calculating the surplus, the present value of current and past service costs is offset against the future contributions over the future period
- The present values in the above calculations are calculated using an annuity representing participation into perpetuity.

There is no known intention to exit the LGPS and therefore the economic benefit of a refund would be highly unlikely and on that basis recognition of an asset is considered inappropriate. We have however considered the economic benefit available to the College as a future contribution reduction and whether it is appropriate to recognise the net asset in full. Under FRS 102, a net asset restriction may apply as the prevailing view is that a minimum funding requirement for future service exists in the LGPS. We requested our actuaries consider the impact of the minimum funding requirement on the asset ceiling and as a result we have continued to restrict the asset to £0 based upon an asset restriction calculation. We consider this to be appropriate and a more accurate reflection of the pension positions as at the 31 July 2025.

3 FUNDING BODY GRANTS

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
Department for Education – 16-18	2,677	2,126
North East Combined Authority - Adult	1,852	1,678
Department for Education - Apprenticeships	5,141	4,698
Specific grants		
Department for Education (Bursary Funds)	151	140
Department for Education National Skills Fund	44	37
Department for Education Pension Scheme Contribution Grant	171	203
Tees Valley Combined Authority - Adult	407	406
North of Tyne - Adult	(5)	118
Releases of deferred capital grants	222	231
Department for Education 16-19 Tuition Fund	-	41
Other funding body grants	24	108
	10,684	**9,786**

The income shown above includes that earned by the College in its capacity as a provider (and as consortium lead). Total income claimed in the year under this arrangement and the related payments to partners were as follows:

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
Department for Education Adult Classroom Based Income	235	195
Payments to College partners	(177)	(148)
Net Adult Skills Income	**58**	**47**
Apprenticeships income	0	1
Payments to College partners		-
Net Apprentices income	**0**	**1**
16-18 Learner Responsive income	293	377
Payments to College partners	(283)	(283)
Net 16-18 Learner Responsive income	**10**	**94**

4 TUITION FEES AND EDUCATION CONTRACTS

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
Adult Education Fees	-	20
Full Cost Provision	-	-
Fees for FE loan supported courses	51	93
Total tuition fees	51	113
Education contracts	-	4
Employer Apprenticeship Levy Fees	57	56
	108	**173**

5 OTHER GRANTS AND CONTRACTS

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
Other grants and contracts	-	-
	-	**-**

6 OTHER INCOME

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
Catering income	122	107
Other income generating activities	14	64
Miscellaneous income	303	1
	439	**172**

7 INVESTMENT INCOME

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
Other interest receivable	32	40
	32	**40**

8 STAFF COSTS

The average number of persons (including key management personnel) employed by the College during the year, expressed as a headcount, was:

	Year ended 31 July 2025 Number	Year ended 31 July 2024 Number
Teaching Staff	112	112
Non-Teaching Staff	73	65
	185	177

The average number of persons (including key management personnel) employed by the College during the year, expressed as full-time equivalents, was:

	Year ended 31 July 2025 Number	Year ended 31 July 2024 Number
Teaching staff	102	89
Non teaching staff	69	55
	171	**144**

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
Wages and salaries	5,268	4,716
Social security costs	495	442
Other pension costs excluding FRS102 adjustments	1,085	969
Redundancy Costs	14	81
	6,862	6,208
Contracted out staffing services	90	31
	6,952	6,239
Fundamental restructuring costs	-	-
FRS102 pension adjustments	(120)	(196)
	6,832	**6,043**

9 KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Management Team which comprises the Principal, Deputy Principal, Vice Principal of Finance and Resources, Director of Human Resources, Assistant Principal Curriculum and Assistant Principal Curriculum. Not all post holders were in the role for the full year. The costs shown in the table below are relevant for the periods postholders were part of the Senior Management Team.

The number of key management personnel and other staff who received annual emoluments excluding pension contributions in the following ranges was;

	Key management personnel		Other Staff	
	2025 Number	2024 Number	2025 Number	2024 Number
£ 50,001 to £55,000	-	-	-	-
£ 55,001 to £60,000	1	-	-	-
£ 60,001 to £65,000	2	-	-	-
£ 65,001 to £70,000	-	1	-	-
£ 70,001 to £75,000	-	1		
£ 75,001 to £80,000	-	-	-	-
£ 80,001 to £90,000	2	1		
£ 90,001 to £120,000	-	-	-	-
£120,001 to £125,000	1	1	-	-
	6	**4**	**-**	**-**

Key management personnel emoluments are made up as follows:	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
Salaries	476	319
Pension contributions	85	54
Total emoluments	**561**	**373**

The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid senior post-holder) of:

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
Salary	125	120
	125	**120**
Pension contributions	**22**	**20**

Emoluments to key management personnel – including the Principal and Chief Executive, are set by the Remuneration Committee, giving due regard to the AoC College Senior Staff Remuneration Code and being compliant with Managing Public Money Senior Pay Controls.

All key management personnel are subject to an annual appraisal and performance review and the Committee takes the appraisal process, as well as the College performance in the year and external factors such as benchmarking to AOC standards into account when making its decisions.

9 KEY MANAGEMENT PERSONNEL (continued)

Relationship of Principal / Chief Executive pay and remuneration expressed as a multiple:

	Year ended 31 July 2025	Year ended 31 July 2024
Principals basic salary as a multiple of the median of all staff	4.38	4.50
Principals total remuneration as a multiple of the median of all staff	4.35	3.91

Median salary is calculated using the full time equivalent salary for all College employed staff.

10 OTHER OPERATING EXPENSES

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
Partnership costs	410	397
Teaching costs	943	1,248
Non teaching costs	1,426	902
Bad Debt write off costs	-	5
Premises costs	665	595
	3,444	**3,147**

Other operating expenses include:	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
Independent auditors' remuneration:		
Financial statements & regularity audit	33	33
Other services provided: Teacher pension statement audit	2	2
	35	**35**

11 INTEREST AND OTHER FINANCE COSTS

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
On bank loans, overdrafts, and other loans	-	-
Net interest on defined pension liability (note 20)	(80)	(30)
Interest on Enhanced Pension Provision	21	24
	(59)	**(6)**

12 TAXATION

The governors do not believe the Corporation was liable for any Corporation tax arising out of its activities.

13 TANGIBLE FIXED ASSETS

	Land and buildings			
	Freehold £'000	Long leasehold '£000	Equipment £'000	Total £'000
Cost				
At 1 August 2024	12,969	183	4,605	17,757
Additions	634	-	424	1,058
At 31 July 2024	13,603	183	5,029	18,815
Depreciation				
At 1 August 2024	4,206	115	3,943	8,264
Charge for year	331	6	310	647
At 31 July 2024	4,537	121	4,253	8,911
Net book value at 31 July 2025	**9,066**	**62**	**776**	**9,904**
Net book value at 31 July 2024	8,763	68	662	9,493

14 TRADE AND OTHER RECEIVABLES

	31 July 2025 £'000	31 July 2024 £'000
Amounts falling due within one year:		
Trade receivables	566	387
Prepayments and accrued income	172	138
	738	**525**

15 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 July 2025 £'000	31 July 2024 £'000
Trade payables	240	463
Other taxation and social security	125	103
Pension accrual	117	116
Accruals	155	70
Amounts owed to Funding Bodies	736	660
Deferred income – government capital grants	219	186
Deferred income - non government capital grants	3	2
	1,595	**1,600**

The College has included a holiday pay accrual of £37,649.

16 CREDITORS - AMOUNTS FALLING DUE AFTER ONE YEAR

	31 July 2025 £'000	31 July 2024 £'000
Deferred income – government capital grants	3,553	2,178
Deferred income - non government capital grants	40	45
	3,593	**2,223**

17 OTHER PROVISIONS

	College Enhanced Pensions £'000
At 1 August 2024	437
Expenditure in the year	(39)
Charge to income and expenditure account	21
Actuarial (gains) / losses	(66)
At 31 July 2025	353

The enhanced pension provision relates to the cost of staff who have already left the College's employ and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with the guidance issued by the LSC and its successor organisations.

The principal assumptions for this calculation are:

	2025	2024	2023	2022	2021
Price inflation	5.5%	4.8%	5.0%	3.3%	1.0%
Discount rate (CPI)	2.7%	2.8%	2.8%	2.9%	2.6%

18 DEFERRED CAPITAL GRANTS

	Government Funding	Other Grants	Total
	£'000	£'000	£'000
At 1 August 2024			
Land and buildings	1,991	45	2,036
Equipment	374	2	376
	2,365	47	2,412
Grants received in year			
Land and buildings	1,563	-	1,563
Equipment	-	62	62
Released to income and expenditure account			
Land and buildings	(173)	(1)	(174)
Equipment	(46)	(2)	(48)
At 31 July 2025	**3,709**	**106**	**3,815**
The year end balance comprising;			
Land and buildings	3,381	44	3,424
Equipment	328	62	390
At 31 July 2025	**3,709**	**106**	**3,815**
The year end balance comprising;			
Due in less than one year	219	3	222
Due in more than one year	3,490	103	3,593
At 31 July 2025	**3,709**	**106**	**3,815**

19 CASH AND CASH EQUIVALENTS

	At 1 August 2024	Cashflows	Other Changes	At 31 July 2025
	£'000	£'000	£'000	£'000
Cash in hand, and at bank	1,409	(972)	-	2,381
	1,409	(972)	-	2,381

20 PENSIONS AND SIMILAR OBLIGATIONS

The College's employees belong to two principal pension schemes, the Teachers' Pensions Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which was managed by Durham County Council. Both are defined-benefit schemes.

Total pension cost for the year

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
Teachers Pension Scheme: contributions paid	347	261
Local Government Pension Scheme:		
Contributions paid	689	624
Shortfall payments recognised in non-teaching costs	49	84
FRS 102 adjustments	(99)	(196)
Charge to the Income and Expenditure Account (staff costs)	**986**	**773**

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest available actuarial valuation of the TPS was 31 March 2020 and of the LGPS 31 March 2022.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2014. These regulations apply to teachers in schools and other educational establishments. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament. 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.

FRS 102 (28)

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

Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The College has set out above the information available on the plan and the implications for the College 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 teacher's pension accounts with a real rate of return assuming funds are invested in notional investments that produce the real rate of return.

20 PENSION AND SIMILAR OBLIGATIONS (continued)

Valuation of the Teachers' Pension Scheme

The latest actuarial review 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 key results of the valuation are:

- New employer contribution rates were set at 28.68% of pensionable pay from April 2024.
- total scheme liabilities for service to the effective date of £262 billion, and notional assets of £222 billion, giving a notional past service deficit of £40.0 billion (compared to £22 billion in the 2016 valuation);

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

tps-ew-2020-valuation-results-report---26_10_23-(002).ashx (teacherspensions.co.uk)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 July 2025 was £963k (£936K 23/24) of which employers contributions totalled £689k (£726k 23/24), employees contributions totalled £225k (£210k 23/24) and shortfall deficit payments were £49k (£84k 23/24). In 2024/25 the contribution rates for employers were 20.30% until 31 January 2025. From February 2025 the rate was decreased to 18.30%. Rates for employees range from 5.5% to 12.5% in the year to 31 July 2025, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2024 updated to 31 July 2025 by a qualified independent actuary.

	At 31 July 2025	At 31 July 2024	At 31 July 2023	At 31 July 2022	At 31 July 2021
Inflation (RPI)	n/a	n/a	n/a	n/a	n/a
Inflation (CPI)	2.5%	2.6%	2.6%	2.6%	2.6%
Rate of increase in salaries	3.5%	3.6%	3.6%	3.6%	3.6%
Rate of increase for pensions	2.5%	2.6%	2.6%	2.6%	2.6%
Discount rate for liabilities	5.8%	5.0%	5.0%	3.5%	1.7%

20 **PENSION AND SIMILAR OBLIGATIONS (continued)**

Principal demographic assumptions

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

Life expectancy from age 65 (years)

	2025	2024	2023	2022	2021
Retiring in 20 years:					
Males	22.5	22.4	22.9	23.2	23.3
Females	24.7	24.6	25.0	25.7	25.8
Retiring today:					
Males	21.6	21.5	21.7	22.1	22.3
Females	23.9	23.8	23.9	24.2	24.3

	Proportion of assets		Fair Value £'000	
	31 July 2025	31 July 2024	31 July 2025	31 July 2024
Equity instruments	56.1%	55.2%	13,930	12,530
Multi Asset Credit	15.2%	15.2%	3,770	3,450
Government bonds	10.5%	9.9%	2,610	2,250
Corporate bonds	8.7%	9.5%	2,160	2,160
Property	7.6%	6.4%	1,890	1,450
Cash	0.8%	2.1%	200	480
Other	1.1%	1.7%	270	390
Total market value of assets			24,830	22,710

The amounts recognised in the balance sheet in respect of the defined benefit pension plan is as follows:

	31 July 2025 £'000	31 July 2024 £'000
Fair value of plan assets	24,830	22,710
Present value of plan liabilities	(19,920)	(21,510)
Present value of unfunded liabilities	(10)	(10)
Net pensions (liability) / asset – prior to restriction	**4,900**	**1,190**
Restriction in pension asset	**(4,900)**	**(1,190)**
Net Pension asset / (liability)	**-**	**-**

20 PENSION AND SIMILAR OBLIGATIONS (continued)

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

Amounts included in staff costs:	**31 July 2025 £'000**	**31 July 2024 £'000**
Current Service Cost	600	540
Past Service Cost	50	50
Total	**650**	**590**

Amounts included in interest and other finance costs:	**31 July 2025 £'000**	**31 July 2024 £'000**
Interest on plan assets	(1,150)	(1,050)
Interest on plan liabilities	1,070	1,020
Curtailment cost	-	-
Net interest on the defined benefit pension liability	**(80)**	**(30)**

Amounts included in other comprehensive income:	**31 July 2025 £'000**	**31 July 2024 £'000**
Actuarial (gain) in respect of pension scheme	190	(720)
Actuarial (gain): Unfunded defined benefit obligation	(10)	-
Total	**180**	**(720)**

Movement in net defined benefit (liability) during year	**2025 £'000**	**2024 £'000**
Net defined benefit liability in plan at start of year	10	10
Movement in Year:		
Current Service cost	(600)	(540)
Employer Contributions	770	810
Past Service cost	(50)	(50)
Net interest on the defined liability	(80)	30
Curtailment cost		-
Actuarial gain / (loss)	3,460	720
Actuarial gain adjustment	(3,500)	(970)
Net defined benefit asset / (liability) at end of year	**10**	**10**

20 PENSION AND SIMILAR OBLIGATIONS (continued)

Asset and Liability Reconciliation

Changes in the present value of defined benefit obligations:

	2025 £'000	2024 £'000
Defined benefit obligations at start of year	21,510	20,680
Current Service Cost	600	540
Past Service Cost	-	50
Interest cost	1,070	1,020
Actuarial (gains) / losses on liabilities	(2,950)	(210)
Estimated benefits paid	(550)	(780)
Contributions by scheme participants	240	210
Curtailment cost	-	-
Defined benefit obligations at end of year	**19,920**	**21,510**

Changes in the fair value of plan assets:

	2025 £'000	2024 £'000
Fair value of plan assets at start of year	22,710	20,910
Interest on plan assets	1,150	1,050
Return on plan assets	510	510
Employer contributions	770	810
Contributions by scheme participants	240	210
Estimated benefits paid	(550)	(780)
Fair value of plan assets at end of year	**24,830**	**22,710**

The five-year history of asset values, present value of liabilities and experience adjustments is as follows:

	2025 £'000	2024 £'000	2023 £'000	2022 £'000	2021 £'000
Present value of defined benefit obligation (funded)	(19,920)	(21,510)	(20,680)	(25,200)	(33,760)
Present value unfunded liabilities	(10)	(10)	(10)	(20)	(20)
Fair Value of scheme assets	24,830	22,710	20,910	20,810	22,350
Restriction in Pension Asset	(4,900)	(1,190)	(220)	-	-
Surplus / (Deficit) in the scheme	**-**	**-**	-	(4,410)	(11,430)

Sensitivity Analysis

Changes to the Present value of the total obligation:

	At 31 July 2025 £'000	At 31 July 2024 £'000
(Discount rate +0.1%)	19,620	21,140
(Discount rate -0.1%)	20,240	21,880
Mortality assumption: 1 year increase	19,460	20,950
Mortality assumption: 1 year decrease	20,380	22,007
CPI rate +0.1%	20,200	21,830
CPI rate -0.1%	19,640	21,117

21 CAPITAL COMMITMENTS

At 31 July the College had contracted for, but not yet paid capital expenditure of:

	2025 £'000	2024 £'000
Commitments contracted for at 31 July 25	59	342
	59	**342**

22 RELATED PARTY TRANSACTIONS

Due to the nature of the College's operations and the composition of the Board of Governors (being drawn from local public and private sector organisations) there is the possibility that transactions could take place with organisations in which a member of the Board of Governors may have an interest.

All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures. No transactions were identified which should be disclosed in accordance with FRS 102 related party disclosures.

There were no waived payments or remuneration paid to Governors in the current or prior year. There was one expenses claim of £210 paid to a Governor in the current year.

23 AMOUNTS DISBURSED AS AGENT - LEARNER SUPPORT FUNDS

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
Discretionary Support Funds		
16-18 Bursary grants	137	94
Other funding body grants		
Interest earned		
	137	94
Disbursed to Students	(149)	(100)
Administration costs	(6)	(5)
Balance overspend as at 31 July	**(18)**	**(11)**

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

In the accounting period ended 31 July 2025, the college received a total of £0.137m and disbursed £0.149m from DfE 16-19 discretionary and vulnerable bursaries and FEFM funding after charging £0.006m for administration costs.

As at 31 July 2025, the cumulative overspend 16-19 discretionary and vulnerable bursary funds and FEFM funding is £0.18m, of which £0 funds that are in scope to be returned to DfE in March 2026. Comparatives for the accounting period ended 31 July 2024 are £0.94m received from DfE, £0.100m disbursed to learners after charging £0.005m for administration costs, of which £0 funds were repaid to DfE.