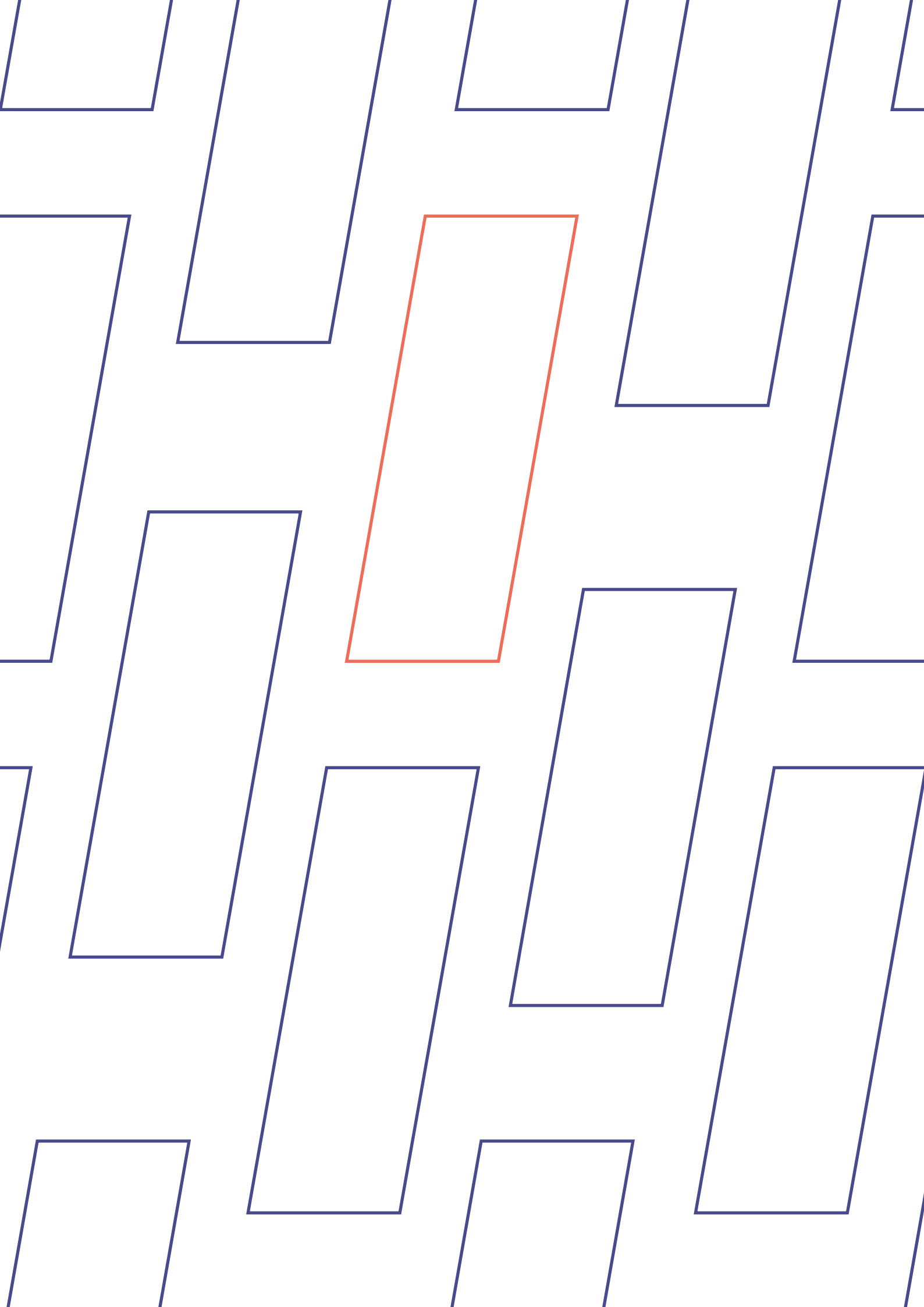


# Annual Report & Financial Statements



For  
the year  
ended  
**31 July**  
**2024**



# NEW COLLEGE DURHAM

## CONTENTS

	Page Number
Key Management Personnel, Board of Governors and Professional Advisors	1
Strategic Report	2
Statement of Corporate Governance and Internal Control	23
Statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding	35
Statement of Responsibilities of the Members of the Corporation	36
Independent Auditors Report to the Corporation of New College Durham	38
Consolidated and College Statement of Comprehensive Income	42
Consolidated and College Statement of Changes in Reserves	43
Balance Sheets as at 31 July 2024	44
Consolidated Statement of Cash Flows	45
Notes to the Financial Statements	46

# NEW COLLEGE DURHAM

## KEY MANAGEMENT PERSONNEL, BOARD OF GOVERNORS AND PROFESSIONAL ADVISERS

### Key Management Personnel

Key management personnel are defined as members of the College's Senior Leadership Team and were represented by the following in 2023/2024:

Mr A Broadbent	Principal and Chief Executive, Accounting Officer
Mr K Fairley	Deputy Chief Executive
Mrs A Maynard	Deputy Principal
Mr P Bradley	Chief Finance Officer
Mrs A Dowson	Vice Principal – Curriculum
Mr A Stephenson	Vice Principal – Quality and Improving Learning
Mrs C Peters	Vice Principal – Business Development, Productivity and Apprenticeships
Mr P Morrison	Vice Principal – Higher Education, Lifelong Learning and International Studies
Mr R Metcalf	Executive Director of Finance and Corporate Services
Mrs E Bonham	Executive Director of Human Resources and Corporate Services
Mrs N Whiting	Executive Director of Information Technology and Corporate Services
Mrs K Stevenson	Executive Director of Estates and Corporate Services

### Board of Governors

A full list of Governors is given on pages 24 and 25 of these financial statements.

### Clerk to the Corporation

Mrs C Winter – Head of Governance and Corporation Secretary

### Professional Advisers

#### Financial Statement Auditors and Reporting Accountants

RSM UK Audit LLP  
1 St James Gate  
Newcastle Upon Tyne  
NE1 4AD

#### Internal Auditors from 01 August 2024

Wbg Services LLP  
168 Bath Street  
Glasgow  
G2 4TP

#### Registered Office

New College Durham  
Framwellgate Moor  
Durham  
DH1 5ES

#### Internal Auditors to 31 July 2024

Durham County Council  
County Hall  
Durham  
DH1 5UL

#### Solicitors

Muckle LLP  
Time Central  
32 Gallowgate  
Newcastle Upon Tyne  
NE1 4BF

#### Bankers

Barclays Bank PLC  
1<sup>st</sup> Floor  
3 Hardman Street  
Spinningfields  
Manchester  
M3 3HF



# NEW COLLEGE DURHAM

## Strategic Report

### NATURE, OBJECTIVES AND STRATEGIES

The Members present their report and the audited financial statements for the year ended 31 July 2024.

#### Legal Status

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

The Corporation was incorporated as New College Durham.

#### Mission, Vision, Values and Objectives

##### Our Mission

At New College Durham, we are catalysts for positive change, driving social, economic and environmental transformation. We inspire individuals of all abilities to unlock their full potential, igniting their careers and enriching our communities. Our commitment to delivering high quality professional, technical, and lifelong education empowers people to shape a better, brighter future.

##### Our Vision

New College Durham strives to be a trailblazer in both Further and Higher Education, celebrated for its exceptional skills training and academic excellence. We aim to be a beacon of innovation and quality, recognized not just in the North East Combined Authority (NECA) region, but throughout the UK and across the globe.

##### Our Values

As an employer and learning organisation we will conduct our business by following the values of 'ASPIRE':

- **Accountability** – accepting responsibility for our actions, decisions and policies and their impact on staff, stakeholders and the environment.
- **Safeguarding** – maintaining a safe and inclusive environment in which students can learn, achieve and progress.
- **Partnerships** – working in partnership with those who share our vision and values.
- **Inclusion** – fostering an environment that ensures equality of opportunity enabling all to reach their full potential.
- **Respect** – treating everyone with respect, fostering trust, openness and honesty.
- **Excellence** – achieving and maintaining

# **NEW COLLEGE DURHAM**

## **Our Objectives**

The College's objectives are:

- To be a recognised leader in further and higher education and a destination of choice for learning in the North East, nationally and internationally.
- To be a preferred partner for government, business, industry and other colleges and universities in creating technological solutions, digital transformation and policy innovation.
- To be an education employer of choice, recognised as a rewarding place to work and for delivering a supportive culture.
- To be a financially astute and sustainable institution with diverse funding support and with operational excellence and continuous improvement in process efficiency and effectiveness.
- To be an engaged and connected college with businesses, funders and the local community.

## **Public Benefit**

New College Durham is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The Members of the Governing Body, who are trustees of the charity, are disclosed on pages 24 and 25.

In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charities Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

In delivering its vision, the College provides the following identifiable public benefits through the advancement of education:

- High-quality teaching, learning and assessment
- Widening participation and tackling social exclusion
- Excellent employment records for students
- Strong student support systems
- Links with employers, industry and commerce
- Links with Local Enterprise Partnerships (LEPs) and Combined Authorities (CAs)

## **Implementation of the Strategic Plan**

A Strategic Plan for the period 2021-2026 was approved by the Board of Governors in July 2021 and is a blueprint for the future of New College Durham. It builds on the outstanding financial and educational foundations and sets priorities to realise the College's ambitious vision for the future. The College will become the education provider of choice, the education employer of choice, the preferred partner for industry, recognised locally and nationally for excellence in academic programmes and student experience.

## NEW COLLEGE DURHAM

As a 'Mixed Economy College' New College Durham offers a range of further and higher education courses. This enables students in the College to progress from further to higher education in one institution and provides employers with a wide range of provision appropriate to the skills needs of their employees.

The College positions itself to respond to skills needs locally and across the region and works with employers and their representative groups to ensure that future skills needs are being addressed. Strong links have been established with the North East England Chamber of Commerce (NEECC), the North East Automotive Alliance (NEAA), the Tees Valley Local Enterprise Partnership (TVLEP) and NECA to name a few.

Strategic aims will be delivered through interlinked strategic priorities covering every aspect of the College's business recognising and building on the 'Team NCD' approach.

### Financial Objectives

The College has recently submitted a new two-year financial plan to the Education and Skills Funding Agency (ESFA) as part of the College Financial Forecasting Return (CFFR) and confirms its financial objectives to:

- Achieve at least a break-even position before FRS102-28 pension adjustments;
- Achieve Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) Education Specific > 4%;
- Maintain Adjusted Current Ratio > 2.0 : 1;
- Maintain Nil Borrowing;
- Generate sufficient funds to ensure that the Corporation can maintain the College estate and invest in new technology and equipment required to support learning and administration;
- Maintain the level of free reserves above 10% of annual turnover in line with the Board approved reserves policy.

A series of performance indicators have been agreed to monitor the successful implementation of the policies.

### Performance Indicators

Throughout the financial year the College has monitored key performance indicators set as part of the two-year financial plan submitted to the ESFA in July 2024. Actual performance against these performance indicators is shown below;

Description	Target	Actual
Surplus before FRS102-28 Pension Adjustment	£236k	£3.2m
(Deficit) / Surplus after FRS102-28 Pension Adjustment	£(2,434)k	£4.0m
Net Current Assets	£4.0m	£10.4m
Cash Days in Hand	51	121
Adjusted Current Ratio	2.02:1	1.96:1
EBITDA as a percentage of income (Education Specific)	4.06%	8.02%
Gearing	0%	0%
Financial Health Score 'Provisional'	240	270
Financial Health Rating 'Provisional'	Outstanding	Outstanding

# NEW COLLEGE DURHAM

## FINANCIAL POSITION

The College is committed to observing the importance of sector measures and uses the Further Education (FE) Choices data available on the GOV.UK website which looks at measures such as success rates. The College is required to complete the CFFR for the ESFA annually and is assessed as having an '**Outstanding**' financial health rating.

## Financial Results

The Annual Report and Financial Statements have been prepared in accordance with Financial Reporting Standard 102 (FRS102) and the 2015 FE Higher Education(HE) Statements of Recognised Practice (SORP).

The Group (New College Durham and its subsidiary company Westfirst Limited) generated an operating surplus (before FRS102-28 LGPS Pension Charge and other gains and losses) of £3,182,000 in 2023/24 (2022/23 – surplus of £1,525,000). The college has granted support to its subsidiary Westfirst Limited, to a total value of £8,150.

After FRS102-28 the Group generated a surplus of £4,002,000 (2022/23 surplus of £765,000).

The Group has accumulated reserves of £57,580,000 and cash at bank and short-term investment balances of £17,148,000. The Group will continue to accumulate reserves and cash balances to finance capital developments, plant and equipment and to further strengthen its financial position to deliver its strategic plan.

Tangible and intangible fixed assets additions during the year amounted to £8,812,000. This was split between land and buildings costs of £5,608,000, software costs of £136,000 and equipment, furniture & fittings costs of £3,068,000.

The Group has significant reliance on the ESFA for its principal funding source, largely from recurrent grants. In 2023/24 the ESFA provided 42.40% (2022/23 43.80%) of the Group's total income in respect of 16-19 Further Education, Apprenticeship and Adult Education funding. European Social Fund (ESF) contracts accounted for 4.01% (2022/23 8.21%), Bootcamps accounted for 6.38% (2022/23 3.79%) while the College's Higher Education Partnerships accounted for 24.53% (2022/23 20.07%).

The College has a subsidiary company, Westfirst Limited. The principal business activities were those of boiler house management, the supply of heat, gas and electricity until 30 June 2022 whereby this activity transferred to New College Durham. The company's principal activity is lettings of New College Durham premises to external organisations. Any taxable surpluses generated by the subsidiary company are assessed, and where appropriate transferred to the College under Gift Aid.

The subsidiary company has an un-provided for deferred tax asset of £3,265 arising from the difference between the net book value and written down value of fixed assets. In the current year, the subsidiary company generated a loss after taxation of £2,091. No gift aid payment will be made to the College for this financial year.



# NEW COLLEGE DURHAM

## Treasury Policies and Objectives

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

The College has a specific treasury management policy in place.

In the fiscal year 2023/24, there was no need for short-term borrowing for immediate revenue needs. For any borrowing, the approval of the Corporation is required, and it must adhere to the guidelines outlined in the Financial Memorandum. Additionally, the College must adhere to the new borrowing controls established by the Department for Education when Colleges transitioned to the public sector in November 2022.

## Cash Flows and Liquidity

The College's operating cash-in-flow from operating activities was strong at £7,404,000 (2022/23 cash in-flow £7,345,000). The strong cash-in-flow along with Capital Grants received enabled the College to invest £8,812,000 in tangible and intangible assets (2022/23 £11,856,000).

At 31 July 2024 the College does not hold any financing debt.

## Financial Risk Management

The College's operations expose it to a variety of financial risks that include the effect of changes in credit risk and liquidity. The College has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the College where appropriate.

### Credit Risk

The College has implemented policies that require appropriate credit checks on potential customers and sub-contractors.

### Liquidity Risk

The College actively manages its risk profile on a regular basis to ensure the College has sufficient available funds for operations and any planned expansions.

## Reserves Policy

The College is required to hold reserves to:

- Ensure that adequate funds are available to safeguard the College;
- Ensure that the College has sufficient cash to meet its short-term financial liabilities as they fall due;
- Provide the financial resources to enable investment in premises, facilities and equipment in order to enhance the range of services and education the College is able to provide for its stakeholders;
- Maintain sufficient funds to enable operational activities to be maintained, taking account of potential financial risks, uncertainties and contingencies that may arise from time to time.

## NEW COLLEGE DURHAM

In light of the above, the College aims to maintain a minimum level of free reserves of 10% of annual turnover to support continuing operations. The College will aim to generate in year outturns in excess of 10% to support future investment in premises, facilities and equipment. For the purposes of this calculation, free reserves are defined as Net Current Assets excluding deferred capital grants, less designated funds. Turnover excludes income from capital grants.

The level of free reserves held at the end of the financial year was 11.15% of annual turnover (2022/23 22.34%). The decrease in free reserves is due to investment in the Technical and Higher Education Hub, investment in the Construction Centre of Excellence along with investment in the Multi Use Games Area. The balance remains above the College target of 10% and puts the College in a strong position to overcome any future challenges and fund further capital developments identified below.

Designated Reserves (Note 27) total £12.171m and relate to a variety of capital projects, the largest of which is the Multi Use Games Area.

Of these designated reserves, the quantum of the costs committed at 31 July 2024 to external contractor's total £5.036m and are disclosed as capital commitments in Note 20.

The College's intention is to continue to invest within the estate to deliver its strategy. Budgets have been set to further grow reserves, and the Board intend to make the following investments in the medium term, whilst retaining free reserves in line with the above policy:-

- Multi Use Games Area and Car Park - £4.553m (approved)
- Sports and Music Building Refurbishment - £5.693m (not contractually committed)
- College Modernisation Programme - £0.250m
- Annual Capital Programme - £1.500m

## CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

The College Financial Handbook is effective from August 2024 and was published in March 2024. The guide provides colleges with guidance in applying spending rules set out in 'Managing Public Money' (MPM) which is the publication that sets out the requirements for central government bodies. It seeks to help colleges meet the requirements placed on them by bringing together key financial requirements in a single document.

As the college navigates the public sector landscape, adherence to MPM rules ensures that financial decisions are made with utmost transparency, accountability, and integrity. These principles not only solidify public trust but also foster a culture of fiscal responsibility within the institution. Colleges are now more than ever, under scrutiny to demonstrate value for money in their programs, courses, and initiatives. This can lead to enhanced long-term planning, robust risk assessment, and more strategic deployment of resources.

The College is continually in discussions around contracts that will replace its European Social Funds (ESF) counterparts. With the conclusion of ESF, opportunities for contracts from the UK Shared Prosperity Fund (SPF), Bootcamps and the Adult Education Budget (AEB) will continue to be pursued.

## NEW COLLEGE DURHAM

The devolution agreement within Tees Valley has provided tendering opportunities for the College to deliver adult funded courses within this region. The College has been and continues to be successful in the opportunities presented to date. The creation of NECA has given the College a significant opportunity to compete for business across the North East region.

The North East Institute of Technology (NEIoT) opened in October 2019 and became fully operational in July 2021. The College, as the license holder of the NEIoT, offers top quality training and apprenticeships in higher-level technical skills, ranging from A-Level equivalents up to degree level and above. The NEIoT was created in partnership with Newcastle University, Nissan Motors and Esh Group, this also includes a range of other colleges from across the region. The NEIoT has enabled the College and its partners to leverage a range of funding including Higher Technical Qualifications (HTQ's) Growth Fund and Skills Injection Funds (SIF).

In September 2023 the Technical and Higher Education Hub (T.H.E. Hub) building was opened. The project cost £11,000,000 of which £2,950,000 was contributed through T-Level Wave 4 Capital monies awarded. The building includes state-of-the-art specialist facilities so the College can deliver higher and technical skills qualifications. T.H.E. Hub features 23 new teaching spaces, including an immersive suite, an early years foundation stage nursery, a sensory room, a hospital ward, a dental suite, an opticians, an esports arena, cyber security facilities, specialist IT classrooms and science laboratories. The building also features several modern breakout spaces for students to work and socialise.

The College has expanded its estate by opening the Construction Centre of Excellence at Langley Moor, which became operational in September 2024 and now hosts the Construction Crafts programs (Property Maintenance and Bricklaying). This relocation frees up much needed space on campus for the development of the National Battery Training and Skills Academy (NBTSA) in collaboration with Newcastle University. Innovate UK awarded £1,332,772 to establish the Academy, with completion expected in October 2024. The College are working alongside the University and industry experts to design and equip the new training academy which will be an important addition for the region and nationally.

The College continues to lease a property in Ashington, Northumberland where Adult Education and Green Skills Bootcamps are currently being delivered.

The CFFR was submitted in July 2024 to the ESFA alongside its Medium-Term Financial Plan (MTFP) which shows that the College is expecting to maintain financial strength across the next five financial years.

On 27 June 2024 the College attended the North East Chamber of Commerce Business Awards at the Glasshouse International Centre for Music in Gateshead. The College were successful in winning the prestigious Large Company of the Year Award ahead of very strong competition. The award signifies that a company has demonstrated exceptional performance, innovation and contributions to the regional economy and highlights success in several key areas such as Business Growth, Innovation, Leadership and Management, Corporate Responsibility and Employee Engagement. This award recognised the dedication and hard work of the leadership and staff at the College. It was a true team effort, showcasing the strong collaboration and commitment across all levels of the institution.

# **NEW COLLEGE DURHAM**

## **EDUCATION AND TRAINING**

The quality of provision at the College continues to be consistently good with significant elements of outstanding practice. This was recognised during its most recent Ofsted inspection (November 2022) and confirmed in the 2022/23 Self-Assessment Report.

The College underwent a full Ofsted inspection in November 2022, securing an overall grade of “Good” and a skills judgement of “Strong” for the contribution made to meeting the local, regional and national skills needs.

The College is judged to be making a strong contribution to meeting the skills needs of employers and the local, regional and national economy. This was further endorsed as the College was awarded the Beacon Award for College Engagement with Employers, celebrating the college’s proactive approach to employer engagement and the positive impact it is having on the region.

The College FE achievement rate in 2023/24 was 90.7%. This represents a further improvement 2.3% from 2022/23 and demonstrates year on year improvements across three years. This performance is 6.5% above the most recently published national rate and would place the college in the top 10% of General Further Education providers nationally.

Outcomes for learners on apprenticeships are exceptional at 73.2%, which is 18.6% above the national achievement rate. This performance demonstrates further improvements on the exceptional performance in 2022/23 where the College was the fourth highest performing FE provider nationally.

New College Durham continues to be at the forefront of curriculum innovation and 2023/24 saw the third cohort of students complete their T-level qualifications. 66 students completed T-level qualifications in six T-level specialisms. Pass and high-grade results continued to be excellent with 97% of students passing their T-level qualification and 67% of students achieving a high grade of distinction or merit.

Additionally, the College is a leading provider in the region and nationally for the delivery of bootcamps. The College successfully secured a national contract from the DfE. As part of this, the College underwent its first quality assurance and improvement visit from the DfE receiving strong assurance on the quality of provision being delivered.

The quality of work produced by students is exceptional and is frequently commended by industry. Consequently, our students are typically very successful in the multiple regional and national skills competitions in which they take part. This has a positive impact on their progression opportunities.

Care, guidance and support continue to be considered some of the key strengths of the College’s provision. Specialist support services augment a broader suite of welfare support services and are easily accessible by students to support their learning.

The combined effect across education and training is that 93% of students’ progress to positive destinations.



## **NEW COLLEGE DURHAM**

The College has consistently established itself as a high-performing institution, excelling in a wide range of curriculum areas recognised for outstanding leadership and management along with personal development and behaviour and attitudes. In an increasing number of curriculum areas the quality of education and students achievements is now self-assessed as outstanding.

The commitment to academic excellence and innovative teaching has been demonstrated through rigorous assessments and high achievement standards across diverse fields of study. With a dedicated staff and comprehensive support systems the College ensure that students receive an education that not only meets but exceeds national benchmarks. This reputation for excellence positions the College as a leading choice for students aiming for success in an environment where outstanding results are the norm across multiple disciplines.

### **Academies**

New College Durham is the lead sponsor for New College Durham Academies Trust (the Trust), a well-established multi-academy trust (MAT). Initially, the Trust operated two academies: North Durham Academy and Consett Academy. However, it has recently undergone a period of expansion. Wellfield School joined the Trust on 1st June 2023, followed by four primary schools on 1st February 2024: Beamish Primary School, Castleside Primary School, Catchgate Primary School, and Pelton Community Primary School. All seven schools within the Trust are currently rated "Good" by Ofsted, and they are all located in County Durham.

New College Durham's sponsorship of the MAT has allowed the Trust to extend the Trust's mission to provide the best education in order to empower learners, improve lives, and strengthen communities. The College initial participation brought much needed investment to communities hard hit by economic downturn and provided better educational opportunities for the whole community.

The Trust continues to follow the approved sustainable growth strategy. As detailed above Wellfield School, and the Primary Schools were the first two phases of growth. The ultimate aim of the Academy Trust is to become a 16 school MAT. It is anticipated that a further two Primary Schools will join the Academy Trust in Summer 2025. The Academy Trust Board is keen to support expansion of the MAT in a sustainable manner to transform the educational landscape in their area by driving up standards and raising levels of aspiration.

The Trust is established as a company limited by guarantee with Members and Directors. It operates as an exempt charity and is governed by company and charity law in accordance with its Memorandum and Articles of Association. New College Durham has no control over the Trust, which operates independently, and as such, the Trust is not included in the financial statements of the College.

### **Higher Education**

The College has held Foundation Degree Awarding powers since August 2011. In this time the College has established a reputation regionally and nationally as an outstanding provider of higher education. The College has over 44 Foundation Degrees, Honours Degrees and Professional Qualifications at levels 4 and above. In July 2023, the College was granted indefinite Foundation Degree Awarding Powers, enabling it to authorise other institutions to confer awards on its behalf. This opens new opportunities for partnership development in the future.

## **NEW COLLEGE DURHAM**

All programmes are designed and developed in conjunction with local and regional employers, ensuring graduates have the skills and knowledge required for their chosen sector. The College continues to enjoy a successful working relationship with the Open University. Both full and part-time enrolments continue to follow national trends and remain low compared with previous years due to Higher Education Institutes (HEIs) offering foundation years and the cost-of-living crisis which has led to potential students taking low paid and unsustainable jobs.

In August 2023 New College Durham again received a silver rating for the Teaching and Excellence Framework (TEF) from the Office for Students (OfS). The Silver rating was based on its comprehensive submission and excellent data. The data used to formulate the judgement included Durham students and some data from the London School of Commerce (LSC).

The partnership agreement with LSC began in September 2019 with the final cohort of students recruited in April 2024. As the contract comes to its natural conclusion in August 2024 students presently on courses will continue to be taught until the end of their programmes.

The College's strategic vision is to make a positive and transformative impact on the lives of residents across England by providing easily accessible, quality education through working with partners that share the same vision.

In line with the Colleges Higher Education Strategy new partnership agreements were entered into with CECOS Computing Ltd in August 2023 and Oxford Business College in February 2024, each for 5 years.

### **Stakeholder Engagement**

The College's apprenticeship programmes continue to expand across various curriculum areas, aligning closely with the needs of local and regional employers. Apprenticeship achievement rates remain high, with the College outperforming the national average. This success has been recognised with the accolade of North East Apprenticeship Provider of the Year being awarded. Key stakeholders and subcontractors play a vital role in delivering the AEB, Bootcamps, and finalising delivery on long standing ESF qualifications. Training programmes are co-designed with employers to address regional skills gaps and emerging needs.

The Business Development and Apprenticeship teams, supported by the College's Quality department, ensure high-quality provision through robust monitoring and performance management.

Over 300 employers and key stakeholders actively support the College in various aspects of core curriculum delivery. In Higher Education, employers help shape the College's foundation degree offerings and provide effective work placements for students. In Further Education, employers conduct sessions both at the College and in the workplace, offer real life projects for students to practice vocational skills, and advise on the College's curriculum offerings. The study programme facilitates collaboration among staff, students, and employers, enhancing the student experience through meaningful work experience and placement programmes, which have resulted in many students gaining employment. As the license holder for the NEIoT, the College holds a prestigious position, enabling collaborative working both regionally and nationally to meet existing and emerging employer needs.

## **NEW COLLEGE DURHAM**

### **Staff and Student Involvement**

In July 2024, the College held Team NCD Day. Staff from all parts of the College came together to join in organised workshops and activities to celebrate the end of the academic year together. The day has become a regular fixture in the New College Durham calendar and gives staff the chance to network with colleagues from all areas of the College whilst trying something new or taking time out for their own wellbeing competing in activities such as dragon boat racing, axe throwing, foot golf, yoga, sound bath and a variety of creative activities.

The College has supplemented communications with additional regular updates through digital means, and notable with these efforts has been the development of College newsletters from the Principal and the Senior Leadership Team (SLT) to enable New College Durham staff to receive updates on the College plans and key messages, as well as through staff focus groups and SLT 'meet and greet' sessions. The feedback on this communication has been extremely positive in maintaining links with both the College and supporting staff over the course of the year.

The annual staff survey was issued in January 2024 through to March 2024. The survey allowed staff the opportunity to provide feedback on what they viewed as the college strengths and what the College do well but also assisted in identifying any areas for improvement. The results were positive; demonstrating that staff acknowledge that the college is on a journey in responding to issues and that some changes made following last year's survey are having a positive impact on the workforce (i.e., introduction of hybrid working as one key example). The survey results and planned future actions were communicated to staff over the course of the year. Indeed, the College released a "You said, we are doing" newsletter to provide an update to staff on the actions taken in response to the feedback received.

Wellbeing has continued to be a priority for both staff and students. The college recognises the importance of making staff feel valued and supported, as this empowers them to offer the best possible support to students. By fostering a supportive environment for staff, the College aims to enhance the overall learning experience for students, ensuring they receive the highest quality education.

### **Payment Performance**

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 01 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95.00%.

During the financial year 01 August 2023 to 31 July 2024, the College paid 98.8% by count (99.7% by value) of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this financial year.

### **Events after the end of the reporting year**

There were no events after the end of the reporting year.

# **NEW COLLEGE DURHAM**

## **Future Prospects**

The College has continued to improve the facilities available to its students. A further series of capital developments are planned to ensure that the College remains at the forefront of vocational and technical education and training.

The College continues to successfully tender for both Adult funding and Bootcamp funding with the NECA and TVLEP. The SPF which will replace the current ESF will also provide the College with opportunities to tender to win new business.

The College has successfully secured national contracts to deliver Bootcamps, which will run from February 2024 to February 2026. This has provided a welcome boost for the College and contributes to its growing reputation as a preferred destination for learning, both regionally and nationally.

The College continues to be at the forefront of curriculum developments across the FE Sector. The College will deliver T-Levels across Construction and the Built Environment, Engineering and Manufacturing, Business and Administration, Digital, Education and Childcare and Health and Science.

Higher Education Partnerships continue to develop with the College planning to expand its reach into areas such as Birmingham and Bradford to address skills needs in Tourism and Events Management and Principles in Leadership in Health and Social Care.

## **RESOURCES:**

The College has various resources which it can deploy in pursuit of its strategic objectives.

Tangible resources include tangible fixed assets with a value of £64,739,000 which includes the main College campus, Bishop Auckland Podiatry Clinic and the Construction Centre of Excellence and net current assets of £10,438,000. The College also has leased premises at Low Carrs podiatry training facility located in Durham and premises at Ashington for delivering Green Skills.

### **Financial**

The College has £57,580,000 of net assets and has successfully maintained its financial debt at nil. The group holds £5,268,000 in short term investments.

### **People**

The average number of persons employed by the College during the year, expressed as head count was 654, of which 462 were teaching and teaching support staff.

The College has 335 staff registered on supply pool of whom 115, on average work monthly.

The College spent £821,000 on Contracted out staffing services in 2023/24 (£901,000 in 2022/23). The high cost was largely due to the difficulty in recruiting posts across the curriculum as national labour shortages led to delays in recruitment. The College used staff from external agencies to ensure there was no break in learning for students.



## NEW COLLEGE DURHAM

### Students

The headcount of students in attendance at the College during the year by category can be summarised as follows:

Student Category	Headcount
16-18	2,704
Adults	2,810
Apprentices	1,380
Higher Education (NCD)	509
Higher Education (Partnerships)	2,233
<b>Total</b>	<b>9,636</b>

### Reputation

The College has a good reputation locally, nationally and internationally. Maintaining a quality brand is essential for the College's success in attracting students and improving external relationships.

## PRINCIPAL RISKS AND UNCERTAINTIES

The College has undertaken further work during the year to develop and embed a system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

Based on the strategic plan, the Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed. This group identifies systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal reviews their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Risk Management Group also considers any risks which may arise as a result of a new area of work being undertaken by the College.

A strategic risk register is maintained for the College which is reviewed termly by the Risk Management Group and the SLT. The register is regularly reviewed by the College Audit and Risk Committee. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system agreed by the Corporation.

This is supported by a risk management training programme to raise awareness of risk throughout the College.

Outlined is a description of the principal risk factors that could affect the College's financial statements and financial position. Not all the factors are within the College's control. Other factors besides those listed below also adversely affect the College. The College's top strategic risks are set out in the Statement of Corporate Governance and Internal Control.

# NEW COLLEGE DURHAM

## 1. Government Funding

The College has considerable reliance on continued government funding through the ESFA for its 16 to 19 Further Education provision.

Adult skills funding is received through a contract with the ESFA. The College procured further contracts in the year from North of Tyne Combined Authority (NoTCA) and the TVLEP. The NoTCA and ESFA contracts were combined from August 2024 when the contracts transferred to NECA.

Apprenticeship funding is provided by the ESFA through both the Apprenticeship levy system for larger employers and the non-levy system for smaller employers. This ensures that the College can access the necessary funds to deliver apprenticeship training regardless of the size of employer.

ESF contracts ended in December 2023 with the College working to replace these contracts with contracts for both Bootcamps and the UK SPF.

The College receives most of its higher education funding through tuition fees paid via the Student Loans Company (SLC) as most students are funded through the new system. The remaining funding from the OfS largely relates to widening participation and targeted allocations.

There can be no assurance that Government policy or practice will remain the same or that public funding will continue at the same level or on the same terms.

The College is aware of issues which may impact on future funding, including the new Skills Agency, apprenticeship reforms and incentives, devolution of the adult education budget and the ongoing impact of Brexit. The College, in conjunction with its key stakeholders continues to develop a strategy for growth in response to the devolution agenda and to the apprenticeship reforms.

The College submitted a financial forecast to the ESFA covering the period to July 2026 and within that plan identified the possible reductions in funding and the measures by which the College will ensure that it remains financially strong during that period. This will involve a combination of cost efficiencies, growth in learner numbers and the pursuit of new income sources.

The College will continue to mitigate against potential loss of income by:

- Ensuring that the College is rigorous in delivering high quality education and training;
- Focusing on and investing in maintaining and managing key relationships with the various funding bodies;
- Ensuring that the College is focused on the priorities of our stakeholders which will continue to benefit from public funding;
- Maintaining its robust financial health as it enters the new academic year;
- Strengthening the College's internal delivery teams to increase the volume of direct delivery and provide a more comprehensive offer to employers; and
- Planning for cost efficiencies in operations without affecting front line delivery to learners.

## **NEW COLLEGE DURHAM**

### **2. Maintain adequate funding of pension liabilities**

The financial statements show that there is no longer a pension liability and the College have a £2,570,000 surplus that has not been recognised in the financial statements. A surplus can only be recognised if the Employer can gain an economic benefit from it which could be either a refund or reduced future contributions. The actuary has concluded that the economic value from a reduction in future contributions would be nil therefore the college have restricted the surplus meaning no asset has been recognised.

The College Employer Contribution rate remains at 20.4% going forward with the continued risk that this could either increase or decrease at each valuation date. Key factors regarding the existing and prospective obligations, employers funding level and number of new entrants all affect future Contribution rates.

### **3. Government Policy**

The UK government policies for further education are presently focused on several key areas:

- T Level Qualifications
- Apprenticeships
- Skills Bootcamps
- Higher Technical Education
- Lifetime Skills Guarantee
- National Skills Fund
- Adult Education

The College continue to bid for new Government Initiatives as they become available.

The College have been involved with 'Skills Bootcamps' across the North East. The College continue to work with NECA, TVLEP and the Department for Education (DfE) nationally to deliver Skills Bootcamps. Bootcamp activity includes hydrogen, air source heat pump assessor and installer and building information modelling (BIM) amongst many others.

The Employer Representative Body (ERB) for the NECA effective from 05 September 2022 is the NEAA. Appointed by DfE, the NEAA are responsible for leading and developing the Local Skills Improvement Plan (LSIP). The College along with other providers will be involved in regular meetings to discuss emerging themes and help ensure post-16 technical education is responsive and flexible in meeting local labour market skills needs.

The NECA was established in May 2024 as the North East Local Enterprise Partnership (NELEP) and NoTCA combined. This provides further opportunities for the College to continue building strong partnerships across the northern region.

The Skills and Post 16 Education Act places LSIP's on a statutory footing and places duties on providers to co-operate with ERB's in the design and delivery of plans when considering training and education offer. This feeds into the new accountability agreements for providers. The North East LSIP strategic priorities target areas that the College are historically strong in such as Advanced Manufacturing, Construction, Digital and Health and this represents an opportunity for the College.

## **NEW COLLEGE DURHAM**

The College continue to operate in an uncertain environment but are well placed to meet future challenges and bid for any funds that become available through new initiatives announced by the Government.

### **4. Demographic changes and increased competition**

The College is in a period of increased competition for 16-18 provision whilst demographic changes mean the number of 16-18 year old learners continue to increase. The College continue to broaden the offer available and respond to the local needs by:

- Continuing to improve the quality of provision and success rates to encourage learners to the College and;
- Working closely with feeder schools and academies to improve links and the offer to young people.

Higher Education across the UK is in decline and the College continue to remain competitive in the market by:

- Continuing to provide quality provision that is relevant to the employment market;
- Capturing and promoting excellent student feedback and destination data; and
- Assessing new ways of working and new collaborative arrangements with other Higher Education Institutions.

### **5. Failure to maintain the financial viability of the College**

The College's current financial health grade is classified as 'Outstanding' as described above. The continuing challenge to the College's financial position remains the constraint on further education funding arising from the ongoing cuts in public sector spending whilst maintaining the student experience and the increased pressure on the College's staffing costs as a result of increased employer pension contributions and the demand for significant increases to staffing salaries following a prolonged period of below inflation pay awards.

This risk is mitigated in several ways by rigorous budget setting procedures, robust financial controls and regular in-year budget monitoring.

## **STAKEHOLDER RELATIONSHIPS**

In line with other colleges and universities, New College Durham has many stakeholders.

These include:

- |                                   |                                  |
|-----------------------------------|----------------------------------|
| • Students                        | • The Local Community            |
| • Education Sector Funding Bodies | • Local Schools and Academies    |
| • FE Commissioner                 | • Universities                   |
| • Staff                           | • Other FE Institutions          |
| • Local Employers                 | • Trade Unions                   |
| • Local Authorities               | • Professional Bodies            |
| • Combined Authorities            | • Employer Representative Bodies |
| • Local Enterprise Partnerships   |                                  |



## NEW COLLEGE DURHAM

The College recognises the importance of these relationships and engages in regular communications with all stakeholders.

### EQUALITY, DIVERSITY AND INCLUSION

The College is proud of the social and cultural diversity of its community and sees it as a strength that inspires innovation and creativity. New College Durham is a place where learning and working exists in an environment that advances equality of opportunity, celebrates diversity, and allows everyone to achieve their fullest potential. The College is opposed to any form of discrimination and will ensure that its practices are **legal**, **accessible**, and **fair** to students, staff, stakeholders, and service users.

The College's Equality, Diversity and Inclusion Policy is published on its website as a publicly accessible document.

#### Disability statement

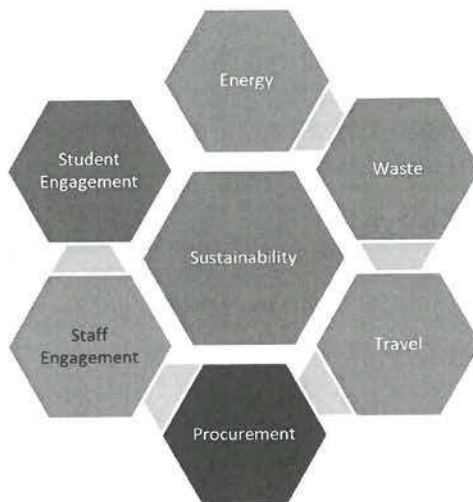
The college seeks to achieve the objectives set down in the Equality Act 2010 through:

- Maintaining Level 3 Disability Confident (Leader).
- Providing Occupational Health and Health and Safety Team support for all staff.
- Access Coordinators offer information, advice, and necessary support for students with disabilities.
- The Disabled Student Commitment framework guides practices and policies, to support disabled students.
- The Access and Participation Plan explains how the College will enhance equality for underrepresented groups in Higher Education.
- The Equality, Diversity Inclusion Health and Wellbeing Steering Group monitors data and practices to address areas of improvement and celebrate good practice.
- The Alternative Assessment Plan and reasonable adjustments ensure timely adjustments for Higher Education students with disclosed disabilities.
- Assistive technology helps students achieve success.
- The admissions policy is detailed in the College charter, with appeals managed under the complaints policy.
- Maintaining Excellence - Better Health at Work highlights the holistic support approach for staff and students under the Equality Act.
- Bursary support is available to help overcome financial barriers to learning.
- The College has signed up to the Association Of Colleges (AoC) Mental Health Charter.
- Specialist programmes are described in college prospectuses, with achievements and destinations recorded and published.
- Counselling and welfare services are provided to help students continue their studies.

# NEW COLLEGE DURHAM

## SUSTAINABILITY STATEMENT

The College have implemented a Sustainability Strategy 2021-2026 via the Environmental Sustainability Steering Group, which will continue to embed six sustainability focal points throughout all activities within the College.



### Energy

As energy costs escalate the focus has been on sustained efforts to optimise energy usage.

The College continued to add measures to tackle inefficiencies and reduce its carbon footprint by carrying out the following during the year:

- Installing ground source heat pumps within T.H.E. Hub
- Monitoring and revising the heating set points within the College to reduce heating areas unnecessarily.
- Ongoing replacement of LED lighting and sensors.
- Installing external solar lights to the east of the college.
- Upgrading of the Building Energy Management System.

### Waste

The College's waste management policy has been produced to affirm its commitment to safe and efficient waste management, to reduce, reuse and recycle waste produced and to ensure compliance with and exceed all legal requirements relating to waste management.

The College are tackling waste by focusing on behaviour management, including the educating of staff and students by introducing an environmental awareness course and holding sustainability events throughout the college.

The College are tackling single use plastic by introducing recyclable cups to purchase. Aramark have introduced lines of recyclable products including cans to be sold and continue to work towards eliminating non-recyclable bottles.

# **NEW COLLEGE DURHAM**

## **Travel**

The college is one of the few organisations which support a significant number of its customers by utilising public transport. Over 2,100 students benefit from the College supported travel scheme which provides annual travel tickets on local bus companies. These efforts are supplemented by a comprehensive Green Travel Plan which has been reviewed and updated, as part of an annual review of sustainability measures.

The College added 16 electric charging points, situated within the West and East car park and one within motor vehicle to assist the team to work on electric cars when the curriculum adjusts to working on such vehicles. As part of the Car Park and Multi Use Games Area development a further 20 Electric Vehicle (EV) chargers will be installed.

The College operates a flexible benefit scheme which provide staff with the opportunity to purchase a bike to travel to work. To support this effort there are several lockable bike storage areas across the College site.

## **Procurement**

As part of the college commitment to environmental responsibility and sustainable growth, the College have embedded sustainability principles into tendering processes. Where-ever feasible, environmental factors are incorporated into the tender specifications and evaluation criteria to meet the college's requirements.

## **Staff and Student Engagement**

Communication is critical to firstly understand the principals of sustainability, but also to integrate them into working practices to change behaviour. The Environmental Sustainability Steering Group meets quarterly to review a target focused action plan.

Aspiring to achieve Net Zero is a challenge, but to assist with the implementation the College have introduced Carbon Literacy Training for staff and students. This is designed to provide awareness and knowledge of climate change and sustainability, learning the facts and science but also what actions can be taken to improve the individuals impact.

The next stage is to recruit Green Champions within the college. The Sustainability Steering Group are working on the requirements with a view to recruitment of volunteers in September 2024.

The College successfully held a sustainability event for all staff and students to attend, with a primary focus on waste.

## NEW COLLEGE DURHAM

### 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.

Number of employees who were relevant in financial year	FTE employee number
6	5.8

Percentage of Time	Number of Employees
0%	0
1 – 50 %	6
51 – 99%	0
100%	0

Total Cost of Facility Time	£34,594.09
Total Pay Bill	£24,879,695.41
Percentage of Pay Bill Spent on Facility Time	0.14%
Time spent on paid trade union activities as a percentage of total paid facility time	100%

### Going Concern

The College has submitted the CFFR to the ESFA covering the period to July 2026 and in that plan has identified the possible reduction and growth in funding and measures by which the College will ensure that it remains financially viable during the period. This will involve a combination of cost efficiencies, growth in learner numbers and pursuit of new income sources. As part of the CFFR the College conducted sensitivity analysis to assess the impact of changes in assumptions and found that the College would continue to remain financially strong.

The College cashflow remains extremely strong and the College continues to plan for future operational surpluses that will be reinvested in the College site and curriculum. The College has designated reserves of £12,171,000 for further projects including a Multi Use Games area and Car Park and the Modernisation of the Sports and Music Building.

An updated MTFP was approved by Corporation on 04 July 2024 which looks ahead over a five year period and describes the direction of the College based on several assumptions. The plan continues to project that the College will make surpluses and be rated financially outstanding throughout the five year period. The plan continues to show strong cash balances which will be utilised to invest in the College's ambitious Capital programme whilst ensuring that the College's Reserves policy target is met.

For this reason, the College continues to adopt the going concern basis in preparing the financial statements.



## **NEW COLLEGE DURHAM**

### **Events after the Reporting Period**

There were no events of note after the reporting period.

### **Disclosure of Information to Auditors**

The Members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditors are unaware; and each member has taken all the steps that they ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

RSM UK Audit LLP were appointed on 13 July 2020 for three annual audits with an option to extend for a further 24 months. The option to extend was exercised and RSM UK Audit LLP continue to be the College auditors with this set of accounts being the final set to be audited within the contract. The College are set to re-tender for external audit services in October 2024.

**Approved by order of the Members of the Corporation on 12 December 2024 and signed on its behalf by:**



**S King**

**Chair**

# **NEW COLLEGE DURHAM**

## **Statement of Corporate Governance and Internal Control**

The following statement is provided to enable readers of the annual report and financial statements of the College to obtain a better understanding of its governance and legal structure. This statement covers the financial year from 01 August 2023 to 31 July 2024 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

- I. In accordance with the seven principles identified by the Committee on Standards in Public Life (Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership)
- II. In full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("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 2024. This opinion is based on an internal review of compliance with the Code reported to the board on 7 November 2024.

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 21 March 2024.

# NEW COLLEGE DURHAM

## The Corporation

The Members who served on the Corporation during the year and up to the date of signature of this report are listed in the table below.

Name	Date first appointed & last reappointed	Current Term of Office	Resignation Date	Category of Members	Committees Served during 2023/24	Attendance Rate and Number of Meetings in 2023/24	
Emily Baxter	2.11.22 23.3.23	4 years		Member	Audit & Risk Further Education Quality, Curriculum & Students Search & Governance	71%	10/14
Davey Benson	6.7.22	3 years		Staff	Further Education Quality, Curriculum & Students Academy Sponsorship	60%	6/10
Andy Broadbent	6.6.20	Ongoing		Principal and Chief Executive	All except Audit & Risk and Remuneration	92%	22/24
Joy Brindle	13.7.16 11.3.20	Expired 30.6.24		Member	Further Education Quality, Curriculum & Students Finance & Resources Remuneration	93%	13/14
Joyce Drummond-Hill	22.6.16 1.7.19 23.3.23	Expired 31.7.24		Member	Audit & Risk Academy Sponsorship	82%	9/11
Allen Eccles	15.9.21 23.3.23	4 years		Member	Audit & Risk	100%	10/10
Ben Fisher	18.5.21 23.3.23	4 years		Member	Higher Education Quality, Curriculum and Students Search & Governance	93%	14/15
Mark Gomersall	1.9.21 4.7.24	3 years		Staff	Further Education Quality, Curriculum & Students Higher Education Quality, Curriculum & Students	92%	11/12
Ian Green	16.3.22 23.3.23	4 years	5.11.24	Member	Audit & Risk Higher Education Quality, Curriculum & Students Remuneration Search & Governance	44%	8/18
Jonathan Hamill	21.3.24	4 years		Member	Audit & Risk	100%	3/3
Rhiannon Hiles	21.3.24	4 years		Member	Finance & Resources	100%	4/4
Stephen King (Chair from 1.1.24)	18.5.21 23.3.23	4 years		Member	Finance & Resources Search & Governance	94%	15/16
Kathryn McCloghrie	13.8.24	4 years		Member	N/A	N/A	N/A
Beatrix Murray English	4.7.24	1 year		Student	N/A	N/A	N/A
Chris Patterson	6.7.22 15.9.22 23.3.23	4 years		Member	Academy Sponsorship Finance & Resources	92%	11/12
Philip Pollard	13.8.24	4 years		Member	N/A	N/A	N/A
Suzanne Slater	12.7.23	4 years		Member	Further Education Quality Curriculum & Students	78%	7/9
Alice Tomlinson	25.5.23	Expired 30.6.24		Student	Further Education Quality Curriculum & Students Higher Education Quality, Curriculum & Students	91%	10/11

## NEW COLLEGE DURHAM

Name	Date first appointed & last reappointed	Current Term of Office	Resignation Date	Category of Members	Committees Served during 2023/24	Attendance Rate and Number of Meetings in 2023/24	
Christine Warren (Chair until 31.12.23)	22.4.15 16.12.20 23.3.23	Expired 31.3.24		Member	All except Audit & Risk and Higher Education Quality Curriculum & Students	88%	14/16
Hailie Warren	23.5.24	1 year		Student	N/A	N/A	N/A
Moss White	9.11.23	Expired 30.6.24		Student	Further Education Quality Curriculum & Students Higher Education Quality Curriculum & Students	67%	4/6

Combined attendance rate and numbers of meetings: disclosure of Members' individual attendance at Corporation and Committee meetings during 2023/24. Overall attendance was:

- Corporation Meetings 80%
- Committee Meetings 86%
- Combined 83%

Target attendance for all meetings is 75%

### 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. The Corporation meets a minimum of six times a year.

The Corporation conducts its business through several committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Finance & Resources, Further Education Quality Curriculum & Students, Higher Education Quality Curriculum & Students, Academy Sponsorship, Remuneration, Search & Governance and Audit & Risk. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website at [www.newcollegedurham.ac.uk](http://www.newcollegedurham.ac.uk) or from the Head of Governance & Corporation Secretary at:

New College Durham  
Framwellgate Moor Campus  
Durham  
DH1 5ES

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



## **NEW COLLEGE DURHAM**

All Governors are able to take independent professional advice in furtherance of their duties at the College's expense. They have access to the Head of Governance & Corporation Secretary, 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 & Corporation Secretary 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 (only one member is a member of the College executive) 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 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 a minimum of three members of Corporation including the Chair and Vice Chairs, 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 four years. The usual term of service for a governor will not exceed 8 years.

### **Corporation Performance**

An external governance review was undertaken in 2021/22 and the Corporation carried out an annual self-assessment of its own performance in 2023/24. The College has strong governance that enables Governors to effectively challenge senior leaders so that effective deployment of staff and resources secure excellent outcomes for students. Governors promote a culture of high expectations of staff and students. Governors actively engage and challenge leaders about variation in performance, through its committee arrangements for example that monitor finance and quality, as well as taking an active role in the self-assessment process.

The governing body is committed to continuous development and held its annual strategic review session on 24 April 2024. The Corporation agreed its first Governor Training and Development Plan in November 2023 and governors participated in a range of activities delivered through an internal governor induction programme, AoC new governor inductions, briefing sessions with the College Senior Leadership Team, external webinars, conferences and network meetings delivered by the AoC and all governors had access to the Education and Training Foundation (ETF) online Governance Development Programme. All governors were provided with a mandatory annual update on Safeguarding and Prevent. Activity to support the development of the Head of Governance and Corporation Secretary included attendance at the AoC Governance Professionals conference, participation in the North East AoC Governance Professionals network meetings throughout the year, attendance at a range of governance development, legal and risk webinars hosted by the

## NEW COLLEGE DURHAM

ETF, the Good Governance Institute, RSM UK, Eversheds Sutherland, internal staff development days and personal coaching sessions delivered through the ETF.

### Remuneration Committee

Throughout the year ending 31 July 2024 the College Remuneration Committee comprised three members of the Corporation (including the Chair and a Vice Chair). The Committee's responsibilities are to make recommendations to the Board of Corporation on the general principles for remuneration and terms and conditions of employment of the Principal and other Senior Post Holders. The Committee has delegated authority from the Board to approve pay awards for the Principal and Senior Post Holders under a salary progression methodology approved by the Board of Corporation. The Governing Body adopted the Association of College's Senior Staff Remuneration Code in March 2019 and assesses senior staff pay in line with its principles.

Details of remuneration for the year ended 31 July 2024 are set out in note 7 to the financial statements.

### Audit & Risk Committee

During 2023-24 the Audit & Risk Committee comprised a minimum of four members of the Corporation (excluding the Principal and Chair). The Committee operates in accordance with written terms of reference approved by the Corporation.

The Audit & Risk Committee meets on a termly basis as a minimum 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 funding bodies as they affect the College's business.

The College's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit & 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 indeed 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 four times in the year to 31 July 2024. The members of the Committee and their attendance records are shown below:

<b>Committee Member</b>	<b>Attendance Rate/Number of Meetings</b>
Joyce Drummond-Hill	4/4
Allen Eccles	4/4
Ian Green	1/4
Emily Baxter	3/4
Jonathan Hamill (from 23.05.24)	1/1

# NEW COLLEGE DURHAM

## 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 and Chief Executive, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement 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 the College and the funding bodies and the Office for Students registration conditions. They are also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal controls.

### 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 within the College for the year ended 31 July 2024 and up to the date of 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 and arrangements for compliance with legal and regulatory matters including those relating to regularity and propriety of the use of public funding 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 2024 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.

## NEW COLLEGE DURHAM

The College has an Internal Audit Service which operates in accordance with the requirements of the ESFA's Post 16 Audit Code of Practice. The work of the Internal Audit Service is informed by an analysis of the risks to which the 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 & Risk Committee. As a minimum annually, the Internal Audit Service provides the Corporation with a report on internal audit activity in the College. The report includes the Internal Audit Service's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

### Risks faced by the Corporation

The College is committed to the achievement of its business objectives as approved by the Corporation. In doing so, the College realises that it will face all manner of risks which need to be managed through a formal risk management strategy. The establishment of effective risk management is recognised as being fundamental in ensuring good corporate governance. The arrangements at New College Durham are upheld by the College and Principalship through the implementation of cyclical risk management reporting and monitoring regimes.

The Corporation is committed to ensuring that the management of risk underpins all key business processes and activities that lead to the achievement of the College's main objectives. College risks have been categorised into the following risk types:

- Financial
- Reputational
- Health, Safety and Security
- Resources
- Legislative
- Information
- Other

The College recognises that the application of risk management practices should not and will not eliminate all risk exposure. Moreover, through the application of the risk management approach identified in the College's Risk Management Statement and Strategy, then there is expected to be a better understanding of the risks being faced and their implications for the College, therefore informing decision making and creating opportunities for service improvement.

The College's key strategic risks are detailed below, these can change during the year as emerging risks materialise and are evaluated and scored in line with the College's Risk Scoring matrix. All risks identified have mitigating controls in order to ensure every effort is in place to stop the risk from materialising:

- Safeguarding – Any potential failure in the College's Safeguarding arrangements could lead to the harm or in extreme cases death of a student.
- Risk of Cyber Attack – If the College was to suffer a major cyber attack then it may be unable to deliver key services.
- Fraud or Theft – The risk that the College could suffer a major financial fraud or theft.



## NEW COLLEGE DURHAM

- Loss of Key Staff, Failure to Recruit Suitably Qualified Staff – the risk of losing key staff or not being able to properly recruit could mean the College may not be able to deliver key areas of the Curriculum or deliver vital services.
- Student Achievement – failure of students to achieve results in line or exceeding the national average. The detrimental impact on the College's reputation and future recruitment.
- College Budget – Failure to achieve the College's budgeted position could lead to financial issues in year or in future years and jeopardise the College's Financial Health Grade.
- Student Numbers – The risk that the College does not attract the planned number of students could impact on financial viability and on the recruitment and retention of staff.
- Health and Safety – The risk of a serious breach of health and safety could lead to serious harm or at its most extreme even death.
- Course Development – The College must continually adapt its curriculum in order to fulfil the needs of employers and students to attract them to the College and also deliver against the regional skills needs.
- Student Attendance – Failure to achieve satisfactory student attendance and poor student behaviour across the College could severely impact the College's reputation, which could impact on future student recruitment and ultimately any future Ofsted rating.

The above risks link directly to the principal risks noted in the College strategic report in terms of the financial sustainability of the College and delivering an excellent student experience which will ultimately attract more learners and ensure the viability of the organisation.

### Control weaknesses identified

There were no significant internal control weaknesses or failures reported during the year.

### Responsibilities under accountability agreements

The Corporation has met its statutory responsibilities for the effective and efficient use of resources, the solvency of the institution and the corporate body and the safeguarding of their assets as required by Section 5(3)(c) of Schedule 4 of the Further and Higher education Act 1992. This has been achieved by following established systems and processes detailed in the College Financial Regulations and Procedures along with strong financial planning.

The Corporation has met its contractual responsibilities under its funding agreements and contracts with both the Education and Skills Funding Agency and Office for Students by following robust processes that strictly adhere to the respective bodies' guidance. All financial returns were completed on-time throughout the financial year and members of the Corporation received regular updates regarding the College's financial position.

## NEW COLLEGE DURHAM

The Department for Education and Education and Skills Funding Agency introduced new controls for the college on 29 November 2022 on the day that the Office for National Statistics reclassified colleges as public sector organisations in the national accounts. The ESFA chief executive communicated these changes to all college accounting officers and these have now been reflected in the College Financial Handbook in 2024 which has an effective date of 1<sup>st</sup> August 2024. The college has reviewed its policies, procedures and approval processes in line with these new requirements 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 they can give reasonable assurance that the Corporation has an effective framework for governance, control 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 Audit & Risk Committee in 2023/24 and up to the date of the approval of the financial statements are:

### **Review of the following final reports prepared by the Internal Audit Service (IAS) in 2023/24:**

- **Cyber Security**  
The review provided a substantial level of assurance and did not raise any recommendations.
- **Health and Safety arrangements**  
The review provided a substantial level of assurance, including two medium priority recommendations relating to consistency of approach in risk assessments and the reporting of minor incidents, which were promptly addressed, and two low priority recommendations.
- **Capital - Asset Management**  
The review provided a substantial level of assurance, including two low priority recommendations.
- **Personnel and Payroll**  
The review provided a substantial level of assurance, including one medium priority recommendation relating to recording of sickness absence which has now been addressed, and three low priority recommendations.
- **Safeguarding and Prevent arrangements**  
The review provided a substantial level of assurance, including two low priority recommendations.
- **HE Partnership arrangements**  
The review provided a substantial level of assurance, including one medium priority recommendation relating to reporting and recording of staffing changes at partner Colleges, which is being addressed by management, and one low priority recommendation.

## NEW COLLEGE DURHAM

- **Actions Follow Up**

The review followed up on seven medium priority actions raised by the internal auditor in 2023/24. The audit concluded that sufficient evidence was provided to confirm that six of these actions had been implemented. One medium priority recommendation was partially implemented with completion anticipated by 30 September 2024.

- **Sub-contracting Grant controls**

The audit work confirmed that appropriate systems and controls were in place to manage the College's sub-contractors during 2023/24 and that these were compliant with ESFA requirements.

- **National Battery Training and Skills Academy Grant**

The review confirmed that expenditure had been spent in accordance with the terms and conditions of the grant.

- **Higher Technical Education Skills Injection Fund**

The grant claim was made by NCD as lead partner on behalf of six colleges comprising the North East Institute of Technology. In relation to the activities of New College Durham, East Durham College, Tyne Coast College, Sunderland College and Middlesbrough College during the period, the audit work carried out confirmed that the Fund was appropriately monitored, that expenditure could be evidenced, and that expenditure was appropriate under the terms of the grant.

- **Local Skills Improvement Fund**

The audit work confirmed that expenditure was sufficiently recorded, evidenced, and in accordance with the terms of the grant.

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

### Committee Discussions with Auditors

Throughout the year, the Committee held private discussions with internal and external auditors at the start of each meeting and were involved in the development of the Audit Plan for the year.

### Risk Management

The Audit & Risk Committee has a key role in advising Corporation on the College's framework of risk management and control. The College's Risk Management Policy established the framework for managing and monitoring risks including establishment of the Risk Management Group, which reports to the Audit & Risk Committee every term.

The Risk Management Statement and Strategy was updated and approved by Corporation on 7 July 2021 and is subject to review every 5 years. The Strategy sets out the Audit & Risk Committee's responsibilities in respect of risk management.

During 2023/24 the Committee received regular updates on the College Risk Register. The Risk Management Group has monitored the identified risk areas and has ranked them according to likelihood, potential financial consequences and the effect on reputation. In addition, an action plan for 2023/24 was prepared to mitigate identified risks.

## **NEW COLLEGE DURHAM**

The Audit & Risk Committee has considered and provided constructive challenge to the work undertaken by the Risk Management Group during the year and is satisfied that progress is being made to minimise the risks faced by the College. All Risk Management Group minutes are circulated to the Committee and available to any member wishing to access them.

Within the broader remit on risk management, the Audit and Risk Committee oversees the College's policies on fraud and irregularity and whistleblowing. The Committee received and provided challenge on the annual report on fraud and whistleblowing and considered the College's arrangements to deal with academic malpractice. There have been no allegations of financial fraud made against the College during the year. An anonymous allegation was received relating to the practices of one of the College's HE partners which was investigated, found to be unsubstantiated and some administrative recommendations made, the outcome of this review has been shared with the Department for Education. One report of alleged academic malpractice was made via the Public Interest Disclosure (Whistleblowing) Procedure. Upon review this did not meet the criteria of a Public Interest Disclosure, however an internal investigation was completed and although several procedure improvements were identified there were no identified acts of academic malpractice.

### **Audit & Risk Committee Opinion**

On the basis of the work summarised in the Audit & Risk Committee Annual Report, the Audit & Risk Committee can provide reasonable assurance that Corporation's audit arrangements, its framework of governance, risk management and control are adequate and effective.

### **Review of Effectiveness**

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

- The work of the internal auditors.
- 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 Auditors, the regularity auditors and any appointed funding auditors in their management letters and other reports.

The Principal has been advised of 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 auditors (and risk management group) and a plan to address weaknesses and ensure continuous improvement of the system is in place.



## NEW COLLEGE DURHAM

The Senior Leadership Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Senior Leadership Team and the Audit and Risk Committee also receive regular reports from internal audit 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 and receiving reports thereon from senior managers. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

At its meeting on 12 December 2024, the Corporation carried out the annual assessment for the year ended 31 July 2024 by considering documentation from the senior management team and internal audit and taking account of events since 31 July 2024.

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 the safeguarding of their assets'.

Approved by order of the Members of the Corporation on 12 December 2024 and signed on its behalf by:



**S King**

**Chair**



**A Broadbent**

**Accounting Officer**

## **NEW COLLEGE DURHAM**

### **Statement on the College's regularity, propriety and compliance**

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

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

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



**A Broadbent**

**Accounting Officer**

**12 December 2024**

### **Statement of the chair of governors**

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



**S King**

**Chair of governors**

**12 December 2024**

## **NEW COLLEGE DURHAM**

### **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 ESFA, DfE and any other public body, the corporation is required to prepare financial statements which give a true and fair view of the financial performance and position of the corporation for the relevant period. Corporations must also prepare a strategic report which includes an operating and financial review for the year. The bases for the preparation of the financial statements and strategic report are the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction and the United Kingdom's Generally Accepted Accounting Practice.

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

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

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

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

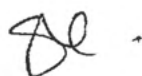
The corporation is responsible for the maintenance and integrity of its website; the work carried out by auditors does not involve consideration of these matters and, accordingly, auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially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

## NEW COLLEGE DURHAM

Members of the corporation are responsible for ensuring that expenditure and income are applied for the purposes intended and that financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, DfE and any other public funds, are used only in accordance with the accountability agreement, funding agreements and contracts and any other conditions, that may be prescribed from time to time by ESFA, or any other public funder, including that any transactions entered into by corporation are within the delegated authorities set out in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides. Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the corporation are responsible for securing economic, efficient and effective management of the corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA, DfE and other public bodies are not put at risk.

They are also responsible for ensuring funds from Office for Students or other sources are properly applied for the purposes for which they have been given and in accordance with relevant legislations or terms and conditions attached to them.

Approved by order of the members of the corporation on 12 December 2024 and signed on its behalf by:



S King

Chair of governors

## **NEW COLLEGE DURHAM**

### **INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF NEW COLLEGE DURHAM**

#### **Opinion**

We have audited the financial statements of New College Durham (the "College") and its subsidiary (the "Group") for the year ended 31 July 2024 which comprise the consolidated and college statements of comprehensive income, the consolidated and college balance sheets, the consolidated and college statements of changes in reserves, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the College's affairs as at 31 July 2024 and of the Group's and the College's surplus of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Accounts Direction issued by the Education and Skills Funding Agency.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and 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 governors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or 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 governors with respect to going concern are described in the relevant sections of this report.



## **NEW COLLEGE DURHAM**

### **Other information**

The other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor's report thereon. The governors are responsible for the other information contained within the Report and Financial Statements. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

### **Opinion on other matters prescribed by the Office for Students' Accounts Direction**

In our opinion, in all material respects:

- funds from whatever source administered by the college for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, the Education and Skills Funding Agency and Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of the Office for Students' accounts direction for the relevant year's financial statements have been met.

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

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

- adequate accounting records have not been kept;
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations required for our audit.

We have nothing to report in respect of the following matters where the Office for Students' accounts direction requires us to report to you if:

- the College's grant and fee income, as disclosed in the note 8a to the accounts, has been materially misstated.
- The College's expenditure on access and participation activities for the financial year has been materially misstated.

## **NEW COLLEGE DURHAM**

### **Responsibilities of the Corporation of New College Durham**

As explained more fully in the Statement of the Member of the Corporation's Responsibilities set out on pages 36 to 37, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the group and College operate in and how the group and college are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;

## NEW COLLEGE DURHAM

- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Further and Higher Education SORP, the College Accounts Direction published by the Education and Skills Funding Agency, Regulatory Advice 9: Accounts Direction published by the Office for Students' and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those which are in relation to the Education Inspection Framework under the Education and Inspections Act 2006, Keeping Children Safe in Education under the Education Act 2002 and the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these law and regulations and inspected correspondence and inspected correspondence with licensing or regulatory authorities.

The group audit engagement team identified the risk of management override of controls and income recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates and review of income transactions surrounding the year end.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://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 Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated August 2024. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged 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 Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

*RSM UK AUDIT LLP*

RSM UK AUDIT LLP  
1 St James' Gate  
Newcastle Upon Tyne  
NE1 4AD

17/12/24

## NEW COLLEGE DURHAM

### Consolidated and College Statements of Comprehensive Income

	Note	Year ended 31 July 2024		Year ended 31 July 2023	
		Group £'000	College £'000	Group £'000	College £'000
<b>Income</b>					
Funding body grants	2	38,119	38,119	33,420	33,420
Tuition fees and education contracts	3	19,072	19,072	14,999	14,999
Research grants and contracts	4	73	73	0	0
Other income	5	956	956	705	704
Investment income	6	846	846	577	577
<b>Total Income</b>		<b>59,066</b>	<b>59,066</b>	<b>49,701</b>	<b>49,700</b>
<b>Expenditure</b>					
Staff costs	7	27,056	27,056	25,194	25,194
Other operating expenses	8	24,717	24,715	20,752	20,750
Amortisation	11	144	144	146	146
Depreciation	12	3,121	3,121	2,523	2,523
Interest and other finance costs	9	0	0	320	320
<b>Total Expenditure</b>		<b>55,038</b>	<b>55,036</b>	<b>48,935</b>	<b>48,933</b>
<b>Surplus before other gains and losses</b>		<b>4,028</b>	<b>4,030</b>	<b>766</b>	<b>767</b>
Loss on disposal of tangible fixed assets	11,12	(16)	(16)	(1)	(1)
<b>Surplus before tax</b>		<b>4,012</b>	<b>4,014</b>	<b>765</b>	<b>766</b>
Taxation	10	0	0	0	0
<b>Surplus for the year</b>		<b>4,012</b>	<b>4,014</b>	<b>765</b>	<b>766</b>
Actuarial (Loss) / gain in respect of pension schemes	23	(830)	(830)	11,250	11,250
<b>Total Comprehensive Income for the year</b>		<b>3,182</b>	<b>3,184</b>	<b>12,015</b>	<b>12,016</b>
<b>Represented by:</b>					
Unrestricted comprehensive income		3,182	3,184	12,015	12,016
		<b>3,182</b>	<b>3,184</b>	<b>12,015</b>	<b>12,016</b>
<b>Surplus for the year attributable to:</b>					
Corporation of the College		<b>4,012</b>	<b>4,014</b>	<b>765</b>	<b>766</b>
<b>Total Comprehensive income for the year attributable to:</b>					
Corporation of the College		<b>3,182</b>	<b>3,184</b>	<b>12,015</b>	<b>12,016</b>

The statement of comprehensive income is in respect of continuing activities.

## NEW COLLEGE DURHAM

### Consolidated and College Statement of Changes in Reserves

	Income and Expenditure account	Revaluation reserve	Restricted Reserves	Total excluding Non Controlling interest	Total
	£'000	£'000	£'000	£'000	£'000
<b>Group</b>					
<b>Balance at 1st August 2022</b>	30,678	11,703	2	42,383	42,383
Deficit from the statements of comprehensive income	765	0	0	765	765
Other comprehensive income	11,250	0	0	11,250	11,250
Transfers between revaluation and income and expenditure reserves	156	(156)	0	0	0
<b>Total comprehensive income for the year</b>	<u>12,171</u>	<u>(156)</u>	<u>0</u>	<u>12,015</u>	<u>12,015</u>
<b>Balance at 31st July 2023</b>	<u><b>42,849</b></u>	<u><b>11,547</b></u>	<u><b>2</b></u>	<u><b>54,398</b></u>	<u><b>54,398</b></u>
<b>Balance at 1st August 2023</b>	42,849	11,547	2	54,398	54,398
Surplus from the statements of comprehensive income	4,012	0	0	4,012	4,012
Other comprehensive income	(830)	0	0	(830)	(830)
Transfers between revaluation and income and expenditure reserves	155	(155)	0	0	0
<b>Total comprehensive income for the year</b>	<u>3,337</u>	<u>(155)</u>	<u>0</u>	<u>3,182</u>	<u>3,182</u>
<b>Balance at 31st July 2024</b>	<u><b>46,186</b></u>	<u><b>11,392</b></u>	<u><b>2</b></u>	<u><b>57,580</b></u>	<u><b>57,580</b></u>
<b>College</b>					
<b>Balance at 1st August 2022</b>	30,683	11,703	2	42,388	42,388
Deficit from the statements of comprehensive income	766	0	0	766	766
Other comprehensive income	11,250	0	0	11,250	11,250
Transfers between revaluation and income and expenditure reserves	156	(156)	0	0	0
<b>Total comprehensive income for the year</b>	<u>12,172</u>	<u>(156)</u>	<u>0</u>	<u>12,016</u>	<u>12,016</u>
<b>Balance at 31st July 2023</b>	<u><b>42,855</b></u>	<u><b>11,547</b></u>	<u><b>2</b></u>	<u><b>54,404</b></u>	<u><b>54,404</b></u>
<b>Balance at 1st August 2023</b>	42,855	11,547	2	54,404	54,404
Surplus from the statements of comprehensive income	4,014	0	0	4,014	4,014
Other comprehensive income	(830)	0	0	(830)	(830)
Transfers between revaluation and income and expenditure reserves	155	(155)	0	0	0
<b>Total comprehensive income for the year</b>	<u>3,339</u>	<u>(155)</u>	<u>0</u>	<u>3,184</u>	<u>3,184</u>
<b>Balance at 31st July 2024</b>	<u><b>46,194</b></u>	<u><b>11,392</b></u>	<u><b>2</b></u>	<u><b>57,588</b></u>	<u><b>57,588</b></u>



# NEW COLLEGE DURHAM

## Balance Sheets as at 31 July 2024

	Note	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
<b>Non current assets</b>					
Intangible assets	11	405	405	416	416
Tangible fixed assets	12	64,739	64,739	59,209	59,209
Non-current investments	13	2	4	2	4
<b>Total non current assets</b>		<b>65,146</b>	<b>65,148</b>	<b>59,627</b>	<b>59,629</b>
<b>Current assets</b>					
Debtors	14	7,652	7,684	4,793	4,843
Investments	15	5,268	5,268	8,718	8,718
Cash at bank and in hand	19	11,880	11,854	9,050	9,004
<b>Total current assets</b>		<b>24,800</b>	<b>24,806</b>	<b>22,561</b>	<b>22,565</b>
Creditors - amounts falling due within one year	16	(14,362)	(14,362)	(9,298)	(9,298)
<b>Net current assets</b>		<b>10,438</b>	<b>10,444</b>	<b>13,263</b>	<b>13,267</b>
<b>Total assets less current liabilities</b>		<b>75,584</b>	<b>75,592</b>	<b>72,890</b>	<b>72,896</b>
Creditors - amounts falling due after one year	17	(18,004)	(18,004)	(18,492)	(18,492)
<b>Provisions</b>					
Defined benefit obligations	18	0	0	0	0
<b>TOTAL NET ASSETS</b>		<b>57,580</b>	<b>57,588</b>	<b>54,398</b>	<b>54,404</b>
<b>Unrestricted Reserves</b>					
Income and expenditure account	27	34,015	34,023	32,733	32,739
Designated reserve		12,171	12,171	10,116	10,116
Revaluation reserve		11,392	11,392	11,547	11,547
<b>Total unrestricted reserves</b>		<b>57,578</b>	<b>57,586</b>	<b>54,396</b>	<b>54,402</b>
<b>Restricted Reserves</b>					
Restricted Reserves		2	2	2	2
<b>Total restricted reserves</b>		<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>TOTAL RESERVES</b>		<b>57,580</b>	<b>57,588</b>	<b>54,398</b>	<b>54,404</b>

The financial statements on pages 42 to 76 were approved by the governing body on 12 December 2024 and were signed on its behalf on that date by:



S King - Chair



A Broadbent - Principal & Chief Executive (Accounting Officer)

## NEW COLLEGE DURHAM

### Consolidated Statement of Cash Flows

	Note	2024 £'000	2023 £'000
<b>Cash inflow from operating activities</b>			
Surplus for the year		4,012	765
<b>Adjustment for non cash items</b>			
Amortisation	11	144	146
Depreciation	12	3,121	2,523
(Increase) / decrease in debtors	14	(2,859)	343
Increase / (decrease) in creditors due within one year	16	5,007	(223)
(Decrease) / increase in creditors due after one year	17	(488)	3,491
Release of Deferred capital grants	17	57	116
Pensions costs less contributions payable	23	(830)	760
<b>Adjustment for investing or financing activities</b>			
Interest and investment income	6	(846)	(577)
Loss on disposal of fixed assets		16	1
<b>Net cash inflow from operating activities</b>		<b>7,334</b>	<b>7,345</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of fixed assets		12	7
Interest and investment income	6	846	577
Withdrawal of deposits		2,849	(587)
Receipt of Deferred capital grants		601	4,515
Payments made to acquire intangible assets	11	(136)	(84)
Payments made to acquire tangible fixed assets	12	(8,676)	(11,772)
		<b>(4,504)</b>	<b>(7,344)</b>
<b>Cash flows from financing activities</b>			
Interest paid	9	0	0
New unsecured loans		0	0
Repayments of amounts borrowed		0	0
		<b>0</b>	<b>0</b>
<b>Increase in cash and cash equivalents in the year</b>		<b>2,830</b>	<b>1</b>
Cash and cash equivalents at beginning of the year	19	9,050	9,049
Cash and cash equivalents at end of the year	19	11,880	9,050

## **NEW COLLEGE DURHAM**

### **Notes to the Financial Statements**

#### **1. Statement of accounting policies and estimation techniques**

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

##### **General Information**

New College Durham is a corporation established under the Further and Higher Education Act 1992 as an English general college of further education. The address of the College's principal place of business is given on page 1. The nature of the College's operations is set out in the Strategic Report.

##### **Basis of preparation**

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2023/24 and Regulatory Advice 9: Accounts Direction issued by the Office for Students and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102) under the historical cost convention. The college is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

##### **Basis of accounting**

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

The consolidated financial statements are presented in sterling which is also the functional currency of the College.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

##### **Basis of consolidation**

The consolidated financial statements include the College and its subsidiary undertaking Westfirst Limited, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity to obtain benefits from its activities. Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2024.

##### **Going concern**

The activities of the Group, together with the factors likely to affect its future development and performance are set out in the Strategic Report. The financial position of the College, its cash flow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

## NEW COLLEGE DURHAM

### Notes to the Financial Statements (continued)

The College does not have any loan financing as at 31 July 2024. The College has submitted a financial forecast to the ESFA covering the period to July 2026 and, in that plan, has identified the possible reductions and growth in funding as well as plausible increases to expenditure and cash outflows and the measures by which the College and Group will ensure that it remains financially viable during this period.

The budget forecasts for 2024/2025 and 2025/2026 financial years plan for a surplus before pension adjustments and the college has both strong cash flows and free reserves to ensure financial stability for the foreseeable future. Included in the budget forecasts is a further £4,097,000 for the Multi Use Games Area and Car Park, £1,500,000 investment in the Colleges Annual Capital Programme, £473,000 for the Battery Training Centre and a further £97,000 on other projects. The College continue to review forecasts, monitor costs and update plans on a regular basis to ensure future challenges can be met.

Student recruitment in full time 16-19 year olds has improved in 2024/2025, and the College has seen a further increase in students undertaking Apprenticeships. The College budget for both 2024/2025 and 2025/2026 was set prudently allowing for fluctuations in learner numbers and enables the College to be resilient against the changing Education landscape.

A Medium-Term financial plan was approved by Corporation on 04 July 2024 which looks ahead over a five year period and describes the direction of the College based on several assumptions. The plan continues to project that the College will make surpluses and be rated financially outstanding throughout the five year period. The plan continues to show strong cash balances which will be utilised to invest in the College's ambitious Capital programme whilst ensuring that the College's 10% reserves policy target is exceeded.

The College are presently looking at the refurbishment of the Sports and Music Building with an estimated cost of £5,693,000 and although the College aren't yet contractually committed to the project, funds have been designated.

There will be further challenges ahead with the College being reclassified as public sector however, the College are well positioned to meet the needs of the people and employers of County Durham. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

### Recognition of income

#### *Revenue grant funding*

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accruals 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 achievement for the Adult Education 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 result of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

## **NEW COLLEGE DURHAM**

### **Notes to the Financial Statements (continued)**

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

Where part of a government grant is deferred, the deferred element is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

Grants (including research grants) from non-government sources are recognised in income when the 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.

#### *Capital grant funding*

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual model as permitted by FRS 102. Other, non-governmental, capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as conditions are met.

#### *Fee income*

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

#### *Investment income*

All income from short-term deposits is credited to the Statement of Comprehensive Income in the period in which it is earned on a receivable basis. Income from restricted purpose endowment funds not expended in accordance with the restrictions of the endowment in the period is transferred from the Statement of Comprehensive Income to accumulated income within endowment funds.

#### *Agency arrangements*

The College acts as an agent in the collection and payment of certain discretionary support funds and employer incentives. Related payments received from the funding bodies and subsequent disbursement to students and employers, are excluded from the Statement of Comprehensive Income of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

### **Accounting for post-retirement benefits**

Retirement benefits to employees of the College are principally provided by Teachers' Pensions Scheme (TPS) and the Local Government Pension Scheme (LGPS), which are multi-employer defined benefit plans.



## **NEW COLLEGE DURHAM**

### **Notes to the Financial Statements (continued)**

#### *Teachers' Pension Scheme (TPS)*

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the 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 there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the Statement of Comprehensive Income in the periods during which services are rendered by employees.

#### *Durham Local Government Pension Scheme (LGPS)*

The LGPS is a funded scheme, and the assets of the scheme are held separately. Pension schemes are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. 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. The net interest cost on the net defined benefit liability/asset is charged to comprehensive income and included within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

The LGPS assets are managed by the scheme trustees at scheme level, and the allocation of assets to each individual employer in the scheme is managed by the scheme actuary. The assets are allocated to each employer for accounting purposes based on the valuation of the assets at the latest triennial valuation as adjusted for subsequent contributions received from the employer, asset returns and benefit payments made (either on a cash basis or actuarial basis).

The retirement benefit obligation recognised represents the deficit or surplus in the defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

#### **Short term Employment benefits**

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

#### **Enhanced pensions**

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the Group 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 comprehensive 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.

## **NEW COLLEGE DURHAM**

### **Notes to the Financial Statements (continued)**

#### **Termination Benefits**

Termination benefits such as redundancy, severance pay and payment in lieu of notice are recognised as an expense in the year in which the employee's employment to the College is terminated.

#### **Non-current Assets - Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2019 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

##### *Land and buildings*

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

Freehold buildings are depreciated on a straight-line basis over their expected useful economic life to the College of between 20 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 65 years. College land and buildings are held at depreciated replacement cost.

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 2013, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

##### *Assets under construction*

Buildings under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31 July. They are not depreciated until they are brought into use.

## **NEW COLLEGE DURHAM**

### **Notes to the Financial Statements (continued)**

#### *Subsequent expenditure on existing fixed assets*

Where significant expenditure is incurred on a tangible fixed asset it is charged to the Statement of Comprehensive Income in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- Market value of the fixed asset has subsequently improved
- Asset capacity increases
- Substantial improvement in the quality of output or reduction in operating costs
- Significant extension of the asset's life beyond that conferred by repairs and maintenance

#### *Buildings owned by third parties*

Where land and buildings are used, but the legal rights are held by a third party, for example a charitable trust, they are only capitalised if the College has rights or access to ongoing future economic benefit. These assets are then depreciated over their expected useful economic life.

#### *Equipment*

Equipment costing less than £2,000 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 useful economic life as follows:

- motor vehicles and general equipment – 5 years
- computer equipment – 5 years
- furniture, fixtures and fittings – 20 years
- large items of equipment and specialist IT/computer equipment – useful economic life

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

#### **Non-current Assets - Intangible fixed assets**

Intangible Assets such as software are amortised on a straight-line basis over their useful economic life of 5 years. Amortisation is shown as a separate line on the Statement of Comprehensive Income.

## **NEW COLLEGE DURHAM**

### **Notes to the Financial Statements (continued)**

#### **Leased assets**

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure.

Any lease premiums or incentives relating to leases are spread over the minimum lease term.

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as finance leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

#### **Investments**

##### *Investments in subsidiaries*

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

##### *Other investments*

Listed investments held as non-current assets and current asset investments, which may include listed investments, are stated at fair value, with movements recognised in Comprehensive Income. Investments comprising unquoted equity instruments are measured at fair value, estimated using a valuation technique.

#### **Stocks**

No significant stocks are held by the College and purchases of stock items are charged directly to the Statement of Comprehensive Income.

#### **Cash and cash equivalents**

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of three months or less from the date of acquisition.

#### **Financial liabilities and equity**

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

## **NEW COLLEGE DURHAM**

### **Notes to the Financial Statements (continued)**

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

#### **Maintenance of premises**

The cost of long term and routine corrective maintenance is charged to the Statement of Comprehensive Income in the period that it is incurred.

#### **Foreign currency translation**

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

#### **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 only recover around 2% 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.

The College's subsidiary company are subject to corporation tax and VAT in the same way as any commercial organisation.

#### **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.



## NEW COLLEGE DURHAM

### Notes to the Financial Statements (continued)

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.

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

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

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

- *Tangible fixed assets*  
Tangible fixed assets, other than investment properties, 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 obligation depends on several factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension obligation. 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 obligation at 31 July 2024. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension obligation.

## NEW COLLEGE DURHAM

### Notes to the Financial Statements (continued)

#### 2 Funding body grants

	Year ended 31 July		Year ended 31 July	
	2024	2024	2023	2023
	Group	College	Group	College
	£'000	£'000	£'000	£'000
<b>Recurrent grants</b>				
Education and Skills Funding Agency - 16-18	16,915	16,915	14,437	14,437
Education and Skills Funding Agency - Adult education non devolved	2,636	2,636	2,694	2,694
Education and Skills Funding Agency - Apprenticeships	5,488	5,488	4,637	4,637
Adult education devolved	2,529	2,529	2,179	2,179
Office for Students grant	1,727	1,727	1,416	1,416
<b>Specific grants</b>				
Education and Skills Funding Agency - ESF	2,366	2,366	4,082	4,082
Education and Skills Funding Agency 16-19 Tuition Fund	278	278	339	339
Education and Skills Funding Agency - Local Skills Improvement Fund	80	80	0	0
Bootcamps	3,767	3,767	1,885	1,885
Shared Prosperity Fund	291	291	63	63
Teacher Pension Scheme contribution grant	885	885	711	711
Office for Students non recurrent grant	125	125	96	96
Releases of deferred capital grants	1,032	1,032	881	881
<b>Total</b>	<b>38,119</b>	<b>38,119</b>	<b>33,420</b>	<b>33,420</b>
<b>Office for Students analysis</b>				
Grant income from the Office for Students	1,727	1,727	1,416	1,416
Grant income from other bodies	0	0	0	0
Fee income for taught awards	18,295	18,295	14,125	14,125
Fee income for research awards	0	0	0	0
Fee income for non-qualifying course	0	0	0	0
	<b>20,022</b>	<b>20,022</b>	<b>15,541</b>	<b>15,541</b>

#### 3 Tuition fees and education contracts

	Year ended 31 July		Year ended 31 July	
	2024	2024	2023	2023
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Adult education fees	222	222	293	293
Apprenticeship fees and contracts	75	75	84	84
Fees for FE loan supported courses	133	133	166	166
Fees for HE loan supported courses	18,295	18,295	14,125	14,125
International students' fees	94	94	108	108
<b>Total tuition fees</b>	<b>18,819</b>	<b>18,819</b>	<b>14,776</b>	<b>14,776</b>
Education contracts	253	253	223	223
<b>Total</b>	<b>19,072</b>	<b>19,072</b>	<b>14,999</b>	<b>14,999</b>

## NEW COLLEGE DURHAM

### Notes to the Financial Statements (continued)

#### 4 Research grants and contracts

	Year ended 31 July		Year ended 31 July	
	2024	2024	2023	2023
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other grant income	65	65	0	0
Non-government capital grants	8	8	0	0
<b>Total</b>	<b>73</b>	<b>73</b>	<b>0</b>	<b>0</b>

#### 5 Other income

	Year ended 31 July		Year ended 31 July	
	2024	2024	2023	2023
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and residences	20	20	20	19
Other grant income	332	332	132	132
Miscellaneous income	604	604	553	553
<b>Total</b>	<b>956</b>	<b>956</b>	<b>705</b>	<b>704</b>

#### 6 Investment income

	Year ended 31 July		Year ended 31 July	
	2024	2024	2023	2023
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other investment income	381	381	351	351
Other interest receivable	395	395	226	226
	776	776	577	577
Net pension finance Income (note 23)	70	70	0	0
<b>Total</b>	<b>846</b>	<b>846</b>	<b>577</b>	<b>577</b>

## NEW COLLEGE DURHAM

### Notes to the Financial Statements (continued)

#### 7 Staff costs - Group and College

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

	2024 No.	2023 No.
Teaching staff	462	441
Non-teaching staff	192	188
	<u>654</u>	<u>629</u>

#### Staff costs for the above persons:

	2024 £'000	2023 £'000
Wages and salaries	20,267	17,850
Social security costs	1,987	1,754
Apprenticeship Levy	85	75
Other pension costs (including FRS102-28 adjustments of (£760,000) - 2023 £440,000)	<u>3,808</u>	<u>4,527</u>
<b>Payroll sub-total</b>	26,147	24,206
Contracted out staffing services	<u>821</u>	<u>901</u>
	26,968	25,107
Restructuring costs - contractual	88	16
Restructuring costs - non contractual	<u>0</u>	<u>71</u>
<b>Total Staff Costs</b>	<u>27,056</u>	<u>25,194</u>

Included in staff restructuring costs are severance payments totalling £0 (2023: £16,174). The College paid 0 severance payments in the year (2023: 2), disclosed in the following bands.

	2024	2023
£ 0 to £ 25,000	-	2
£ 25,001 to £ 50,000	-	-
£ 50,001 to £ 100,000	-	-
£ 100,001 to £ 150,000	-	-
£ 150,000 +	-	-

## NEW COLLEGE DURHAM

### Notes to the Financial Statements (continued)

#### 7 Staff costs - Group and College (continued)

##### 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 Leadership Team which comprises the Principal and Chief Executive (also Accounting Officer), Deputy Chief Executive, Deputy Principal, Chief Financial Officer, four Vice Principals and four Executive Directors. There were no changes in personnel during the year.

##### Emoluments of Key management personnel, Accounting Officer and other higher paid staff

	2024 No.	2023 No.
The number of key management personnel including the Accounting Officer was:	12	12

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

	Other Staff	
	2024 No.	2023 No.
£ 60,001 to £ 65,000	4	7
£ 65,001 to £ 70,000	6	3
£ 70,001 to £ 75,000	5	1
£ 75,001 to £ 80,000	1	-
£ 80,001 to £ 85,000	-	2
£ 85,001 to £ 90,000	-	1
£ 90,001 to £ 95,000	2	1
£ 95,001 to £ 100,000	2	-
	<u>20</u>	<u>15</u>

The prior year bandings have been restated due to an error and for consistency with current year disclosures.

The number of key management personnel who received annual emoluments above £100,000, excluding pension contributions and employer's national insurance but including benefits in kind, in the following ranges was:

	2024 No.	2023 No.
£ 100,001 to £ 110,000	-	1
£ 110,001 to £ 120,000	1	-
£ 130,001 to £ 140,000	-	2
£ 140,001 to £ 150,000	2	-
£ 170,001 to £ 180,000	-	1
£ 190,001 to £ 200,000	1	-
	<u>4</u>	<u>4</u>



## NEW COLLEGE DURHAM

### Notes to the Financial Statements (continued)

#### 7 Staff costs - Group and College (continued)

Key management personnel compensation is made up as follows:

	2024 £'000	2023 £'000
Basic Salary	1,230	1,153
Performance related pay and bonus	30	27
Benefits in kind	9	9
Pension contributions	225	227
Employers National Insurance	150	146
<b>Total key management personnel compensation</b>	<b>1,644</b>	<b>1,562</b>

There were no amounts due to key management personnel that were waived in the year. Salary sacrifice arrangements available to all staff included electric car scheme, cycle scheme, childcare vouchers and holiday entitlement purchase.

The above compensation includes amounts paid to the Principal and Chief Executive who is the Accounting Officer and is also the highest paid member of staff. Their pay and remuneration is as follows:

#### Mr A Broadbent - Accounting Officer

	2024 £'000	2023 £'000
Salaries	182	161
Performance related pay and bonus	8	8
Benefits in kind	1	1
Salary Sacrifice	(21)	(16)
	170	154
Pension contributions	39	34
Pension Salary Sacrifice	(5)	(3)
	204	185

The remuneration committee at its meeting on Monday 16 October 2023 considered recommendations from the Chair of Corporation in relation to Incremental progression based on performance and a revised salary range for the Accounting Officer. The Accounting Officer was not involved in setting their remuneration. The factors taken into account by the Committee in determining the accounting officer's remuneration for the year to 31 July 2024 included the continuing strong financial health, maintenance of an effective Corporate Services team and a revised curriculum which is far more inclusive. Accomplishments included the strong culture and ethos enabling learners to learn, development of the Institute of Technology, achievement of Foundation Degree Awarding Powers and the development of a strategy schema which underpins key strategic decisions. A similar approach was used to determine the remuneration of other key management personnel.

The governing body adopts the AoC's Senior Post Holder Remuneration Code and has followed the minimum requirements of the code.

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

The remuneration committee assesses the corporation's performance against KPIs and the attainment of students in the year, as well as the progress against the college's long term strategic objectives when reviewing the remuneration package of the key management personnel, including the Principal and Chief Executive. Qualitative measures of success, such as level of engagement of the staff and students are also considered.

## NEW COLLEGE DURHAM

### Notes to the Financial Statements (continued)

#### 7 Staff costs - Group and College (continued)

The level of pay is benchmarked against the pay of similar colleges in the prior financial year, taken from their financial statements, and the general trend within the sector is also considered.

In the academic year 2023/24 the College performance was in line with the expectations of the Board and remains strong both on key financial and curriculum milestones. The Remuneration Committee considered these factors in determining the remuneration of Senior Postholders (including the Principal and Chief Executive) in 2023/24.

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

	2024 £'000	2023 £'000
Principal and Chief Executive's basic salary as a multiple of the median of all staff	5.47	5.21
Principal and Chief Executive's total remuneration as a multiple of the median of all staff	5.76	5.23

The above median calculations are based on substantive posts only and therefore exclude any internal and external agency staff.

The members of the Corporation other than the Principal and the staff members did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

During the year 3 (2023 -2) governors with total expenses of £301 (2023 - £285) were paid in respect of travel and subsistence and other out of pocket expenses incurred in the course of their duties.

## NEW COLLEGE DURHAM

### Notes to the Financial Statements (continued)

#### 8 Other operating expenses

	2024 Group £'000	2024 College £'000	2023 Group £'000	2023 College £'000
Teaching costs	20,078	20,078	17,063	17,063
Non-teaching costs	2,500	2,498	1,787	1,785
Premises costs	2,139	2,139	1,902	1,902
<b>Total</b>	<b>24,717</b>	<b>24,715</b>	<b>20,752</b>	<b>20,750</b>

#### Other operating expenses include (excluding VAT):

	2024 £'000	2023 £'000
Auditors' remuneration:		
Financial statements audit - RSM *	60	47
Internal audit **	18	17
Other services provided by the financial statements auditors	5	1
Other services provided by the internal auditors	6	3
Amortisation	144	146
Depreciation	3,121	2,523
Hire of other assets - operating leases	87	56

\* includes £60,000 in respect of the College (2023 £46,530)

\*\* includes £17,625 in respect of the College (2023 £16,875)

The College have provided its subsidiary Westfirst Ltd with a letter of comfort to the value of £8,150, although no expenditure is included in the accounts.

#### 8a Access and participation spending

	2024 Group & College £'000	2023 Group and College £'000
Access investment	444	341
Financial Support to students	125	50
Disability support	32	17
Research and evaluation	88	69
<b>Total</b>	<b>689</b>	<b>477</b>

The access and participation plan is available through the College website.

## NEW COLLEGE DURHAM

### Notes to the Financial Statements (continued)

#### 9 Interest and other finance costs

	2024 Group £'000	2024 College £'000	2023 Group £'000	2023 College £'000
Net interest on defined pension liability (note 23)	0	0	320	320
<b>Total</b>	<b>0</b>	<b>0</b>	<b>320</b>	<b>320</b>

#### 10 Taxation

	2024 Group £'000	2024 College £'000	2023 Group £'000	2023 College £'000
United Kingdom corporation tax at 25% (2023: 25%)	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The members do not believe that the College was liable for any corporation tax arising out of its activities during the year. The tax charge above relates to its trading subsidiary company.

**NEW COLLEGE DURHAM****Notes to the Financial Statements (continued)****11 Intangible assets (Group and College)**

	<b>Software</b>
	<b>£'000</b>
<b>Cost or valuation</b>	
At 1 August 2023	2,846
Additions	136
Disposals	(3)
<b>At 31 July 2024</b>	<b><u>2,979</u></b>
<b>Accumulated Amortisation</b>	
At 1 August 2023	2,430
Charge for year	144
Eliminated in respect of disposals	0
<b>At 31 July 2024</b>	<b><u>2,574</u></b>
<b>Net book value</b>	
<b>At 31 July 2024</b>	<b><u><u>405</u></u></b>
Net book value	
At 31 July 2023	<b><u><u>416</u></u></b>



# NEW COLLEGE DURHAM

## Notes to the Financial Statements (continued)

### 12 Tangible fixed assets (Group)

	Leasehold Land and Buildings £'000	Freehold Land and Buildings £'000	Assets Under Construction £'000	Equipment £'000	Total £'000
<b>Cost or valuation</b>					
At 1 August 2023	166	49,925	8,133	20,653	78,877
Additions	0	1,568	4,040	3,068	8,676
Reclassification of asset	0	11,811	(11,834)	23	0
Disposals	(161)	(7)	0	(578)	(746)
<b>At 31 July 2024</b>	<b>5</b>	<b>63,297</b>	<b>339</b>	<b>23,166</b>	<b>86,807</b>
<b>Accumulated Depreciation</b>					
At 1 August 2023	166	7,223	0	12,279	19,668
Charge for year	0	1,093	0	2,028	3,121
Eliminated in respect of disposals	(161)	0	0	(560)	(721)
<b>At 31 July 2024</b>	<b>5</b>	<b>8,316</b>	<b>0</b>	<b>13,747</b>	<b>22,068</b>
<b>Net book value</b>					
<b>At 31 July 2024</b>	<b>0</b>	<b>54,981</b>	<b>339</b>	<b>9,419</b>	<b>64,739</b>
Net book value At 31 July 2023	0	42,702	8,133	8,374	59,209

Buildings held by the Subsidiary company (Westfirst Limited) are held at historic cost and are fully depreciated.

## NEW COLLEGE DURHAM

### Notes to the Financial Statements (continued)

#### 12 Tangible fixed assets (College only)

	Leasehold Land and Buildings £'000	Freehold Land and Buildings £'000	Assets Under Construction £'000	Equipment £'000	Total £'000
<b>Cost or valuation</b>					
At 1 August 2023	166	49,860	8,133	20,463	78,622
Additions	0	1,568	4,040	3,068	8,676
Reclassification of asset	0	11,811	(11,834)	23	0
Disposals	(161)	(7)	0	(578)	(746)
<b>At 31 July 2024</b>	<b>5</b>	<b>63,232</b>	<b>339</b>	<b>22,976</b>	<b>86,552</b>
<b>Accumulated Depreciation</b>					
At 1 August 2023	166	7,162	0	12,085	19,413
Charge for year	0	1,093	0	2,028	3,121
Eliminated in respect of disposals	(161)	0	0	(560)	(721)
<b>At 31 July 2024</b>	<b>5</b>	<b>8,255</b>	<b>0</b>	<b>13,553</b>	<b>21,813</b>
<b>Net book value</b>					
<b>At 31 July 2024</b>	<b>0</b>	<b>54,977</b>	<b>339</b>	<b>9,423</b>	<b>64,739</b>
<b>Net book value</b>					
<b>At 31 July 2023</b>	<b>0</b>	<b>42,698</b>	<b>8,133</b>	<b>8,378</b>	<b>59,209</b>

Cost and depreciation relating to fully depreciated assets which are no longer used have been removed.

Land and buildings were valued on 31 July 2013 by a firm of independent chartered surveyors (Ashley Smith Chartered Surveyors) at depreciated replacement cost as defined in the glossary of terms of the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards (5th Edition).

The valuation of land at 31 July 2013 was £5,000,000 and its historic cost was £2,730,000 (land is not depreciated). The valuation of the buildings was £37,875,000 which had a historic cost of £35,693,000 and accumulated depreciation of £5,993,000 as at 31 July 2013.

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 2013, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

## NEW COLLEGE DURHAM

### Notes to the Financial Statements (continued)

#### 13 Non-current investments

	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
Investments in subsidiary companies	0	2	0	2
Charities Official Investment Fund - Re	2	2	2	2
Edgar Stephenson Memorial Trust				
<b>Total</b>	<b>2</b>	<b>4</b>	<b>2</b>	<b>4</b>

The College owns 100% of the issued £1 ordinary shares in Westfirst Limited, a company incorporated in England and Wales (Registered Office: New College Durham, Framwellgate Moor Campus, Durham, County Durham, DH1 5ES). The principal business activities of Westfirst Limited is lettings of the College to external organisations.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

#### 14 Trade and other receivables

	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
Amounts falling due within one year:				
Trade receivables	3,391	3,391	1,348	1,348
Amounts owed by subsidiary undertakings	0	34	0	51
Prepayments and accrued income	2,582	2,580	2,681	2,680
Amounts owed by the ESFA	1,679	1,679	764	764
<b>Total</b>	<b>7,652</b>	<b>7,684</b>	<b>4,793</b>	<b>4,843</b>

#### 15 Investments

	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
Short-term deposits	5,268	5,268	8,718	8,718
<b>Total</b>	<b>5,268</b>	<b>5,268</b>	<b>8,718</b>	<b>8,718</b>

Deposits are held in short term notice accounts with a number of UK clearing banks.

#### 16 Creditors - amounts falling due within one year

	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
Trade payables	793	793	469	469
Payments received in advance	1,125	1,125	1,267	1,267
Amounts owed to subsidiary undertakings	0	2	0	2
Other taxation and social security	698	698	970	970
Accruals	9,964	9,962	4,637	4,635
Holiday pay	672	672	666	666
Deferred income - government capital grants	1,059	1,059	1,002	1,002
Amounts owed to the ESFA	51	51	287	287
<b>Total</b>	<b>14,362</b>	<b>14,362</b>	<b>9,298</b>	<b>9,298</b>

## NEW COLLEGE DURHAM

### Notes to the Financial Statements (continued)

#### 17 Creditors - amounts falling due after one year

	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
Deferred income - government capital grants	18,004	18,004	18,492	18,492
<b>Total</b>	<b>18,004</b>	<b>18,004</b>	<b>18,492</b>	<b>18,492</b>

#### 18 Provisions - defined benefit obligations (Group and College)

	Defined benefit Obligations £'000
At 1 August 2023	-
Utilised in the year	2,320
Additional provision in the year	(2,320)
<b>At 31 July 2024</b>	<b>0</b>

Defined benefit obligations relate to the surpluses and liabilities under the College's membership of the Local Government pension Scheme. Further details are given in Note 23.

## NEW COLLEGE DURHAM

### Notes to the Financial Statements (continued)

#### 19 Cash and cash equivalents

Group	At 1 August 2023 £'000	Cash flows £'000	Other changes £'000	At 31 July 2024 £'000
Cash and cash equivalents	9,050	2,830	0	11,880
<b>Total</b>	<b>9,050</b>	<b>2,830</b>	<b>0</b>	<b>11,880</b>

College	At 1 August 2023 £'000	Cash flows £'000	Other changes £'000	At 31 July 2024 £'000
Cash and cash equivalents	9,004	2,850	0	11,854
<b>Total</b>	<b>9,004</b>	<b>2,850</b>	<b>0</b>	<b>11,854</b>

#### 20 Capital and other commitments

	2024 £'000	2023 £'000
Commitments contracted for as at 31 July (payable within 1 year)	5,036	3,361

#### 21 Contingencies

There were no contingent liabilities (2023 none).

#### 22 Events after the reporting year

There were no events after the reporting year (2023 none).



## NEW COLLEGE DURHAM

### Notes to the Financial Statements (continued)

#### 23 Defined benefit obligations

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

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

Total pension costs for the year	2024 £'000	2023 £'000
Teachers' Pension Scheme: contributions paid	2,248	1,887
Local Government Pension Scheme:		
Contributions paid	2,320	2,200
FRS 102 (28) charge	(760)	440
Charge to the Statement of Comprehensive Income	1,560	2,640
<b>Total Pension Cost for Year within staff costs</b>	<b>3,808</b>	<b>4,527</b>

Contributions amounting to £724,000 (2023 £443,000) were payable to the scheme at 31 July and are included within creditors.

#### Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, colleges and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The 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 information available on the plan and the implications for the college in terms of the anticipated contribution rates.

#### Valuation of the Teachers' Pension Scheme

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department of Education in October 2023. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service at the effective date of £262 billion and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222 billion giving a notional past service deficit of £40 billion (compared to £22 billion in the 2016 valuation. The discount rate is 1.7% in excess of CPI (2016 2.4% in excess of CPI), and that this change has had the greatest financial significance.

As a result of the valuation, new employer contribution rates have been set at 28.68% of pensionable pay from 1 April 2024 until 31 March 2027 (compared to 23.68% under the previous valuation including a 0.08% administration levy). DfE agreed to pay a Teachers Pensions employer contribution grant to cover the additional costs during the 2023-24 academic year, and currently through to July 2025. The pension costs paid to TPS in the year amounted to £2,248,000 (2023: £1,887,000).

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme Website

## NEW COLLEGE DURHAM

### Notes to the Financial Statements (continued)

#### 23 Defined benefit obligations (continued)

##### Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Durham County Council. The total contribution made for the year ended 31 July 2024 was £2,960,000 of which employer's contributions totalled £2,320,000 and employees' contributions totalled £640,000. The agreed contribution rates for employer contributions from 1 April 2020 to 31 March 2023 has been set at 20.4% with lump sum payments of £262,000 in year 1, £270,000 in year 2 and £278,000 in year 3. The triennial valuation results from 1 April 2023 to 31 March 2026 sets employer contribution at 20.4% with lump sum payments of £287,000 in year 1, £296,000 in year 2 and £306,000 in year 3. The employees contribution rate is dependent on the employees pensionable pay, with bands ranging from 5.5% to 12.5%.

The College is aware that the Court of Appeal has recently upheld the decision in the Virgin Media vs NTL Pension Trustees II Limited case. The decision puts into question the validity of any amendments made in respect of the rules of a contracted-out pension scheme between 6 April 1997 and 5 April 2016. The judgment means that some historic amendments affecting s.9(2B) rights could be void if the necessary actuarial confirmation under s.37 of the Pension Schemes Act 1993 was not obtained. Until further investigations have been completed by the UK Government's Actuary's Department and/or any legislative action taken by the government, the potential impact if any, on the valuation of scheme liabilities remains unknown.

##### Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2023 updated to 31 July 2024 by Aon Hewitt Limited.

	At 31 July 2024	At 31 July 2023
CPI Inflation	2.6%	2.6%
Rate of increase in salaries	3.6%	3.6%
Rate of increase for pensions	2.6%	2.6%
Discount rate for scheme liabilities	5.0%	5.0%
Commutation of pensions to lump sums	85%	85%

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

	At 31 July 2024	At 31 July 2023
<i>Retiring today</i>		
Males	21.50	21.70
Females	23.80	23.90
<i>Retiring in 20 years</i>		
Males	22.40	22.90
Females	24.60	25.00

## NEW COLLEGE DURHAM

### Notes to the Financial Statements (continued)

#### 23 Defined benefit obligations (continued)

##### Local Government Pension Scheme (continued)

The College's share of the assets in the plan at the balance sheet date were:

	Fair Value at 31 July 2024 £'000	Fair Value at 31 July 2023 £'000
Equities	28,070	23,320
Property	3,250	3,440
Government Bonds	5,030	4,860
Corporate Bonds	4,830	4,310
Multi Asset Credit	7,730	7,010
Cash	1,070	920
Other	860	1,970
<b>Total fair value of plan assets</b>	<b>50,840</b>	<b>45,830</b>

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

	2024 £'000	2023 £'000
Fair value of plan assets	50,840	45,830
Present value of plan liabilities	(48,270)	(45,550)
<b>Net pensions asset/(liability)</b>	<b>2,570</b>	<b>280</b>
Restriction to level of asset ceiling	(2,570)	(280)
<b>Net asset/(liability) balance sheet (note 18)</b>	<b>0</b>	<b>0</b>

The value of the college's share of net assets has been restricted due to the effect of the asset ceiling being the maximum value of the present of the economic benefits available in the form of the unconditional right to reduced contributions from the plan. A corresponding change has been made to other comprehensive income in the period.

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

	2024 £'000	2023 £'000
<b>Amounts included in staff costs</b>		
Current service cost	1,560	2,610
Past service cost	0	30
Loss / (gain) on curtailments/settlements	0	0
<b>Total</b>	<b>1,560</b>	<b>2,640</b>

Amounts included in interest and other finance costs

	2024 £'000	2023 £'000
Interest on scheme assets	2,330	1,480
Interest on pension liabilities	(2,260)	(1,800)
<b>Total</b>	<b>70</b>	<b>(320)</b>

Amounts recognised in Other Comprehensive Income

	2024 £'000	2023 £'000
Return on pension plan assets	1,130	210
Experience gains and losses arising on defined benefit obligations	0	0
Changes in assumptions underlying the present value of plan liabilities	330	11,320
Restriction to level of asset ceiling	(2,290)	(280)
<b>Total</b>	<b>(830)</b>	<b>11,250</b>

# NEW COLLEGE DURHAM

## Notes to the Financial Statements (continued)

### 23 Defined benefit obligations (continued)

#### Local Government Pension Scheme (continued)

#### Movement in net defined benefit liability during the year

	2024 £'000	2023 £'000
Net defined liability in scheme at 1 August	0	(10,490)
Movement in year:		
Current service cost	(1,560)	(2,610)
Employer contributions	2,320	2,200
Past service costs	0	(30)
Net interest on the defined liability	70	(320)
Actuarial gain	(830)	11,250
<b>Net defined liability at 31 July</b>	<b>0</b>	<b>0</b>

#### Asset and Liability Reconciliation

	2024 £'000	2023 £'000
<b>Changes in present value of defined benefit obligations</b>		
Defined benefit obligations at start of year	45,550	53,280
Current service cost	1,560	2,610
Interest cost	2,260	1,800
Contributions by scheme participants	640	600
Changes in financial assumptions	(330)	(11,320)
Estimated benefits paid	(1,410)	(1,450)
Past service cost	0	30
<b>Defined benefit obligations at end of year</b>	<b>48,270</b>	<b>45,550</b>

	2024 £'000	2023 £'000
<b>Changes in fair value of plan assets</b>		
Fair value of plan assets at start of year	45,830	42,790
Interest on plan assets	2,330	1,480
Return on plan assets	1,130	210
Employer contributions	2,320	2,200
Contributions by scheme participants	640	600
Estimated benefits paid	(1,410)	(1,450)
<b>Fair value of plan assets at end of year</b>	<b>50,840</b>	<b>45,830</b>
Restriction to level of asset ceiling	(2,570)	(280)
<b>Revised Fair value of plan assets at end of year</b>	<b>48,270</b>	<b>45,550</b>

## NEW COLLEGE DURHAM

### Notes to the Financial Statements (continued)

#### 24 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, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving 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.

The total expenses paid to or on behalf of the Governors during the year was £301 ; 3 governors (2023: £285 ; 2 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2023: None).

*Beamish Museum - a company for which Mrs Hiles (a Board Member) is in paid employment and Mr King is a Board Member.*

Purchase transactions totalling £3,289 (2023 £4,834) took place during the year. At the year-end £0 was outstanding and included in creditors (2023 £0).

Sales transactions totalling £0 (2023 £0). At the year-end £0 was outstanding (2023 £0).

*Durham County Council - a company for which Mrs Drummond Hill (a Board Member) is a member of the Councils Independent Remuneration Panel and Mr Broadbent (Principal and Chief Executive) serves as a member of the Durham LGPS Committee.*

Purchase transactions totalling £79,890 (2023 £107,583) relating to Placement fees, Incentive Payments, Internal Audit, Hire of the Gala theatre and Pension costs. At the year-end £0 was outstanding and included in creditors (2023 £0).

Sales transactions totalling £219,724 (2023 £19,112) took place largely relating to Shared Prosperity Fund and Multiply Claims based on Contracts awarded through Competitive tendering. At the year-end £110,212 was outstanding (2023 £0).

*Durham University - a company for which Mrs Brindle (a Board Member) is in paid employment.*

Purchase transactions totalling £0 (2023 £5,000) took place during the year. At the year-end £0 (2023 £0) was outstanding and included in creditors.

Sales transactions totalling £35,410 (2023 £60) with respect to Training fees. At the year-end £0 (2023 £0) was outstanding.

*Go North East Ltd - a company for which Mr King (a Board Member) was in paid employment until 02 December 2022.*

Purchase transactions totalling £480,363 (2023 £592,251) relating to student bus passes took place. At the year-end £0 (2023 £0) was outstanding. The College hold contracts with both local transport companies to provide bus passes to students to enable them to attend College.

Sales transactions totalling £0 took place (2023 £0). At the year-end £0 (2023 £0) was outstanding.

*New College Durham Academies Trust - a company for which Mr Broadbent (Principal and Chief Executive) serves as a Director and a member, Mr Fairley is the Chair, Mr Bradley is a trustee and Mrs Drummond Hill (a Board Member) serves as Director.*

Purchase transactions totalling £0 (2023 £1,520 relating to 3G pitch hire and transport). At the year-end £0 (2023 £0) was outstanding and included in creditors.

Sales transactions totalling £130 took place (2023 £0). At the year-end £23 was outstanding (2023 £0).

*NCFE - a company for which Mrs Slater (a Board Member) is a paid employee.*

Purchase transactions totalling £255,164 (2023 £146,238) relating to Exam and registration fees took place. At the year-end £0 remained outstanding (2023 £0).

Sales transactions totalling £0 (2023 £0) took place. At the year-end £0 (2023 £0) was outstanding.



## NEW COLLEGE DURHAM

### Notes to the Financial Statements (continued)

#### 24 Related party transactions

*Newcastle University - a company for which Mr Green (a Board Member) is in paid employment*

Purchase transactions totalling £0 (2023 £0) took place during the year. At the year-end £0 was outstanding and included in creditors (2023 £0).  
Sales transactions totalling £0 (2023 £3,000 with respect to the Institute of Technology). At the year-end £0 (2023 £3,000) was outstanding.

*NECC - a company for which Mrs Hiles (a Board Member) is a council member.*

Purchase transactions totalling £9,444 (2023 £2,460) relating to membership fees took place. At the year-end £0 remained outstanding (2023 £0).  
Sales transactions totalling £0 took place (2023 £0). At the year-end £0 (2023 £0) was outstanding.

*Melrose Learning Trust - a company for which Mrs Hiles (a Board Member) is a director.*

Purchase transactions totalling £0 (2023 £0) relating to partnership fees took place. At the year-end £0 remained outstanding (2023 £0).  
Sales transactions totalling £0 took place (2023 £250). At the year-end £0 (2023 £0) was outstanding.

*Visit County Durham - a company for which Mr King (a Board Member) is a Director.*

Purchase transactions totalling £1,980 (2023 £1,980) relating to partnership fees took place. At the year-end £0 remained outstanding (2023 £0).  
Sales transactions totalling £0 took place (2023 £0). At the year-end £0 (2023 £0) was outstanding.

## NEW COLLEGE DURHAM

### Notes to the Financial Statements (continued)

#### 25 Amounts disbursed as agent

	2024 £'000	2023 £'000
Funding body grants - Learner Support Funds	1,513	1,272
Other funding body grants	244	233
	<u>1,757</u>	<u>1,505</u>
Disbursed to students	948	781
Disbursed to employers	244	232
	<u>565</u>	<u>492</u>
Balance unspent at 31 July, included in creditors		

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

#### 26 Commitments under operating leases

The total future minimum lease payments under non-cancellable operating leases is as follows

	2024 £'000	2023 £'000
<b>Payments due</b>		
Not later than one year	87	66
Later than one year and not later than five years	153	263
Later than five years	0	0
	<u>240</u>	<u>329</u>

## NEW COLLEGE DURHAM

### Notes to the Financial Statements (continued)

#### 27 Designated Reserves

	Opening Balance £'000	Additions £'000	Expenditure £'000	Closing Balance £'000
<b>Funds Designated</b>				
Refurbishment of Sports and Music Building	500	5,193	(88)	5,605
Multi Use Games Area and Car Park	4,364	189	(456)	4,097
Refurbishment of Promotion House at Langley Moor	2200	140	(2,300)	40
T.H.E. Hub	1828	1,245	(3,036)	37
Battery Training Centre	0	473	-	473
Building Management System	0	92	-	92
College Modernisation Programme	250	136	(136)	250
Digital Learning Hub	262	18	(280)	0
Fire Door Replacements	71	14	(85)	0
HR/Payroll System	81	5	(9)	77
Management Suite Refurbishment	244	-	(244)	0
Replacement Roof	221	12	(233)	0
Training Restaurant Refurbishment	376	66	(442)	0
Other Capital Projects	194	2,809	(1,503)	1,500
<b>Total Designated Reserves</b>	<b>10,591</b>	<b>10,392</b>	<b>(8,812)</b>	<b>12,171</b>

## **NEW COLLEGE DURHAM**

### **INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF NEW COLLEGE DURHAM AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH EDUCATION AND SKILLS FUNDING AGENCY**

#### **Conclusion**

We have carried out an engagement, in accordance with the terms of our engagement letter dated August 2024 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA") or those of any other public funder, to obtain limited assurance about whether the expenditure disbursed and income received by New College Durham during the period 1 August 2023 to 31 July 2024 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

#### **Basis for conclusion**

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

We have complied with the independence and other ethical requirements of the FRC's Ethical Standard and the ethical pronouncements of the ICAEW. We also apply International Standard on Quality Management (UK) 1 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements and accordingly maintain comprehensive systems of continuing quality management.

#### **Responsibilities of Corporation of New College Durham for regularity**

The Corporation of New College Durham is responsible, under the grant funding agreements and contracts with the ESFA and the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received are applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The Corporation of New College Durham is also responsible for preparing the Governing Body's Statement of Regularity, Propriety and Compliance.

#### **Reporting accountant's responsibilities for reporting on regularity**

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code.

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 the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement 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.

## NEW COLLEGE DURHAM

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2023 to 31 July 2024 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the grant funding agreements and contracts with the ESFA and those of any other public funder and high level financial control areas where we identified a material irregularity is likely to arise. We undertook detailed testing, on a sample basis, on the identified areas where a material irregularity is likely to arise where such areas are in respect of controls, policies and procedures that apply to classes of transactions.

This work was integrated with our audit of the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

### Use of our report

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

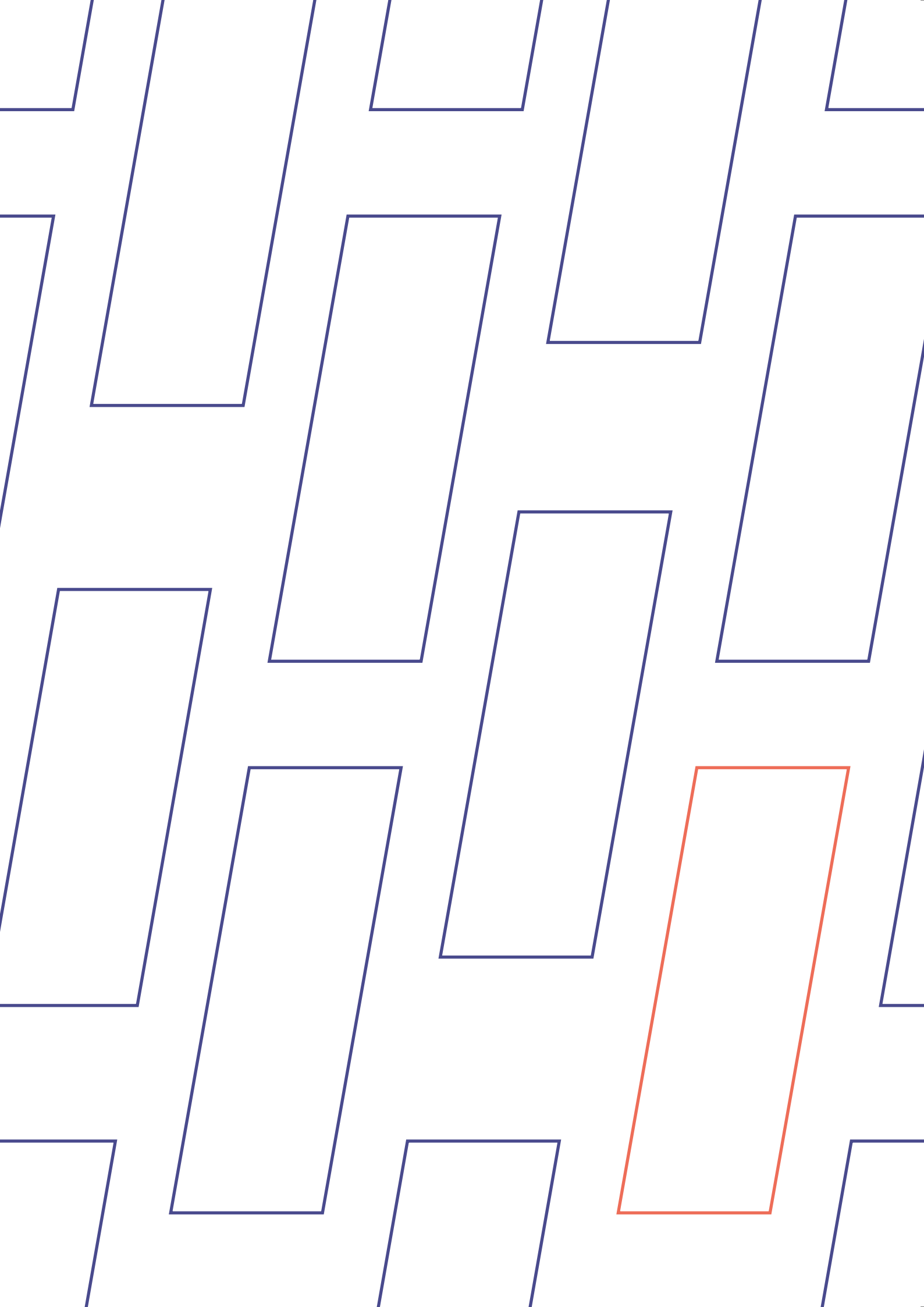
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