

ITEC NORTH EAST LIMITED

England & Wales · Charity number 519259

Details

Other names	AYCLIFFE (ITEC) LIMITED
Status	Registered
Legal form	Charitable company
Company number	02045777
Registered	1987-10-14
Register	View on the Charity Commission register

Contact

Address	Begbies Traynor (Central) Llp Innovation Central 10 John Williams Boulevard South Darlington DL1 1BF
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Activities

Objects: To advance the education and training for the employment of young persons and adults in the North East of England in the digital sector, its associated supply chains and related vocational areas, encompassing the administration, management, sales, service, manufacture, use, design, operation, repair and maintenance of hardware and software, mobile applications, cloud technologies, data analytics, cyber security and digital marketing through the provision or facilitation of high quality vocational training including classroom based learning, distance learning, online collaboration and employer led apprenticeships in and across the digital sector.

Activities: The provision of Apprenticeship training to young people and unemployed adults in the computing and business environment. The Company's vision, as approved by the directors, is to be recognised by individuals and employers as providing excellence in Vocational and Work-based learning in the North East region.

Classification

- **How:** Provides Human Resources, Provides Buildings/facilities/open Space, Provides Services, Provides Advocacy/advice/information
- **What:** Education/training, Economic/community Development/employment
- **Who:** Children/young People, Other Defined Groups

Geography

- Darlington
- Durham
- Gateshead
- Hartlepool
- Middlesbrough
- Newcastle Upon Tyne City
- Northumberland
- Redcar And Cleveland
- Stockton-on-tees
- Sunderland

Finances

Period end	Income	Expenditure	Assets	Employees
2025-07-31	-	-	-	-
2024-07-31	£1,373,738	£1,711,484	£892,541	25
2023-07-31	£1,996,609	£1,985,658	£1,230,285	29
2022-07-31	£1,735,032	£1,570,127	£1,219,334	31
2021-07-31	£1,934,875	£1,785,304	£1,054,429	31
2020-07-31	£1,929,192	£1,910,298	£904,858	35

Trustees

Name	Role	Appointed
GEOFFREY BROWN		
GRAHAM WOOD		2013-09-04

ITEC NORTH EAST LIMITED

England & Wales - Charity number 519259

Accounts

Charity registration number 519259 (England and Wales)

Company registration number 02045777

ITEC NORTH EAST LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2024

ITEC NORTH EAST LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

Members	G Brown G Wood	
Secretary	T Wilson	
Senior management	T Wilson	Chief executive officer
Charity number (England and Wales)	519259	
Company number	02045777	
Registered office	Itec House Hilton Road Aycliffe Business Park Newton Aycliffe County Durham DL5 6EN	
Auditor	Mullen Stoker Limited Mullen Stoker House Mandale Business Park Belmont Industrial Estate Durham DH1 1TH	
Bankers	HSBC Bank Plc (Saddler St, Durham) 1 Saddler Street Durham United Kingdom DH1 3NR	

ITEC NORTH EAST LIMITED

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ITEC NORTH EAST LIMITED

TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 JULY 2024

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

The trustees who are also non-executive directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 July 2024. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

Objectives and activities

For over 40 years ITEC North East Limited has operated as an inspirational charity across the North East with 3 strategically placed training facilities in Newton Aycliffe, Gateshead and Middlesbrough employing 35 staff. The Gateshead facility was closed during 2020 as a consequence of the COVID-19 pandemic following a sharp reduction in training volume. In 2023/24 the Middlesbrough centre closed primarily due to unsustainable financial pressures associated with the ongoing cost of living crisis, in particular the significant escalation of energy and overall operating/direct costs.

Our charitable company's object and principal activity continues to be the provision of Apprenticeship training to young persons and adults in the digital sector, its associated supply chains and related vocational areas, encompassing the administration, management etc. This provision has expanded over recent years to include Digital, IT, Cyber and AI. Our classroom based study activities include employability skills, Maths, English, IT, and Digital Marketing, all of which are funded primarily through the Department for Education (DfE), or devolved combined authority areas.

In setting our objectives and planning our activities, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit and to its supplementary public benefit guidance on fee charging.

Our vision is that all of our learners reach their full potential. Our reputation for promoting learning opportunity and employability will be outstanding. We are recognised throughout the North East as a provider of choice amongst learners, employers and other key stakeholder.

Our mission is to be the North East's leading provider of innovative, skills-based vocational education and training. Working with our employers and partners our vision is to deliver to our learner's outstanding training and personal support so that they are:

I - Inspired to achieve their individual personal and qualification targets, gaining confidence, self-belief and reaching their full potential.

T- Trained by talented academic staff who are experts in their fields to ensure learners progress into sustainable employment and/or further education as a result of the skills and knowledge developed.

E - Enthusiastic and positive about their future. Buying into the benefits of 'lifelong learning' and making positive contribution to their employer.

C - Challenged and supported by setting high standards for ourselves and encouraging high aspirations in our learners. We will provide high levels of support for both learners and staff to achieve.

The charitable company's continuing strategic objectives whilst inspirational are realistic and deliverable. **Our strategic aims:**

- Strive to achieve Outstanding Teaching, Learning and Assessment leading to Outstanding outcomes for learners.
- Place the learner at the centre of our decision making process responding proactively to meet their individual needs and aspirations ensuring an Outstanding Learner Experience.
- Strengthen and develop partnerships with employers and partner organisations to create a sustainable future for ITEC North East Limited.
- Recruit, develop and retain highly competent and outstanding staff who can take forward ITEC's vision.
- Maintain organisational excellence in governance, quality assurance, culture and financial health and resources for learning.

ITEC NORTH EAST LIMITED

TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2024

Strive to achieve Outstanding Teaching, Learning and Assessment leading to Outstanding outcomes for learners.

Our strategy to achieve this aim is to equip learners with the skills most valued in the modern economy. Learners are able to work independently and be effective in their use of digital technology, English and Maths. Learners have high aspirations and are able to demonstrate team work, communication, innovation and a deep understanding of how they learn and their specialism. Keen to protect the environment and promote equality and diversity. At ITEC North East Limited teaching, learning and assessment focuses on deeper learning that leads to transferable skills.

We are graded accordingly through our own self-assessment and OFSTED. Employers and learners grade us positively for the quality of their experience of ITEC and for the standards achieved, as seen in the skills and competence of our learners

Place the learner at the centre of our decision making process responding proactively to meet their individual needs and aspirations ensuring an outstanding learner experience.

ITEC North East Limited learners will experience activities, processes and environments that will engage and inspire them to identify and progress to their personal goals and careers. All aspects of their contact with ITEC will enhance achievement, progression and learning.

In order to achieve this, services, administration and staff will work together in the interests of learners, building a culture of aspiration, excellence and personal responsibility. The Learners will receive effective support and be inspired whilst on employer or ITEC facilities learning experience will be that of feeling safe, being supported to interact effectively with staff and peers. Learners will develop as people, gain understanding of other cultures, lead healthy lifestyles, and learn from and respect each other.

Strengthen and develop partnerships with employers and partner organisations to create a sustainable future for ITEC North East Limited.

Our strategy to achieve this aim is to develop excellent partnerships with both employers and partner organisations to ensure we meet the needs of key regional priorities. We have built a reputation in key specialisms that are important to our local economy and labour market. We offer excellent advice and guidance to learners, employers, partner organisations and parents about the local economy, training options and employer options. We will provide training to the unemployed in the skills, attitudes and expectations of employers to transition learners into work. We will work with employers to develop first class training to meet their needs, support skill shortages, and the upskilling of their existing workforce.

Recruit, develop and retain highly competent and outstanding staff who can take forward ITEC's vision. To achieve our strategy aim we recruit, retain and develop the very best staff. We maintain and improve staff and organisational arrangements that will support excellence in teaching and learning, and service delivery. We always aim to be an excellent employer because staff who feel valued, are productive and effective employees, and because we believe that staff are entitled to a fair and supportive environment in return for hard work, dedication and results. We provide training, development and support for staff to enhance their skills and knowledge to meet the ever changing demands in the sector and to support staff to achieve the excellent standard that learners expect and deserve. We develop a sustainable and flexible staffing model that enables achievement of our aims and addresses the challenges of the public sector funding cuts. Where savings have to be made, we aim for a fair and transparent process through genuine consultation and partnership working.

Maintain organisational excellence in governance, quality assurance, culture and financial health and resources for learning.

Governance: To achieve our strategy aim we ensure Governance is focussed on the organisation's purpose and on outcomes for communities and learners. ITEC seeks to perform effectively both as individuals and as a team and continues to develop the capacity and capability to be highly effective. We promote values for the whole organisation and behave with integrity, taking informed transparent decisions and managing risk. We hold leaders and managers to account for the ITEC's performance, engaging with stakeholders and making accountability real.

ITEC NORTH EAST LIMITED

TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2024

Culture: To achieve our strategy aim we ensure culture is forged through collective beliefs, values and routines of an organisation and evident in its structures and the behaviours of staff and leaders. ITEC is committed to a set of values that underpin the culture:

- Recognising individuality
- Respect
- Integrity
- Professionalism
- Challenge and innovate
- Adaptability

Quality Assurance: Our strategy is achieved by ensuring quality assurance and improvement is the responsibility of the whole business. We create and sustain quality systems that support excellence in Teaching, Learning and Assessment (TLA) and all other services wherever and whenever they are offered by ITEC North East Limited. Our quality systems, services and processes are supportive, informative, accessible, and driven by the use and analysis of robust data that is used to identify areas of both excellence and those in need of further development. Ensuring that the outcomes of quality processes are used to inform and support improvement, and to monitor and ensure completion of improvement plans. We continue to develop and manage quality processes that are effective and efficient in identifying our progress towards excellence, and communicate the outcomes of these effectively to inform improvement.

Financial Health and resources for Learners: To achieve this strategy we allocate the financial resources required to support and advance excellent success rates and learner and employer satisfaction; to support staff to feel valued and realise the vision for excellence; to promote ITEC's reputation and profile through industry relevant resources; and to provide opportunities for growth.

We align our delivery activity to meet our objectives and ensure it is tailor made to successfully support local businesses in various growth sectors with a range and volume of education and training provision. This includes but is not limited to customer service, mental health & wellbeing, manufacturing, health & social care, IT, digital marketing and cyber security. We also successfully deliver functional skills programmes up to level 2 which are integrated with employability skills ensuring learners can gain accredited qualifications but also with the primary purpose that they gain meaningful employment and/or progress to further training.

Our activity also includes recruiting and supporting those most disadvantaged within our community. We understand the complex needs of individuals living in the area our target group includes young people 16-18; long term unemployed, and people with disabilities (including learning difficulties); lone parents; older workers/50+; NEET group; BME groups; those out of work but not claiming benefits and individuals with basic skills needs or low/no qualifications.

We make good use of LMI and local knowledge to ensure that our strategy aims and services are fit for purpose. do not duplicate, remain current, relevant and of impact and contribute to achievement of NELEP strategic aims. We understand the social and economic indicators and policies that steer the priorities for our activity and have used them to formulate our delivery activity plans.

ITEC North East Limited was awarded both the Pathway and Routeway Youth Employment Initiative (YEI) programmes. The YEI Programme is part-funded by the European Social Fund (ESF) as part of the 2014-2020 (ext 2024) European Structural and Investment Funds Growth Programme in England with the Department for Work and Pensions (DWP) as the Managing Authority.

- Tees Valley Pathway delivers innovative solutions to young people aged 16 -29 who are struggling to achieve or progress into a positive destination. It will also support those young people furthest away from the labour market by providing them with the skills they need to get into work and offer a flexible learning and skills fund.
- Tees Valley Routeways delivers tailored routeways for young people aged 16-29 to assist them in entering into priority growth sectors including Advanced Manufacturing, Digital, Logistics, Low Carbon and Health and Social Care through a range of activities such as volunteering, internships, traineeships and apprenticeships.

ITEC NORTH EAST LIMITED

TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2024

ITEC North East have also delivered other ESF initiatives including Skills Support for the Workforce (SSW), North East Achieves (NEA) and Communities Work (CW).

SSW is a programme which involves the development and delivery of bespoke skills support to increase the skill levels of employed individuals, including basic skills needs, and encourage progression; particularly in SMEs and Micro businesses, again, aligned to the LEP priorities and sectors.

NEA is a programme to train and support people into work by providing 6 months of post-programme interactions to support progression into work and continued learning, once in employment. Programmes develop vocational skills aligned to employment demand, as well as relevant functional and employability skills.

CW is a programme providing vocational, employability and functional skills development to support progression towards and into employment/volunteering/learning.

Commencing in mid-2024, ITEC North East was awarded **UK Shared Prosperity Fund (UKSPF)** funding focusing on "people and skills" to address local economic needs. UKSPF aims to boost adult core skills, support individuals into work or further education, and fill identified skills gaps through tailored bespoke training programmes, flexible delivery methods, and partnerships with local providers to drive local economic growth and improve life chances.

All of the above programmes further support ITEC's above objectives.

We consider the following criteria when measuring success in the reporting period:

- Impact Measures
- Outcome Analysis
- Quality Standards
- Safety Standards
- Meeting the needs of local industry
- Workforce upskilling
- Equality and diversity need
- Economic Growth
- Regional social value (RSV)
- Cultural impact

Impact Measures

We use Impact measurements to quantify and assess the achievement of outcomes within our current delivery we monitor participation, retention, achievement, progression, customer satisfaction targets and a range of quality measures.

Improvement: We use these impact measures throughout the learner journey to identify, forecast and improve learners progress by e.g. providing additional pastoral support if attendance in the work place is an issue.

Outcome Analysis

We use target outcomes to measure performance for individuals, teams and the company as a part of our continuous improvement process. These include participation, retention, achievement, progression, customer satisfaction targets and a range of quality measures. **Improvement:** Results help us to produce our annual self-assessment report (SAR) and develop a new Quality Improvement Plan (QIP) that enables us to make judgements on our provision and identify the areas we aim to improve and the actions required, and is the key focus for development activity in the coming year.

Quality Standards

We build a range of quality standards into our targets e.g. Quality of teaching and learning and Personal Development, Behaviour and Welfare, these standards form the basis of our SAR. **Improvement:** As a part of our continuous improvement process (SAR/QIP) these standards are reviewed monthly and the results are used to inform improvement e.g. quality of teaching and embedding of new technology into practice.

ITEC NORTH EAST LIMITED

TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2024

Safety Standards

A range of Health and Safety and safeguarding standards are used within ITEC e.g. we undertake a health and safety assessment of all employer premises before entering into an agreement for apprentice training, including identification of safeguarding policies and more recently the sexual harassment policy within the workplace.

Improvement: The monitoring and review of these standards, for example informs and improves the level of support an employer can provide to an apprentice.

Meeting the Needs of Local Industry

We undertake a thorough business needs/training needs analysis (TNA) when we engage with employers to identify their requirements and where most value can be gained e.g. correctly identifying their IT skills gaps and agreeing the most effective way to deliver 'off the job' training. The delivery of the TNA is continuously reviewed throughout the Learners Journey. **Improvement:** The identification and review of the outcome targets within the TNA enables us to improve:

- Customer relationships
- Responsiveness to local strategic priorities.
- Bespoke Apprenticeship programmes for employers

Workforce Upskilling

Each employer has a TNA completed with them and each learner has Matrix approved Information Advice and Guidance (IAG) and a designated tutor. This enables ITEC to understand and prepare for their learning journey and prepare a range of outcome measures that includes the strengths, barriers and skills gaps that employers and learners have e.g. range of staff without certain technical competence. **Improvement:** The correct identification and agreement of Workforce upskilling outcome measures enables ITEC to embed these measures within their continuous improvement process for monitoring and review. This review enables ITEC to improve its service by:

- Continuously refining their delivery to the employer and learner.
- Delivering additional value to the employer throughout delivery that may deliver e.g. greater levels of efficiency and productivity.

Equality and Diversity Need

Our delivery engages a diverse and representative group of learners. As a part of our E&D delivery we deliver equal opportunity for all and have identified Dignity, Safeguarding, British Values and Welfare all key outcome targets. They are promoted and embedded in sessions ensuring a culture of mutual respect. **Improvement:** During progress reviews, progress is tracked and reviewed and tutors improve their planned learning sessions/materials to reflect the identified required improvements. The wider impact of this improvement raises the apprentice's awareness of E&D and how to contribute to wider society and life in Britain. During the reporting period ITEC strengthened E&D commitments through our established Equality, Diversity & Inclusion (EDI) plan combined with the appointment of a dedicated EDI Champion to reinforce messages with learners, employer & staff through generation of resources, key messages and delivery of CPD.

Economic Growth

We have identified key strategic relationships and areas of high economic growth sectors across the region as key outcome targets that are planned, monitored and reviewed as a part of our performance management process. **Improvement:** By delivering our outcome targets ITEC delivers strategically relevant training to employers in high growth sectors, this enables the following improvements to be made:

- Enhances learner's capacity and creativity, opportunities, and satisfaction at work
- Empower learners to develop their full capacities and seize employment and social opportunities
- Raise productivity of workers of enterprises
- Contribute to boost future innovation and development
- Encourage domestic and foreign investment, by having a high skilled workforce

ITEC NORTH EAST LIMITED

TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2024

Regional Social Value (RSV)

The RSV delivery is wide ranging across the NE. We are aware of the governments focus and regional priority towards the younger age group and those from disadvantaged backgrounds. We identified a number of outcome measures e.g. recruit 16 - 18 yr olds and NEETS from disadvantaged backgrounds, to support this and drive behaviour to improve our contribution to the NE's RSV. **Improvement:** ITEC's focus on RSV will improve learners' life chances, empower learners to develop to their full capacities and reduce the NEET levels in the NE.

Cultural Impact

The cultural impact of our training is measured by tracking and reviewing, (via surveys and 1:1 reviews), a number of employer and learner outcome targets; attitudes, values, and behaviours. **Improvement:** By empowering learners via high quality apprenticeship delivery they are able to improve and make an impact on their families, friends, communities, life chances and career.

The company produces strategic/development plans (currently 2024-28). These include an accommodation strategy and risk analysis and an annual detailed financial budget with the directors monitoring performance against these plans. In 2023-24 the 2020-24 strategic plan was finalised with 33 of 39 success measures graded green, 6 amber and 0 red. Management and Board are pleased to report that the charitable company generally met its specific objectives for 2023-24.

STRATEGIC REPORT

Achievement and Performance

The majority of our contracts continue to perform well during such unprecedented times following the COVID-19 Pandemic and the ongoing cost of living crisis. These include our programmes funded via the European Social Fund (ESF) and UK Shared Prosperity Fund (UKSPF). Our YEI Programme which is part-funded by the European Social Fund as part of the 2014-2020 (extended in 2024) European Structural and Investment Funds Growth Programme in England with the Department for Work and Pensions (DWP) as the Managing Authority. Also, our AEB (Adult Education Budget) contract across Tees Valley funded via Tees Valley Combined Authority 2023-24 further supports our charitable objectives

Government policy has a significant influence on the work we do as a training provider. Following changes to funding methodology, competition remains evermore fierce to secure long term funds to support learners & employers. In addition, the high profile closure of a number of large training providers has seen the expectations posed by external bodies (ESFA, DfE, ESF, Ofsted) measurably increase under new audit regimes and inspection frameworks, the COVID Pandemic naturally brought about additional challenges many of which have continued into 2023-24 e.g. mental health impacts, cost of living and financial barriers. Recent trends show a shrinking FE provider landscape, driven by funding cuts, compliance burdens, and policy shifts. Contracts are reviewed evermore frequently with further measures introduced in 2021-22 such as the Apprenticeship Accountability Framework which was further refined in 2023-24 with thresholds reduced. Underperformance is dealt with swiftly, typically with the removal or reduction in overall contractual values. Although some flexibilities were given for the challenges brought about by the COVID Pandemic, these were short-lived with the expectation of 'business as normal' from August 2021 despite further challenges into and beyond 2023-24 connected with the spiralling cost of living crisis.

Sadly, despite far exceeding national average rates year in and year out for key KPIs such as achievement rates, the attainment of high grades, progression rates, learner satisfaction, and those measures laid out in the apprenticeship accountability framework, ITEC were graded 'Requires Improvement' by Ofsted in August 2023.

The impact of the Ofsted judgement on the mental health and wellbeing of staff was significant with a number unable to go through the process again and consequently leaving the business. To support all staff including leaders, professional services were retained (KILN Associates) to provide ongoing counselling services and wellbeing workshops.

In respect of the business, delivery of Adult provision was largely paused for the period September 2023 to January 2024 whilst a full review of adult strategy was completed, inclusive of ITEC and Subcontracted provision. This process while important in addressing Ofsted judgements did in itself place further financial pressures on the business for example a temporary pause in AEB delivery, allowing a full-scale review to ensure long-term sustainability and compliance. In addition having successfully secured UKSPF and TVCA Adult Skills Fund contracts, some are under less favourable terms (due to Ofsted grade restrictions) and the ability to continue to deliver or bid for contracts where a minimum Ofsted judgement is required.

ITEC NORTH EAST LIMITED

TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2024

During the period September 2023 to January 2024 the team at ITEC worked hard to review and strengthen quality assurance processes to align to our revised post Ofsted strategy, and to ensure that positive impact could be demonstrated moving forward in readiness for Ofsted's monitoring visit. A robust Post Ofsted Quality Improvement Plan was also developed which is accessible to and regularly reviewed by all key stakeholders.

In June 2024 ITEC received an Ofsted monitoring visit and positively all 4 themes of enquiry were recorded as 'significant progress', an achievement gained by less than 5% of providers nationally.

We continue to recruit sub-contractors to deliver provision which complements our core business activity, our current subcontractor is:

- Trade Tech Northern Limited – Entry to employment in the North East (priority sectors construction, engineering, logistic)

As much of the company's core work is based on employer's premises or online; employers and learners are attracted from across the whole of the North East region. Our stated aim for engagement with employers is to "Strengthen and develop partnerships with employers and partner organisations to create a sustainable future for ITEC".

The company produces strategic/development plans (currently 2024-28). These include an accommodation strategy and risk analysis and an annual detailed financial budget with the directors monitoring performance against these plans.

The onset of the COVID-19 pandemic in March 2020 naturally impacted ITEC NE's normal business operations, those of our employers, and wider stakeholders. The management team including the board was pleased to report that the charitable company generally maintained its specific objectives for 2023-24. Two key addendums were added to the strategic plan in September 2021 (COVID 19 Pandemic & Safeguarding), and July 2022 (Cost of Living Crisis) the latter of which remained highly relevant in 2023-24.

Success/Achievement Rates

Apprenticeship achievement rates for ITEC North East have broadly remained static over the last year as a consequence of the COVID-19 pandemic, and the ongoing cost of living crisis. National Averages released in 22/23 did as expected remain low, with only minimal improvements in some areas. In March 2023 the Minister for Skills, Apprenticeships and Higher Education (Rt Hon Robert Halfon MP) wrote to the FE sector setting out the Government's pledge to increase national achievement rates to 67% by 2025. ITEC North East were proud to report that our own achievement rates have consistently remained above the Government's target throughout the period 20/21 – 22/24, and have therefore met the Government's pledge ahead of the 2025 target. Additionally, ITEC North East achievement rates remain at least 10% above national average across all key performance indicators other than one small area of underperformance, and these consistently high levels of performance therefore continue to suggest that we have navigated the pandemic, and the ongoing cost of living crisis, more successfully than most other providers.

Apprentices continue to achieve highly at end point assessment by achieving grades of merit and distinction. A 3-year trend is evidenced with ITEC North East being consistently above the national average. 23/24 high grade rates did decline slightly due to a change in assessment criteria by the Awarding organisation (AO), however, actions were swiftly implemented and positive impact by way of an upward change of direction.

In addition to achieving highly, a large proportion of apprentices sustained employment and of those apprentices, nearly half gained in work progression and over 90% of those apprentices seen a pay rise, all targets well above the national averages respectively. The overall progression rate for adult provision remains very good.

All training continues to be delivered in a classroom setting or online, we continue to introduce new provision, and where possible learners suffering from digital and other forms of poverty were supported to achieve. As stated above our NEA, CW, UKSPF, YEI Routeway and Pathway provision continued to deliver well against outputs and we remain one of the top performing providers within the area.

Learner Numbers

The company has constantly targeted growth in apprenticeship numbers however in 23/24 there was a minimal decrease. Targeted as a year of significant recovery, regrettably the ongoing cost of living crisis, record high inflation, uncapped energy prices, significant increases in cost of goods / services all stifled our employer's capabilities to recruit and retain staff.

ITEC NORTH EAST LIMITED

TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2024

ITEC North East and our subcontractors have supported over 500 learners in our pre-employment and in work programmes, ensuring learners develop strong practical skills. Our programmes are very successful, relevant, meet industry needs and address local and regional priorities. We align our offer to meet these needs and provide training in sector specific areas in which learners can find employment. This leads to extremely high retention and overall outcome rates on all of our programmes. Despite difficult times, to retain the overall numbers ITEC has achieved was seen as a huge success, particularly with a large proportion of our learners progressing into further studies, employment or voluntary work.

Contracts / Values & New Programmes

In 23/24 ITEC North East were successful in meeting the main objectives of our Tees Valley Combined Authority Adult Education Contract by supporting 55% of learners into work or further studies.

Supporting employers within the region through the development and upskilling of their workforces, ITEC were successful in securing Uk Shared Prosperity (UKSPF) contracts commencing in July 2024.

The UK Shared Prosperity Fund focuses on bolstering the skills of the employed and those at risk of redundancy within Central and North Durham. The primary purpose is to offer accredited and non-accredited learning relevant to local companies and growth sectors. The contract will be achieved through direct engagement with employers to understand their specific business needs and subsequently develop tailored training programmes and qualifications for their employees.

Additional funding will be utilised to develop skilled workforces within County Durham, focusing on key growth sectors such as the low carbon economy, transport and logistics, digital and creative, tourism and leisure, advanced manufacturing, construction. The contract will support unemployed or economically active residents aged 19+ within County Durham, with a particular emphasis on those closest to the labour market or with a conditional employment offer contingent on obtaining specific qualifications.

Financial review

The charitable company reported a deficit for the year on unrestricted funds of £-337,746 (2023 : £10,951). Incoming resources from charitable activities for the year were £1,373,738 compared to £1,996,609 for the previous year. Resources expended from charitable activities were £1,711,484 for the year compared to £1,985,658 in the previous year.

Investment Policy and Objectives

The directors have considered the most appropriate way for investing cash resources and have decided that term bank deposits meet their requirements of a reasonable rate of return, without capital risk, and with predictable accessibility to the funds. The directors review this policy on a regular basis.

Reserves policy

The directors consider that a sensible level of free reserves that the charitable company needs to hold (those reserves not invested in fixed assets or designated for particular purposes) should equate to three months of operating expenditure, as is quite normal in other concerns. This policy would therefore indicate a level of about £427,000 and at 31 July 2024 free reserves amounted to £831,630 (2023:£1,152,408).

ITEC NORTH EAST LIMITED

TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2024

Future Developments

This report continues to be published in a climate of unprecedented change and challenge, coupled with ongoing difficult economic circumstances following the aftermath of the COVID-19 pandemic, and the spiralling cost of living crisis, both of which continue to create uncertainties and impact across the sector.

These uncertainties are likely to continue into the future with the global instability created by the continuing invasion of Ukraine by Russia, record high inflation, unpredictable fuel & energy costs, the disruption to global supply chains, political unrest both foreign and national. The negative impact to both households and businesses can be seen through measures such as the increase use of food banks, digital poverty optics, increase mental health referral, frequency of workforce strikes, business downsizing / redundancy rates.

Directly relating to our sector we note the end to ESF funding in 2023, many of which are projects that are either fully or part funded. Competition is fierce to secure future funding, particularly with many classroom based providers becoming 'accidental experts' in delivering online as a result of the COVID-19 pandemic. This has allowed providers to tender for funding outside of their usual footprint, either at a regional or national level.

We note organisations such as the Association of Employment and Learning Providers (AELP) demanding that ministers take urgent action to prevent "total collapse" of the training system in the wake of multiple and increasing numbers of providers exiting the publicly funded training sector. AELP cite a "perfect storm" of rising costs, reduced adult education budget (AEB) contracts, the end to the traineeship programmes and real-terms cuts to apprenticeship funding bands pushing the sector to the brink of total collapse. The longstanding underfunding of apprenticeship standards continues, with no inflationary uplift announced in the Autumn 2024 Budget. For example, the L3 Business Admin Standard remains priced at £5,000 yet should now be £6,337 in real terms Core inflation remains around 3%, with service costs still elevated. We are absorbing increased expenditure across rent, utilities, supplies, registrations and salaries in some cases we have seen rises as high as 18%.

Under the new Labour Government (July 2024) further cuts to an already strained adult education budget are widely expected, in addition to no planned increase to apprenticeship funding bands.

We recognise that future challenges will continue to drive change throughout our sector, however we continue to invest in areas that excel and target resources to support these areas. During 23/243 ITEC North East invested in new systems to drive efficiencies, remove redundancies and improve user experience for learners, employers and staff.

The introduction of Aptem Learner/Employer/Funding MIS has allowed ITEC to strengthen the onboarding process, improve oversight of learner and financial progress, and more closely involve employers in the collaborative development of knowledge, skills and behaviours.

The Breathe HR support system was rolled out to all staff and was well received in further driving forward our Equality, Diversity & Inclusion commitments. The system provides a self service portal allowing staff and leaders to maintain clear oversight of performance management including staff attendance/holidays/staff recognition tools eg. via kudos/ sickness patterns / wellbeing checks eg bumout trigger, hold regular supportive and constructive 1-1 meetings, CPD, open dialogue on the agreement of objectives/ actions, and to identify training needs by way of staff development and progression.

These significant decisions will support ITEC North East in achieving our stated aims for engagement with employers ("Strengthen and develop partnerships with employers and partner organisations to create a sustainable future for ITEC") and our learners ("Place the learner at the centre of our decision making process responding proactively to meet their individual needs and aspirations ensuring an outstanding learner experience").

Changing Policy Context for Skills - The charitable company continues to be funded by the Government via the Department for Education (DfE). Changes to government policy over the preceding four years has significantly altered our income streams. Almost all of our previous income was secured from the ESFA in the form of Apprenticeship and Adult Education Funding. Reductions in public sector funding and changes to the way in which apprenticeships are funded have seen ITEC NE diversify their income streams into other areas of working following successful bids for Skills Support for the Workforce (SSW), North East Achieves (NEA), Communities Work (CW), Kickstart, UKSPF and devolved Adult Education Funding. In addition, we have successfully engaged with large Levy paying employers following changes to funding in 2015, which has further minimised our reliance on public funds. The introduction of the new contracts and Subcontracting have played an important part in growing the business turnover and profitability.

ITEC NORTH EAST LIMITED

TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2024

Throughout 2019/20 and in response to the COVID-19 pandemic, ITEC transitioned all delivery (Apprenticeship & Short Programmes) to Adobe Connect online platforms to ensure that where possible learners could continue in training & development.

In 2020/21 an Online Learning Strategy was introduced to build on our strengths and address areas for development. The Strategy continues to focus on four key aims: Learners, Staff, Enhance Practice, Infrastructure.

Continued investment in the development of our staff & resources ensures that the learning experience is comparative to that received in a traditional classroom.

During 2022/23 the strategy moved forward considerably with the rollout of digital (Google) classrooms for short provision, production of digital content, on boarding of new systems such as Microsoft Teams and Hubspot. In 2023/24 the rollout of Aptom strengthened our abilities to deliver online, provide real time MIS access to learners and their employers, identify and target areas for improvement, and remain compliant through the production of digital compliance documentation. The continual upskilling of our own work force has created a culture whereby staff embrace digital technologies allowing delivery to take place on line or classroom based, and where systems or processes can quickly be refined to add to the overall stakeholder experience and drive standards. Feedback from both learners, employers and staff in 23/24 was excellent, and in almost all cases remain in excess of 90%.

During 22/23 variations of the L2 Digital & IT Skills programmes were created to meet employer demand such as IT Work Ready, IT Digital Explorer, and Business Data Essentials. In 23/24 following a sharp rise in Artificial Intelligence technologies such as ChatGPT and Gemini, bespoke employer led programmes (BELPS) were developed for the business, education and marketing sectors to upskill workforces and embed emerging technology into business operations. We anticipate this momentum will gather pace and provisional plans are therefore in place to quickly respond to employer demand in fields such as data, analytics, finance and sales.

Our VideoTile platform introduced from 2020/21 continues from strength to strength in 2023/24. This online platform offers over 150 short (typically <2 hours) self-study courses in areas such as Digital, Business, Health & Wellbeing and Personal development; all courses are made available for free to existing learners. The platform is very well received through our work with the unemployed allowing participants to enhance C. Vs in specialist areas such as manufacturing, health and safety, food and drink.

Our strategy, whilst inspirational, is realistic and deliverable. The strategy will enable ITEC NE to develop as an independent training provider and build an outstanding portfolio of study. Our strategic priorities for 2024-28 are to:

- Strive to achieve Outstanding Teaching, Learning and Assessment leading to Outstanding Outcomes for learners.
- Place the learner at the centre of our decision making process responding proactively to meet their individual needs and aspirations ensuring an Outstanding Learner Experience.
- Strengthen and develop partnerships with employers and partner organisations to create a sustainable future for ITEC NE.
- Recruit, develop and retain highly competent and outstanding staff who can take forward ITEC's vision.
- Maintain organisational excellence in governance, culture, quality assurance and financial health and resources for learning.

All of these changes highlighted above will impact upon ITEC's strategy and will require us to make adjustments to processes, structures and other areas of our operation. The strategy will enable ITEC NE to develop as an independent training provider and build an outstanding portfolio of study.

ITEC NORTH EAST LIMITED

TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2024

Structure, governance and management

Governing Document

ITEC North East Limited is a company limited by guarantee, governed by its Memorandum and Articles of Association dated 12th August 1986, as amended by special resolutions dated May 1992, October 1994, January and August 1999, February 2006 and September 2019. The company's registration number is 02045777. It is registered as a charity with the Charity Commission, number 519259. There are currently four members, each of whom agree to contribute £1 in the event of the charitable company winding up.

S Bellwood

(Resigned 20 September 2024)

G Brown

G Wood

Recruitment and Appointment of New Trustees

The number and skills of the trustees are regularly reviewed and gaps identified. Existing members then approach suitable candidates who are invited to attend trustees' meetings, initially as observers, before being formally invited to join the board following discussion and references. The Board of Trustees implements a fair recruitment process involving provision of information on the role and skills required and a formal application process for all interested parties.

Organisational Structure

The Board consists of 3 Non-Executive Directors, and a Chief Executive Officer (secretary). The Board are elected by the membership. The Board have responsibility for the strategic direction and policy of the company and ensuring it meets legal requirements. In addition to quarterly meetings the Board meet regularly to review external developments, strategy, finance and fundraising issues. The Board have appointed staff to undertake the day to day running of the organisation led by the Chief Executive Officer delegated to manage the day-to-day operations of the organisation. The Senior Management Team, led by the Chief Executive Officer, oversees development and operations, reviews performance information, makes financial decisions within the agreed annual budget and prepares reports and recommendations for the Board of Trustees. The

Chief Executive Officer is also responsible for ensuring the implementation and progress towards the outcomes identified in the 2024-28 Strategic Business Plan. The responsibility of deputising for the Chief Executive Officer was reviewed and now this is a shared responsibility across the Senior Management Team. ITEC's well established Operational Management Team monitors performance across programmes and delivery activities and encourages information cascading, sharing and cross-organisational working in addition to regular general staff meetings. Training and knowledge sharing sessions with Operational Management Team has facilitated greater synergy with Senior Management Team and this will continue.

The Chief Executive Officer supported by a senior management team comprising of Head of Operations (Resigned Feb.2024), Head of Quality & Subcontractors, Head of Business Support and Performance. The latter end of the year (July 2024) A Head of Marketing & Sales post was successfully recruited. Assessment and training delivery is provided by a team of 10 assessors/Tutors along with a centralised administration function. Business development and employer engagement activity is provided by a team of 2 business development consultants/lead generators.

Induction and Training of New Trustees

All Trustees have an induction which covers their legal obligations under charity and company law, summaries of the Memorandum and Articles of Association, roles and responsibilities, organisational reporting structures and staff structures, health and safety policy and procedures information. Trustees have also had policy inductions on Confidentiality, Equality and Diversity, Health and Safety and Quality. Individual reviews with Trustees are held annually with the Chair to identify specific training needs and in order to enable Trustees to share thought and suggestions around governance arrangements. Further training has been delivered to Trustees in relation to prevent awareness with internal development sessions held throughout the year. All members receive Charity Commission publications in order to keep them up to date with their role and responsibilities.

ITEC NORTH EAST LIMITED

TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2024

Pay Policy for Senior Staff

The trustees consider the Senior Management Team to form the key management personnel of the charity, in charge of directing and controlling, running and operating the charity on a day to day basis. The pay of the senior staff is reviewed annually and normally increased in accordance with inflation. The trustees benchmark against pay levels in other similar organisations and charities.

Accommodation Strategy

The company considers that all its current leases offer good value for money and are fit for purpose.

The lease for ITEC House, Hilton Road, Newton Aycliffe, DL5 6EN commenced from 1st September 2022. The lease term is 1st September 2022 to 31st August 2029. ITEC may terminate the Lease by serving a Break Notice on the Landlord at least six months before the Break Date of 1st September 2027.

Auditor

In accordance with the company's articles, a resolution proposing that Mullen Stoker Limited be reappointed as auditor of the company will be put at a General Meeting.

The Trustees report was approved by the Board of Members.

G Brown
Trustee

30 April 2025

ITEC NORTH EAST LIMITED

STATEMENT OF TRUSTEES RESPONSIBILITIES

FOR THE YEAR ENDED 31 JULY 2024

The Members, who are also the directors of ITEC North East Limited for the purpose of company law, are responsible for preparing the Trustees Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these financial statements, the Members are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

The Members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

ITEC NORTH EAST LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ITEC NORTH EAST LIMITED

Opinion

We have audited the financial statements of ITEC North East Limited (the 'Charity') for the year ended 31 July 2024 which comprise the statement of financial activities, the balance sheet, the 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 applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2024 and of its incoming resources and application of resources, 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 requirements of the Companies Act 2006.

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 Charity 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 Trustees 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 Charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Members with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Members are responsible for the other information contained within the annual report. 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustees report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.; or
- certain disclosures of trustees' remuneration required by law are not made.

ITEC NORTH EAST LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF ITEC NORTH EAST LIMITED

Responsibilities of Members

As explained more fully in the statement of Trustees responsibilities, the Members, who are also the directors of the Charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Members 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 Members are responsible for assessing the Charity'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 Members either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 our procedures are capable of detecting irregularities, including fraud, is detailed below.

- Enquiry of management, those charged with governance and the entity's solicitors around actual and potential litigation and claims.
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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 charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

ITEC NORTH EAST LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF ITEC NORTH EAST LIMITED

Mr Neil Mullen (Senior Statutory Auditor)

For and on behalf of Mullen Stoker Limited, Statutory Auditor

Chartered Accountants

Mullen Stoker House

Mandale Business Park

Belmont Industrial Estate

Durham

DH1 1TH

30 April 2025

Mullen Stoker Limited is eligible for appointment as auditor of the Charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

ITEC NORTH EAST LIMITED

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 JULY 2024

	Notes	Unrestricted funds 2024 £	Unrestricted funds 2023 £
Income from:			
<u>Charitable activities</u>			
ESFA and similar activities	3	1,087,989	1,709,895
Subcontractors	3	225,922	199,896
Youth Employment Initiative	3	40,570	70,235
Miscellaneous other activities	3	9,105	9,828
Investments	4	10,152	6,755
Total income		<u>1,373,738</u>	<u>1,996,609</u>
Expenditure on:			
<u>Charitable activities</u>			
ESFA and similar activities	5	1,519,449	1,745,486
Subcontractors	5	192,035	169,935
Youth Employment Initiative	5	-	70,235
Total charitable expenditure		<u>1,711,484</u>	<u>1,985,656</u>
Total expenditure		<u>1,711,484</u>	<u>1,985,656</u>
Net income/(expenditure) and movement in funds		(337,746)	10,953
Reconciliation of funds:			
Fund balances at 1 August 2023		<u>1,230,287</u>	<u>1,219,334</u>
Fund balances at 31 July 2024		<u>892,541</u>	<u>1,230,287</u>

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

ITEC NORTH EAST LIMITED

BALANCE SHEET

AS AT 31 JULY 2024

		2024		2023	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	11		16,527		28,194
Tangible assets	12		44,384		49,683
			<u>60,911</u>		<u>77,877</u>
Current assets					
Debtors	13	151,403		438,023	
Investments	14	267,333		267,333	
Cash at bank and in hand		601,478		648,306	
		<u>1,020,214</u>		<u>1,353,662</u>	
Creditors: amounts falling due within one year	15	<u>(188,584)</u>		<u>(201,252)</u>	
Net current assets			<u>831,630</u>		<u>1,152,410</u>
Total assets less current liabilities			<u>892,541</u>		<u>1,230,287</u>
The funds of the Charity					
Unrestricted funds	17		892,541		1,230,287
			<u>892,541</u>		<u>1,230,287</u>

The financial statements were approved by the Members on 30 April 2025

G Brown
Trustee

Company registration number 02045777 (England and Wales)

ITEC NORTH EAST LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2024

	Notes	2024		2023	
		£	£	£	£
Cash flows from operating activities					
Cash absorbed by operations	21		(47,815)		(495,832)
Investing activities					
Purchase of tangible fixed assets		(9,165)		(36,386)	
Proceeds from disposal of investments		-		(267,333)	
Investment income received		10,152		6,755	
Net cash generated from/(used in) investing activities					
			987		(296,964)
Net cash generated from financing activities					
			-		-
Net decrease in cash and cash equivalents					
			(46,828)		(792,796)
Cash and cash equivalents at beginning of year			648,306		1,441,102
Cash and cash equivalents at end of year					
			601,478		648,306

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2024

1 Accounting policies

Charity information

ITEC North East Limited is a private company limited by guarantee incorporated in England and Wales. The registered office is Itec House Hilton Road, Aycliffe Business Park, Newton Aycliffe, County Durham, DL5 6EN.

1.1 Accounting convention

The financial statements have been prepared in accordance with the Charity's governing document, the Companies Act 2006, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Charities SORP "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)". The Charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the Charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the Members have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. Thus the Members continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Members in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors or grantors as to how they may be used. There are no restricted funds in the current or the previous year.

1.4 Income

Income is recognised when the Charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the Charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2024

1 Accounting policies (Continued)

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	3 years straight line basis
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1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	7 years straight line basis
Office Equipment	3 years straight line basis
Fixtures and fittings	8 years straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

1.8 Impairment of fixed assets

At each reporting end date, the Charity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The Charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Charity's balance sheet when the Charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2024

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Charity's contractual obligations expire or are discharged or cancelled.

1.11 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

2 Critical accounting estimates and judgements

In the application of the Charity's accounting policies, the Members are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2024

3 Income from charitable activities

	Unrestricted funds 2024 £	Unrestricted funds 2023 £
ESFA and similar activities		
ESFA Income	577,851	434,023
College Income	106,002	810,350
Employer co-investment	3,719	14,010
Tees Valley Income	400,417	451,512
Subcontractors		
Subcontractors	225,922	199,896
Youth Employment Initiative		
Other income	40,570	70,235
Miscellaneous other activities		
Other income	9,105	9,828
	<u>1,363,586</u>	<u>1,989,854</u>

4 Income from investments

	Unrestricted funds 2024 £	Unrestricted funds 2023 £
Interest receivable	<u>10,152</u>	<u>6,755</u>

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2024

5 Expenditure on charitable activities

	ESFA and similar activities 2024	Subcontractors 2024	Total 2024	ESFA and similar activities 2023	Subcontractors 2023	Employment Initiative 2023	Youth 2023	Total 2023
	£	£	£	£	£	£	£	£
Direct costs								
Staff costs	840,661	-	840,661	804,539	-	70,235	874,774	
Depreciation and impairment	26,130	-	26,130	21,780	-	-	21,780	
Training purchased	176,914	-	176,914	268,593	-	-	268,593	
Trainee expenses	3,806	-	3,806	8,717	-	-	8,717	
Subcontractors and Sales Commissions	86,889	192,035	278,924	210,759	169,935	-	380,694	
Advertising	48,188	-	48,188	67,326	-	-	67,326	
Sundry expenses	4,752	-	4,752	7,645	-	-	7,645	
Rent, rates and cleaning	125,357	-	125,357	81,357	-	-	81,357	
Motor and travel	11,636	-	11,636	47,681	-	-	47,681	
Printing, stationery and telephone	13,663	-	13,663	17,647	-	-	17,647	
Consultancy fees	45,514	-	45,514	50,144	-	-	50,144	
Hire of equipment and repairs	40,053	-	40,053	47,908	-	-	47,908	
Bank charges	359	-	359	264	-	-	264	
Disallowable VAT	37,173	-	37,173	65,676	-	-	65,676	
Subscriptions	25,141	-	25,141	20,955	-	-	20,955	
Insurance	8,571	-	8,571	8,476	-	-	8,476	
Staff training	6,297	-	6,297	1,057	-	-	1,057	
	1,501,104	192,035	1,693,139	1,730,524	169,935	70,235	1,970,694	
Share of support and governance costs (see note 6)								
Governance	18,345	-	18,345	14,962	-	-	14,962	
	1,519,449	192,035	1,711,484	1,745,486	169,935	70,235	1,985,656	

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2024

6	Support costs allocated to activities	2024	2023
		£	£
	Governance costs	18,345	14,962
		<u> </u>	<u> </u>
	Analysed between:		
	ESFA and similar activities	18,345	14,962
		<u> </u>	<u> </u>
7	Net movement in funds	2024	2023
		£	£
	The net movement in funds is stated after charging/(crediting):		
	Fees payable for the audit of the charity's financial statements	10,000	10,000
	Depreciation of owned tangible fixed assets	14,464	14,974
	Amortisation of intangible assets	11,667	6,806
		<u> </u>	<u> </u>
8	Members		
	None of the Members (or any persons connected with them) received any remuneration or benefits from the Charity during the year. (2023 : £Nil)		
9	Employees		
	The average monthly number of employees during the year was:		
		2024	2023
		Number	Number
	Management	3	3
	Teaching and Learning	9	15
	Recruitment	-	6
	Administration and Account	13	4
	Quality	-	1
		<u> </u>	<u> </u>
	Total	25	29
		<u> </u>	<u> </u>
	Employment costs		
		£	£
	Wages and salaries	753,606	790,486
	Social security costs	71,137	69,936
	Other pension costs	17,918	16,352
		<u> </u>	<u> </u>
		842,661	876,774
		<u> </u>	<u> </u>

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2024

9 Employees (Continued)

Staff costs of £2,000 (2023 : £2,000) have been allocated to support costs

The number of employees whose annual remuneration was more than £60,000 is as follows:

	2024 Number	2023 Number
£60,001 - £70,000	-	1
£70,001 - £80,000	1	-
	<u> </u>	<u> </u>

10 Taxation

The charity is exempt from taxation on its activities because all its income is applied for charitable purposes.

11 Intangible fixed assets

	Software £
Cost	
At 1 August 2023 and 31 July 2024	35,000
	<u> </u>
Amortisation and impairment	
At 1 August 2023	6,806
Amortisation charged for the year	11,667
	<u> </u>
At 31 July 2024	18,473
	<u> </u>
Carrying amount	
At 31 July 2024	16,527
	<u> </u>
At 31 July 2023	28,194
	<u> </u>

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2024

12 Tangible fixed assets

	Leasehold improvements £	Office Equipment £	Fixtures and fittings £	Total £
Cost				
At 1 August 2023	9,750	62,364	40,231	112,345
Additions	-	8,508	657	9,165
	<u>9,750</u>	<u>70,872</u>	<u>40,888</u>	<u>121,510</u>
At 31 July 2024	9,750	70,872	40,888	121,510
Depreciation and impairment				
At 1 August 2023	1,393	44,176	17,093	62,662
Depreciation charged in the year	1,393	9,311	3,760	14,464
	<u>2,786</u>	<u>53,487</u>	<u>20,853</u>	<u>77,126</u>
At 31 July 2024	2,786	53,487	20,853	77,126
Carrying amount				
At 31 July 2024	6,964	17,385	20,035	44,384
	<u>8,357</u>	<u>18,188</u>	<u>23,138</u>	<u>49,683</u>
At 31 July 2023	8,357	18,188	23,138	49,683

All fixed assets are used for charitable purposes.

13 Debtors

	2024 £	2023 £
Amounts falling due within one year:		
Trade debtors	1,985	26,181
Other debtors	129,057	382,986
Prepayments and accrued income	20,361	28,856
	<u>151,403</u>	<u>438,023</u>

14 Current asset investments

	2024 £	2023 £
Unlisted investments	267,333	267,333

The current asset investment is a UK bank bond

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2024

15 Creditors: amounts falling due within one year

	2024	2023
	£	£
Other taxation and social security	19,202	17,302
Trade creditors	99,676	48,514
Other creditors	3,056	121
Accruals and deferred income	66,650	135,315
	<u>188,584</u>	<u>201,252</u>

16 Retirement benefit schemes

	2024	2023
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	17,918	16,352
	<u>17,918</u>	<u>16,352</u>

The Charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Charity in an independently administered fund.

17 Unrestricted funds

The unrestricted funds of the charity comprise the unexpended balances of donations and grants which are not subject to specific conditions by donors and grantors as to how they may be used. These include designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes.

	At 1 August 2023	Incoming resources	Resources At 31 July 2024	
	£	£	£	£
General funds	1,230,287	1,373,738	(1,711,484)	892,541
	<u>1,230,287</u>	<u>1,373,738</u>	<u>(1,711,484)</u>	<u>892,541</u>
Previous year:				
	At 1 August 2022	Incoming resources	Resources At 31 July 2023	
	£	£	£	£
General funds	1,219,334	1,996,609	(1,985,656)	1,230,287
	<u>1,219,334</u>	<u>1,996,609</u>	<u>(1,985,656)</u>	<u>1,230,287</u>

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2024

18 Operating lease commitments

Lessee

At the reporting end date the Charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2024	2023
	£	£
Within one year	72,000	73,400
Between two and five years	144,000	216,000
	<u>216,000</u>	<u>289,400</u>

19 Events after the reporting date

Since the balance sheet date, Companies House has been notified to discharge the debenture charge. This was a fixed and floating charge debenture held over the assets of the organisation. The debenture was security on a bank loan imposed on 13 October 2005. The loan has been repaid in full within previous accounting periods

20 Related party transactions

There were no related party transactions for the year ended 31 July 2024 (2023 : Nil)

21 Cash absorbed by operations

	2024	2023
	£	£
(Deficit)/surplus for the year	(337,746)	10,953
Adjustments for:		
Investment income recognised in statement of financial activities	(10,151)	(6,755)
Depreciation and impairment of tangible fixed assets	26,130	21,780
Movements in working capital:		
Decrease/(increase) in debtors	286,620	(266,057)
(Decrease) in creditors	(12,668)	(255,753)
Cash absorbed by operations	<u>(47,815)</u>	<u>(495,832)</u>

22 Analysis of changes in net funds

The Charity had no material debt during the year.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.

ITEC NORTH EAST LIMITED

England & Wales - Charity number 519259

Accounts

REGISTERED COMPANY NUMBER: 02045777 (England and Wales)
REGISTERED CHARITY NUMBER: 519259

**Report of the Trustees and
Financial Statements
for the Year Ended 31 July 2023
for
ITEC North East Limited**

ITEC North East Limited

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for the Year Ended 31 July 2023**

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**Report of the Trustees
for the Year Ended 31 July 2023**

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 July 2023. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Objectives and aims

For over 40 years ITEC North East Limited has operated as an inspirational charity across the North East with strategically placed training facilities currently in Newton Aycliffe and Middlesbrough employing around 30 staff.

Our charitable company's object and principal activity continues to be the provision of Apprenticeship training to young people and unemployed adults in the computing and business environment. This provision has expanded over recent years to include Digital, IT and Manufacturing industries. Our classroom based study activities include employability skills, Maths, English, IT, and Digital Marketing, all of which are funded primarily through the Education Skills Funding Agency, or devolved areas.

In setting our objectives and planning our activities, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit and to its supplementary public benefit guidance on fee charging.

Our vision is that all of our learners reach their full potential. Our reputation for promoting learning opportunity and employability will be outstanding. We are recognised throughout the North East as a provider of choice amongst learners, employers and other key stakeholder.

Our mission is to be the North East's leading provider of innovative, skills-based vocational education and training. Working with our employers and partners our vision is to deliver to our learner's outstanding training and personal support so that they are:

I - Inspired to achieve their individual personal and qualification targets, gaining confidence, self-belief and reaching their full potential.

T- Trained by talented academic staff who are experts in their fields to ensure learners progress into sustainable employment and/or further education as a result of the skills and knowledge developed.

E - Enthusiastic and positive about their future. Buying into the benefits of 'lifelong learning' and making positive contribution to their employer.

C - Challenged and supported by setting high standards for ourselves and encouraging high aspirations in our learners. We will provide high levels of support for both learners and staff to achieve.

The charitable company's continuing strategic objectives whilst inspirational are realistic and deliverable.

Our strategic aims :

- Strive to achieve Outstanding Teaching, Learning and Assessment leading to Outstanding outcomes for learners.
- Place the learner at the centre of our decision making process responding proactively to meet their individual needs and aspirations ensuring an Outstanding Learner Experience.
- Strengthen and develop partnerships with employers and partner organisations to create a sustainable future for ITEC North East Limited.
- Recruit, develop and retain highly competent and outstanding staff who can take forward ITEC's vision.
- Maintain organisational excellence in governance, quality assurance, culture and financial health and resources for learning.

**Report of the Trustees
for the Year Ended 31 July 2023**

Strive to achieve Outstanding Teaching, Learning and Assessment leading to Outstanding outcomes for learners. Our strategy to achieve this aim is to equip learners with the skills most valued in the modern economy. Learners are able to work independently and be effective in their use of digital technology, English and Maths. Learners have high aspirations and are able to demonstrate team work, communication, innovation and a deep understanding of how they learn and their specialism. Keen to protect the environment and promote equality and diversity. At ITEC North East Limited teaching, learning and assessment focuses on deeper learning that leads to transferable skills.

We are graded accordingly through our own self-assessment and OFSTED. Employers and learners grade us positively for the quality of their experience of ITEC and for the standards achieved, as seen in the skills and competence of our learners.

Place the learner at the centre of our decision making process responding proactively to meet their individual needs and aspirations ensuring an outstanding learner experience.

ITEC North East Limited learners will experience activities, processes and environments that will engage and inspire them to identify and progress to their personal goals and careers. All aspects of their contact with ITEC will enhance achievement, progression and learning.

In order to achieve this, services, administration and staff will work together in the interests of learners, building a culture of aspiration, excellence and personal responsibility. The Learners will receive effective support and be inspired whilst on employer or ITEC facilities learning experience will be that of feeling safe, being supported to interact effectively with staff and peers. Learners will develop as people, gain understanding of other cultures, lead healthy lifestyles, and learn from and respect each other.

Strengthen and develop partnerships with employers and partner organisations to create a sustainable future for ITEC North East Limited. Our strategy to achieve this aim is to develop excellent partnerships with both employers and partner organisations to ensure we meet the needs of key regional priorities. We have built a reputation in key specialisms that are important to our local economy and labour market. We offer excellent advice and guidance to learners, employers, partner organisations and parents about the local economy, training options and employer options. We will provide training to the unemployed in the skills, attitudes and expectations of employers to transition learners into work. We will work with employers to develop first class training to meet their needs, support skill shortages, and the upskilling of their existing workforce.

Recruit, develop and retain highly competent and outstanding staff who can take forward ITEC's vision. To achieve our strategy aim we recruit, retain and develop the very best staff. We maintain and improve staff and organisational arrangements that will support excellence in teaching and learning, and service delivery. We always aim to be an excellent employer because staff who feel valued, are productive and effective employees, and because we believe that staff are entitled to a fair and supportive environment in return for hard work, dedication and results. We provide training, development and support for staff to enhance their skills and knowledge to meet the ever changing demands in the sector and to support staff to achieve the excellent standard that learners expect and deserve. We develop a sustainable and flexible staffing model that enables achievement of our aims and addresses the challenges of the public sector funding cuts. Where savings have to be made, we aim for a fair and transparent process through genuine consultation and partnership working.

Maintain organisational excellence in governance, quality assurance, culture and financial health and resources for learning.

Governance: To achieve our strategy aim we ensure Governance is focussed on the organisation's purpose and on outcomes for communities and learners. ITEC seeks to perform effectively both as individuals and as a team and continues to develop the capacity and capability to be highly effective. We promote values for the whole organisation and behave with integrity, taking informed transparent decisions and managing risk. We hold leaders and managers to account for the ITEC's performance, engaging with stakeholders and making accountability real.

Culture: To achieve our strategy aim we ensure culture is forged through collective beliefs, values and routines of an organisation and evident in its structures and the behaviours of staff and leaders. ITEC is committed to a set of values that underpin the culture:

- Recognising individuality
- Respect

**Report of the Trustees
for the Year Ended 31 July 2023**

- Integrity
- Professionalism
- Challenge and innovate
- Adaptability

Quality Assurance: Our strategy is achieved by ensuring quality assurance and improvement is the responsibility of the whole business. We create and sustain quality systems that support excellence in Teaching, Learning and Assessment (TLA) and all other services wherever and whenever they are offered by ITEC North East Limited. Our quality systems, services and processes are supportive, informative, accessible, and driven by the use and analysis of robust data that is used to identify areas of both excellence and those in need of further development. Ensuring that the outcomes of quality processes are used to inform and support improvement, and to monitor and ensure completion of improvement plans. We continue to develop and manage quality processes that are effective and efficient in identifying our progress towards excellence, and communicate the outcomes of these effectively to inform improvement.

Financial Health and resources for Learners: To achieve this strategy we allocate the financial resources required to support and advance excellent success rates and learner and employer satisfaction; to support staff to feel valued and realise the vision for excellence; to promote ITEC's reputation and profile through industry relevant resources; and to provide opportunities for growth.

We align our delivery activity to meet our objectives and ensure it is tailor made to successfully support local businesses in various growth sectors with a range and volume of education and training provision. This includes but is not limited to customer service, mental health & wellbeing, manufacturing, health & social care, IT, digital marketing and cyber security. We also successfully deliver functional skills programmes up to level 2 which are integrated with employability skills ensuring learners can gain accredited qualifications but also with the primary purpose that they gain meaningful employment and/or progress to further training.

Our activity also includes recruiting and supporting those most disadvantaged within our community. We understand the complex needs of individuals living in the area our target group includes young people 16-18; long term unemployed, and people with disabilities (including learning difficulties); lone parents; older workers/50+; NEET group; BME groups; those out of work but not claiming benefits and individuals with basic skills needs or low/no qualifications.

We make good use of LMI and local knowledge to ensure that our strategy aims and services are fit for purpose, do not duplicate, remain current, relevant and of impact and contribute to achievement of NELEP strategic aims. We understand the social and economic indicators and policies that steer the priorities for our activity and have used them to formulate our delivery activity plans.

ITEC North East Limited was awarded both the Pathway and Routeway Youth Employment Initiative (YEI) programmes. The YEI Programme is part-funded by the European Social Fund (ESF) as part of the 2014-2020 (ext 2024) European Structural and Investment Funds Growth Programme in England with the Department for Work and Pensions (DWP) as the Managing Authority.

- Tees Valley Pathway delivers innovative solutions to young people aged 16 -29 who are struggling to achieve or progress into a positive destination. It will also support those young people furthest away from the labour market by providing them with the skills they need to get into work and offer a flexible learning and skills fund.

- Tees Valley Routeways delivers tailored routeways for young people aged 16-29 to assist them in entering into priority growth sectors including Advanced Manufacturing, Digital, Logistics, Low Carbon and Health and Social Care through a range of activities such as volunteering, internships, traineeships and apprenticeships.

ITEC North East also delivers other ESF initiatives including Skills Support for the Workforce (SSW), North East Achieves (NEA) and Communities Work (CW).

SSW is a programme which involves the development and delivery of bespoke skills support to increase the skill levels of employed individuals, including basic skills needs, and encourage progression; particularly in SMEs and Micro businesses, again, aligned to the LEP priorities and sectors.

NEA is a programme to train and support people into work by providing 6 months of post-programme interactions to support progression into work and continued learning, once in employment. Programmes develop vocational skills aligned to employment demand, as well as relevant functional and employability skills.

**Report of the Trustees
for the Year Ended 31 July 2023**

CW is a programme providing vocational, employability and functional skills development to support progression towards and into employment/volunteering/learning.

All of the above programmes further support ITEC's above objectives.

We consider the following criteria when measuring success in the reporting period:

- Impact Measures
- Outcome Analysis
- Quality Standards
- Safety Standards
- Meeting the needs of local industry
- Workforce upskilling
- Equality and diversity need
- Economic Growth
- Regional social value (RSV)
- Cultural impact

Impact Measures

We use Impact measurements to quantify and assess the achievement of outcomes within our current delivery we monitor participation, retention, achievement, progression, customer satisfaction targets and a range of quality measures.

Improvement: We use these impact measures throughout the learner journey to identify, forecast and improve learners progress by e.g. providing additional pastoral support if attendance in the work place is an issue.

Outcome Analysis

We use target outcomes to measure performance for individuals, teams and the company as a part of our continuous improvement process. These include participation, retention, achievement, progression, customer satisfaction targets and a range of quality measures. **Improvement:** Results help us to produce our annual self-assessment report (SAR) and develop a new Quality Improvement Plan (QIP) that enables us to make judgements on our provision and identify the areas we aim to improve and the actions required, and is the key focus for development activity in the coming year.

Quality Standards

We build a range of quality standards into our targets e.g. Quality of teaching and learning and Personal Development, Behaviour and Welfare, these standards form the basis of our SAR. **Improvement:** As a part of our continuous improvement process (SAR/QIP) these standards are reviewed monthly and the results are used to inform improvement e.g. quality of teaching and embedding of new technology into practice.

Safety Standards

A range of Health and Safety and safe guarding standards are used within ITEC e.g. we undertake a health and safety assessment of all employer premises before entering into an agreement for apprentice training, including observation of safeguarding policies within the workplace. **Improvement:** The monitoring and review of these standards, for example informs and improves the level of support an employer can provide to an apprentice.

Meeting the Needs of Local Industry

We undertake a thorough business needs/training needs analysis (TNA) when we engage with employers to identify their requirements and where most value can be gained e.g. correctly identifying their IT skills gaps and agreeing the most effective way to deliver 'off the job' training. The delivery of the TNA is continuously reviewed throughout the Learners Journey. **Improvement:** The identification and review of the outcome targets within the TNA enables us to improve:

- Customer relationships
- Responsiveness to local strategic priorities.
- Bespoke Apprenticeship programmes for employers

**Report of the Trustees
for the Year Ended 31 July 2023**

Workforce Upskilling

Each employer has a TNA completed with them and each learner has Matrix approved Information Advice and Guidance (IAG) and a designated tutor. This enables ITEC to understand and prepare for their learning journey and prepare a range of outcome measures that includes the strengths, barriers and skills gaps that employers and learners have e.g. range of staff without certain technical competence. **Improvement:** The correct identification and agreement of Workforce upskilling outcome measures enables ITEC to embed these measures within their continuous improvement process for monitoring and review. This review enables ITEC to improve its service by:

- Continuously refining their delivery to the employer and learner.
- Delivering additional value to the employer throughout delivery that may deliver e.g. greater levels of efficiency and productivity.

Equality and Diversity Need

Our delivery engages a diverse and representative group of learners. As a part of our E&D delivery we deliver equal opportunity for all and have identified Dignity, Safeguarding, British Values and Welfare all key outcome targets. They are promoted and embedded in sessions ensuring a culture of mutual respect. **Improvement:** During progress reviews, progress is tracked and reviewed and tutors improve their planned learning sessions/materials to reflect the identified required improvements. The wider impact of this improvement raises the apprentice's awareness of E&D and how to contribute to wider society and life in Britain.

Economic Growth

We have identified key strategic relationships and LEP high growth sectors as key outcome targets that are planned, monitored and reviewed as a part of our performance management process. **Improvement:** By delivering our outcome targets ITEC delivers strategically relevant training to employers in high growth sectors, this enables the following improvements to be made:

- Enhances learner's capacity and creativity, opportunities, and satisfaction at work
- Empower learners to develop their full capacities and seize employment and social opportunities
- Raise productivity of workers of enterprises
- Contribute to boost future innovation and development
- Encourage domestic and foreign investment, by having a high skilled workforce

Regional Social Value (RSV)

The RSV delivery is wide ranging across the NE. We are aware of the governments focus and regional priority towards the younger age group and those from disadvantaged backgrounds. We identified a number of outcome measures e.g. recruit 16 - 18 yr olds and NEETS from disadvantaged backgrounds, to support this and drive behaviour to improve our contribution to the NE's RSV. **Improvement:**

ITEC's focus on RSV will improve learners' life chances, empower learners to develop to their full capacities and reduce the NEET levels in the NE.

Cultural Impact

The cultural impact of our training is measured by tracking and reviewing, (via surveys and 1:1 reviews), a number of employer and learner outcome targets; attitudes, values, and behaviours. **Improvement:** By empowering learners via high quality apprenticeship delivery they are able to improve and make an impact on their families, friends, communities, life chances and career.

The company produces strategic/development plans (currently 2020-24). These include an accommodation strategy and risk analysis and an annual detailed financial budget with the directors monitoring performance against these plans.

The management was pleased to report that the charitable company generally met or over achieved its specific objectives for 2022-23.

**Report of the Trustees
for the Year Ended 31 July 2023**

STRATEGIC REPORT

Achievement and performance

Charitable activities

The majority of our contracts continue to perform well during such unprecedented times following the COVID-19 Pandemic. These include our programmes funded via the European Social Fund (ESF). Our YEI Programme which is part-funded by the European Social Fund as part of the 2014-2020 (ext 2024) European Structural and Investment Funds Growth Programme in England with the Department for Work and Pensions (DWP) as the Managing Authority. Also, our AEB (Adult Education Budget) contract across Tees Valley funded via Tees Valley Combined Authority 2022-23 further supports our charitable objectives.

Government policy has a significant influence on the work we do as a training provider. Following changes to funding methodology, competition is evermore fierce to secure long term funds to support learners & employers. In addition, the high profile closure of a number of large training providers has seen the expectations posed by external bodies (ESFA, ESF, Ofsted) measurably increase under new audit regimes and inspection frameworks. Contracts are reviewed evermore frequently with further measures introduced in 2021-22 such as the Apprenticeship Accountability Framework. Underperformance is dealt with swiftly, typically with the removal or reduction in overall contractual values. Although some flexibilities were given for the challenges brought about by the COVID Pandemic, these were short-lived with the expectation of 'business as normal' from August 2021 despite further challenges into and beyond 2022-23 connected with the spiralling cost of living crisis.

With this in mind we continue to recruit sub-contractors to deliver provision which complements our core business activity, our current subcontractor is:

- Trade Tech Northern Limited - Entry to employment in the North East (priority sectors construction, engineering, logistic)

As much of the company's core work is based on employer's premises or online; employers and learners are attracted from across the whole of the North East region. Our stated aim for engagement with employers is to "Strengthen and develop partnerships with employers and partner organisations to create a sustainable future for ITEC".

The company produces strategic/development plans (currently 2020-24). These include an accommodation strategy and risk analysis and an annual detailed financial budget with the directors monitoring performance against these plans.

The onset of the COVID-19 pandemic in March 2020 naturally impacted ITEC NE's normal business operations, those of our employers, and wider stakeholders. The management were pleased to report that the charitable company generally maintained its specific objectives for 2022-23. Two key addendums were added to the strategic plan in September 2021 (COVID 19 Pandemic & Safeguarding), and July 2022 (Cost of Living Crisis).

Success/Achievement Rates

Apprenticeship achievement rates for ITEC North East have broadly remained static over the last year as a consequence of the COVID-19 pandemic, and the ongoing cost of living crisis. National Averages released in 22/23 did as expected remain low, with only minimal improvements in some areas. In March 2023 the Minister for Skills, Apprenticeships and Higher Education (Rt Hon Robert Halfon MP) wrote to the FE sector setting out the Government's pledge to increase national achievement rates to 67% by 2025. ITEC North East were proud to report that our own achievement rates have consistently remained above the Government's target throughout the period 20/21 - 22/23, and have therefore met the Government's pledge ahead of the 2025 target. Additionally, ITEC North East achievement rates remain at least 10% above national average across all key performance indicators, and these consistently high levels of performance therefore continue to suggest that we have navigated the pandemic, and the ongoing cost of living crisis, more successfully than most other providers.

Apprentices continue to achieve highly at end point assessment by achieving grades of merit and distinction. A 3-year trend is evidenced with ITEC North East being consistently above the national average. 22/23 high grade rates did decline slightly due to a change in assessment criteria by the Awarding organisation (AO), however, actions were swiftly implemented and positive impact noted in the latter stages of 22/23 where rates returned to 57% (+7% NA).

In addition to achieving highly, approximately 83% of apprentices sustained employment which is significantly above the national average 75%. Of those apprentices, 43% gained in work progression and 75% a pay rise, again above the national averages 42% & 67% respectively. The overall progression rate for adult provision into work remains very good at 47%.

**Report of the Trustees
for the Year Ended 31 July 2023**

All training continues to be delivered in a classroom setting or online, we continue to introduce new provision, and where possible learners suffering from digital and other forms of poverty were supported to achieve. As stated above our SSW, NEA, CW, Routeway and Pathway provision continues to deliver well against outputs and we remain one of the top performing providers within the area.

Learner Numbers

The company has constantly targeted growth in apprenticeship numbers and in 22/23 there was a minimal increase of 19% from 107 (21/22) to 130. Targeted as a year of significant recovery, regrettably the ongoing cost of living crisis, record high inflation, uncapped energy prices, significant increases in cost of goods / services all stifled our employer's capabilities to recruit and also retain staff.

ITEC North East and our subcontractors have supported over 645 learners in our pre-employment programmes, ensuring learners develop strong practical skills. Our programmes are very successful, relevant, meet industry needs and address local and regional priorities. We align our offer to meet these needs and provide training in sector specific areas in which learners can find employment. This leads to extremely high retention and overall outcome rates on all of our programmes. Despite difficult times, to retain the overall numbers ITEC has achieved was seen as a huge success, particularly with approximately 47% of our learners progressing into further studies, employment or voluntary work.

Contracts / Values & New Programmes

In 22/23 ITEC North East were successful in meeting the main objectives of our Tees Valley Combined Authority Adult Education Contract by supporting 47% of learners into work or further studies. Beginning September 2021, ITEC were successful in tendering for two contracts for North East Achieves (Transitional and More Developed Areas), and one for Communities Work (Transitional Area). Contracts were completed by June 2023 where over 1200 participants were supported to gain a range of vocational, employability and functional skills dependant on their starting point and personal aims (e.g. learning, progression, employment). The Prime Provider commended ITEC North East on its management of the contract, flexible, relevant & responsive training offers, and close working relationships with our employers and partner organisations to maximise positive outcomes; in some areas contract KPIs were over achieved.

In regards to supporting employers within the region through the development and upskilling of their workforces, ITEC were successful in securing further Skills Support for the Workforce contracts in the Transitional and More Developed Local Enterprise Partnership (LEP) areas. Following detailed Training Needs Analysis (TNA's) training was delivered to more than 40 companies leading to the upskilling of staff, many of which progressed 'in work' (additional duties, pay rises, promotions), or into further training opportunities either at a higher level, or into apprenticeship training.

Financial review

Financial position

The charitable company reported a surplus for the year on unrestricted funds of £10,951 (2022: £164,905). Incoming resources from charitable activities for the year were £1,996,609 compared to £1,735,032 for the previous year. Resources expended from charitable activities were £1,985,658 for the year compared to £1,570,127 in the previous year.

Investment policy and objectives

The directors have considered the most appropriate way for investing cash resources and have decided that term bank deposits meet their requirements of a reasonable rate of return, without capital risk, and with predictable accessibility to the funds. The directors review this policy on a regular basis.

Reserves policy

The directors consider that a sensible level of free reserves that the charitable company needs to hold (those reserves not invested in fixed assets or designated for particular purposes) should equate to three months of operating expenditure, as is quite normal in other concerns. This policy would therefore indicate a level of about £496,000 and at 31 July 2023 free reserves amounted to £1,152,408 (2022: £1,156,063). Our reserves are higher than indicated however, the trustees are actively seeking to invest free reserves in ways which will further the charitable objectives of the organisation.

**Report of the Trustees
for the Year Ended 31 July 2023**

STRATEGIC REPORT

Future developments

This report continues to be published in a climate of unprecedented change and challenge, coupled with ongoing difficult economic circumstances following the aftermath of the COVID-19 pandemic, and the spiralling cost of living crisis, both of which continue to create uncertainties and impact across the sector.

These uncertainties are likely to continue into the future with the global instability created by the continuing invasion of Ukraine by Russia, record high inflation, unpredictable fuel & energy costs, the disruption to global supply chains, political unrest both foreign and national. The negative impact to both households and businesses can be seen through measures such as the increase use of food banks, digital poverty optics, increase mental health referral, frequency of workforce strikes, business downsizing / redundancy rates.

Directly relating to our sector we note the end to ESF funding in 2023, many of which are projects that are either fully or part funded. Competition is fierce to secure future funding, particularly with many classroom based providers becoming 'accidental experts' in delivering online as a result of the COVID-19 pandemic. This has allowed providers to tender for funding outside of their usual footprint, either at a regional or national level.

We note organisations such as the Association of Employment and Learning Providers (AELP) demanding that ministers take urgent action to prevent "total collapse" of the training system in the wake of multiple and increasing numbers of providers exiting the publicly funded training sector. AELP cite a "perfect storm" of rising costs, reduced adult education budget (AEB) contracts, the end to the traineeship programmes and real-terms cuts to apprenticeship funding bands pushing the sector to the brink of total collapse.

We recognise that future challenges will continue to drive change throughout our sector, however we continue to invest in areas that excel and target resources to support these areas. During 22/23 ITEC North East moved to a new well equipped and modern training facility, completed a rebrand, invested in new systems such as HubSpot CRM, and developed an improved web and social media presence. These significant decisions will support ITEC North East in achieving our stated aims for engagement with employers ("Strengthen and develop partnerships with employers and partner organisations to create a sustainable future for ITEC") and our learners ("Place the learner at the centre of our decision making process responding proactively to meet their individual needs and aspirations ensuring an outstanding learner experience").

Changing Policy Context for Skills - The charitable company continues to be funded by the Government via the Education and Skills Funding Agency (ESFA). Changes to government policy over the preceding four years has significantly altered our income streams. Almost all of our previous income was secured from the ESFA in the form of Apprenticeship and Adult Education Funding. Reductions in public sector funding and changes to the way in which apprenticeships are funded have seen ITEC NE diversify their income streams into other areas of working following successful bids for Skills Support for the Workforce (SSW), North East Achieves (NEA), Communities Work (CW), Kickstart, and devolved Adult Education Funding which now account for approximately half of our overall income. In addition, we have successfully engaged with large Levy paying employers following changes to funding in 2015, which has further minimised our reliance on public funds. The introduction of the new contracts and Subcontracting have played an important part in growing the business turnover and profitability.

Throughout 2019/20 and in response to the COVID-19 pandemic, ITEC transitioned all delivery (Apprenticeship & Short Programmes) to Adobe Connect online platforms to ensure that where possible learners could continue in training & development. In 2020/21 an Online Learning Strategy was introduced to build on our strengths and address areas for development. The Strategy continues to focus on four key aims: Learners, Staff, Enhance Practice, Infrastructure. Continued investment in the development of our staff & resources ensures that the learning experience is comparative to that received in a traditional classroom. During 2022/23 the strategy has moved forward considerably with the rollout of digital (Google) classrooms for short provision, production of digital content, on boarding of new systems such as Microsoft Teams and Hubspot. The continual upskilling of our own work force has created a culture whereby staff embrace digital technologies allowing delivery to take place on line or classroom based, and where systems or processes can quickly be refined to add to the overall stakeholder experience and drive standards. Feedback from both learners, employers and staff in 22/23 was excellent, and in almost all cases remain in excess of 90%.

**Report of the Trustees
for the Year Ended 31 July 2023**

STRATEGIC REPORT

To further reinforce our commitment to be responsive to the needs of our learners & employers, a range of new provision was introduced throughout the year including; L1 & 2 Cyber, L2 Digital Skills & IT, E/L1 Essential IT. During 22/23 variations of programmes were created to meet employer demand such as IT Work Ready, IT Digital Explorer, and Business Data Essentials. Planned for early 23/24, the creation of a range of Artificial Intelligence workshops will roll out to support employer's to upskill workforces and embed emerging technology into business operations.

Our VideoTile platform introduced from 2020/21 continues from strength to strength in 2022/23. This online platform offers over 150 short (typically <2 hours) self-study courses in areas such as Digital, Business, Health & Wellbeing and Personal development; all courses are made available for free to existing learners. The platform is very well received through our work with the unemployed allowing participants to enhance C.V.s in specialist areas such as manufacturing, health and safety, food and drink.

Our strategy, whilst inspirational, is realistic and deliverable. The strategy will enable ITEC NE to develop as an independent training provider and build an outstanding portfolio of study. Our strategic priorities for 22/24 are to:

- Strive to achieve Outstanding Teaching, Learning and Assessment leading to Outstanding Outcomes for learners.
- Place the learner at the centre of our decision making process responding proactively to meet their individual needs and aspirations ensuring an Outstanding Learner Experience.
- Strengthen and develop partnerships with employers and partner organisations to create a sustainable future for ITEC NE.
- Recruit, develop and retain highly competent and outstanding staff who can take forward ITEC's vision.
- Maintain organisational excellence in governance, culture, quality assurance and financial health and resources for learning.

All of these changes highlighted above will impact upon ITEC's strategy and will require us to make adjustments to processes, structures and other areas of our operation. The strategy will enable ITEC NE to develop as an independent training provider and build an outstanding portfolio of study.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

ITEC North East Limited is a company limited by guarantee, governed by its Memorandum and Articles of Association dated 12th August 1986, as amended by special resolutions dated May 1992, October 1994, January and August 1999, February 2006 and September 2019. The company's registration number is 02045777. It is registered as a charity with the Charity Commission, number 519259. There are currently four members, each of whom agree to contribute £1 in the event of the charitable company winding up.

Recruitment and appointment of new trustees

The number and skills of the trustees are regularly reviewed and gaps identified. Existing members then approach suitable candidates who are invited to attend trustees' meetings, initially as observers, before being formally invited to join the board following discussion and references. The Board of Trustees implements a fair recruitment process involving provision of information on the role and skills required and a formal application process for all interested parties.

**Report of the Trustees
for the Year Ended 31 July 2023**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure

The Board consists of 3 Non-Executive Directors who are Trustees, and a Chief Executive Officer. The Board of Trustees are elected by the membership. The Board have responsibility for the strategic direction and policy of the company and ensuring it meets legal requirements. In addition to quarterly meetings the Board of Trustees meet regularly to review external developments, strategy, finance and fundraising issues. The Board of Trustees have appointed staff to undertake the day to day running of the organisation led by the Chief Executive Officer delegated to manage the day-to-day operations of the organisation. The Senior Management Team, led by the Chief Executive Officer, oversees development and operations, reviews performance information, makes financial decisions within the agreed annual budget and prepares reports and recommendations for the Board of Trustees.

The Chief Executive Officer is also responsible for ensuring the implementation and progress towards the outcomes identified in the 2020-24 Strategic Business Plan. The responsibility of deputising for the Chief Executive Officer was reviewed and now this is a shared responsibility across the Senior Management Team. ITEC's well established Operational Management Team monitors performance across programmes and delivery activities and encourages information cascading, sharing and cross-organisational working in addition to regular general staff meetings. Training and knowledge sharing sessions with Operational Management Team has facilitated greater synergy with Senior Management Team and this will continue.

The Chief Executive Officer supported by a senior management team comprising of Head of Operations, Head of Business Support and Performance, Funding and Administration Manager, Quality Manager, Finance Manager and Business Development Manager. Assessment and training delivery is provided by a team of 8 assessors/Tutors along with a centralised administration function. Business development and employer engagement activity is provided by a team of 3 business development consultants/lead generators.

Pay policy for senior staff

The trustees consider the Senior Management Team to form the key management personnel of the charity, in charge of directing and controlling, running and operating the charity on a day to day basis. The pay of the senior staff is reviewed annually and normally increased in accordance with inflation. The trustees benchmark against pay levels in other similar organisations and charities.

Induction and training of new trustees

All Trustees have an induction which covers their legal obligations under charity and company law, summaries of the Memorandum and Articles of Association, roles and responsibilities, organisational reporting structures and staff structures, health and safety policy and procedures information. Trustees have also had policy inductions on Confidentiality, Equality and Diversity, Health and Safety and Quality. Individual reviews with Trustees are held annually with the Chair to identify specific training needs and in order to enable Trustees to share thought and suggestions around governance arrangements. Further training has been delivered to Trustees in relation to prevent awareness with internal development sessions held throughout the year. All members receive Charity Commission publications in order to keep them up to date with their role and responsibilities.

Key management remuneration

The charitable company recognises the Chief Executive Officer, Head of Operations and Head of Business Support and Performance as the key management. The aggregate gross salaries for these roles, including bonuses, for the year ended 31 July 2023 were £173,592 (2022: £167,316).

Accommodation strategy

The company considers that all its current leases offer good value for money and are fit for purpose.

The lease for first floor at Calvary House, 36-40 Grange Road, Middlesbrough TS1 5BQ is a three-year lease. ITEC is able to vacate the premises following a specified notice period.

The lease for ITEC House, Hilton Road, Newton Aycliffe, DL5 6EN commenced from 1st September 2022. The lease term is 1st September 2022 to 31st August 2029. ITEC may terminate the Lease by serving a Break Notice on the Landlord at least six months before the Break Date of 1st September 2027.

**Report of the Trustees
for the Year Ended 31 July 2023**

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

02045777 (England and Wales)

Registered Charity number

519259

Registered office

ITEC House Hilton Road
Aycliffe Business Park
NEWTON AYCLIFFE
County Durham
DL5 6EN

Trustees

S W Bellwood
G Brown
G Wood

Company Secretary

T A Wilson

Senior Statutory Auditor

Christopher Beaumont BA (Hons) BFP FCA DChA

Auditors

Clive Owen LLP
Chartered Accountants
& Statutory Auditors
140 Coniscliffe Road
Darlington
County Durham
DL3 7RT

Bankers

HSBC Bank PLC
21 Newgate Street
Bishop Auckland
County Durham
DL14 7HQ

Chief Executive Officer

T A Wilson

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of ITEC North East Limited for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

**Report of the Trustees
for the Year Ended 31 July 2023**

STATEMENT OF TRUSTEES' RESPONSIBILITIES - continued

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

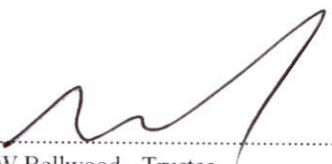
In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

Clive Owen LLP were appointed as auditors and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on³⁰⁻⁴⁻²³..... and signed on the board's behalf by:


.....
S W Bellwood - Trustee

Report of the Independent Auditors to the Members of ITEC North East Limited

Opinion

We have audited the financial statements of ITEC North East Limited (the 'charitable company') for the year ended 31 July 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2023 and of its incoming resources and application of resources, including its income and 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 requirements of the Companies Act 2006.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company 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 trustees' 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 charitable company'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 trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

**Report of the Independent Auditors to the Members of
ITEC North East Limited**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 trustees are responsible for assessing the charitable company'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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Report of the Independent Auditors to the Members of ITEC North East Limited

Our 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 a Report of the Independent Auditors 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 our procedures are capable of detecting irregularities, including fraud is detailed below:

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Our audit must be alert to the risk of manipulation of the financial statements and seek to understand the incentives and opportunities for management to achieve this.

We have undertaken the following procedures to identify and respond to these risks of non-compliance:

- Understanding the key legal and regulatory frameworks that are applicable to the Company. We communicated identified laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit. We determined the most significant of these to be taxation legislation, health & safety, GDPR, and employment law.
- Enquiry of directors and management as to policies and procedures to ensure compliance and any known instances of non-compliance.
- Review of board minutes and correspondence with regulators, including Ofsted.
- Enquiry of directors and management as to areas of the financial statements susceptible to fraud and how these risks are managed.
- Challenging management on key estimates, assumptions and judgements made in the preparation of the financial statements.
- Identifying and testing unusual journal entries, with a particular focus on manual journal entries.

Through these procedures, we did not become aware of actual or suspected non-compliance.

We planned and performed our audit in accordance with auditing standards but owing to the inherent limitations of procedures required in these areas, there is an unavoidable risk that we may not have detected a material misstatement in the accounts. The further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve concealment, collusion, forgery, misrepresentations, or override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

**Report of the Independent Auditors to the Members of
ITEC North East Limited**

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Clive Owen W

Christopher Beaumont BA (Hons) BFP FCA DChA (Senior Statutory Auditor)
for and on behalf of Clive Owen LLP

Chartered Accountants
& Statutory Auditors
140 Coniscliffe Road
Darlington
County Durham
DL3 7RT

Date: *7 May 2024*

ITEC North East Limited

**Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 31 July 2023**

	Notes	Unrestricted funds £	Restricted fund £	2023 Total funds £	2022 Total funds £
INCOME AND ENDOWMENTS FROM					
Charitable activities					
	3				
ESFA and similar activities		1,709,895	-	1,709,895	1,322,638
Miscellaneous other activities		9,828	-	9,828	260
Subcontractors		199,896	-	199,896	270,312
Youth Employment Initiative		70,235	-	70,235	141,412
Investment income	2	6,755	-	6,755	410
Total		<u>1,996,609</u>	<u>-</u>	<u>1,996,609</u>	<u>1,735,032</u>
EXPENDITURE ON					
Charitable activities					
	4				
ESFA and similar activities		1,745,488	-	1,745,488	1,197,951
Subcontractors		169,935	-	169,935	229,764
Youth Employment Initiative		70,235	-	70,235	141,412
Other		-	-	-	1,000
Total		<u>1,985,658</u>	<u>-</u>	<u>1,985,658</u>	<u>1,570,127</u>
NET INCOME		10,951	-	10,951	164,905
RECONCILIATION OF FUNDS					
Total funds brought forward		1,219,334	-	1,219,334	1,054,429
TOTAL FUNDS CARRIED FORWARD		<u><u>1,230,285</u></u>	<u><u>-</u></u>	<u><u>1,230,285</u></u>	<u><u>1,219,334</u></u>

The notes form part of these financial statements

ITEC North East Limited (Registered number: 02045777)

Balance Sheet
31 July 2023

	Notes	Unrestricted funds £	Restricted fund £	2023 Total funds £	2022 Total funds £
FIXED ASSETS					
Intangible assets	11	28,194	-	28,194	35,000
Tangible assets	12	49,683	-	49,683	28,271
		<u>77,877</u>	<u>-</u>	<u>77,877</u>	<u>63,271</u>
CURRENT ASSETS					
Debtors	13	438,023	-	438,023	171,966
Investments	14	267,333	-	267,333	-
Cash at bank		648,305	-	648,305	1,441,101
		<u>1,353,661</u>	<u>-</u>	<u>1,353,661</u>	<u>1,613,067</u>
CREDITORS					
Amounts falling due within one year	15	(201,253)	-	(201,253)	(457,004)
		<u>1,152,408</u>	<u>-</u>	<u>1,152,408</u>	<u>1,156,063</u>
NET CURRENT ASSETS					
		<u>1,152,408</u>	<u>-</u>	<u>1,152,408</u>	<u>1,156,063</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
		<u>1,230,285</u>	<u>-</u>	<u>1,230,285</u>	<u>1,219,334</u>
NET ASSETS					
		<u>1,230,285</u>	<u>-</u>	<u>1,230,285</u>	<u>1,219,334</u>
FUNDS					
Unrestricted funds	17			<u>1,230,285</u>	<u>1,219,334</u>
TOTAL FUNDS					
				<u>1,230,285</u>	<u>1,219,334</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 30-04-24 and were signed on its behalf by:


S W Bellwood - Trustee

ITEC North East Limited

**Cash Flow Statement
for the Year Ended 31 July 2023**

	Notes	2023 £	2022 £
Cash flows from operating activities			
Cash generated from operations	1	(495,832)	181,960
Net cash (used in)/provided by operating activities		<u>(495,832)</u>	<u>181,960</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		-	(35,000)
Purchase of tangible fixed assets		(36,386)	(20,954)
Reclassification of bank bond		(267,333)	-
Interest received		6,755	410
Net cash used in investing activities		<u>(296,964)</u>	<u>(55,544)</u>
Change in cash and cash equivalents in the reporting period		<u>(792,796)</u>	126,416
Cash and cash equivalents at the beginning of the reporting period		<u>1,441,101</u>	<u>1,314,685</u>
Cash and cash equivalents at the end of the reporting period		<u><u>648,305</u></u>	<u><u>1,441,101</u></u>

The notes form part of these financial statements

ITEC North East Limited

Notes to the Cash Flow Statement
for the Year Ended 31 July 2023

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES			
	2023	2022	
	£	£	
Net income for the reporting period (as per the Statement of Financial Activities)	10,951	164,905	
Adjustments for:			
Depreciation charges	21,780	13,855	
Interest received	(6,755)	(410)	
Increase in debtors	(266,057)	(32,410)	
(Decrease)/increase in creditors	(255,751)	36,020	
Net cash (used in)/provided by operations	<u>(495,832)</u>	<u>181,960</u>	
2. ANALYSIS OF CHANGES IN NET FUNDS			
	At 1.8.22	Cash flow	At 31.7.23
	£	£	£
Net cash			
Cash at bank	1,441,101	(792,796)	648,305
	<u>1,441,101</u>	<u>(792,796)</u>	<u>648,305</u>
Liquid resources			
Deposits included in cash	-	-	-
Current asset investments	-	267,333	267,333
	<u>-</u>	<u>267,333</u>	<u>267,333</u>
Total	<u>1,441,101</u>	<u>(525,463)</u>	<u>915,638</u>

The notes form part of these financial statements

ITEC North East Limited

Notes to the Financial Statements for the Year Ended 31 July 2023

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

ITEC North East Limited is a private company, limited by guarantee, registered in England and Wales. Company reference number and registered office are listed in the reference and administrative details section of the Report of the Trustees.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Income received from contracts is recognised when the performance criteria is met.

Restricted income

Income received for specific purposes is credited to restricted funds and transferred to unrestricted funds as expenditure fulfilling the restrictions imposed is incurred; in the case of fixed assets, this transfer is in line with the depreciation charge.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Charitable activities

Costs of charitable activities are the direct costs of training, staff costs, depreciation of fixed assets and other service related costs.

Governance costs

Governance costs include those incurred in the governance of the charitable company and its assets and are primarily concerned with constitutional and statutory requirements. They include an allocation of staff costs involved in attending and preparing for the meetings of the directors.

Intangible assets

Intangible assets comprise of systems and web-based applications that have been developed to provide future economic benefit to the charitable company. These assets are amortised over a 10 year period.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Improvements to property	- in accordance with the property
Fixtures and fittings	- 12.5% on cost
Office equipment	- 33% on cost

Leasehold improvements are written off over the length of the remaining lease.

Taxation

The charity is exempt from corporation tax on its charitable activities.

ITEC North East Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 July 2023**

1. ACCOUNTING POLICIES - continued

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

Financial instruments

The charity only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other debtors and creditors, these are measured at amortised cost with changes recognised in the Statement of Financial Activities.

Value added taxation

Value added tax is only partially recoverable by the charitable company. The irrecoverable amount is included as a separate cost in the Statement of Financial Activities.

2. INVESTMENT INCOME

	2023	2022
	£	£
Deposit account interest	6,755	410
	<u>6,755</u>	<u>410</u>

3. INCOME FROM CHARITABLE ACTIVITIES

		2023	2022
	Activity	£	£
ESFA income	ESFA and similar activities	434,023	519,045
College income	ESFA and similar activities	810,350	409,068
Employer co-investment	ESFA and similar activities	14,010	8,128
PP income	ESFA and similar activities	-	10,262
TV income	ESFA and similar activities	451,512	275,275
Kickstart	ESFA and similar activities	-	100,860
Other sales	Miscellaneous other activities	9,828	260
Subcontractors	Subcontractors	199,896	270,312
Youth Employment Initiative	Youth Employment Initiative	70,235	141,412
		<u>1,989,854</u>	<u>1,734,622</u>

ITEC North East Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 July 2023**

4. CHARITABLE ACTIVITIES COSTS

	Direct Costs (see note 5) £	Support costs (see note 6) £	Totals £
ESFA and similar activities	1,730,526	14,962	1,745,488
Subcontractors	169,935	-	169,935
Youth Employment Initiative	70,235	-	70,235
	<u>1,970,696</u>	<u>14,962</u>	<u>1,985,658</u>

5. DIRECT COSTS OF CHARITABLE ACTIVITIES

	2023 £	2022 £
Staff costs	804,539	833,888
Hire of plant and machinery	1,400	1,504
Rent and rates	67,652	80,772
Insurance	8,476	6,210
Telephone	10,685	10,551
Postage and stationery	6,962	5,678
Advertising	67,326	56,919
Sundries	7,645	4,036
Training purchased	231,552	64,159
Disallowed VAT	65,676	44,994
Cleaning	13,705	8,950
Motor and travel	47,683	15,520
Subscriptions	20,955	19,490
Consultancy fees	50,144	20,981
Repairs and renewals	46,507	24,755
Bank charges	264	308
Trainees' expenses	8,716	5,819
Tuition/course fees and registration	107,278	92,004
Staff training	1,057	20,360
Legal and professional	-	336
Subcontractors	380,694	229,764
Depreciation	21,780	13,855
	<u>1,970,696</u>	<u>1,560,853</u>

6. SUPPORT COSTS

	Governance costs £
ESFA and similar activities	<u>14,962</u>

ITEC North East Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 July 2023**

7. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	2023	2022
	£	£
Depreciation - owned assets	14,974	13,855
Hire of plant and machinery	1,400	1,504
Computer software amortisation	6,806	-
Auditor's remuneration	10,000	4,950
	<u>10,000</u>	<u>4,950</u>

8. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 July 2023 nor for the year ended 31 July 2022.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 July 2023 nor for the year ended 31 July 2022.

9. STAFF COSTS

	2023	2022
	£	£
Wages and salaries	720,251	750,136
Social security costs	69,936	69,505
Other pension costs	16,352	16,247
	<u>806,539</u>	<u>835,888</u>

The average monthly number of employees during the year was as follows:

	2023	2022
Management	3	6
Teaching and learning	15	10
Recruitment	6	7
Administration and accounts	4	6
Quality	1	2
	<u>29</u>	<u>31</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2023	2022
£60,001 - £70,000	1	1
	<u>1</u>	<u>1</u>

Staff costs of £2,000 (2022: £2,000) have been allocated to support costs.

ITEC North East Limited

Notes to the Financial Statements - continued
for the Year Ended 31 July 2023

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £	Restricted fund £	Total funds £
INCOME AND ENDOWMENTS FROM			
Charitable activities			
ESFA and similar activities	1,309,323	13,315	1,322,638
Miscellaneous other activities	260	-	260
Subcontractors	270,312	-	270,312
Youth Employment Initiative	141,412	-	141,412
Investment income	410	-	410
Total	<u>1,721,717</u>	<u>13,315</u>	<u>1,735,032</u>
EXPENDITURE ON			
Charitable activities			
ESFA and similar activities	1,184,636	13,315	1,197,951
Subcontractors	229,764	-	229,764
Youth Employment Initiative	141,412	-	141,412
Other	1,000	-	1,000
Total	<u>1,556,812</u>	<u>13,315</u>	<u>1,570,127</u>
NET INCOME	164,905	-	164,905
RECONCILIATION OF FUNDS			
Total funds brought forward	1,054,429	-	1,054,429
TOTAL FUNDS CARRIED FORWARD	<u><u>1,219,334</u></u>	<u><u>-</u></u>	<u><u>1,219,334</u></u>

11. INTANGIBLE FIXED ASSETS

	Computer software £
COST	
At 1 August 2022 and 31 July 2023	<u>35,000</u>
AMORTISATION	
Charge for year	<u>6,806</u>
NET BOOK VALUE	
At 31 July 2023	<u><u>28,194</u></u>
At 31 July 2022	<u><u>35,000</u></u>

ITEC North East Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 July 2023**

12. TANGIBLE FIXED ASSETS

	Improvements to property £	Fixtures and fittings £	Office equipment £	Totals £
COST				
At 1 August 2022	9,750	16,773	49,436	75,959
Additions	-	23,458	12,928	36,386
	<u>9,750</u>	<u>40,231</u>	<u>62,364</u>	<u>112,345</u>
DEPRECIATION				
At 1 August 2022	-	13,729	33,959	47,688
Charge for year	1,393	3,364	10,217	14,974
	<u>1,393</u>	<u>17,093</u>	<u>44,176</u>	<u>62,662</u>
NET BOOK VALUE				
At 31 July 2023	<u>8,357</u>	<u>23,138</u>	<u>18,188</u>	<u>49,683</u>
At 31 July 2022	<u>9,750</u>	<u>3,044</u>	<u>15,477</u>	<u>28,271</u>

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £	2022 £
Trade debtors	26,182	18,657
Other debtors	330	6,280
VAT	3,255	14,369
Accrued income	379,400	114,962
Prepayments	28,856	17,698
	<u>438,023</u>	<u>171,966</u>

14. CURRENT ASSET INVESTMENTS

	2023 £	2022 £
Other	267,333	-
	<u>267,333</u>	<u>-</u>

The current asset investment is a UK bank bond.

ITEC North East Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 July 2023**

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Trade creditors	48,514	40,555
Social security and other taxes	17,423	15,640
Accruals and deferred income	135,316	400,809
	<u>201,253</u>	<u>457,004</u>

In 2022 there was a provision of £176,186 relating to fees paid in advance for Digital Skills income, nil for 2023.

16. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2023	2022
	£	£
Within one year	72,000	-
Between one and five years	288,000	-
In more than five years	108,000	-
	<u>468,000</u>	<u>-</u>

17. MOVEMENT IN FUNDS

	At 1.8.22	Net movement in funds	At 31.7.23
	£	£	£
Unrestricted funds			
General fund	1,219,334	10,951	1,230,285
	<u>1,219,334</u>	<u>10,951</u>	<u>1,230,285</u>
TOTAL FUNDS	<u>1,219,334</u>	<u>10,951</u>	<u>1,230,285</u>

Net movement in funds, included in the above are as follows:

	Incoming resources	Resources expended	Movement in funds
	£	£	£
Unrestricted funds			
General fund	1,996,609	(1,985,658)	10,951
	<u>1,996,609</u>	<u>(1,985,658)</u>	<u>10,951</u>
TOTAL FUNDS	<u>1,996,609</u>	<u>(1,985,658)</u>	<u>10,951</u>

ITEC North East Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 July 2023**

17. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.8.21 £	Net movement in funds £	At 31.7.22 £
Unrestricted funds			
General fund	1,054,429	164,905	1,219,334
TOTAL FUNDS	<u>1,054,429</u>	<u>164,905</u>	<u>1,219,334</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	1,721,717	(1,556,812)	164,905
Restricted funds			
Kick Start Scheme	13,315	(13,315)	-
TOTAL FUNDS	<u>1,735,032</u>	<u>(1,570,127)</u>	<u>164,905</u>

A current year 12 months and prior year 12 months combined position is as follows:

	At 1.8.21 £	Net movement in funds £	At 31.7.23 £
Unrestricted funds			
General fund	1,054,429	175,856	1,230,285
TOTAL FUNDS	<u>1,054,429</u>	<u>175,856</u>	<u>1,230,285</u>

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	3,718,326	(3,542,470)	175,856
Restricted funds			
Kick Start Scheme	13,315	(13,315)	-
TOTAL FUNDS	<u>3,731,641</u>	<u>(3,555,785)</u>	<u>175,856</u>

ITEC North East Limited

Notes to the Financial Statements - continued
for the Year Ended 31 July 2023

18. CAPITAL COMMITMENTS

	2023	2022
	£	£
Contracted but not provided for in the financial statements	-	17,500

19. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 July 2023 or the year ended 31 July 2022.

20. DEBENTURE

There is a fixed and floating charge debenture held over the assets of the organisation. The debenture was security on a bank loan imposed on 13 October 2005. The loan has been repaid in full however a nil value debenture is still in place.

ITEC NORTH EAST LIMITED

England & Wales - Charity number 519259

Accounts

REGISTERED COMPANY NUMBER: 02045777 (England and Wales)
REGISTERED CHARITY NUMBER: 519259

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022
FOR
ITEC NORTH EAST LIMITED

CPT
Chartered Certified Accountants
Statutory Auditors
80 Victoria Road
Darlington
County Durham
DL1 5JG

ITEC NORTH EAST LIMITED

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for the Year Ended 31 July 2022

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ITEC NORTH EAST LIMITED

REPORT OF THE TRUSTEES **for the Year Ended 31 July 2022**

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 July 2022. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Objectives and aims

For 40 years ITEC North East Limited has operated as an inspirational charity across the North East with 3 strategically placed training facilities in Newton Aycliffe, Middlesbrough and Hartlepool employing over 30 staff. The Hartlepool facility will shortly be closing due to the contract ending.

Our charitable company's object and principal activity continues to be the provision of Apprenticeship training to young people and unemployed adults in the computing and business environment. This provision has expanded over recent years to include Digital, IT and Manufacturing industries. Our classroom based study activities include employability skills, Maths, English, IT, and Digital Marketing, all of which are funded primarily through the Education Skills Funding Agency, or devolved areas.

In setting our objectives and planning our activities, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit and to its supplementary public benefit guidance on fee charging.

Our vision is that all of our learners reach their full potential. Our reputation for promoting learning opportunity and employability will be outstanding. We are recognised throughout the North East as a provider of choice amongst learners, employers and other key stakeholders

Our mission is to be the North East's leading provider of innovative, skills-based vocational education and training. Working with our employers and partners our vision is to deliver to our learner's outstanding training and personal support so that they are:

I - Inspired to achieve their individual personal and qualification targets, gaining confidence, self-belief and reaching their full potential.

T- Trained by talented academic staff who are experts in their fields to ensure learners progress into sustainable employment and/or further education as a result of the skills and knowledge developed.

E - Enthusiastic and positive about their future. Buying into the benefits of 'lifelong learning' and making positive contribution to their employer.

C - Challenged and supported by setting high standards for ourselves and encouraging high aspirations in our learners. We will provide high levels of support for both learners and staff to achieve.

The charitable company's continuing strategic objectives whilst inspirational are realistic and deliverable. Our strategic aims:

- **Strive to achieve Outstanding Teaching, Learning and Assessment leading to Outstanding outcomes for learners.**
- Place the learner at the centre of our decision making process responding proactively to meet their individual needs and aspirations ensuring an Outstanding Learner Experience.
- Strengthen and develop partnerships with employers and partner organisations to create a sustainable future for ITEC North East Limited.
- Recruit, develop and retain highly competent and outstanding staff who can take forward ITEC's vision.
- Maintain organisational excellence in governance, quality assurance, culture and financial health and resources for learning.

ITEC NORTH EAST LIMITED

REPORT OF THE TRUSTEES for the Year Ended 31 July 2022

- Strive to achieve Outstanding Teaching, Learning and Assessment leading to Outstanding outcomes for learners

Our strategy to achieve this aim is to equip learners with the skills most valued in the modern economy. Learners are able to work independently and be effective in their use of digital technology, English and Maths. Learners have high aspirations and are able to demonstrate team work, communication, innovation and a deep understanding of how they learn and their specialism. Keen to protect the environment and promote equality and diversity. At ITEC North East Limited teaching, learning and assessment focuses on deeper learning that leads to transferable skills.

We are graded accordingly through our own self-assessment and OFSTED. Employers and learners grade us positively for the quality of their experience of ITEC and for the standards achieved, as seen in the skills and competence of our learners

- Place the learner at the centre of our decision making process responding proactively to meet their individual needs and aspirations ensuring an Outstanding Learner Experience.

ITEC North East Limited learners will experience activities, processes and environments that will engage and inspire them to identify and progress to their personal goals and careers. All aspects of their contact with ITEC will enhance achievement, progression and learning.

In order to achieve this, services, administration and staff will work together in the interests of learners, building a culture of aspiration, excellence and personal responsibility. The Learners will receive effective support and be inspired whilst on employer or ITEC facilities learning experience will be that of feeling safe, being supported to interact effectively with staff and peers. Learners will develop as people, gain understanding of other cultures, lead healthy lifestyles, and learn from and respect each other.

- Strengthen and develop partnerships with employers and partner organisations to create a sustainable future for ITEC North East Limited.

Our strategy to achieve this aim is to develop excellent partnerships with both employers and partner organisations to ensure we meet the needs of key regional priorities. We have built a reputation in key specialisms that are important to our local economy and labour market. We offer excellent advice and guidance to learners, employers, partner organisations and parents about the local economy, training options and employer options. We will provide training to the unemployed in the skills, attitudes and expectations of employers to transition learners into work. We will work with employers to develop first class training to meet their needs, support skill shortages, and the upskilling of their existing workforce.

- Recruit, develop and retain highly competent and outstanding staff who can take forward ITEC's vision

To achieve our strategy aim we recruit, retain and develop the very best staff. We maintain and improve staff and organisational arrangements that will support excellence in teaching and learning, and service delivery. We always aim to be an excellent employer because staff who feel valued, are productive and effective employees, and because we believe that staff are entitled to a fair and supportive environment in return for hard work, dedication and results. We provide training, development and support for staff to enhance their skills and knowledge to meet the ever changing demands in the sector and to support staff to achieve the excellent standard that learners expect and deserve. We develop a sustainable and flexible staffing model that enables achievement of our aims and addresses the challenges of the public sector funding cuts. Where savings have to be made, we aim for a fair and transparent process through genuine consultation and partnership working.

- Maintain organisational excellence in governance, quality assurance, culture and financial health and resources for learning.

Governance: To achieve our strategy aim we ensure Governance is focussed on the organisation's purpose and on outcomes for communities and learners. ITEC seeks to perform effectively both as individuals and as a team and continues to develop the capacity and capability to be highly effective. We promote values for the whole organisation and behave with integrity, taking informed transparent decisions and managing risk. We hold leaders and managers to account for the ITEC's performance, engaging with stakeholders and making accountability real.

Culture: To achieve our strategy aim we ensure culture is forged through collective beliefs, values and routines of an organisation and evident in its structures and the behaviours of staff and leaders. ITEC is committed to a set of values that underpin the culture:

ITEC NORTH EAST LIMITED

REPORT OF THE TRUSTEES **for the Year Ended 31 July 2022**

- **Recognising individuality**
- **Respect**
- **Integrity**
- **Professionalism**
- **Challenge and innovate**
- **Adaptability**

Quality Assurance: Our strategy is achieved by ensuring quality assurance and improvement is the responsibility of the whole business. We create and sustain quality systems that support excellence in Teaching, Learning and Assessment (TLA) and all other services wherever and whenever they are offered by ITEC North East Limited. Our quality systems, services and processes are supportive, informative, accessible, and driven by the use and analysis of robust data that is used to identify areas of both excellence and those in need of further development. Ensuring that the outcomes of quality processes are used to inform and support improvement, and to monitor and ensure completion of improvement plans. We continue to develop and manage quality processes that are effective and efficient in identifying our progress towards excellence, and communicate the outcomes of these effectively to inform improvement.

Financial Health and resources for Learners: To achieve this strategy we allocate the financial resources required to support and advance excellent success rates and learner and employer satisfaction; to support staff to feel valued and realise the vision for excellence; to promote ITEC's reputation and profile through industry relevant resources; and to provide opportunities for growth.

We align our delivery activity to meet our objectives and ensure it is tailor made to successfully support local businesses in various growth sectors with a range and volume of education and training provision. This includes but is not limited to customer service, mental health & wellbeing, manufacturing, health & social care, IT, digital marketing and cyber security. We also successfully deliver functional skills programmes up to level 2 which are integrated with employability skills ensuring learners can gain accredited qualifications but also with the primary purpose that they gain meaningful employment and/or progress to further training.

Our activity also includes recruiting and supporting those most disadvantaged within our community. We understand the complex needs of individuals living in the area our target group includes young people 16-18; long term unemployed, and people with disabilities (including learning difficulties); lone parents; older workers/50+; NEET group; BME groups; those out of work but not claiming benefits and individuals with basic skills needs or low/no qualifications.

We make good use of LMI and local knowledge to ensure that our strategy aims and services are fit for purpose, do not duplicate, remain current, relevant and of impact and contribute to achievement of NELEP strategic aims. We understand the social and economic indicators and policies that steer the priorities for our activity and have used them to formulate our delivery activity plans.

ITEC North East Limited was awarded both the Pathway and Routeway Youth Employment Initiative (YEI) programmes. The YEI Programme is part-funded by the European Social Fund (ESF) as part of the 2014-2020 European Structural and Investment Funds Growth Programme in England with the Department for Work and Pensions (DWP) as the Managing Authority.

1. **Tees Valley Pathway** delivers innovative solutions to young people aged 16 -29 who are struggling to achieve or progress into a positive destination. It will also support those young people furthest away from the labour market by providing them with the skills they need to get into work and offer a flexible learning and skills fund.

2. **Tees Valley Routeways** delivers tailored routeways for young people aged 16-29 to assist them in entering into priority growth sectors including Advanced Manufacturing, Digital, Logistics, Low Carbon and Health and Social Care through a range of activities such as volunteering, internships, traineeships and apprenticeships.

ITEC North East also delivers other ESF initiatives including Skills Support for the Workforce (SSW), North East Achieves (NEA) and Communities Work (CW).

SSW is a programme which involves the development and delivery of bespoke skills support to increase the skill levels of employed individuals, including basic skills needs, and encourage progression; particularly in SMEs and Micro businesses, again, aligned to the LEP priorities and sectors.

ITEC NORTH EAST LIMITED

REPORT OF THE TRUSTEES **for the Year Ended 31 July 2022**

NEA is a programme to train and support people into work by providing 6 months of post-programme interactions to support progression into work and continued learning, once in employment. Programmes develop vocational skills aligned to employment demand, as well as relevant functional and employability skills.

CW is a programme providing vocational, employability and functional skills development to support progression towards and into employment/volunteering/learning.

All of the above programmes further support ITEC's above objectives.

We consider the following criteria when measuring success in the reporting period:

- **Impact Measures**
- **Outcome Analysis**
- **Quality Standards**
- **Safety Standards**
- **Meeting the needs of local industry**
- **Workforce upskilling**
- **Equality and diversity need**
- **Economic Growth**
- **Regional social value (RSV)**
- **Cultural impact**

Impact measures:

We use Impact measurements to quantify and assess the achievement of outcomes within our current delivery we monitor participation, retention, achievement, progression, customer satisfaction targets and a range of quality measures.

IMPROVEMENT: We use these impact measures throughout the learner journey to identify, forecast and improve learners progress by e.g. providing additional pastoral support if attendance in the work place is an issue.

Outcome Analysis

We use target outcomes to measure performance for individuals, teams and the company as a part of our continuous improvement process. These include participation, retention, achievement, progression, customer satisfaction targets and a range of quality measures.

IMPROVEMENT: Results help us to produce our annual self-assessment report (SAR) and develop a new Quality Improvement Plan (QIP) that enables us to make judgements on our provision and identify the areas we aim to improve and the actions required, and is the key focus for development activity in the coming year.

Quality Standards

We build a range of quality standards into our targets e.g. Quality of teaching and learning and Personal Development, Behaviour and Welfare, these standards form the basis of our SAR.

IMPROVEMENT: As a part of our continuous improvement process/SAR/QIP these standards are reviewed monthly and the results are used to inform improvement e.g. quality of teaching and embedding of new technology into practice.

Safety Standards

A range of Health and Safety and safe guarding standards are used within ITEC e.g. we undertake a health and safety assessment of all employer premises before entering into an agreement for apprentice training, including observation of safeguarding policies within the workplace.

IMPROVEMENT: The monitoring and review of these standards, for example informs and improves the level of support an employer can provide to an apprentice.

Meeting the needs of local industry:

We undertake a thorough business needs/training needs analysis (TNA) when we engage with employers to identify their requirements and where most value can be gained e.g. correctly identifying their IT skills gaps and agreeing the most effective way to deliver 'off the job' training. The delivery of the TNA is continuously reviewed throughout the Learners Journey

IMPROVEMENT: The identification and review of the outcome targets within the TNA enables us to improve:

- Customer relationships
- Responsiveness to local strategic priorities.
- Bespoke Apprenticeship programmes for employers

ITEC NORTH EAST LIMITED

REPORT OF THE TRUSTEES **for the Year Ended 31 July 2022**

Workforce upskilling

Each employer has a TNA completed with them and each learner has Matrix approved Information Advice and Guidance (IAG) and a designated tutor. This enables ITEC to understand and prepare for their learning journey and prepare a range of outcome measures that includes the strengths, barriers and skills gaps that employers and learners have e.g. range of staff without certain technical competence.

IMPROVEMENT: The correct identification and agreement of Workforce upskilling outcome measures enables ITEC to embed these measures within their continuous improvement process for monitoring and review. This review enables ITEC to improve its service by:

- Continuously refining their delivery to the employer and learner.
- Delivering additional value to the employer throughout delivery that may deliver e.g. greater levels of efficiency and productivity.

Equality and diversity need:

Our delivery engages a diverse and representative group of learners. As a part of our E&D delivery we deliver equal opportunity for all and have identified Dignity, Safeguarding, British Values and Welfare all key outcome targets. They are promoted and embedded in sessions ensuring a culture of mutual respect.

IMPROVEMENT: During progress reviews, progress is tracked and reviewed and tutors improve their planned learning sessions/materials to reflect the identified required improvements. The wider impact of this improvement raises the apprentice's awareness of E&D and how to contribute to wider society and life in Britain.

Economic Growth

We have identified key strategic relationships and LEP high growth sectors as key outcome targets that are planned, monitored and reviewed as a part of our performance management process.

IMPROVEMENT: By delivering our outcome targets ITEC delivers strategically relevant training to employers in high growth sectors, this enables the following improvements to be made:

- Enhances learner's capacity and creativity, opportunities, and satisfaction at work;
- Empower learners to develop their full capacities and seize employment and social opportunities;
- Raise productivity of workers of enterprises;
- Contribute to boost future innovation and development;
- Encourage domestic and foreign investment, by having a high skilled workforce

Regional social value (RSV)

The RSV delivery is wide ranging across the NE. We are aware of the governments focus and regional priority towards the younger age group and those from disadvantaged backgrounds. We identified a number of outcome measures e.g. recruit 16 - 18 yr olds and NEETS from disadvantaged backgrounds, to support this and drive behaviour to improve our contribution to the NE's RSV.

IMPROVEMENT: ITEC's focus on RSV will improve learners' life chances, empower learners to develop to their full capacities and reduce the NEET levels in the NE.

Cultural impact

The cultural impact of our training is measured by tracking and reviewing, (via surveys and 1:1 reviews), a number of employer and learner outcome targets; attitudes, values, and behaviours.

IMPROVEMENT: By empowering learners via high quality apprenticeship delivery they are able to improve and make an impact on their families, friends, communities, life chances and career.

The company produces strategic/development plans (currently 2020-24). These include an accommodation strategy and risk analysis and an annual detailed financial budget with the directors monitoring performance against these plans.

The management was pleased to report that the charitable company generally met or over achieved its specific objectives for 2021-22.

ITEC NORTH EAST LIMITED

REPORT OF THE TRUSTEES **for the Year Ended 31 July 2022**

STRATEGIC REPORT

Achievement and performance

Charitable activities

The majority of our contracts continue to perform well during such unprecedented times and following the COVID-19 Pandemic. These include our programmes funded via the European Social Fund (ESF). Our YEI Programme which is part-funded by the European Social Fund as part of the 2014-2020 European Structural and Investment Funds Growth Programme in England with the Department for Work and Pensions (DWP) as the Managing Authority. Also, our AEB (Adult Education Budget) contract across Tees Valley funded via Tees Valley Combined Authority 2021-22 further supports our charitable objectives.

Government policy has a significant influence on the work we do as a training provider. Following changes to funding methodology, competition is evermore fierce to secure long term funds to support learners & employers. In addition, the high profile closure of a number of large training providers has seen the expectations posed by external bodies (ESFA, ESF, Ofsted) measurably increase under new audit regimes and inspection frameworks, the COVID Pandemic naturally brought about additional challenges. Contracts are reviewed evermore frequently with further measures introduced in 2021-22 such as the Apprenticeship Accountability Framework. Underperformance is dealt with swiftly, typically with the removal or reduction in overall contractual values. Although some flexibilities were given for the challenges brought about by the COVID Pandemic, these were short-lived with the expectation of 'business as normal' from August 2021 despite further challenges into and beyond 2021-22 connected with the spiralling cost of living crisis.

With this in mind we continue to recruit sub-contractors to deliver provision which complements our core business activity, our current subcontractor is:

- Trade Tech Northern Limited - Entry to employment in the North East (priority sectors construction, engineering, logistic)

As much of the company's core work is based on employer's premises or online; employers and learners are attracted from across the whole of the North East region. Our stated aim for engagement with employers is to "Strengthen and develop partnerships with employers and partner organisations to create a sustainable future for ITEC".

The company produces strategic/development plans (currently 2020-24). These include an accommodation strategy and risk analysis and an annual detailed financial budget with the directors monitoring performance against these plans.

The onset of the COVID-19 pandemic in March 2020 naturally impacted ITEC NE's normal business operations, those of our employers, and wider stakeholders. The management was pleased to report that the charitable company generally maintained its specific objectives for 2021-22. Two key addendums were added to the strategic plan in September 2021 (COVID 19 Pandemic & Safeguarding), and July 2022 (Cost of Living Crisis).

Success/Achievement rates

Apprenticeship achievement rates for ITEC North East have broadly remained static over the last year as an ongoing consequence of the COVID-19 pandemic, and more recently the spiralling cost of living crisis. National Averages released in 20/21 did, as expected, significantly reduce following the inclusion of the impact of the pandemic, however our own rates remain approximately 10% above suggesting that we navigated the pandemic more successfully than most other providers. For those learners who were able to remain in employment & training, 54% went on to achieve high grades of merit & distinction at end point assessment which is considerably above the national average of 36%. In addition to achieving highly, approximately 90% of apprentices remained in employment following their apprenticeship despite difficult circumstances. Classroom delivery of our shorter training programmes remains good at 90%. All training can now be delivered in a classroom setting or online, we continued to introduce new provision, and where possible learners suffering from digital and other forms of poverty were supported to achieve. As stated above our SSW, NEA, CW, Routeway and Pathway provision is delivering well against all delivery outputs and we remain one of the top performing providers within the area.

Learner numbers

The company has constantly targeted growth in apprenticeship numbers, but the reality for 2021/22 showed a slight decline to 107 (four year downward trend). 2021/22 was targeted as a significant year of recovery with the direct impacts of the pandemic behind us. However, from early 2021 the spiralling cost of living crisis, further exacerbated by Russia's invasion of Ukraine, negatively impacted our intent. Record high inflation, uncapped energy prices, significant increases in cost of goods / services all stifled our employer's capabilities to recruit and also retain staff.

ITEC NORTH EAST LIMITED

REPORT OF THE TRUSTEES **for the Year Ended 31 July 2022**

ITEC and our subcontractors have supported over 750 learners in our pre-employment programmes, ensuring learners develop strong practical skills. Our programmes are very successful, relevant, meet industry needs and address local and regional priorities. We align our offer to meet these needs and provide training in sector specific areas in which learners can find employment. This leads to extremely high retention and overall outcome rates on all of our programmes. Despite difficult times, to retain the overall numbers ITEC has achieved was seen as a huge success, particularly with approximately 55% of our learners progressing into further studies, employment or voluntary work.

Contracts / Values & New programmes

In 2021/22 ITEC were successful in meeting the main objectives of our Tees Valley Combined Authority Adult Education Contract by supporting 35% of learners into work or further studies.

Beginning September 2021, ITEC were successful in tendering for two contracts for North East Achieves (Transitional and More Developed Areas), and one for Communities Work (Transitional Area). Contracts are to be completed by June 2023 with the collective aim of supporting 1300 participants gain a range of vocational, employability and functional skills dependant on their starting point and personal aims (e.g. learning, progression, employment). The Prime Provider is very pleased with our management of the contract, flexible, relevant & responsive training offers, and close working relationships with our employers and partner organisations to maximise positive outcomes.

In regards to supporting employers within the region through the development and upskilling of their workforces, ITEC were successful in securing further Skills Support for the Workforce contracts in the Transitional and More Developed Local Enterprise Partnership (LEP) areas. Following detailed Training Needs Analysis (TNA's) training was delivered to more than 30 companies leading to the upskilling of staff, many of which progressed 'in work' (additional duties, pay rises, promotions), or into further training opportunities either at a higher level, or into apprenticeship training.

Financial review

Financial position

The charitable company reported a surplus for the year on unrestricted funds of £164,905 (2021: £149,571). Incoming resources from charitable activities for the year were £1,735,032 compared to £1,934,875 for the previous year. Resources expended from charitable activities were £1,570,127 for the year compared to £1,785,304 in the previous year.

Investment policy and objectives

The directors have considered the most appropriate way for investing cash resources and have decided that term bank deposits meet their requirements of a reasonable rate of return, without capital risk, and with predictable accessibility to the funds. The directors review this policy on a regular basis.

Reserves policy

The directors consider that a sensible level of free reserves that the charitable company needs to hold (those reserves not invested in fixed assets or designated for particular purposes) should equate to three months of operating expenditure, as is quite normal in other concerns. This policy would therefore indicate a level of about £475,000 and at 31 July 2022 free reserves amounted to £1,156,063 (2021: £1,033,257). Our reserves are higher than indicated however, the trustees are actively seeking to invest free reserves in ways which will further the charitable objectives of the organisation. The trustees did pursue the potential acquisition of another company during 2019 which would further support ITEC's charitable objectives. However, following the results of the financial due diligence report on the prospective company it was decided the risks involved were too great to pursue the possibility any further.

ITEC NORTH EAST LIMITED

REPORT OF THE TRUSTEES **for the Year Ended 31 July 2022**

STRATEGIC REPORT

Future Developments

This report is published in a climate of unprecedented change and challenge, coupled with difficult economic circumstances following the aftermath of the COVID-19 pandemic, and the spiralling cost of living crisis, both of which continue to create uncertainties and impact across the sector. These uncertainties are likely to continue into the future with the global instability created by the continuing invasion of Ukraine by Russia, record high inflation, unpredictable fuel & energy costs, and the disruption to global supply chains. The negative impact to both households and businesses can be seen through measures such as the increase use of food banks, digital poverty optics, increase mental health referral, frequency of workforce strikes, business downsizing / redundancy rates.

Directly relating to our sector we note the end to ESF funding moving into 2023, many of which are projects that are either fully or part funded. Competition is fierce to secure future funding, particularly with many classroom based providers becoming 'accidental experts' in delivering online as a result of the COVID-19 pandemic. This has allowed providers to tender for funding outside of their usual footprint, either at a regional or national level.

We recognise that future challenges will continue to drive change throughout our sector. However, we will continue to invest in areas that excel and target resources to support these areas. All of these changes will impact upon ITEC's future strategy and will require us to make adjustments to processes, structures and other areas of our operation to ensure sustainability, achievement and performance.

Changing Policy Context for Skills - The charitable company continues to be funded by the Government via the Education and Skills Funding Agency (ESFA). Changes to government policy over the preceding four years has significantly altered our income streams. Almost all of our previous income was secured from the ESFA in the form of Apprenticeship and Adult Education Funding. Reductions in public sector funding and changes to the way in which apprenticeships are funded have seen ITEC NE diversify their income streams into other areas of working following successful bids for Skills Support for the Workforce (SSW), North East Achieves (NEA), Communities Work (CW), Kickstart, and devolved Adult Education Funding which now account for approximately half of our overall income. In addition, we have successfully engaged with large Levy paying employers following changes to funding in 2015, which has further minimised our reliance on public funds.

The introduction of the new contracts and Subcontracting have played an important part in growing the business turnover and profitability and some excellent working relationships have been created.

Throughout 2019/20 and in response to the COVID-19 pandemic, ITEC transitioned all delivery (Apprenticeship & Short Programmes) to Adobe Connect online platforms to ensure that where possible learners could continue in training & development. In 2020/21 an Online Learning Strategy was introduced to build on our strengths and address areas for development. The Strategy continues to focus on four key aims: Learners, Staff, Enhance Practice, Infrastructure. Continued investment in the development of our staff & resources ensures that the learning experience is comparative to that received in a traditional classroom. Throughout 2021/22 the strategy has moved forward considerably with the rollout of digital classrooms for short provision, production of digital content, on boarding of new systems such as Microsoft Teams and Hubspot. The continual upskilling of our own work force has created a culture whereby staff embrace digital technologies allowing delivery to take place on line or classroom based, and where systems or processes can quickly be refined to add to the overall stakeholder experience and drive standards. Feedback from both learners and employers in 2021/22 was excellent, and in many cases over 90%.

To further reinforce our commitment to be responsive to the needs of our learners & employers, a range of new provision was introduced throughout the year including; L1 & 2 Cyber, L2 Digital Skills & IT, E/L1 Essential IT. The rollout of our VideoTile platform in 2020/21 continued from strength to strength in 2021/22. This online platform offers over 150 short (typically <2 hours) self-study courses in areas such as Digital, Business, Health & Wellbeing and Personal development; all courses are made available for free to existing learners. The platform is very well received through our work with the unemployed allowing participants to enhance C. Vs in specialist areas such as manufacturing, health and safety, food and drink.

Our strategy, whilst inspirational, is realistic and deliverable. The strategy will enable ITEC NE to develop as an independent training provider and build an outstanding portfolio of study. Our strategic priorities for 22/23 are to:

- Strive to achieve Outstanding Teaching, Learning and Assessment leading to Outstanding Outcomes for learners.

ITEC NORTH EAST LIMITED

REPORT OF THE TRUSTEES **for the Year Ended 31 July 2022**

STRATEGIC REPORT

- Place the learner at the centre of our decision making process responding proactively to meet their individual needs and aspirations ensuring an Outstanding Learner Experience.
- Strengthen and develop partnerships with employers and partner organisations to create a sustainable future for ITEC NE.
- Recruit, develop and retain highly competent and outstanding staff who can take forward ITEC's vision.
- Maintain organisational excellence in governance, culture, quality assurance and financial health and resources for learning.

All of these changes highlighted above will impact upon ITEC's strategy and will require us to make adjustments to processes, structures and other areas of our operation. Our strategy, whilst inspirational, is realistic and deliverable. The strategy will enable ITEC NE to develop as an independent training provider and build an outstanding portfolio of study.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

ITEC North East Limited is a company limited by guarantee, governed by its Memorandum and Articles of Association dated 12th August 1986, as amended by special resolutions dated May 1992, October 1994, January and August 1999, February 2006 and September 2019. The company's registration number is 02045777. It is registered as a charity with the Charity Commission, number 519259. There are currently four members, each of whom agree to contribute £1 in the event of the charitable company winding up.

Recruitment and appointment of new trustees

The number and skills of the trustees are regularly reviewed and gaps identified. Existing members then approach suitable candidates who are invited to attend trustees' meetings, initially as observers, before being formally invited to join the board following discussion and references. The Board of Trustees implements a fair recruitment process involving provision of information on the role and skills required and a formal application process for all interested parties.

Organisational structure

The Board consists of 3 Non-Executive Directors who are Trustees. The Board of Trustees are elected by the membership. The Board have responsibility for the strategic direction and policy of the company and ensuring it meets legal requirements. In addition to quarterly meetings the Board of Trustees meet regularly to review external developments, strategy, finance and fundraising issues. The Board of Trustees have appointed staff to undertake the day to day running of the organisation led by the Chief Executive Officer delegated to manage the day-to-day operations of the organisation. The Senior Management Team, led by the Chief Executive Officer, oversees development and operations, reviews performance information, makes financial decisions within the agreed annual budget and prepares reports and recommendations for the Board of Trustees. The Chief Executive Officer is also responsible for ensuring the implementation and progress towards the outcomes identified in the 2020-24 Strategic Business Plan. The responsibility of deputising for the Chief Executive Officer was reviewed and now this is a shared responsibility across the Senior Management Team. ITEC's well established Operational Management Team monitors performance across programmes and delivery activities and encourages information cascading, sharing and cross-organisational working in addition to regular general staff meetings. Training and knowledge sharing sessions with Operational Management Team has facilitated greater synergy with Senior Management Team and this will continue.

The Chief Executive Officer supported by a senior management team comprising of Head of Operations, Head of Business Support and Performance, Funding and Administration Manager, Quality Manager, Finance Manager and Business Development Manager. Assessment and training delivery is provided by a team of 8 assessors/Tutors along with a centralised administration function. Business development and employer engagement activity is provided by a team of 3 business development consultants/lead generators.

Pay Policy for senior staff

The trustees consider the Senior Management Team to form the key management personnel of the charity, in charge of directing and controlling, running and operating the charity on a day to day basis. The pay of the senior staff is reviewed annually and normally increased in accordance with inflation. The trustees benchmark against pay levels in other similar organisations and charities.

ITEC NORTH EAST LIMITED

REPORT OF THE TRUSTEES **for the Year Ended 31 July 2022**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Induction and training of new trustees

All Trustees have an induction which covers their legal obligations under charity and company law, summaries of the Memorandum and Articles of Association, roles and responsibilities, organisational reporting structures and staff structures, health and safety policy and procedures information. Trustees have also had policy inductions on Confidentiality, Equality and Diversity, Health and Safety and Quality. Individual reviews with Trustees are held annually with the Chair to identify specific training needs and in order to enable Trustees to share thought and suggestions around governance arrangements. Further training has been delivered to Trustees in relation to prevent awareness with internal development sessions held throughout the year. All members receive Charity Commission publications in order to keep them up to date with their role and responsibilities.

Key management remuneration

The charitable company recognises the Chief Executive Officer, Head of Operations and Head of Business Support and Performance as the key management. The aggregate gross salaries for these roles, including bonuses, for the year ended 31 July 2022 were £167,316 (2021: £171,776).

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

02045777 (England and Wales)

Registered Charity number

519259

Registered office

ITEC House
Hilton Road
Aycliffe Business Park
Newton Aycliffe
County Durham
DL5 6EN

Trustees

S Bellwood Trustee
G Brown Trustee
G Wood Trustee

Company Secretary

T A Wilson

Auditors

CPT
Chartered Certified Accountants
Statutory Auditors
80 Victoria Road
Darlington
County Durham
DL1 5JG

Bankers

HSBC Bank plc
21 Newgate Street
Bishop Auckland
County Durham
DL14 7HQ

The day to day management of the charity is delegated to T A Wilson, the Chief Executive Officer.

ITEC NORTH EAST LIMITED

REPORT OF THE TRUSTEES
for the Year Ended 31 July 2022

ACCOMODATION STRATEGY

The company considers that all its current leases offer good value for money and are fit for purpose.

The lease for first floor at Calvary House, 36-40 Grange Road, Middlesbrough TS1 5BQ was an initial three year lease that has now ended. ITEC is able to vacate the premises following a specified notice period.

The lease for The Digital Factory, Durham Way South, Aycliffe Business Park is out of its ten years, this ended in September 2020. These premises were vacated in September 2022.

A new lease commenced September 2022 for a period of 7 years, having a first break September 2027, for Itec House, Hilton Road, Aycliffe Industrial Estate, DL5 6EN.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of ITEC North East Limited for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

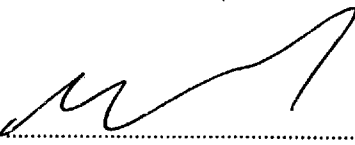
In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, CPT, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 29/3/23 and signed on the board's behalf by:



.....

S Bellwood - Trustee

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF
ITEC NORTH EAST LIMITED

Opinion

We have audited the financial statements of ITEC North East Limited (the 'charitable company') for the year ended 31 July 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company 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 trustees' 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 charitable company'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 trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Report of the Trustees is inconsistent in any material respect with the financial statements; or
- the charitable company has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF
ITEC NORTH EAST LIMITED

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 trustees are responsible for assessing the charitable company'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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

We have been appointed as auditors under Section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Assessing and responding to risks of material misstatement due to non-compliance with laws and regulations:

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with key management in their identification and policies and procedures regarding compliance with laws and regulations.

The identified laws and regulations were shared with the audit team and the team remained alert to indications of non-compliance throughout the audit.

The charitable company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including the Charities SORP). We determined that the following laws and regulations were most significant; Employment Rights, Health and Safety at Work, Safeguarding Children and Pensions legislation. Whilst the charitable company is subject to other laws and regulations, we did not identify any others where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, including going concern.

**REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF
ITEC NORTH EAST LIMITED**

We undertook a thorough review of the board minutes with a view to identifying any instances of non-compliance. Assessing and responding to risks of material misstatement due to fraud:

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including how fraud might occur. We considered the opportunities and incentives that may exist within the organisation for fraud, we also considered the impact of any business targets, the personal financial circumstances of management and staff to create a driver for fraud. We identified the greatest potential for fraud in the following areas; posting of fraudulent journal entries, authorisation, processing, payment of fraudulent expenses and revenue recognition.

Audit procedures performed by the engagement team included:

- Enquiring of key management as to the procedures and policies to prevent and detect fraud.
- Reading board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.
- Testing income, in particular cut off testing, to establish if income has been recorded in the correct period.

The identified fraud risks were shared with the audit team and the team remained alert to indications of fraud throughout the audit.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Use of our report

This report is made solely to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's trustees those matters we are required to state to them in an auditors' 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 charitable company and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



for and on behalf of CPT
Chartered Certified Accountants
Statutory Auditors
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
80 Victoria Road
Darlington
County Durham
DL1 5JG

Date: 30/3/23

ITEC NORTH EAST LIMITED

**STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
for the Year Ended 31 July 2022**

	Notes	Unrestricted fund £	Restricted funds £	2022 Total funds £	2021 Total funds £
INCOME AND ENDOWMENTS FROM					
Charitable activities					
	3				
ESFA and similar activities		1,309,323	13,315	1,322,638	1,548,705
Miscellaneous other activities		260	-	260	3,912
Subcontractors		270,312	-	270,312	282,332
Youth Employment Initiative		141,412	-	141,412	99,863
Investment income	2	410	-	410	63
Total		<u>1,721,717</u>	<u>13,315</u>	<u>1,735,032</u>	<u>1,934,875</u>
EXPENDITURE ON					
Charitable activities					
	4				
ESFA and similar activities		1,184,636	13,315	1,197,951	1,451,305
Subcontractors		229,764	-	229,764	233,636
Youth Employment Initiative		141,412	-	141,412	99,863
Other		1,000	-	1,000	500
Total		<u>1,556,812</u>	<u>13,315</u>	<u>1,570,127</u>	<u>1,785,304</u>
NET INCOME		164,905	-	164,905	149,571
RECONCILIATION OF FUNDS					
Total funds brought forward		1,054,429	-	1,054,429	904,858
TOTAL FUNDS CARRIED FORWARD		<u><u>1,219,334</u></u>	<u><u>-</u></u>	<u><u>1,219,334</u></u>	<u><u>1,054,429</u></u>

The notes form part of these financial statements

ITEC NORTH EAST LIMITED

BALANCE SHEET

31 July 2022

	Notes	Unrestricted fund £	Restricted funds £	2022 Total funds £	2021 Total funds £
FIXED ASSETS					
Intangible assets	12	35,000	-	35,000	-
Tangible assets	13	28,271	-	28,271	21,172
		63,271	-	63,271	21,172
CURRENT ASSETS					
Debtors	14	171,966	-	171,966	139,556
Cash at bank and in hand		1,441,101	-	1,441,101	1,314,685
		1,613,067	-	1,613,067	1,454,241
CREDITORS					
Amounts falling due within one year	15	(457,004)	-	(457,004)	(420,984)
NET CURRENT ASSETS		1,156,063	-	1,156,063	1,033,257
TOTAL ASSETS LESS CURRENT LIABILITIES		1,219,334	-	1,219,334	1,054,429
NET ASSETS		1,219,334	-	1,219,334	1,054,429
FUNDS	17				
Unrestricted funds				1,219,334	1,054,429
TOTAL FUNDS				1,219,334	1,054,429

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 July 2022.

The members have not deposited notice, pursuant to Section 476 of the Companies Act 2006 requiring an audit of these financial statements.

The trustees acknowledge their responsibilities for

- (a) ensuring that the charitable company keeps accounting records that comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the charitable company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the charitable company.

These financial statements have been audited under the requirements of Section 145 of the Charities Act 2011.

The financial statements were approved by the Board of Trustees and authorised for issue on29/3/23..... and were signed on its behalf by:

The notes form part of these financial statements

ITEC NORTH EAST LIMITED

BALANCE SHEET - continued

31 July 2022



.....
S Bellwood - Trustee

ITEC NORTH EAST LIMITED

CASH FLOW STATEMENT
for the Year Ended 31 July 2022

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash generated from operations	1	181,960	417,428
Net cash provided by operating activities		<u>181,960</u>	<u>417,428</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(35,000)	-
Purchase of tangible fixed assets		(20,954)	(5,369)
Interest received		410	63
Net cash used in investing activities		<u>(55,544)</u>	<u>(5,306)</u>
Change in cash and cash equivalents in the reporting period		<u>126,416</u>	<u>412,122</u>
Cash and cash equivalents at the beginning of the reporting period		<u>1,314,685</u>	<u>902,563</u>
Cash and cash equivalents at the end of the reporting period		<u><u>1,441,101</u></u>	<u><u>1,314,685</u></u>

The notes form part of these financial statements

ITEC NORTH EAST LIMITED

**NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 31 July 2022**

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES			
		2022	2021
		£	£
Net income for the reporting period (as per the Statement of Financial Activities)		164,905	149,571
Adjustments for:			
Depreciation charges		13,855	13,791
Interest received		(410)	(63)
(Increase)/decrease in debtors		(32,410)	48,057
Increase in creditors		36,020	206,072
		<hr/>	<hr/>
Net cash provided by operations		181,960	417,428
		<hr/> <hr/>	<hr/> <hr/>
 2. ANALYSIS OF CHANGES IN NET FUNDS			
		At 1.8.21	Cash flow
		£	£
Net cash			At 31.7.22
Cash at bank and in hand		1,314,685	1,441,101
		<hr/>	<hr/>
		1,314,685	1,441,101
		<hr/>	<hr/>
Total		1,314,685	1,441,101
		<hr/> <hr/>	<hr/> <hr/>

The notes form part of these financial statements

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 July 2022

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The charitable company is private limited by guarantee, incorporated in England. Registration numbers and registered office are listed in the Report of the Trustees, reference and administrative details.

The presentation currency of the financial statements is the Pound Sterling (£).

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Income received from contracts is recognised when the performance criteria is met.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Charitable activities

Costs of charitable activities are the direct costs of training, staff costs, depreciation of fixed assets and other service related costs.

Governance costs

Governance costs include those incurred in the governance of the charitable company and its assets and are primarily concerned with constitutional and statutory requirements. They include an allocation of staff costs involved in attending and preparing for the meetings of the directors.

Intangible assets

Intangible assets comprise of systems and web-based applications that have been developed to provide future economic benefit to the charitable company. These assets are amortised over a 10 year period.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Leasehold property improvements	- in accordance with the property
Office equipment	- 33% on cost
Fixtures and fittings	- 12.5% on cost
Software	- 33% on cost

Leasehold improvements are written off over the length of the remaining lease.

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2022

1. ACCOUNTING POLICIES - continued

Fund accounting

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Financial instruments

The charity only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other debtors and creditors, these are measured at amortised cost with changes recognised in the statement of financial activities.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

Value added taxation

Value added tax is only partially recoverable by the charitable company. The irrecoverable amount is included as a separate cost in the Statement of Financial Activities.

Restricted income

Income received for specific purposes is credited to restricted funds and transferred to unrestricted funds as expenditure fulfilling the restrictions imposed is incurred; in the case of fixed assets, this transfer is in line with the depreciation charge.

2. INVESTMENT INCOME

	2022	2021
	£	£
Deposit account interest	410	63
	<u>410</u>	<u>63</u>

3. INCOME FROM CHARITABLE ACTIVITIES

		2022	2021
	Activity	£	£
ESFA income	ESFA and similar activities	519,045	757,840
College income	ESFA and similar activities	409,068	330,651
Employer co-investment	ESFA and similar activities	8,128	17,613
Employer incentive payments	ESFA and similar activities	-	37,500
PP income	ESFA and similar activities	10,262	162,477
TV income	ESFA and similar activities	275,275	213,159
Kickstart	ESFA and similar activities	100,860	29,465
Other sales	Miscellaneous other activities	260	3,912
Subcontractors	Subcontractors	270,312	282,332
Youth Employment Initiative	Youth Employment Initiative	141,412	99,863
		<u>1,734,622</u>	<u>1,934,812</u>

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2022

4. CHARITABLE ACTIVITIES COSTS

	Direct Costs (see note 5) £	Support costs (see note 6) £	Totals £
ESFA and similar activities	1,189,677	8,274	1,197,951
Subcontractors	229,764	-	229,764
Youth Employment Initiative	141,412	-	141,412
	<u>1,560,853</u>	<u>8,274</u>	<u>1,569,127</u>

5. DIRECT COSTS OF CHARITABLE ACTIVITIES

	2022 £	2021 £
Staff costs	833,888	950,592
Hire of plant and machinery	1,504	1,539
Subcontractors	229,764	233,636
Insurance	6,210	6,978
Telephone	10,551	11,257
Postage and stationery	5,678	4,844
Advertising	56,919	15,394
Sundries	4,036	9,105
Training purchased	64,159	140,865
Trainees' expenses	5,819	9,596
Tuition/course fees and registration	92,004	141,947
Disallowed VAT	44,994	17,848
Staff training	20,360	22,778
Rent and rates	80,772	90,222
Cleaning	8,950	2,330
Repairs and renewals	24,755	36,900
Motor and travel	15,520	6,514
Legal and professional	336	492
Bank charges	308	302
Trade subscriptions	19,490	17,595
Consultancy fees	20,981	4,450
Employer incentive payments	-	37,500
Depreciation	13,855	13,790
	<u>1,560,853</u>	<u>1,776,474</u>

ITEC NORTH EAST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2022**

6. SUPPORT COSTS

	Governance costs
	£
ESFA and similar activities	8,274
	<u>8,274</u>

7. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	2022	2021
	£	£
Auditors' remuneration	4,950	4,950
Depreciation - owned assets	13,855	13,791
Hire of plant and machinery	1,504	1,539
	<u>19,309</u>	<u>20,279</u>

8. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 July 2022 nor for the year ended 31 July 2021.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 July 2022 nor for the year ended 31 July 2021.

9. STAFF COSTS

	2022	2021
	£	£
Wages and salaries	750,136	860,340
Social security costs	69,505	74,845
Other pension costs	16,247	17,407
	<u>835,888</u>	<u>952,592</u>

The average monthly number of employees during the year was as follows:

	2022	2021
Management	6	6
Teaching and learning	10	15
Recruitment	7	3
Information technology	-	1
Administration and accounts	6	4
Quality	2	2
	<u>31</u>	<u>31</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2022	2021
£60,001 - £70,000	1	-
£70,001 - £80,000	-	1
	<u>1</u>	<u>1</u>

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2022

9. STAFF COSTS - continued

Staff costs of £2,000 (2021: £2,000) have been allocated to support costs.

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Charitable activities			
ESFA and similar activities	1,511,205	37,500	1,548,705
Miscellaneous other activities	3,912	-	3,912
Subcontractors	282,332	-	282,332
Youth Employment Initiative	99,863	-	99,863
Investment income	63	-	63
Total	<u>1,897,375</u>	<u>37,500</u>	<u>1,934,875</u>
EXPENDITURE ON			
Charitable activities			
ESFA and similar activities	1,413,805	37,500	1,451,305
Subcontractors	233,636	-	233,636
Youth Employment Initiative	99,863	-	99,863
Other	500	-	500
Total	<u>1,747,804</u>	<u>37,500</u>	<u>1,785,304</u>
NET INCOME	149,571	-	149,571
RECONCILIATION OF FUNDS			
Total funds brought forward	904,858	-	904,858
TOTAL FUNDS CARRIED FORWARD	<u><u>1,054,429</u></u>	<u><u>-</u></u>	<u><u>1,054,429</u></u>

11. PENSION COMMITMENTS

Contributions payable by the charitable company amounted to £16,247 (2021: £17,407) and all contributions were paid in the period.

ITEC NORTH EAST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2022**

12. INTANGIBLE FIXED ASSETS

	Systems and web-based applications £
COST	
Additions	35,000
NET BOOK VALUE	
At 31 July 2022	35,000
At 31 July 2021	-

13. TANGIBLE FIXED ASSETS

	Leasehold property improvements £	Office equipment £	Fixtures and fittings £	Software £	Totals £
COST					
At 1 August 2021	-	148,040	16,773	2,700	167,513
Additions	9,750	11,204	-	-	20,954
Disposals	-	(109,808)	-	(2,700)	(112,508)
At 31 July 2022	9,750	49,436	16,773	-	75,959
DEPRECIATION					
At 1 August 2021	-	130,988	12,653	2,700	146,341
Charge for year	-	12,779	1,076	-	13,855
Eliminated on disposal	-	(109,808)	-	(2,700)	(112,508)
At 31 July 2022	-	33,959	13,729	-	47,688
NET BOOK VALUE					
At 31 July 2022	9,750	15,477	3,044	-	28,271
At 31 July 2021	-	17,052	4,120	-	21,172

All fixed assets are used for charitable purposes.

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Trade debtors	18,657	7,474
Other debtors	6,280	7,032
VAT	14,369	2,118
Accrued income	114,962	102,943
Prepayments	17,698	19,989
	171,966	139,556

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2022

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade creditors	40,555	82,820
Social security and other taxes	15,640	13,639
Other creditors	-	3,243
Accruals and deferred income	400,809	321,282
	<u>457,004</u>	<u>420,984</u>

Included in Accruals and deferred income is £176,186 (2021: £45,523) relating to fees paid in advance for Digital Skills income, for services not yet delivered after an extension to the contract. In 2021 there was also a clawback provision for TVC income of £33,860, nil for 2022. The deferred income will be recognised in future accounting period(s) once the criteria for income recognition are met.

16. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2022	2021
	£	£
Within one year	-	13,925
	<u>-</u>	<u>13,925</u>

17. MOVEMENT IN FUNDS

	At 1.8.21	Net movement in funds	At 31.7.22
	£	£	£
Unrestricted funds			
General fund	1,054,429	164,905	1,219,334
	<u>1,054,429</u>	<u>164,905</u>	<u>1,219,334</u>

Net movement in funds, included in the above are as follows:

	Incoming resources	Resources expended	Movement in funds
	£	£	£
Unrestricted funds			
General fund	1,721,717	(1,556,812)	164,905
Restricted funds			
Kick Start Scheme	13,315	(13,315)	-
	<u>1,735,032</u>	<u>(1,570,127)</u>	<u>164,905</u>

ITEC NORTH EAST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2022**

17. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.8.20 £	Net movement in funds £	At 31.7.21 £
Unrestricted funds			
General fund	904,858	149,571	1,054,429
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<u>904,858</u>	<u>149,571</u>	<u>1,054,429</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	1,897,375	(1,747,804)	149,571
Restricted funds			
Employer Incentive Payments	37,500	(37,500)	-
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<u>1,934,875</u>	<u>(1,785,304)</u>	<u>149,571</u>

A current year 12 months and prior year 12 months combined position is as follows:

	At 1.8.20 £	Net movement in funds £	At 31.7.22 £
Unrestricted funds			
General fund	904,858	314,476	1,219,334
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<u>904,858</u>	<u>314,476</u>	<u>1,219,334</u>

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2022

17. MOVEMENT IN FUNDS - continued

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	3,619,092	(3,304,616)	314,476
Restricted funds			
Employer Incentive Payments	37,500	(37,500)	-
Kick Start Scheme	13,315	(13,315)	-
	<u>50,815</u>	<u>(50,815)</u>	<u>-</u>
TOTAL FUNDS	<u><u>3,669,907</u></u>	<u><u>(3,355,431)</u></u>	<u><u>314,476</u></u>

18. CAPITAL COMMITMENTS

	2022 £	2021 £
Contracted but not provided for in the financial statements	<u>17,500</u>	<u>-</u>

Signage and partitions were ordered prior to the year end but not delivered and installed until the 2022/23 year.

19. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 July 2022.

20. DEBENTURE

There is a fixed and floating charge debenture held over the assets of the organisation. The debenture was security on a bank loan imposed on 13 October 2005. The loan has been repaid in full however a nil value debenture is still in place.

ITEC NORTH EAST LIMITED

DETAILED STATEMENT OF FINANCIAL ACTIVITIES
for the Year Ended 31 July 2022

	2022	2021
	£	£
INCOME AND ENDOWMENTS		
Investment income		
Deposit account interest	410	63
Charitable activities		
ESFA income	519,045	757,840
College income	409,068	330,651
Other sales	260	3,912
Subcontractors	270,312	282,332
Youth Employment Initiative	141,412	99,863
Employer co-investment	8,128	17,613
Employer incentive payments	-	37,500
PP income	10,262	162,477
TV income	275,275	213,159
Kickstart	100,860	29,465
	<hr/>	<hr/>
	1,734,622	1,934,812
Total incoming resources	1,735,032	1,934,875
 EXPENDITURE		
Charitable activities		
Wages	748,136	858,340
Social security	69,505	74,845
Pensions	16,247	17,407
Hire of plant and machinery	1,504	1,539
Subcontractors	229,764	233,636
Insurance	6,210	6,978
Telephone	10,551	11,257
Postage and stationery	5,678	4,844
Advertising	56,919	15,394
Sundries	4,036	9,105
Training purchased	64,159	140,865
Trainees' expenses	5,819	9,596
Tuition/course fees and registration	92,004	141,947
Disallowed VAT	44,994	17,848
Staff training	20,360	22,778
Rent and rates	80,772	90,222
Cleaning	8,950	2,330
Repairs and renewals	24,755	36,900
Motor and travel	15,520	6,514
Legal and professional	336	492
Bank charges	308	302
Trade subscriptions	19,490	17,595
Consultancy fees	20,981	4,450
Employer incentive payments	-	37,500
Office equipment	12,779	12,478
Carried forward	1,559,777	1,775,162

This page does not form part of the statutory financial statements

ITEC NORTH EAST LIMITED

DETAILED STATEMENT OF FINANCIAL ACTIVITIES
for the Year Ended 31 July 2022

	2022	2021
	£	£
Charitable activities		
Brought forward	1,559,777	1,775,162
Fixtures and fittings	1,076	1,312
	<hr/>	<hr/>
	1,560,853	1,776,474
Other		
Bad debt write off	1,000	500
Support costs		
Governance costs		
Wages	2,000	2,000
Auditors' remuneration	4,950	4,950
Trustees indemnity insurance	1,324	1,380
	<hr/>	<hr/>
	8,274	8,330
Total resources expended	<hr/>	<hr/>
	1,570,127	1,785,304
Net income	<hr/>	<hr/>
	164,905	149,571

This page does not form part of the statutory financial statements

ITEC NORTH EAST LIMITED

England & Wales - Charity number 519259

Accounts

REGISTERED COMPANY NUMBER: 02045777 (England and Wales)
REGISTERED CHARITY NUMBER: 519259

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021
FOR
ITEC NORTH EAST LIMITED

CPT
Chartered Certified Accountants
Statutory Auditors
80 Victoria Road
Darlington
County Durham
DL1 5JG

ITEC NORTH EAST LIMITED

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for the Year Ended 31 July 2021

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ITEC NORTH EAST LIMITED

REPORT OF THE TRUSTEES
for the Year Ended 31 July 2021

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 July 2021. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

ITEC NORTH EAST LIMITED

REPORT OF THE TRUSTEES for the Year Ended 31 July 2021

OBJECTIVES AND ACTIVITIES

Objectives and aims

For close to 40 years ITEC North East Limited has operated as an inspirational charity across the North East with 3 strategically placed training facilities in Newton Aycliffe, Gateshead and Middlesbrough employing 35 staff. The Gateshead facility was closed during 2020 as a consequence of the COVID-19 pandemic following a sharp reduction in training volume.

Our charitable company's object and principal activity continues to be the provision of Apprenticeship training to young people and unemployed adults in the computing and business environment. This provision has expanded over recent years to include Digital, IT and Manufacturing industries. Our classroom based study activities include employability skills, maths, English and IT all of which are funded primarily through the Education Skills Funding Agency.

In setting our objectives and planning our activities, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit and to its supplementary public benefit guidance on fee charging.

Our vision is that all of our learners reach their full potential. Our reputation for promoting learning opportunity and employability will be outstanding. We are recognised throughout the North East as a provider of choice amongst learners, employers and other key stakeholder.

Our mission is to be the North East's leading provider of innovative, skills-based vocational education and training. Working with our employers and partners our vision is to deliver to our learner's outstanding training and personal support so that they are:

I - Inspired to achieve their individual personal and qualification targets, gaining confidence, self belief and reaching their full potential.

T- Trained by talented academic staff who are experts in their fields to ensure learners progress into sustainable employment and/or further education as a result of the skills and knowledge developed.

E - Enthusiastic and positive about their future. Buying into the benefits of 'life long learning' and making positive contribution to their employer.

C - Challenged and supported by setting high standards for ourselves and encouraging high aspirations in our learners. We will provide high levels of support for both learners and staff to achieve.

The charitable company's continuing strategic objectives whilst inspirational are realistic and deliverable. Our strategic aims:

- Strive to achieve Outstanding Teaching, Learning and Assessment leading to Outstanding outcomes for learners.

- Place the learner at the centre of our decision making process responding proactively to meet their individual needs and aspirations ensuring an Outstanding Learner Experience.

- Strengthen and develop partnerships with employers and partner organisations to create a sustainable future for ITEC North East Limited.

- Recruit, develop and retain highly competent and outstanding staff who can take forward ITEC's vision.

- Maintain organisational excellence in governance, quality assurance, culture and financial health and resources for learning.

- Strive to achieve Outstanding Teaching, Learning and Assessment leading to Outstanding outcomes for learners.

Our strategy to achieve this aim is to equip learners with the skills most valued in the modern economy. Learners are able to work independently and be effective in their use of digital technology, English and Maths. Learners have high aspirations and are able to demonstrate team work, communication, innovation and a deep understanding of how they learn and their specialism. Keen to protect the environment and promote equality and diversity. At ITEC North East Limited teaching, learning and assessment focuses on deeper learning that leads to transferable skills.

We are graded accordingly through our own self assessment and OFSTED. Employers and learners grade us positively for the quality of their experience of ITEC and for the standards achieved, as seen in the skills and competence of our learners.

- Place the learner at the centre of our decision making process responding proactively to meet their individual needs and aspirations ensuring an Outstanding Learner Experience.

ITEC North East Limited learners will experience activities, processes and environments that will engage and inspire them to identify and progress to their personal goals and careers. All aspects of their contact with ITEC will enhance achievement, progression and learning.

ITEC NORTH EAST LIMITED

REPORT OF THE TRUSTEES **for the Year Ended 31 July 2021**

In order to achieve this, services, administration and staff will work together in the interests of learners, building a culture of aspiration, excellence and personal responsibility. The Learners will receive effective support and be inspired whilst on employer or ITEC facilities learning experience will be that of feeling safe, being supported to interact effectively with staff and peers. Learners will develop as people, gain understanding of other cultures, lead healthy lifestyles, and learn from and respect each other.

- Strengthen and develop partnerships with employers and partner organisations to create a sustainable future for ITEC North East Limited.

Our strategy to achieve this aim is to develop excellent partnerships with both employers and partner organisations to ensure we meet the needs of key regional priorities. We have built a reputation in key specialisms that are important to our local economy and labour market. We offer excellent advice and guidance to learners, employers, partner organisations and parents about the local economy, training options and employer options. We will provide training to the unemployed in the skills, attitudes and expectations of employers to transition learners into work. We will work with employers to develop first class training to meet their needs, support skill shortages, and the upskilling of their existing workforce.

- Recruit, develop and retain highly competent and outstanding staff who can take forward ITEC's vision.

To achieve our strategy aim we recruit, retain and develop the very best staff. We maintain and improve staff and organisational arrangements that will support excellence in teaching and learning, and service delivery. We always aim to be an excellent employer because staff who feel valued, are productive and effective employees, and because we believe that staff are entitled to a fair and supportive environment in return for hard work, dedication and results. We provide training, development and support for staff to enhance their skills and knowledge to meet the ever changing demands in the sector and to support staff to achieve the excellent standard that learners expect and deserve. We develop a sustainable and flexible staffing model that enables achievement of our aims and addresses the challenges of the public sector funding cuts. Where savings have to be made, we aim for a fair and transparent process through genuine consultation and partnership working.

- Maintain organisational excellence in governance, quality assurance, culture and financial health and resources for learning.

Governance: To achieve our strategy aim we ensure Governance is focussed on the organisation's purpose and on outcomes for communities and learners. ITEC seeks to perform effectively both as individuals and as a team and continues to develop the capacity and capability to be highly effective. We promote values for the whole organisation and behave with integrity, taking informed transparent decisions and managing risk. We hold leaders and managers to account for the ITEC's performance, engaging with stakeholders and making accountability real.

Culture: To achieve our strategy aim we ensure culture is forged through collective beliefs, values and routines of an organisation and evident in its structures and the behaviours of staff and leaders. ITEC is committed to a set of values that underpin the culture:

- **Recognising individuality**
- **Respect**
- **Integrity**
- **Professionalism**
- **Challenge and innovate**
- **Adaptability**

Quality Assurance: Our strategy is achieved by ensuring quality assurance and improvement is the responsibility of the whole business. We create and sustain quality systems that support excellence in Teaching, Learning and Assessment (TLA) and all other services wherever and whenever they are offered by ITEC North East Limited. Our quality systems, services and processes are supportive, informative, accessible, and driven by the use and analysis of robust data that is used to identify areas of both excellence and those in need of further development. Ensuring that the outcomes of quality processes are used to inform and support improvement, and to monitor and ensure completion of improvement plans. We continue to develop and manage quality processes that are effective and efficient in identifying our progress towards excellence, and communicate the outcomes of these effectively to inform improvement.

Financial Health and resources for Learners: To achieve this strategy we allocate the financial resources required to support and advance excellent success rates and learner and employer satisfaction; to support staff to feel valued and realise the vision for excellence; to promote ITEC's reputation and profile through industry relevant resources; and to provide opportunities for growth.

ITEC NORTH EAST LIMITED

REPORT OF THE TRUSTEES for the Year Ended 31 July 2021

We align our delivery activity to meet our objectives and ensure it is tailor made to successfully support local businesses in various growth sectors with a range and volume of education and training provision. This includes but is not limited to customer service, manufacturing, Health and Social Care, IT and Digital Media. We also successfully deliver functional skills programmes up to level 2 which are integrated with employability skills ensuring learners can gain accredited qualifications but also with the primary purpose that they gain meaningful employment and/or progress to further training.

Our activity also includes recruiting and supporting those most disadvantaged within our community. We understand the complex needs of individuals living in the area our target group includes young people 16-18; long term unemployed, and people with disabilities (including learning difficulties); lone parents; older workers/50+; NEET group; BME groups; those out of work but not claiming benefits and individuals with basic skills needs or low/no qualifications.

We make good use of LMI and local knowledge to ensure that our strategy aims and services are fit for purpose, do not duplicate, remain current, relevant and of impact and contribute to achievement of NELEP strategic aims. We understand the social and economic indicators and policies that steer the priorities for our activity and have used them to formulate our delivery activity plans.

ITEC North East Limited was awarded both the Pathway and Routeway Youth Employment Initiative (YEI) programmes. The YEI Programme is part-funded by the European Social Fund (ESF) as part of the 2014-2020 European Structural and Investment Funds Growth Programme in England with the Department for Work and Pensions (DWP) as the Managing Authority.

1. **Tees Valley Pathway** delivers innovative solutions to young people aged 16 -29 who are struggling to achieve or progress into a positive destination. It will also support those young people furthest away from the labour market by providing them with the skills they need to get into work and offer a flexible learning and skills fund.

2. **Tees Valley Routeways** delivers tailored routeways for young people aged 16-29 to assist them in entering into priority growth sectors including Advanced Manufacturing, Digital, Logistics, Low Carbon and Health and Social Care through a range of activities such as volunteering, internships, traineeships and apprenticeships.

ITEC North East also delivers other ESF initiatives including Skills Support for the Unemployed (SSU) Skills Support for the Workforce (SSW).

SSU is a programme which involves the development and delivery of bespoke skills support for the unemployed and economically inactive, aligned to the LEP priorities and sectors, by providing support to local communities to deliver local training solutions engaging disadvantaged learners with innovative provision that engages people and enables them to enter into further education and/or employment.

SSW is a programme which involves the development and delivery of bespoke skills support to increase the skill levels of employed individuals, including basic skills needs, and encourage progression; particularly in SMEs and Micro businesses, again, aligned to the LEP priorities and sectors.

All of the above programmes further support ITEC's above objectives.

We consider the following criteria when measuring success in the reporting period:

- **Impact Measures**
- **Outcome Analysis**
- **Quality Standards**
- **Safety Standards**
- **Meeting the needs of local industry**
- **Workforce upskilling**
- **Equality and diversity need**
- **Economic Growth**
- **Regional social value (RSV)**
- **Cultural impact**

ITEC NORTH EAST LIMITED

REPORT OF THE TRUSTEES for the Year Ended 31 July 2021

Impact measures:

We use Impact measurements to quantify and assess the achievement of outcomes within our current delivery we monitor participation, retention, achievement, progression, customer satisfaction targets and a range of quality measures.

IMPROVEMENT: We use these impact measures throughout the learner journey to identify, forecast and improve learners progress by e.g. providing additional pastoral support if attendance in the work place is an issue.

Outcome Analysis

We use target outcomes to measure performance for individuals, teams and the company as a part of our continuous improvement process. These include participation, retention, achievement, progression, customer satisfaction targets and a range of quality measures.

IMPROVEMENT: Results help us to produce our annual self-assessment report (SAR) and develop a new Quality Improvement Plan (QIP) that enables us to make judgements on our provision and identify the areas we aim to improve and the actions required, and is the key focus for development activity in the coming year.

Quality Standards

We build a range of quality standards into our targets e.g. Quality of teaching and learning and Personal Development, Behaviour and Welfare, these standards form the basis of our SAR.

IMPROVEMENT: As a part of our continuous improvement process/SAR/QIP these standards are reviewed monthly and the results are used to inform improvement e.g. quality of teaching and embedding of new technology into practice.

Safety Standards

A range of Health and Safety and safe guarding standards are used within ITEC e.g. we undertake a health and safety assessment of all employer premises before entering into an agreement for apprentice training, including observation of safeguarding policies within the workplace.

IMPROVEMENT: The monitoring and review of these standards, for example informs and improves the level of support an employer can provide to an apprentice.

Meeting the needs of local industry:

We undertake a thorough business needs/training needs analysis (TNA) when we engage with employers to identify their requirements and where most value can be gained e.g. correctly identifying their IT skills gaps and agreeing the most effective way to deliver 'off the job' training. The delivery of the TNA is continuously reviewed throughout the Learners Journey

IMPROVEMENT: The identification and review of the outcome targets within the TNA enables us to improve:

- Customer relationships
- Responsiveness to local strategic priorities.
- Bespoke Apprenticeship programmes for employers

Workforce upskilling

Each employer has a TNA completed with them and each learner has Matrix approved Information Advice and Guidance (IAG) and a designated tutor. This enables ITEC to understand and prepare for their learning journey and prepare a range of outcome measures that includes the strengths, barriers and skills gaps that employers and learners have e.g. range of staff without certain technical competence.

IMPROVEMENT: The correct identification and agreement of Workforce upskilling outcome measures enables ITEC to embed these measures within their continuous improvement process for monitoring and review. This review enables ITEC to improve its service by:

- Continuously refining their delivery to the employer and learner.
- Delivering additional value to the employer throughout delivery that may deliver e.g. greater levels of efficiency and productivity.

Equality and diversity need:

Our delivery engages a diverse and representative group of learners. As a part of our E&D delivery we deliver equal opportunity for all and have identified Dignity, Safeguarding, British Values and Welfare all key outcome targets. They are promoted and embedded in sessions ensuring a culture of mutual respect.

IMPROVEMENT: During progress reviews, progress is tracked and reviewed and tutors improve their planned learning sessions/materials to reflect the identified required improvements. The wider impact of this improvement raises the apprentice's awareness of E&D and how to contribute to wider society and life in Britain.

ITEC NORTH EAST LIMITED

REPORT OF THE TRUSTEES for the Year Ended 31 July 2021

Economic Growth

We have identified key strategic relationships and LEP high growth sectors as key outcome targets that are planned, monitored and reviewed as a part of our performance management process.

IMPROVEMENT: By delivering our outcome targets ITEC delivers strategically relevant training to employers in high growth sectors, this enables the following improvements to be made:

- Enhances learners capacity and creativity, opportunities, and satisfaction at work;
- Empower learners to develop their full capacities and seize employment and social opportunities;
- Raise productivity of workers of enterprises;
- Contribute to boost future innovation and development;
- Encourage domestic and foreign investment, by having a high skilled workforce

Regional social value (RSV)

The RSV delivery is wide ranging across the NE. We are aware of the governments focus and regional priority towards the younger age group and those from disadvantaged backgrounds. We identified a number of outcome measures e.g. recruit 16 - 18 yr olds and NEETS from disadvantaged backgrounds, to support this and drive behaviour to improve our contribution to the NE's RSV.

IMPROVEMENT: ITEC's focus on RSV will improve learners' life chances, empower learners to develop to their full capacities and reduce the NEET levels in the NE.

Cultural impact

The cultural impact of our training is measured by tracking and reviewing, (via surveys and 1:1 reviews), a number of employer and learner outcome targets; attitudes, values, and behaviours.

IMPROVEMENT: By empowering learners via high quality apprenticeship delivery they are able to improve and make an impact on their families, friends, communities, life chances and career.

The company produces strategic/development plans (currently 2020-24). These include an accommodation strategy and risk analysis and an annual detailed financial budget with the directors monitoring performance against these plans.

The management was pleased to report that the charitable company generally met or over achieved its specific objectives for 2020-21.

ITEC NORTH EAST LIMITED

REPORT OF THE TRUSTEES **for the Year Ended 31 July 2021**

STRATEGIC REPORT

Achievement and performance

Charitable activities

The majority of our contracts continue to perform well during such unprecedented times and following the COVID-19 Pandemic. These include our SSW and SSU programmes funded via the European Social Fund (ESF). Our YEI Programme which is part-funded by the European Social Fund as part of the 2014-2020 European Structural and Investment Funds Growth Programme in England with the Department for Work and Pensions (DWP) as the Managing Authority. Also, our AEB (Adult Education Budget) contract across Tees Valley funded via Tees Valley Combined Authority 2020-21 further supports our charitable objectives.

Government policy has a significant influence on the work we do as a training provider. Following changes to funding methodology, competition is evermore fierce to secure long term funds to support learners & employers. In addition, the high profile closure of a number of large training providers has seen the expectations posed by external bodies (ESFA, ESF, Ofsted) measurably increase under new audit regimes and inspection frameworks, the COVID Pandemic naturally brought about additional challenges. Contracts are reviewed evermore frequently with underperformance dealt with swiftly, typically with the removal or reduction in overall contractual values. Although some flexibilities were given for the challenges brought about by the COVID Pandemic, these were short-lived with the expectation of 'business as normal' from August 2021.

With this in mind we continue to recruit sub-contractors to deliver provision which complements our core business activity, our current subcontractors are:

- J&K Training Limited - Functional Skills delivery in the North East.
- Trade Tech Northern Limited - Entry to employment in the North East (priority sectors construction, engineering, logistic)

As much of the company's core work is based on employer's premises (or online where COVID restrictions prevent); employers and learners are attracted from across the whole of the North East region. Our stated aim for engagement with employers is to "Strengthen and develop partnerships with employers and partner organisations to create a sustainable future for ITEC".

The company produces strategic/development plans (currently 2020-24). These include an accommodation strategy and risk analysis and an annual detailed financial budget with the directors monitoring performance against these plans.

The onset of the COVID-19 pandemic in March 2020 naturally impacted ITEC NE's normal business operations, those of our employers, and wider stakeholders. The management was pleased to report that the charitable company generally maintained its specific objectives for 2020-21. Addendums have been included in the strategic/development plan (currently 2020-24) to reflect the ongoing impact of the pandemic as we move into 2022.

Success/Achievement rates

Apprenticeship achievement rates for ITEC North East have declined by approximately 8% over the last year as an ongoing consequence of the COVID-19 pandemic. Achievement rates do remain around national averages, however we expect that these will significantly reduce following inclusion of COVID-19 impact in national datasets. For those learners who were able to remain in employment & training, 54% went on to achieve high grades of merit & distinction at end point assessment which is considerably above the national average of 36%. In addition to achieving highly, approximately 70% of apprentices remained in employment following their apprenticeship despite difficult circumstances. Classroom delivery of our shorter training programmes remains good at 90%. All training can now be delivered in a classroom setting or online, we continued to introduce new provision, and where possible learners suffering from digital poverty were supported to achieve. As stated above our SSU, SSW, Routeway and Pathway provision is delivering well against all delivery outputs and we remain one of the top performing providers within the area.

Learner numbers

The company has constantly targeted growth in apprenticeship numbers, but the reality for 2020/21 showed a slight decline to 129 (three year downward trend). Due to the ongoing impact of the COVID-19 pandemic, and despite the successful rollout of the vaccine programme, starts were negatively impacted, particularly over the winter period, following announcement of the Delta variant (approx. 50% down Dec-March). Similarly to 19/20, of those employers able to recruit in 20/21, a number were unable to maintain commitment on receipt of less favourable announcements (Delta variant, end to furlough etc).

ITEC NORTH EAST LIMITED

REPORT OF THE TRUSTEES **for the Year Ended 31 July 2021**

ITEC and our subcontractors have supported over 650 learners in our pre-employment programmes, ensuring learners develop strong practical skills. Our programmes are very successful, relevant, meet industry needs and address local and regional priorities. We align our offer to meet these needs and provide training in sector specific areas in which learners can find employment. This leads to extremely high retention and overall outcome rates on all of our programmes. Despite difficult times, to retain the overall numbers ITEC has achieved was seen as a huge success, particularly with approximately 55% of our learners progressing into further studies, employment or voluntary work.

Contracts / Values & New programmes

In 2020/21 ITEC were successful in meeting the main objectives of our Tees Valley Combined Authority Adult Education Contract (£541,000) by supporting 35% of learners into work or further studies. Similarly our non-devolved Adult Education Contract administered by Education Skills Funding Agency was of equal success with the contract being delivered in full, together with a similar number of learners progressed into positive outcomes following training.

Beginning April 2019, ITEC were successful in tendering for two Skills Support for the Unemployed (SSU) contracts in the Tees Valley (£239,000) & North East (£654,000) regions, to be delivered over three years. Both contracts were completed in 2020/21 with over 250 learners supported into work or apprenticeship training positions. The Prime Provider is very pleased with our management of the contract, flexible, relevant & responsive training offers, and close working relationships with our employers to maximise positive outcomes.

In regards to supporting employers within the region through the development and upskilling of their workforces, ITEC were successful in securing two Skills Support for the Workforce contracts in the Transitional and More Developed Local Enterprise Partnership (LEP) areas. Following detailed Training Needs Analysis (TNA's) training was delivered to more than 30 companies leading to the upskilling of 160 staff, many of which progressed 'in work' (additional duties, pay rises, promotions), or into further training opportunities either at a higher level, or into apprenticeship training.

Financial review

Financial position

The charitable company reported a surplus for the year on unrestricted funds of £149,571 (2020: £18,894). Incoming resources from charitable activities for the year were £1,934,875 compared to £1,929,192 for the previous year. Resources expended from charitable activities were £1,785,304 for the year compared to £1,910,298 in the previous year.

Investment policy and objectives

The directors have considered the most appropriate way for investing cash resources and have decided that term bank deposits meet their requirements of a reasonable rate of return, without capital risk, and with predictable accessibility to the funds. The directors review this policy on a regular basis.

Reserves policy

The directors consider that a sensible level of free reserves that the charitable company needs to hold (those reserves not invested in fixed assets or designated for particular purposes) should equate to three months of operating expenditure, as is quite normal in other concerns. This policy would therefore indicate a level of about £475,000 and at 31 July 2021 free reserves amounted to £1,054,429 (2020: £904,858). Our reserves are higher than indicated however, the trustees are actively seeking to invest free reserves in ways which will further the charitable objectives of the organisation. The trustees did pursue the potential acquisition of another company during 2019 which would further support ITEC's charitable objectives. However, following the results of the financial due diligence report on the prospective company it was decided the risks involved were too great to pursue the possibility any further.

ITEC NORTH EAST LIMITED

REPORT OF THE TRUSTEES for the Year Ended 31 July 2021

STRATEGIC REPORT

Future Developments

This report is published in a climate of unprecedented change and challenge, coupled with difficult economic circumstances with the COVID-19 pandemic continuing to create uncertainties and impact across the sector. These uncertainties are likely to continue into the future. We recognise that future challenges will continue to drive change throughout our sector. However, we will continue to invest in areas that excel and target resources to support these areas. All of these changes will impact upon ITEC's future strategy and will require us to make adjustments to processes, structures and other areas of our operation to ensure sustainability, achievement and performance.

Changing Policy Context for Skills - The charitable company continues to be funded by the Government via the Education and Skills Funding Agency (ESFA). Changes to government policy over the preceding four years has significantly altered our income streams. Almost all of our previous income was secured from the ESFA in the form of Apprenticeship and Adult Education Funding. Reductions in public sector funding and changes to the way in which apprenticeships are funded have seen ITEC NE diversify their income streams into other areas of working following successful bids for Skills Support for the Workforce (SSW), Skills Support for the Unemployed (SSU), and devolved Adult Education Funding which now account for approximately half of our overall income. In addition, we have successfully engaged with large Levy paying employers following changes to funding in 2015, which has further minimised our reliance on public funds.

The introduction of the new contracts (SSU, SSW, TVCA) and Subcontracting have played an important part in growing the business turnover and profitability and some excellent working relationships have been created. It is however envisaged that the company will reduce to one subcontractor over the coming year.

Throughout 2019/20 and in response to the COVID-19 pandemic, ITEC transitioned all delivery (Apprenticeship & Short Programmes) to Adobe Connect online platforms to ensure that where possible learners could continue in training & development. In response to feedback from our learners, and to meet differing needs & learning styles, further platforms were introduced on Zoom and Google Classrooms. During 2020/21 an Online Learning Strategy was introduced to build on our strengths and address areas for development. The Strategy continues to focus on four key aims: Learners, Staff, Enhance Practice, Infrastructure. Continued investment in the development of our staff & resources ensures that the learning experience is comparative to that received in a traditional classroom. Feedback from both learners and employers in 2020/21 was excellent, and in many cases over 90%.

To further reinforce our commitment to be responsive to the needs of our learners & employers, a range of new provision was introduced throughout the year including; L2 Certificate in Special Educational Needs, L3 Cyber Security, L3 Coding & Logic. Provision to support our learners with the impact of COVID particularly in mind included the rollout of VideoTile. This is an online package offering over 150 short (typically <2 hours) self-study courses in areas such as Digital, Business, Health & Wellbeing and Personal development; all courses were made available for free to existing learners. To support our employers in working efficiently in digital spaces, staying competitive and visible online, provision was offered such as; Digital Promotion For Business, Collaborative Technologies, Search Engine Optimisation and Remote Working.

Our strategy, whilst inspirational, is realistic and deliverable. The strategy will enable ITEC NE to develop as an independent training provider and build an outstanding portfolio of study. Our strategic priorities for 21/22 are to:

- Strive to achieve Outstanding Teaching, Learning and Assessment leading to Outstanding Outcomes for learners.
- Place the learner at the centre of our decision making process responding proactively to meet their individual needs and aspirations ensuring an Outstanding Learner Experience.
- Strengthen and develop partnerships with employers and partner organisations to create a sustainable future for ITEC NE.
- Recruit, develop and retain highly competent and outstanding staff who can take forward ITEC's vision.
- Maintain organisational excellence in governance, culture, quality assurance and financial health and resources for learning.

All of these changes highlighted above will impact upon ITEC's strategy and will require us to make adjustments to processes, structures and other areas of our operation. Our strategy, whilst inspirational, is realistic and deliverable. The strategy will enable ITEC NE to develop as an independent training provider and build an outstanding portfolio of study.

ITEC NORTH EAST LIMITED

REPORT OF THE TRUSTEES **for the Year Ended 31 July 2021**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

ITEC North East Limited is a company limited by guarantee, governed by its Memorandum and Articles of Association dated 12th August 1986, as amended by special resolutions dated May 1992, October 1994, January and August 1999, February 2006 and September 2019. The company's registration number is 02045777. It is registered as a charity with the Charity Commission, number 519259. There are currently four members, each of whom agree to contribute £1 in the event of the charitable company winding up.

Recruitment and appointment of new trustees

The number and skills of the trustees are regularly reviewed and gaps identified. Existing members then approach suitable candidates who are invited to attend trustees' meetings, initially as observers, before being formally invited to join the board following discussion and references. The Board of Trustees implements a fair recruitment process involving provision of information on the role and skills required and a formal application process for all interested parties.

Organisational structure

The Board consists of 3 Non-Executive Directors who are Trustees, and a Managing Director. The Board of Trustees are elected by the membership. The Board have responsibility for the strategic direction and policy of the company and ensuring it meets legal requirements. In addition to quarterly meetings the Board of Trustees meet regularly to review external developments, strategy, finance and fundraising issues. The Board of Trustees have appointed staff to undertake the day to day running of the organisation led by the Managing Director delegated to manage the day-to-day operations of the organisation. The Senior Management Team, led by the Managing Director, oversees development and operations, reviews performance information, makes financial decisions within the agreed annual budget and prepares reports and recommendations for the Board of Trustees. The Managing Director is also responsible for ensuring the implementation and progress towards the outcomes identified in the 2020-24 Strategic Business Plan. The responsibility of deputising for the Managing Director was reviewed and now this is a shared responsibility across the Senior Management Team. ITEC's well established Operational Management Team monitors performance across programmes and delivery activities and encourages information cascading, sharing and cross-organisational working in addition to regular general staff meetings. Training and knowledge sharing sessions with Operational Management Team has facilitated greater synergy with Senior Management Team and this will continue.

The Managing Director supported by a senior management team comprising of Head of Operations, Head of Business Support and Performance, two Apprenticeship and Development Managers, two Funding and Administration Managers, Quality Manager, Finance Manager and Business Development Manager. Assessment and training delivery is provided by a team of 10 full time and 4 part time work based learning assessors/Tutors along with a centralised administration function. Business development and employer engagement activity is provided by a team of 4 full time business development consultants.

Pay Policy for senior staff

The trustees consider the Senior Management Team to form the key management personnel of the charity, in charge of directing and controlling, running and operating the charity on a day to day basis. The pay of the senior staff is reviewed annually and normally increased in accordance with inflation. The trustees benchmark against pay levels in other similar organisations and charities.

Induction and training of new trustees

All Trustees have an induction which covers their legal obligations under charity and company law, summaries of the Memorandum and Articles of Association, roles and responsibilities, organisational reporting structures and staff structures, health and safety policy and procedures information. Trustees have also had policy inductions on Confidentiality, Equality and Diversity, Health and Safety and Quality. Individual reviews with Trustees are held annually with the Chair to identify specific training needs and in order to enable Trustees to share thought and suggestions around governance arrangements. Further training has been delivered to Trustees in relation to prevent awareness with internal development sessions held throughout the year. All members receive Charity Commission publications in order to keep them up to date with their role and responsibilities.

Key management remuneration

The charitable company's Chief Executive Officer was paid a gross salary of £76,461 including bonus (2020: £66,900)

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

02045777 (England and Wales)

ITEC NORTH EAST LIMITED

REPORT OF THE TRUSTEES
for the Year Ended 31 July 2021

Registered Charity number
519259

Registered office
The Digital Factory Durham Way South
Aycliffe Business Park
Newton Aycliffe
County Durham
DL5 6XP

Trustees
S Bellwood Trustee
G Brown Trustee
G Wood Trustee

Company Secretary
Mrs T A Wilson

Auditors
CPT
Chartered Certified Accountants
Statutory Auditors
80 Victoria Road
Darlington
County Durham
DL1 5JG

Bankers
HSBC Bank plc
21 Newgate Street
Bishop Auckland
County Durham
DL14 7HQ

Mrs T A Wilson is the charitable company's Managing Director.

ACCOMODATION STRATEGY

The company considers that all its current leases offer good value for money and are fit for purpose.

The lease for first floor at Calvary House, 36-40 Grange Road, Middlesbrough TS1 5BQ is a three year lease. ITEC is able to vacate the premises following a specified notice period.

The lease for The Digital Factory, Durham Way South, Aycliffe Business Park is out of its ten years, this is ended in September 2020. We have now only agreed to a short term annual lease going forward.

The lease at Gateshead College's Skills Academy was a six year lease. The lease ended in Feb 2021 and it was agreed with the board not to renew.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of ITEC North East Limited for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"

ITEC NORTH EAST LIMITED

REPORT OF THE TRUSTEES
for the Year Ended 31 July 2021

STATEMENT OF TRUSTEES' RESPONSIBILITIES - continued

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, CPT, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on
.....17/4/21..... and signed on the board's behalf by:


.....
S Bellwood - Trustee

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF
ITEC NORTH EAST LIMITED

Opinion

We have audited the financial statements of ITEC North East Limited (the 'charitable company') for the year ended 31 July 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company 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 trustees' 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 charitable company'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 trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Report of the Trustees is inconsistent in any material respect with the financial statements; or
- the charitable company has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF
ITEC NORTH EAST LIMITED

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 trustees are responsible for assessing the charitable company'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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

We have been appointed as auditors under Section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 a Report of the Independent Auditors 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 our procedures are capable of detecting irregularities, including fraud is detailed below:

When designing the audit, we decided upon a suitable level of materiality and determined the risks of material misstatement in the financial statements. We reviewed areas where subjective judgements were made by the management, including significant account estimates which involved making assumptions or considered future events which were inherently uncertain. Pressures upon the management, financial or otherwise, which could present as opportunities and motivations for fraud were also considered. The internal controls designed to mitigate the risks related to fraud were discussed with the management team. Review and testing was performed on the key estimates and judgements.

We gained an understanding of the legal and regulatory framework applicable to the Charitable Company and the sector in which it operates and considered the risk of acts by the Charitable Company that were contrary to these laws and regulations, including fraud. The laws and regulations considered included, but were not limited to, the Charities Act 2011. We discussed with management the compliance with the above laws and regulations and corroborated any necessary evidence to information available.

We performed tests on samples of income and expenditure and cash balances throughout the year to ensure the activities were supported and in line with the organisation's charitable objectives. Our tests also included agreeing the financial statements and disclosures to underlying supporting documentation and enquiries with management.

No key audit matters were identified relating to irregularities, including fraud.

The audit procedures were designed to respond to risk of material misstatement in the financial statements and recognise that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error. This is because fraud may involve deliberate concealment by, for example, forgery, misrepresentation, or collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF
ITEC NORTH EAST LIMITED

Use of our report

This report is made solely to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's trustees those matters we are required to state to them in an auditors' 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 charitable company and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



for and on behalf of CPT
Chartered Certified Accountants
Statutory Auditors
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
80 Victoria Road
Darlington
County Durham
DL1 5JG

Date:28/4/22.....

ITEC NORTH EAST LIMITED

STATEMENT OF FINANCIAL ACTIVITIES
for the Year Ended 31 July 2021

	Notes	Unrestricted fund £	Restricted funds £	2021 Total funds £	2020 Total funds £
INCOME AND ENDOWMENTS FROM					
Charitable activities	3				
ESFA and similar activities		1,511,205	37,500	1,548,705	1,647,735
Miscellaneous other activities		3,912	-	3,912	36,002
Subcontractors		282,332	-	282,332	140,001
Youth Employment Initiative		99,863	-	99,863	104,508
Investment income	2	63	-	63	946
Total		<u>1,897,375</u>	<u>37,500</u>	<u>1,934,875</u>	<u>1,929,192</u>
 EXPENDITURE ON					
Charitable activities	4				
ESFA and similar activities		1,413,805	37,500	1,451,305	1,681,224
Subcontractors		233,636	-	233,636	124,066
Youth Employment Initiative		99,863	-	99,863	104,508
Other		500	-	500	500
Total		<u>1,747,804</u>	<u>37,500</u>	<u>1,785,304</u>	<u>1,910,298</u>
NET INCOME		<u>149,571</u>	<u>-</u>	<u>149,571</u>	<u>18,894</u>
 RECONCILIATION OF FUNDS					
Total funds brought forward		904,858	-	904,858	885,964
TOTAL FUNDS CARRIED FORWARD		<u><u>1,054,429</u></u>	<u><u>-</u></u>	<u><u>1,054,429</u></u>	<u><u>904,858</u></u>

The notes form part of these financial statements

ITEC NORTH EAST LIMITED

BALANCE SHEET
31 July 2021

	Notes	Unrestricted fund £	Restricted funds £	2021 Total funds £	2020 Total funds £
FIXED ASSETS					
Tangible assets	12	21,172	-	21,172	29,594
CURRENT ASSETS					
Debtors	13	139,556	-	139,556	187,613
Cash at bank and in hand		1,314,685	-	1,314,685	902,563
		<u>1,454,241</u>	<u>-</u>	<u>1,454,241</u>	<u>1,090,176</u>
CREDITORS					
Amounts falling due within one year	14	(420,984)	-	(420,984)	(214,912)
		<u>1,033,257</u>	<u>-</u>	<u>1,033,257</u>	<u>875,264</u>
NET CURRENT ASSETS					
		<u>1,033,257</u>	<u>-</u>	<u>1,033,257</u>	<u>875,264</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,054,429</u>	<u>-</u>	<u>1,054,429</u>	<u>904,858</u>
NET ASSETS		<u>1,054,429</u>	<u>-</u>	<u>1,054,429</u>	<u>904,858</u>
FUNDS	16				
Unrestricted funds				<u>1,054,429</u>	<u>904,858</u>
TOTAL FUNDS				<u>1,054,429</u>	<u>904,858</u>

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 July 2021.

The members have not deposited notice, pursuant to Section 476 of the Companies Act 2006 requiring an audit of these financial statements.

The trustees acknowledge their responsibilities for

- (a) ensuring that the charitable company keeps accounting records that comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the charitable company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the charitable company.

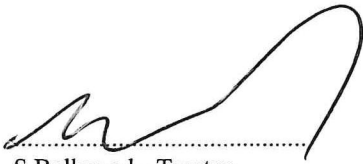
These financial statements have been audited under the requirements of Section 145 of the Charities Act 2011.

The financial statements were approved by the Board of Trustees and authorised for issue on 27/4/21 and were signed on its behalf by:

The notes form part of these financial statements

ITEC NORTH EAST LIMITED

BALANCE SHEET - continued
31 July 2021

A handwritten signature in black ink, appearing to be 'S Bellwood', written over a horizontal dotted line.

S Bellwood - Trustee

The notes form part of these financial statements

ITEC NORTH EAST LIMITED

CASH FLOW STATEMENT
for the Year Ended 31 July 2021

	Notes	2021 £	2020 £
Cash flows from operating activities			
Cash generated from operations	1	417,428	169,707
Net cash provided by operating activities		<u>417,428</u>	<u>169,707</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(5,369)	(22,446)
Interest received		63	946
Net cash used in investing activities		<u>(5,306)</u>	<u>(21,500)</u>
Change in cash and cash equivalents in the reporting period		<u>412,122</u>	<u>148,207</u>
Cash and cash equivalents at the beginning of the reporting period		<u>902,563</u>	<u>754,356</u>
Cash and cash equivalents at the end of the reporting period		<u><u>1,314,685</u></u>	<u><u>902,563</u></u>

The notes form part of these financial statements

ITEC NORTH EAST LIMITED

NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 31 July 2021

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2021 £	2020 £
Net income for the reporting period (as per the Statement of Financial Activities)	149,571	18,894
Adjustments for:		
Depreciation charges	13,791	23,309
Interest received	(63)	(946)
Decrease in debtors	48,057	105,559
Increase in creditors	206,072	22,891
	<u>417,428</u>	<u>169,707</u>
Net cash provided by operations	<u><u>417,428</u></u>	<u><u>169,707</u></u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.8.20 £	Cash flow £	At 31.7.21 £
Net cash			
Cash at bank and in hand	902,563	412,122	1,314,685
	<u>902,563</u>	<u>412,122</u>	<u>1,314,685</u>
Total	<u><u>902,563</u></u>	<u><u>412,122</u></u>	<u><u>1,314,685</u></u>

The notes form part of these financial statements

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 July 2021

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Charitable activities

Costs of charitable activities are the direct costs of training, staff costs, depreciation of fixed assets and other service related costs.

Governance costs

Governance costs include those incurred in the governance of the charitable company and its assets and are primarily concerned with constitutional and statutory requirements. They include an allocation of staff costs involved in attending and preparing for the meetings of the directors.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Office equipment	- 33% on cost
Fixtures and fittings	- 12.5% on cost
Software	- 33% on cost

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2021

1. ACCOUNTING POLICIES - continued

Value added taxation

Value added tax is only partially recoverable by the charitable company. The irrecoverable amount is included as a separate cost in the Statement of Financial Activities.

Restricted income

Income received for specific purposes is credited to restricted funds and transferred to unrestricted funds as expenditure fulfilling the restrictions imposed is incurred; in the case of fixed assets, this transfer is in line with the depreciation charge.

2. INVESTMENT INCOME

	2021	2020
	£	£
Deposit account interest	63	946
	<u>63</u>	<u>946</u>

3. INCOME FROM CHARITABLE ACTIVITIES

		2021	2020
	Activity	£	£
ESFA income	ESFA and similar activities	757,840	829,620
College income	ESFA and similar activities	330,651	237,822
Other sales	ESFA and similar activities	-	400
Grants	ESFA and similar activities	-	40,354
Employer co-investment	ESFA and similar activities	17,613	9,547
Employer incentive payments	ESFA and similar activities	37,500	60,500
PP income	ESFA and similar activities	162,477	346,443
TV income	ESFA and similar activities	213,159	123,049
Kickstart	ESFA and similar activities	29,465	-
Other sales	Miscellaneous other activities	3,912	36,002
Subcontractors	Subcontractors	282,332	140,001
Youth Employment Initiative	Youth Employment Initiative	99,863	104,508
		<u>1,934,812</u>	<u>1,928,246</u>

4. CHARITABLE ACTIVITIES COSTS

	Direct Costs (see note 5)	Support costs (see note 6)	Totals
	£	£	£
ESFA and similar activities	1,442,975	8,330	1,451,305
Subcontractors	233,636	-	233,636
Youth Employment Initiative	99,863	-	99,863
	<u>1,776,474</u>	<u>8,330</u>	<u>1,784,804</u>

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2021

5. DIRECT COSTS OF CHARITABLE ACTIVITIES

	2021	2020
	£	£
Staff costs	950,592	1,137,617
Hire of plant and machinery	1,539	1,539
Subcontractors	233,636	124,066
Insurance	6,978	6,130
Telephone	11,257	9,678
Postage and stationery	4,844	9,504
Advertising	15,394	9,913
Sundries	9,105	4,163
Training purchased	140,865	131,489
Trainees' expenses	9,596	8,722
Tuition/course fees and registration	141,947	154,583
Disallowed VAT	17,848	34,262
Staff training	22,778	3,900
Rent and rates	90,222	76,695
Cleaning	2,330	3,568
Repairs and renewals	36,900	15,900
Motor and travel	6,514	26,447
Legal and professional	492	1,086
Bank charges	302	354
Trade subscriptions	17,595	27,115
Consultancy fees	4,450	7,301
Employer incentive payments	37,500	60,500
Professional fees on potential acquisition	-	23,666
Depreciation	13,790	23,310
	<u>1,776,474</u>	<u>1,901,508</u>

6. SUPPORT COSTS

	Governance costs
	£
ESFA and similar activities	<u>8,330</u>

7. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	2021	2020
	£	£
Auditors' remuneration	4,950	4,950
Depreciation - owned assets	13,791	23,309
Hire of plant and machinery	<u>1,539</u>	<u>1,539</u>

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2021

8. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 July 2021 nor for the year ended 31 July 2020.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 July 2021 nor for the year ended 31 July 2020.

9. STAFF COSTS

	2021	2020
	£	£
Wages and salaries	860,340	1,038,938
Social security costs	74,845	80,576
Other pension costs	17,407	20,103
	<u>952,592</u>	<u>1,139,617</u>

The average monthly number of employees during the year was as follows:

	2021	2020
Management	6	7
Teaching and learning	15	17
Recruitment	3	4
Information technology	1	1
Administration and accounts	4	4
Quality	2	2
	<u>31</u>	<u>35</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2021	2020
£60,001 - £70,000	-	1
£70,001 - £80,000	1	-
	<u>1</u>	<u>1</u>

Staff costs of £2,000 (2020: £2,000) have been allocated to support costs.

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2021

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Charitable activities			
ESFA and similar activities	1,587,235	60,500	1,647,735
Miscellaneous other activities	36,002	-	36,002
Subcontractors	140,001	-	140,001
Youth Employment Initiative	104,508	-	104,508
Investment income	946	-	946
Total	<u>1,868,692</u>	<u>60,500</u>	<u>1,929,192</u>
EXPENDITURE ON			
Charitable activities			
ESFA and similar activities	1,620,724	60,500	1,681,224
Subcontractors	124,066	-	124,066
Youth Employment Initiative	104,508	-	104,508
Other	500	-	500
Total	<u>1,849,798</u>	<u>60,500</u>	<u>1,910,298</u>
NET INCOME	<u>18,894</u>	<u>-</u>	<u>18,894</u>
RECONCILIATION OF FUNDS			
Total funds brought forward	885,964	-	885,964
TOTAL FUNDS CARRIED FORWARD	<u><u>904,858</u></u>	<u><u>-</u></u>	<u><u>904,858</u></u>

11. PENSION COMMITMENTS

Contributions payable by the charitable company amounted to £17,407 (2020: £20,103) and all contributions were paid in the period.

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2021

12. TANGIBLE FIXED ASSETS

	Office equipment £	Fixtures and fittings £	Software £	Totals £
COST				
At 1 August 2020	142,671	16,773	2,700	162,144
Additions	5,369	-	-	5,369
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2021	148,040	16,773	2,700	167,513
	<hr/>	<hr/>	<hr/>	<hr/>
DEPRECIATION				
At 1 August 2020	118,510	11,340	2,700	132,550
Charge for year	12,478	1,313	-	13,791
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2021	130,988	12,653	2,700	146,341
	<hr/>	<hr/>	<hr/>	<hr/>
NET BOOK VALUE				
At 31 July 2021	17,052	4,120	-	21,172
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 July 2020	24,161	5,433	-	29,594
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

All fixed assets are used for charitable purposes.

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Trade debtors	7,474	4,649
Other debtors	7,032	8,452
VAT	2,118	669
Accrued income	102,943	158,037
Prepayments	19,989	15,806
	<hr/>	<hr/>
	139,556	187,613
	<hr/> <hr/>	<hr/> <hr/>

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2021

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Trade creditors	82,820	52,108
Social security and other taxes	13,639	15,173
Other creditors	3,243	4,065
Accrued expenses	321,282	143,566
	<u>420,984</u>	<u>214,912</u>

15. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2021	2020
	£	£
Within one year	<u>13,925</u>	<u>13,925</u>

16. MOVEMENT IN FUNDS

	At 1.8.20	Net movement in funds	At 31.7.21
	£	£	£
Unrestricted funds			
General fund	904,858	149,571	1,054,429
	<u>904,858</u>	<u>149,571</u>	<u>1,054,429</u>
TOTAL FUNDS	<u>904,858</u>	<u>149,571</u>	<u>1,054,429</u>

Net movement in funds, included in the above are as follows:

	Incoming resources	Resources expended	Movement in funds
	£	£	£
Unrestricted funds			
General fund	1,897,375	(1,747,804)	149,571
Restricted funds			
Employer Incentive Payments	37,500	(37,500)	-
	<u>1,934,875</u>	<u>(1,785,304)</u>	<u>149,571</u>
TOTAL FUNDS	<u>1,934,875</u>	<u>(1,785,304)</u>	<u>149,571</u>

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2021

16. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.8.19 £	Net movement in funds £	At 31.7.20 £
Unrestricted funds			
General fund	885,964	18,894	904,858
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<u>885,964</u>	<u>18,894</u>	<u>904,858</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	1,868,692	(1,849,798)	18,894
Restricted funds			
Employer Incentive Payments	60,500	(60,500)	-
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<u>1,929,192</u>	<u>(1,910,298)</u>	<u>18,894</u>

A current year 12 months and prior year 12 months combined position is as follows:

	At 1.8.19 £	Net movement in funds £	At 31.7.21 £
Unrestricted funds			
General fund	885,964	168,465	1,054,429
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<u>885,964</u>	<u>168,465</u>	<u>1,054,429</u>

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2021

16. MOVEMENT IN FUNDS - continued

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	3,766,067	(3,597,602)	168,465
Restricted funds			
Employer Incentive Payments	98,000	(98,000)	-
TOTAL FUNDS	<u>3,864,067</u>	<u>(3,695,602)</u>	<u>168,465</u>

17. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 July 2021.

18. DEBENTURE

There is a fixed and floating charge debenture held over the assets of the organisation. The debenture was security on a bank loan imposed on 13 October 2005. The loan has been repaid in full however a nil value debenture is still in place.

ITEC NORTH EAST LIMITED

DETAILED STATEMENT OF FINANCIAL ACTIVITIES
for the Year Ended 31 July 2021

	2021 £	2020 £
INCOME AND ENDOWMENTS		
Investment income		
Deposit account interest	63	946
Charitable activities		
ESFA income	757,840	829,620
College income	330,651	237,822
Other sales	3,912	36,402
Subcontractors	282,332	140,001
Grants	-	40,354
Youth Employment Initiative	99,863	104,508
Employer co-investment	17,613	9,547
Employer incentive payments	37,500	60,500
PP income	162,477	346,443
TV income	213,159	123,049
Kickstart	29,465	-
	<hr/>	<hr/>
	1,934,812	1,928,246
Total incoming resources	1,934,875	1,929,192
 EXPENDITURE		
Charitable activities		
Wages	858,340	1,036,938
Social security	74,845	80,576
Pensions	17,407	20,103
Hire of plant and machinery	1,539	1,539
Subcontractors	233,636	124,066
Insurance	6,978	6,130
Telephone	11,257	9,678
Postage and stationery	4,844	9,504
Advertising	15,394	9,913
Sundries	9,105	4,163
Training purchased	140,865	131,489
Trainees' expenses	9,596	8,722
Tuition/course fees and registration	141,947	154,583
Disallowed VAT	17,848	34,262
Staff training	22,778	3,900
Rent and rates	90,222	76,695
Cleaning	2,330	3,568
Repairs and renewals	36,900	15,900
Motor and travel	6,514	26,447
Legal and professional	492	1,086
Carried forward	1,702,837	1,759,262

This page does not form part of the statutory financial statements

ITEC NORTH EAST LIMITED

DETAILED STATEMENT OF FINANCIAL ACTIVITIES
for the Year Ended 31 July 2021

	2021	2020
	£	£
Charitable activities		
Brought forward	1,702,837	1,759,262
Bank charges	302	354
Trade subscriptions	17,595	27,115
Consultancy fees	4,450	7,301
Employer incentive payments	37,500	60,500
Professional fees on potential acquisition	-	23,666
Office equipment	12,478	21,638
Fixtures and fittings	1,312	1,672
	<u>1,776,474</u>	<u>1,901,508</u>
Other		
Bad debt write off	500	500
Support costs		
Governance costs		
Wages	2,000	2,000
Auditors' remuneration	4,950	4,950
Trustees indemnity insurance	1,380	1,340
	<u>8,330</u>	<u>8,290</u>
Total resources expended	<u>1,785,304</u>	<u>1,910,298</u>
Net income	<u>149,571</u>	<u>18,894</u>

This page does not form part of the statutory financial statements

ITEC NORTH EAST LIMITED

England & Wales - Charity number 519259

Accounts

REGISTERED COMPANY NUMBER: 02045777 (England and Wales)
REGISTERED CHARITY NUMBER: 519259

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020
FOR
ITEC NORTH EAST LIMITED

CPT
Chartered Certified Accountants
Statutory Auditors
80 Victoria Road
Darlington
County Durham
DL1 5JG

ITEC NORTH EAST LIMITED

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for the Year Ended 31 July 2020

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ITEC NORTH EAST LIMITED

REPORT OF THE TRUSTEES
for the Year Ended 31 July 2020

The trustees who are also non-executive directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 July 2020. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

ITEC NORTH EAST LIMITED

REPORT OF THE TRUSTEES for the Year Ended 31 July 2020

OBJECTIVES AND ACTIVITIES

Objectives and aims

For over 30 years ITEC North East Limited has operated as an inspirational charity across the North East with 3 strategically placed training facilities in Newton Aycliffe, Gateshead and Middlesbrough employing 35 staff.

Our charitable company's object and principal activity continues to be the provision of Apprenticeship training to young people and unemployed adults in the computing and business environment. This provision has expanded over recent years to include Digital, IT and Manufacturing industries. Our classroom based study activities include employability skills, maths, English and IT all of which are funded primarily through the Education Skills Funding Agency.

In setting our objectives and planning our activities, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit and to its supplementary public benefit guidance on fee charging.

Our vision is that all of our learners reach their full potential. Our reputation for promoting learning opportunity and employability will be outstanding. We are recognised throughout the North East as a provider of choice amongst learners, employers and other key stakeholder.

Our mission is to be the North East's leading provider of innovative, skills-based vocational education and training. Working with our employers and partners our vision is to deliver to our learner's outstanding training and personal support so that they are:

I - Inspired to achieve their individual personal and qualification targets, gaining confidence, self belief and reaching their full potential.

T - Trained by talented academic staff who are experts in their fields to ensure learners progress into sustainable employment and/or further education as a result of the skills and knowledge developed.

E - Enthusiastic and positive about their future. Buying into the benefits of 'life long learning' and making positive contribution to their employer.

C - Challenged and supported by setting high standards for ourselves and encouraging high aspirations in our learners. We will provide high levels of support for both learners and staff to achieve.

The charitable company's continuing strategic objectives whilst inspirational are realistic and deliverable. Our strategic aims:

- Strive to achieve Outstanding Teaching, Learning and Assessment leading to Outstanding outcomes for learners.

- Place the learner at the centre of our decision making process responding proactively to meet their individual needs and aspirations ensuring an Outstanding Learner Experience.

- Strengthen and develop partnerships with employers and partner organisations to create a sustainable future for ITEC North East Limited.

- Recruit, develop and retain highly competent and outstanding staff who can take forward ITEC's vision.

- Maintain organisational excellence in governance, quality assurance, culture and financial health and resources for learning.

- Strive to achieve Outstanding Teaching, Learning and Assessment leading to Outstanding outcomes for learners

Our strategy to achieve this aim is to equip learners with the skills most valued in the modern economy. Learners are able to work independently and be effective in their use of digital technology, English and Maths. Learners have high aspirations and are able to demonstrate team work, communication, innovation and a deep understanding of how they learn and their specialism. Keen to protect the environment and promote equality and diversity. At ITEC North East Limited teaching, learning and assessment focuses on deeper learning that leads to transferable skills.

We are graded accordingly through our own self assessment and OFSTED. Employers and learners grade us positively for the quality of their experience of ITEC and for the standards achieved, as seen in the skills and competence of our learners

- Place the learner at the centre of our decision making process responding proactively to meet their individual needs and aspirations ensuring an Outstanding Learner Experience.

ITEC North East Limited learners will experience activities, processes and environments that will engage and inspire them to identify and progress to their personal goals and careers. All aspects of their contact with ITEC will enhance achievement, progression and learning.

ITEC NORTH EAST LIMITED

REPORT OF THE TRUSTEES
for the Year Ended 31 July 2020

In order to achieve this, services, administration and staff will work together in the interests of learners, building a culture of aspiration, excellence and personal responsibility. The Learners will receive effective support and be inspired whilst on employer or ITEC facilities learning experience will be that of feeling safe, being supported to interact effectively with staff and peers. Learners will develop as people, gain understanding of other cultures, lead healthy lifestyles, and learn from and respect each other.

- Strengthen and develop partnerships with employers and partner organisations to create a sustainable future for ITEC North East Limited.

Our strategy to achieve this aim is to develop excellent partnerships with both employers and partner organisations to ensure we meet the needs of key regional priorities. We have built a reputation in key specialisms that are important to our local economy and labour market. We offer excellent advice and guidance to learners, employers, partner organisations and parents about the local economy, training options and employer options. We will provide training to the unemployed in the skills, attitudes and expectations of employers to transition learners into work. We will work with employers to develop first class training to meet their needs, support skill shortages, and the upskilling of their existing workforce.

- Recruit, develop and retain highly competent and outstanding staff who can take forward ITEC's vision

To achieve our strategy aim we recruit, retain and develop the very best staff. We maintain and improve staff and organisational arrangements that will support excellence in teaching and learning, and service delivery. We always aim to be an excellent employer because staff who feel valued, are productive and effective employees, and because we believe that staff are entitled to a fair and supportive environment in return for hard work, dedication and results. We provide training, development and support for staff to enhance their skills and knowledge to meet the ever changing demands in the sector and to support staff to achieve the excellent standard that learners expect and deserve. We develop a sustainable and flexible staffing model that enables achievement of our aims and addresses the challenges of the public sector funding cuts. Where savings have to be made, we aim for a fair and transparent process through genuine consultation and partnership working.

- Maintain organisational excellence in governance, quality assurance, culture and financial health and resources for learning.

Governance: To achieve our strategy aim we ensure Governance is focussed on the organisation's purpose and on outcomes for communities and learners. ITEC seeks to perform effectively both as individuals and as a team and continues to develop the capacity and capability to be highly effective. We promote values for the whole organisation and behave with integrity, taking informed transparent decisions and managing risk. We hold leaders and managers to account for the ITEC's performance, engaging with stakeholders and making accountability real.

Culture: To achieve our strategy aim we ensure culture is forged through collective beliefs, values and routines of an organisation and evident in its structures and the behaviours of staff and leaders. ITEC is committed to a set of values that underpin the culture:

- **Recognising individuality**
- **Respect**
- **Integrity**
- **Professionalism**
- **Challenge and innovate**
- **Adaptability**

ITEC NORTH EAST LIMITED

REPORT OF THE TRUSTEES for the Year Ended 31 July 2020

Quality Assurance: Our strategy is achieved by ensuring quality assurance and improvement is the responsibility of the whole business. We create and sustain quality systems that support excellence in Teaching, Learning and Assessment (TLA) and all other services wherever and whenever they are offered by ITEC North East Limited. Our quality systems, services and processes are supportive, informative, accessible, and driven by the use and analysis of robust data that is used to identify areas of both excellence and those in need of further development. Ensuring that the outcomes of quality processes are used to inform and support improvement, and to monitor and ensure completion of improvement plans. We continue to develop and manage quality processes that are effective and efficient in identifying our progress towards excellence, and communicate the outcomes of these effectively to inform improvement.

Financial Health and resources for Learners: To achieve this strategy we allocate the financial resources required to support and advance excellent success rates and learner and employer satisfaction; to support staff to feel valued and realise the vision for excellence; to promote ITEC's reputation and profile through industry relevant resources; and to provide opportunities for growth.

We align our delivery activity to meet our objectives and ensure it is tailor made to successfully support local businesses in various growth sectors with a range and volume of education and training provision. This includes but is not limited to customer service, manufacturing, Health and Social Care, IT and Digital Media. We also successfully deliver functional skills programmes up to level 2 which are integrated with employability skills ensuring learners can gain accredited qualifications but also with the primary purpose that they gain meaningful employment and/or progress to further training.

Our activity also includes recruiting and supporting those most disadvantaged within our community. We understand the complex needs of individuals living in the area our target group includes young people 16-18; long term unemployed, and people with disabilities (including learning difficulties); lone parents; older workers/50+; NEET group; BME groups; those out of work but not claiming benefits and individuals with basic skills needs or low/no qualifications.

We make good use of LMI and local knowledge to ensure that our strategy aims and services are fit for purpose, do not duplicate, remain current, relevant and of impact and contribute to achievement of NELEP strategic aims. We understand the social and economic indicators and policies that steer the priorities for our activity and have used them to formulate our delivery activity plans.

ITEC North East Limited was awarded both the Pathway and Routeway Youth Employment Initiative (YEI) programmes. The YEI Programme is part-funded by the European Social Fund (ESF) as part of the 2014-2020 European Structural and Investment Funds Growth Programme in England with the Department for Work and Pensions (DWP) as the Managing Authority.

1. **Tees Valley Pathway** delivers innovative solutions to young people aged 16 -29 who are struggling to achieve or progress into a positive destination. It will also supports those young people furthest away from the labour market by providing them with the skills they need to get into work and offer a flexible learning and skills fund.

2. **Tees Valley Routeways** delivers tailored routeways for young people aged 16-29 to assist them in entering into priority growth sectors including Advanced Manufacturing, Digital, Logistics, Low Carbon and Health and Social Care through a range of activities such as volunteering, internships, traineeships and apprenticeships.

ITEC North East also delivers other ESF initiatives including Skills Support for the Unemployed (SSU) and Skills Support for the Workforce (SSW).

SSU is a programme which involves the development and delivery of bespoke skills support for the unemployed and economically inactive, aligned to the LEP priorities and sectors, by providing support to local communities to deliver local training solutions engaging disadvantaged learners with innovative provision that engages people and enables them to enter into further education and/or employment.

SSW is a programme which involves the development and delivery of bespoke skills support to increase the skill levels of employed individuals, including basic skills needs, and encourage progression; particularly in SMEs and Micro businesses, again, aligned to the LEP priorities and sectors.

All of the above programmes further support ITEC's above objectives.

ITEC NORTH EAST LIMITED

REPORT OF THE TRUSTEES
for the Year Ended 31 July 2020

We consider the following criteria when measuring success in the reporting period:

- **Impact Measures**
- **Outcome Analysis**
- **Quality Standards**
- **Safety Standards**
- **Meeting the needs of local industry**
- **Workforce upskilling**
- **Equality and diversity need**
- **Economic Growth**
- **Regional social value (RSV)**
- **Cultural impact**

Impact measures:

We use Impact measurements to quantify and assess the achievement of outcomes within our current delivery we monitor participation, retention, achievement, progression, customer satisfaction targets and a range of quality measures.

IMPROVEMENT: We use these impact measures throughout the learner journey to identify, forecast and improve learners progress by e.g. providing additional pastoral support if attendance in the work place is an issue.

Outcome Analysis

We use target outcomes to measure performance for individuals, teams and the company as a part of our continuous improvement process. These include participation, retention, achievement, progression, customer satisfaction targets and a range of quality measures.

IMPROVEMENT: Results help us to produce our annual self-assessment report (SAR) and develop a new Quality Improvement Plan (QIP) that enables us to make judgements on our provision and identify the areas we aim to improve and the actions required, and is the key focus for development activity in the coming year.

Quality Standards

We build a range of quality standards into our targets e.g. Quality of teaching and learning and Personal Development, Behaviour and Welfare, these standards form the basis of our SAR.

IMPROVEMENT: As a part of our continuous improvement process/SAR/QIP these standards are reviewed monthly and the results are used to inform improvement e.g. quality of teaching and embedding of new technology into practice.

Safety Standards

A range of Health and Safety and safe guarding standards are used within ITEC e.g. we undertake a health and safety assessment of all employer premises before entering into an agreement for apprentice training, including observation of safeguarding policies within the workplace.

IMPROVEMENT: The monitoring and review of these standards, for example informs and improves the level of support an employer can provide to an apprentice.

Meeting the needs of local industry:

We undertake a thorough business needs/training needs analysis (TNA) when we engage with employers to identify their requirements and where most value can be gained e.g. correctly identifying their IT skills gaps and agreeing the most effective way to deliver 'off the job' training. The delivery of the TNA is continuously reviewed throughout the Learners Journey

IMPROVEMENT: The identification and review of the outcome targets within the TNA enables us to improve:

- Customer relationships
- Responsiveness to local strategic priorities.
- Bespoke Apprenticeship programmes for employers

ITEC NORTH EAST LIMITED

REPORT OF THE TRUSTEES for the Year Ended 31 July 2020

Workforce upskilling

Each employer has a TNA completed with them and each learner has Matrix approved Information Advice and Guidance (IAG) and a designated tutor. This enables ITEC to understand and prepare for their learning journey and prepare a range of outcome measures that includes the strengths, barriers and skills gaps that employers and learners have e.g. range of staff without certain technical competence.

IMPROVEMENT: The correct identification and agreement of Workforce upskilling outcome measures enables ITEC to embed these measures within their continuous improvement process for monitoring and review. This review enables ITEC to improve its service by:

- Continuously refining their delivery to the employer and learner.
- Delivering additional value to the employer throughout delivery that may deliver e.g. greater levels of efficiency and productivity.

Equality and diversity need:

Our delivery engages a diverse and representative group of learners. As a part of our E&D delivery we deliver equal opportunity for all and have identified Dignity, Safeguarding, British Values and Welfare all key outcome targets. They are promoted and embedded in sessions ensuring a culture of mutual respect.

IMPROVEMENT: During progress reviews, progress is tracked and reviewed and tutors improve their planned learning sessions/materials to reflect the identified required improvements. The wider impact of this improvement raises the apprentice's awareness of E&D and how to contribute to wider society and life in Britain.

Economic Growth

We have identified key strategic relationships and LEP high growth sectors as key outcome targets that are planned, monitored and reviewed as a part of our performance management process.

IMPROVEMENT: By delivering our outcome targets ITEC delivers strategically relevant training to employers in high growth sectors, this enables the following improvements to be made:

- Enhances learners capacity and creativity, opportunities, and satisfaction at work;
- Empower learners to develop their full capacities and seize employment and social opportunities;
- Raise productivity of workers of enterprises;
- Contribute to boost future innovation and development;
- Encourage domestic and foreign investment, by having a high skilled workforce

Regional social value (RSV)

The RSV delivery is wide ranging across the NE. We are aware of the governments focus and regional priority towards the younger age group and those from disadvantaged backgrounds. We identified a number of outcome measures e.g. recruit 16 - 18 yr olds and NEETS from disadvantaged backgrounds, to support this and drive behaviour to improve our contribution to the NE's RSV.

IMPROVEMENT: ITEC's focus on RSV will improve learners' life chances, empower learners to develop to their full capacities and reduce the NEET levels in the NE.

Cultural impact

The cultural impact of our training is measured by tracking and reviewing, (via surveys and 1:1 reviews), a number of employer and learner outcome targets; attitudes, values, and behaviours.

IMPROVEMENT: By empowering learners via high quality apprenticeship delivery they are able to improve and make an impact on their families, friends, communities, life chances and career.

The company produces strategic/development plans (currently 2020-24). These include an accommodation strategy and risk analysis and an annual detailed financial budget with the directors monitoring performance against these plans.

The management was pleased to report that the charitable company generally met or over achieved its specific objectives for 2019-20.

ITEC NORTH EAST LIMITED

REPORT OF THE TRUSTEES **for the Year Ended 31 July 2020**

STRATEGIC REPORT

Achievement and performance

Charitable activities

The majority of our contracts continue to perform well during such unprecedented times and following the COVID-19 Pandemic. These include our SSW and SSU programmes funded via the European Social Fund (ESF). Our YEI Programme which is part-funded by the European Social Fund as part of the 2014-2020 European Structural and Investment Funds Growth Programme in England with the Department for Work and Pensions (DWP) as the Managing Authority. Also, our AEB (Adult Education Budget) contract across Tees Valley funded via Tees Valley Combined Authority 2019-20 all further supporting our charitable objectives.

Government policy has a significant influence on the work we do as a training provider. Following significant changes to funding methodology, competition is evermore fierce to secure long term funds to support learners & employers. In addition, the high profile closure of a number of large training providers has seen the expectations posed by external bodies (ESFA, ESF, Ofsted) significantly increase under new audit regimes and inspection frameworks. Contracts are reviewed evermore frequently with underperformance dealt with swiftly, typically with the removal or significant reduction in overall contractual values.

With this in mind we continue to recruit sub-contractors to deliver provision which complements our core business activity, our current subcontractors are:

- J&K Training Limited - Functional Skills delivery in the North East.

As much of the company's core work is based on employer's premises; employers and learners are attracted from across the whole of the North East region. Our stated aim for engagement with employers is to "Strengthen and develop partnerships with employers and partner organisations to create a sustainable future for ITEC".

The company produces strategic/development plans (currently 2020-24). These include an accommodation strategy and risk analysis and an annual detailed financial budget with the directors monitoring performance against these plans.

The management was pleased to report that the charitable company generally met its specific objectives for 2019-20.

Success/Achievement rates

Apprenticeship achievement rates for ITEC North East have declined by approximately 8.5% over the last year as a consequence of the COVID-19 pandemic. Achievement rates do remain slightly above available national averages, however we expect that these will significantly reduce following inclusion of COVID-19 impact in national datasets. For those learners who were able to remain in employment & training, 54% went on to achieve high grades of merit & distinction at end point assessment which is considerably above the national average of 36%. In addition to achieving highly, the vast majority of apprentices (95%) remained in employment following their apprenticeship, with approximately 13% gaining additional duties or promotion, despite difficult circumstances. Classroom delivery of our shorter training programmes has declined by around 13% to 84%, again as a result of the COVID-19 pandemic. However, all provision was successfully moved online, new provision introduced, and where possible learners suffering from digital poverty were supported to achieve. As stated above our SSU, SSW, Routeway and Pathway provision is delivering well against all delivery outputs and we remain one of the top performing providers within the area.

Learner numbers

The company has constantly targeted growth in apprenticeship numbers, but the reality for 2019/20 remained largely similar to the previous year at 140. Due to the onset of the COVID-19 pandemic from March 2020, and the Governments protective measure in the form of National Lockdowns, starts for the period March 2020 to July 2020 declined by 71% when compared to the same period in 2018/19. In addition, of the small number of employers in a position to recruit into new trainee positions during the height of the pandemic, unfortunately a number were unable to maintain commitment once it was clear that the pandemic was set to continue, particularly with a further lockdown looming. The Government did, towards the end of the year, provide urgent support to the sector in terms of employer incentives, however their impact was minimal at that time.

ITEC NORTH EAST LIMITED

REPORT OF THE TRUSTEES for the Year Ended 31 July 2020

ITEC and our subcontractors have supported a further 850 learners in our pre-employment programmes, ensuring learners develop strong practical skills. Our programmes are very successful, relevant, meet industry needs and address local and regional priorities. We align our offer to meet these needs and provide training in sector specific areas in which learners can find employment. This leads to extremely high retention and overall outcome rates on all of our programmes. Despite difficult times, to retain the overall numbers ITEC has achieved was seen as a huge success, particularly with approximately 55% of our learners progressing into further studies, employment or voluntary work.

Contracts / Values & New programmes

In 2019/20 ITEC were successful in meeting the main objectives of our Tees Valley Combined Authority Adult Education Contract (£255,000) by supporting 54% of learners into work or further studies. Similarly our non-devolved Adult Education Contract administered by Education Skills Funding Agency was of equal success with the contract being delivered in full, together with a similar number of learners progressed into positive outcomes following training.

Beginning April 2019, ITEC were successful in tendering for two Skills Support for the Unemployed (SSU) contracts in the Tees Valley (£239,000) & North East (£654,000) regions, to be delivered over three years. In year one, ITEC have successfully delivered training to around 500 learners with 40% progressing into further studies, apprenticeships training, employment or voluntary work. The Prime Provider is very pleased with our management of the contract, flexible, relevant & responsive training offers, and close working relationships with our employers to maximise positive outcomes.

In regards to supporting employers within the region through the development and upskilling of their workforces, ITEC were successful in securing two Skills Support for the Workforce contracts in the Transitional (£80,000) and More Developed (£40,000) Local Enterprise Partnership (LEP) areas. Following detailed Training Needs Analysis (TNA's) training was delivered to more than 30 companies leading to the upskilling of 125 staff, many of which progressed 'in work' (additional duties, pay rises, promotions), or into further training opportunities either at a higher level, or into apprenticeship training.

Financial review

Financial position

The charitable company reported a surplus for the year on unrestricted funds of £18,894 (2019: £52,421). Incoming resources from charitable activities for the year were £1,929,192 compared to £1,580,872 for the previous year. Resources expended from charitable activities were £1,910,298 for the year compared to £1,528,451 in the previous year.

Investment policy and objectives

The directors have considered the most appropriate way for investing cash resources and have decided that term bank deposits meet their requirements of a reasonable rate of return, without capital risk, and with predictable accessibility to the funds. The directors review this policy on a regular basis.

Reserves policy

The directors consider that a sensible level of free reserves that the charitable company needs to hold (those reserves not invested in fixed assets or designated for particular purposes) should equate to three months of operating expenditure, as is quite normal in other concerns. This policy would therefore indicate a level of about £475,000 and at 31 July 2020 free reserves amounted to £904,858 (2019: £885,964). Our reserves are higher than indicated however, the trustees are actively seeking to invest free reserves in ways which will further the charitable objectives of the organisation. The trustees did pursue the potential acquisition of another company during 2019 which would further support ITEC's charitable objectives. However, following the results of the financial due diligence report on the prospective company it was decided the risks involved were too great to pursue the possibility any further.

ITEC NORTH EAST LIMITED

REPORT OF THE TRUSTEES for the Year Ended 31 July 2020

STRATEGIC REPORT

Future Developments

This report is published in a climate of unprecedented change and challenge, coupled with difficult economic circumstances. With the COVID-19 pandemic creating uncertainties and impact across the sector. These uncertainties are likely to continue into the future. We recognise that future challenges will continue to drive change throughout our sector. However, we will continue to invest in areas that excel and target resources to support these areas. All of these changes will impact upon ITEC's future strategy and will require us to make adjustments to processes, structures and other areas of our operation to ensure sustainability, achievement and performance.

Changing Policy Context for Skills - The charitable company continues to be funded by the Government via the Education and Skills Funding Agency (ESFA). Changes to government policy over the preceding four years has significantly altered our income streams. Almost all of our previous income was secured from the ESFA in the form of Apprenticeship and Adult Education Funding. Reductions in public sector funding and changes to the way in which apprenticeships are funded have seen ITEC NE diversify their income streams into other areas of working following successful bids for Skills Support for the Workforce (SSW), Skills Support for the Unemployed (SSU), which now account for approximately half of our overall income. In addition, we have successfully engaged with large Levy paying employers following changes to funding in 2015, which has further minimised our reliance on public funds.

The introduction of the new contracts (SSU and SSW) and Subcontracting have played an important part in growing the business turnover and profitability and some excellent working relationships have been created. It is envisaged the company will continue to work with 1 subcontractor over the coming year, albeit, the level of this activity will be reduced.

Throughout 2019/20, and primarily in response to the COVID-19 pandemic, ITEC transitioned all delivery (Apprenticeship & Short Programmes) to Adobe Connect online platforms to ensure that where possible learners could continue in training & development. In response to feedback from our learners, and to meet differing needs & learning styles, further platforms were introduced on Zoom and Google Classrooms. Additional investment was made in the development of our staff & resources to ensure that the transition to online, and the wider learning experience, was comparative to that received in a traditional classroom. Feedback from both learners and employers in this period remains excellent, and in many cases over 90%.

To further reinforce our commitment to be responsive to the needs of our learners & employers, a range of new provision was introduced throughout the year including; IT Skills- The All Rounder, Microsoft Excel-The All Rounder, IT User Skills, Principles of Customer Service, Information Advice and Guidance and Equality and Diversity. Provision to support our learners with the impact of COVID particularly in mind included; Prevention and Control of Infection and Awareness in Mental Health Problems. To support our employers in transitioning to remote & homeworking setup, and staying competitive and visible online, provision was introduced including; Digital Promotion For Business, Collaborative Technologies, Search Engine Optimisation and Remote Working. To support introduction of this provision, a new awarding body partnership was created, and investment made in the EQUALS online learning platform.

Our strategy, whilst inspirational, is realistic and deliverable. The strategy will enable ITEC NE to develop as an independent training provider and build an outstanding portfolio of study. Our strategic priorities for 20/21 are to:

- Strive to achieve Outstanding Teaching, Learning and Assessment leading to Outstanding Outcomes for learners.
- Place the learner at the centre of our decision making process responding proactively to meet their individual needs and aspirations ensuring an Outstanding Learner Experience.
- Strengthen and develop partnerships with employers and partner organisations to create a sustainable future for ITEC NE.
- Recruit, develop and retain highly competent and outstanding staff who can take forward ITEC's vision.
- Maintain organisational excellence in governance, culture, quality assurance and financial health and resources for learning.

All of these changes highlighted above will impact upon ITEC's strategy and will require us to make adjustments to processes, structures and other areas of our operation. Our strategy, whilst inspirational, is realistic and deliverable. The strategy will enable ITEC NE to develop as an independent training provider and build an outstanding portfolio of study.

ITEC NORTH EAST LIMITED

REPORT OF THE TRUSTEES for the Year Ended 31 July 2020

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

ITEC North East Limited is a company limited by guarantee, governed by its Memorandum and Articles of Association dated 12th August 1986, as amended by special resolutions dated May 1992, October 1994, January and August 1999, February 2006 and September 2019. The company's registration number is 02045777. It is registered as a charity with the Charity Commission, number 519259. There are currently four members, each of whom agree to contribute £1 in the event of the charitable company winding up.

Recruitment and appointment of new trustees

The number and skills of the trustees are regularly reviewed and gaps identified. Existing members then approach suitable candidates who are invited to attend trustees' meetings, initially as observers, before being formally invited to join the board following discussion and references. The Board of Trustees implements a fair recruitment process involving provision of information on the role and skills required and a formal application process for all interested parties.

Organisational structure

The Board consists of 3 Non-Executive Directors who are Trustees, and a Managing Director. The Board of Trustees are elected by the membership. The Board have responsibility for the strategic direction and policy of the company and ensuring it meets legal requirements. In addition to quarterly meetings the Board of Trustees meet regularly to review external developments, strategy, finance and fundraising issues. The Board of Trustees have appointed staff to undertake the day to day running of the organisation led by the Managing Director delegated to manage the day-to-day operations of the organisation. The Senior Management Team, led by the Managing Director, oversees development and operations, reviews performance information, makes financial decisions within the agreed annual budget and prepares reports and recommendations for the Board of Trustees. The Managing Director is also responsible for ensuring the implementation and progress towards the outcomes identified in the 2020-24 Strategic Business Plan. The responsibility of deputising for the Managing Director was reviewed and now this is a shared responsibility across the Senior Management Team. ITEC's well established Operational Management Team monitors performance across programmes and delivery activities and encourages information cascading, sharing and cross-organisational working in addition to regular general staff meetings. Training and knowledge sharing sessions with Operational Management Team has facilitated greater synergy with Senior Management Team and this will continue.

The Managing Director supported by a senior management team comprising of Head of Operations, Head of Business Support and Performance, two Apprenticeship and Development Managers, two Funding and Administration Managers, Quality Manager, Finance Manager and Business Development Manager. Assessment and training delivery is provided by a team of 10 full time and 4 part time work based learning assessors/Tutors along with a centralised administration function. Business development and employer engagement activity is provided by a team of 4 full time business development consultants.

Pay Policy for senior staff

The trustees consider the Senior Management Team to form the key management personnel of the charity, in charge of directing and controlling, running and operating the charity on a day to day basis. The pay of the senior staff is reviewed annually and normally increased in accordance with inflation. The trustees benchmark against pay levels in other similar organisations and charities.

Induction and training of new trustees

All Trustees have an induction which covers their legal obligations under charity and company law, summaries of the Memorandum and Articles of Association, roles and responsibilities, organisational reporting structures and staff structures, health and safety policy and procedures information. Trustees have also had policy inductions on Confidentiality, Equality and Diversity, Health and Safety and Quality. Individual reviews with Trustees are held annually with the Chair to identify specific training needs and in order to enable Trustees to share thought and suggestions around governance arrangements. Further training has been delivered to Trustees in relation to prevent awareness with internal development sessions held throughout the year. All members receive Charity Commission publications in order to keep them up to date with their role and responsibilities.

ITEC NORTH EAST LIMITED

REPORT OF THE TRUSTEES
for the Year Ended 31 July 2020

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number
02045777 (England and Wales)

Registered Charity number
519259

Registered office
The Digital Factory Durham Way South
Aycliffe Business Park
Newton Aycliffe
County Durham
DL5 6XP

Trustees
S Bellwood Trustee
G Brown Trustee
G Wood Trustee

Company Secretary
Mrs T A Wilson

Auditors
CPT
Chartered Certified Accountants
Statutory Auditors
80 Victoria Road
Darlington
County Durham
DL1 5JG

Bankers
HSBC Bank plc
21 Newgate Street
Bishop Auckland
County Durham
DL14 7HQ

Mrs T A Wilson is the charitable company's Managing Director.

ITEC NORTH EAST LIMITED

REPORT OF THE TRUSTEES
for the Year Ended 31 July 2020

ACCOMODATION STRATEGY

The company considers that all its current leases offer good value for money and are fit for purpose.

The lease for first floor at Calvary House, 36-40 Grange Road, Middlesbrough TS1 5BQ is a flexible month by month lease. ITEC is able to vacate the premises with only a month's notice.

The lease for The Digital Factory, Durham Way South, Aycliffe Business Park is of ten years, this is due to end in September 2020. The plan will then to review and only agree to a short term annual lease going forward.

The lease at Gateshead College's Skills Academy building is of six years duration with two year breaks. The lease is due to end Feb 2021, the plan will be to review at this time.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of ITEC North East Limited for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, CPT, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 6 April 2021 and signed on the board's behalf by:


.....
S Bellwood - Trustee

**REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF
ITEC NORTH EAST LIMITED**

Opinion

We have audited the financial statements of ITEC North East Limited (the 'charitable company') for the year ended 31 July 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Report of the Trustees is inconsistent in any material respect with the financial statements; or
- the charitable company has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

**REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF
ITEC NORTH EAST LIMITED**

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 trustees are responsible for assessing the charitable company'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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

We have been appointed as auditors under Section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 a Report of the Independent Auditors 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.

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

Use of our report

This report is made solely to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's trustees those matters we are required to state to them in an auditors' 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 charitable company and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



for and on behalf of CPT
Chartered Certified Accountants
Statutory Auditors
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
80 Victoria Road
Darlington
County Durham
DL1 5JG

Date: 8 April 2021

ITEC NORTH EAST LIMITED

STATEMENT OF FINANCIAL ACTIVITIES
for the Year Ended 31 July 2020

	Notes	Unrestricted fund £	Restricted funds £	2020 Total funds £	2019 Total funds £
INCOME AND ENDOWMENTS FROM					
Charitable activities					
	3				
ESFA and similar activities		1,587,235	60,500	1,647,735	1,208,600
Miscellaneous other activities		36,002	-	36,002	86,856
Subcontractors		140,001	-	140,001	181,565
Youth Employment Initiative		104,508	-	104,508	102,444
Investment income	2	<u>946</u>	<u>-</u>	<u>946</u>	<u>1,407</u>
Total		1,868,692	60,500	1,929,192	1,580,872
 EXPENDITURE ON					
Charitable activities					
	4				
ESFA and similar activities		1,620,724	60,500	1,681,224	1,271,678
Subcontractors		124,066	-	124,066	154,330
Youth Employment Initiative		104,508	-	104,508	102,443
Other		<u>500</u>	<u>-</u>	<u>500</u>	<u>-</u>
Total		1,849,798	60,500	1,910,298	1,528,451
NET INCOME		18,894	-	18,894	52,421
 RECONCILIATION OF FUNDS					
Total funds brought forward		885,964	-	885,964	833,543
TOTAL FUNDS CARRIED FORWARD		<u>904,858</u>	<u>-</u>	<u>904,858</u>	<u>885,964</u>

The notes form part of these financial statements

ITEC NORTH EAST LIMITED

BALANCE SHEET

31 July 2020

	Notes	Unrestricted fund £	Restricted funds £	2020 Total funds £	2019 Total funds £
FIXED ASSETS					
Tangible assets	12	29,594	-	29,594	30,457
CURRENT ASSETS					
Debtors	13	187,613	-	187,613	293,172
Cash at bank and in hand		<u>902,563</u>	<u>-</u>	<u>902,563</u>	<u>754,356</u>
		1,090,176	-	1,090,176	1,047,528
CREDITORS					
Amounts falling due within one year	14	(214,912)	-	(214,912)	(192,021)
NET CURRENT ASSETS		<u>875,264</u>	<u>-</u>	<u>875,264</u>	<u>855,507</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>904,858</u>	<u>-</u>	<u>904,858</u>	<u>885,964</u>
NET ASSETS		<u>904,858</u>	<u>-</u>	<u>904,858</u>	<u>885,964</u>
FUNDS	16				
Unrestricted funds				<u>904,858</u>	<u>885,964</u>
TOTAL FUNDS				<u>904,858</u>	<u>885,964</u>

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 July 2020.


The members have not deposited notice, pursuant to Section 476 of the Companies Act 2006 requiring an audit of these financial statements.

The trustees acknowledge their responsibilities for

- (a) ensuring that the charitable company keeps accounting records that comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the charitable company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the charitable company.

These financial statements have been audited under the requirements of Section 145 of the Charities Act 2011.

The financial statements were approved by the Board of Trustees and authorised for issue on 6 April 2021 and were signed on its behalf by:


.....
S Bellwood - Trustee

The notes form part of these financial statements

ITEC NORTH EAST LIMITED

CASH FLOW STATEMENT
for the Year Ended 31 July 2020

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	1	<u>169,707</u>	<u>(41,482)</u>
Net cash provided by/(used in) operating activities		<u>169,707</u>	<u>(41,482)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(22,446)	(12,247)
Interest received		<u>946</u>	<u>1,407</u>
Net cash used in investing activities		<u>(21,500)</u>	<u>(10,840)</u>
<hr/>			
Change in cash and cash equivalents in the reporting period		148,207	(52,322)
Cash and cash equivalents at the beginning of the reporting period		<u>754,356</u>	<u>806,678</u>
Cash and cash equivalents at the end of the reporting period		<u>902,563</u>	<u>754,356</u>

The notes form part of these financial statements

ITEC NORTH EAST LIMITED

NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 31 July 2020

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2020	2019
	£	£
Net income for the reporting period (as per the Statement of Financial Activities)	18,894	52,421
Adjustments for:		
Depreciation charges	23,309	20,915
Interest received	(946)	(1,407)
Decrease/(increase) in debtors	105,559	(37,814)
Increase/(decrease) in creditors	<u>22,891</u>	<u>(75,597)</u>
Net cash provided by/(used in) operations	<u><u>169,707</u></u>	<u><u>(41,482)</u></u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.8.19	Cash flow	At 31.7.20
	£	£	£
Net cash			
Cash at bank and in hand	<u>754,356</u>	<u>148,207</u>	<u>902,563</u>
	<u>754,356</u>	<u>148,207</u>	<u>902,563</u>
Total	<u><u>754,356</u></u>	<u><u>148,207</u></u>	<u><u>902,563</u></u>

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 July 2020

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Charitable activities

Costs of charitable activities are the direct costs of training, staff costs, depreciation of fixed assets and other service related costs.

Governance costs

Governance costs include those incurred in the governance of the charitable company and its assets and are primarily concerned with constitutional and statutory requirements. They include an allocation of staff costs involved in attending and preparing for the meetings of the directors.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Office equipment	- 33% on cost
Fixtures and fittings	- 12.5% on cost
Software	- 33% on cost

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2020

1. ACCOUNTING POLICIES - continued

Value added taxation

Value added tax is only partially recoverable by the charitable company. The irrecoverable amount is included as a separate cost in the Statement of Financial Activities.

Restricted income

Income received for specific purposes is credited to restricted funds and transferred to unrestricted funds as expenditure fulfilling the restrictions imposed is incurred; in the case of fixed assets, this transfer is in line with the depreciation charge.

2. INVESTMENT INCOME

	2020	2019
	£	£
Deposit account interest	<u>946</u>	<u>1,407</u>

3. INCOME FROM CHARITABLE ACTIVITIES

		2020	2019
	Activity	£	£
ESFA income	ESFA and similar activities	829,620	931,352
College income	ESFA and similar activities	237,822	183,820
Other sales	ESFA and similar activities	400	-
Grants	ESFA and similar activities	40,354	-
Employer co-investment	ESFA and similar activities	9,547	19,928
Employer incentive payments	ESFA and similar activities	60,500	73,500
PP income	ESFA and similar activities	346,443	-
TV income	ESFA and similar activities	123,049	-
Other sales	Miscellaneous other activities	36,002	86,856
Subcontractors	Subcontractors	140,001	181,565
Youth Employment Initiative	Youth Employment Initiative	<u>104,508</u>	<u>102,444</u>
		<u>1,928,246</u>	<u>1,579,465</u>

4. CHARITABLE ACTIVITIES COSTS

	Direct Costs (see note 5) £	Support costs (see note 6) £	Totals £
ESFA and similar activities	1,672,934	8,290	1,681,224
Subcontractors	124,066	-	124,066
Youth Employment Initiative	<u>104,508</u>	<u>-</u>	<u>104,508</u>
	<u>1,901,508</u>	<u>8,290</u>	<u>1,909,798</u>

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2020

5. DIRECT COSTS OF CHARITABLE ACTIVITIES

	2020	2019
	£	£
Trustees' remuneration etc	-	70,253
Staff costs	1,137,617	832,700
Hire of plant and machinery	1,539	2,158
Subcontractors	124,066	154,330
Insurance	6,130	5,637
Telephone	9,678	8,665
Postage and stationery	9,504	11,169
Advertising	9,913	16,914
Sundries	4,163	6,315
Training purchased	131,489	22,163
Trainees' expenses	8,722	17,439
Tuition/course fees and registration	154,583	85,246
Disallowed VAT	34,262	26,924
Staff training	3,900	6,768
Rent and rates	76,695	83,858
Cleaning	3,568	3,838
Repairs and renewals	15,900	13,257
Motor and travel	26,447	32,215
Legal and professional	1,086	3,404
Bank charges	354	383
Trade subscriptions	27,115	16,987
Consultancy fees	7,301	5,163
Employer incentive payments	60,500	73,500
Professional fees on potential acquisition	23,666	-
Depreciation	23,310	20,915
	<u>1,901,508</u>	<u>1,520,201</u>

6. SUPPORT COSTS

	Governance costs £
ESFA and similar activities	<u>8,290</u>

7. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	2020	2019
	£	£
Auditors' remuneration	4,950	4,950
Depreciation - owned assets	23,309	20,915
Hire of plant and machinery	<u>1,539</u>	<u>2,158</u>

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2020

8. TRUSTEES' REMUNERATION AND BENEFITS

	2020	2019
	£	£
Trustees' salaries	-	62,400
Trustees' social security	-	7,853
	<u>-</u>	<u>70,253</u>

T Wilson was the charitable company's Managing Director for the whole year. The Memorandum and Articles of Association make provision for the payment of reasonable remuneration to any person holding office as Managing Director for work undertaken whilst holding that office. During the year, T Wilson was paid a gross salary of £66,900 including bonus (2019: £62,400).

Expenses

T Wilson received £43 (2019: £NIL) for mileage and other travelling expenses. None of the trustees received any remuneration from or were reimbursed any expenses by the charitable company (2019: £NIL).

9. STAFF COSTS

	2020	2019
	£	£
Wages and salaries	1,038,938	814,707
Social security costs	80,576	76,504
Other pension costs	20,103	13,742
	<u>1,139,617</u>	<u>904,953</u>

The average monthly number of employees during the year was as follows:

	2020	2019
Management	7	7
Teaching and learning	17	13
Recruitment	4	4
Information technology	1	1
Administration and accounts	4	4
Quality	2	2
	<u>35</u>	<u>31</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2020	2019
£60,001 - £70,000	<u>1</u>	<u>1</u>

Staff costs of £2,000 (2019: £2,000) have been allocated to support costs.

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2020

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Charitable activities			
ESFA and similar activities	1,135,100	73,500	1,208,600
Miscellaneous other activities	86,856	-	86,856
Subcontractors	181,565	-	181,565
Youth Employment Initiative	102,444	-	102,444
Investment income	<u>1,407</u>	<u>-</u>	<u>1,407</u>
Total	1,507,372	73,500	1,580,872
 EXPENDITURE ON			
Charitable activities			
ESFA and similar activities	1,198,178	73,500	1,271,678
Subcontractors	154,330	-	154,330
Youth Employment Initiative	102,443	-	102,443
Total	<u>1,454,951</u>	<u>73,500</u>	<u>1,528,451</u>
 NET INCOME	 52,421	 -	 52,421
 RECONCILIATION OF FUNDS			
Total funds brought forward	 <u>833,543</u>	 <u>-</u>	 <u>833,543</u>
 TOTAL FUNDS CARRIED FORWARD	 <u><u>885,964</u></u>	 <u><u>-</u></u>	 <u><u>885,964</u></u>

11. PENSION COMMITMENTS

Contributions payable by the charitable company amounted to £20,103 (2019: £13,742) and all contributions were paid in the period.

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2020

12. TANGIBLE FIXED ASSETS

	Office equipment £	Fixtures and fittings £	Software £	Totals £
COST				
At 1 August 2019	120,225	16,773	2,700	139,698
Additions	<u>22,446</u>	<u>-</u>	<u>-</u>	<u>22,446</u>
At 31 July 2020	<u>142,671</u>	<u>16,773</u>	<u>2,700</u>	<u>162,144</u>
DEPRECIATION				
At 1 August 2019	96,872	9,669	2,700	109,241
Charge for year	<u>21,638</u>	<u>1,671</u>	<u>-</u>	<u>23,309</u>
At 31 July 2020	<u>118,510</u>	<u>11,340</u>	<u>2,700</u>	<u>132,550</u>
NET BOOK VALUE				
At 31 July 2020	<u>24,161</u>	<u>5,433</u>	<u>-</u>	<u>29,594</u>
At 31 July 2019	<u>23,353</u>	<u>7,104</u>	<u>-</u>	<u>30,457</u>

All fixed assets are used for charitable purposes.

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade debtors	4,649	5,224
Other debtors	8,452	4,917
VAT	669	2,600
Accrued income	158,037	263,913
Prepayments	<u>15,806</u>	<u>16,518</u>
	<u>187,613</u>	<u>293,172</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade creditors	52,108	22,691
Social security and other taxes	15,173	16,627
Other creditors	4,065	3,846
Accrued expenses	<u>143,566</u>	<u>148,857</u>
	<u>214,912</u>	<u>192,021</u>

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2020

15. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2020	2019
	£	£
Within one year	13,925	43,832
Between one and five years	<u>-</u>	<u>49,264</u>
	<u>13,925</u>	<u>93,096</u>

16. MOVEMENT IN FUNDS

	At 1.8.19	Net movement in funds	At 31.7.20
	£	£	£
Unrestricted funds			
General fund	885,964	18,894	904,858
	<u>885,964</u>	<u>18,894</u>	<u>904,858</u>
TOTAL FUNDS	<u>885,964</u>	<u>18,894</u>	<u>904,858</u>

Net movement in funds, included in the above are as follows:

	Incoming resources	Resources expended	Movement in funds
	£	£	£
Unrestricted funds			
General fund	1,868,692	(1,849,798)	18,894
Restricted funds			
Employer Incentive Payments	60,500	(60,500)	-
	<u>1,929,192</u>	<u>(1,910,298)</u>	<u>18,894</u>
TOTAL FUNDS	<u>1,929,192</u>	<u>(1,910,298)</u>	<u>18,894</u>

Comparatives for movement in funds

	At 1.8.18	Net movement in funds	At 31.7.19
	£	£	£
Unrestricted funds			
General fund	833,543	52,421	885,964
	<u>833,543</u>	<u>52,421</u>	<u>885,964</u>
TOTAL FUNDS	<u>833,543</u>	<u>52,421</u>	<u>885,964</u>

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2020

16. MOVEMENT IN FUNDS - continued

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	1,507,372	(1,454,951)	52,421
Restricted funds			
Employer Incentive Payments	73,500	(73,500)	-
TOTAL FUNDS	<u>1,580,872</u>	<u>(1,528,451)</u>	<u>52,421</u>

A current year 12 months and prior year 12 months combined position is as follows:

	At 1.8.18 £	Net movement in funds £	At 31.7.20 £
Unrestricted funds			
General fund	833,543	71,315	904,858
TOTAL FUNDS	<u>833,543</u>	<u>71,315</u>	<u>904,858</u>

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	3,376,064	(3,304,749)	71,315
Restricted funds			
Employer Incentive Payments	134,000	(134,000)	-
TOTAL FUNDS	<u>3,510,064</u>	<u>(3,438,749)</u>	<u>71,315</u>

Apprenticeship Grant for Employers (AGE) is a government run scheme to encourage employers to develop their business and take on new apprentices.

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2020

17. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 July 2020.

18. DEBENTURE

There is a fixed and floating charge debenture held over the assets of the organisation. The debenture was security on a bank loan imposed on 13 October 2005. The loan has been repaid in full however a nil value debenture is still in place.

ITEC NORTH EAST LIMITED

DETAILED STATEMENT OF FINANCIAL ACTIVITIES
for the Year Ended 31 July 2020

	2020	2019
	£	£
INCOME AND ENDOWMENTS		
Investment income		
Deposit account interest	946	1,407
Charitable activities		
ESFA income	829,620	931,352
College income	237,822	183,820
Other sales	36,402	86,856
Subcontractors	140,001	181,565
Grants	40,354	-
Youth Employment Initiative	104,508	102,444
Employer co-investment	9,547	19,928
Employer incentive payments	60,500	73,500
PP income	346,443	-
TV income	123,049	-
	<u>1,928,246</u>	<u>1,579,465</u>
Total incoming resources	1,929,192	1,580,872
EXPENDITURE		
Charitable activities		
Trustees' salaries	-	62,400
Trustees' social security	-	7,853
Wages	1,036,938	750,307
Social security	80,576	68,651
Pensions	20,103	13,742
Hire of plant and machinery	1,539	2,158
Subcontractors	124,066	154,330
Insurance	6,130	5,637
Telephone	9,678	8,665
Postage and stationery	9,504	11,169
Advertising	9,913	16,914
Sundries	4,163	6,315
Training purchased	131,489	22,163
Trainees' expenses	8,722	17,439
Tuition/course fees and registration	154,583	85,246
Disallowed VAT	34,262	26,924
Staff training	3,900	6,768
Rent and rates	76,695	83,858
Cleaning	3,568	3,838
Repairs and renewals	15,900	13,257
Motor and travel	26,447	32,215
Legal and professional	1,086	3,404
Bank charges	354	383
Trade subscriptions	27,115	16,987
Consultancy fees	7,301	5,163
Carried forward	1,794,032	1,425,786

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ITEC NORTH EAST LIMITED

DETAILED STATEMENT OF FINANCIAL ACTIVITIES
for the Year Ended 31 July 2020

	2020	2019
	£	£
Charitable activities		
Brought forward	1,794,032	1,425,786
Employer incentive payments	60,500	73,500
Professional fees on potential acquisition	23,666	-
Office equipment	21,638	19,332
Fixtures and fittings	<u>1,672</u>	<u>1,583</u>
	1,901,508	1,520,201
Other		
Bad debt write off	500	-
Support costs		
Governance costs		
Wages	2,000	2,000
Auditors' remuneration	4,950	4,950
Trustees indemnity insurance	<u>1,340</u>	<u>1,300</u>
	<u>8,290</u>	<u>8,250</u>
Total resources expended	<u>1,910,298</u>	<u>1,528,451</u>
Net income	<u><u>18,894</u></u>	<u><u>52,421</u></u>

This page does not form part of the statutory financial statements