

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.

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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			<u>601,478</u>		<u>648,306</u>

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
----------	-----------------------------

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	288,593	-	-	288,593	
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	<u>6,964</u>	<u>17,385</u>	<u>20,035</u>	<u>44,384</u>
At 31 July 2023	<u>8,357</u>	<u>18,188</u>	<u>23,138</u>	<u>49,683</u>

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	<u>267,333</u>	<u>267,333</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 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.