South Gloucestershire and Stroud College
Annual Report and Financial Statements
Year ended 31 July 2022




South Gloucestershire and Stroud College

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South Gloucestershire and Stroud College

Reference and Administrative Details

Board of Governors
A full list of Governors is given on pages 15-17.
Mrs S Glover acted as Clerk to the Corporation throughout the period.

Clerk to the Corporation
Mrs S Glover

Senior management team
Kevin Hamblin, Group CEO & Executive Principal; Accounting Officer
Sara-Jane Watkins, SGS College Principal
Judith Saunderson, Group Chief Financial Officer
Gavin Murray, Deputy Principal
Moira Foster-Fitzgerald, Chief Group Services Officer

Principal and Registered Office
Stratford Road, Stroud, Gloucestershire, GL5 4AH

Professional advisors

External auditors:	Bishop Fleming, 10 Temple Back, Bristol, BS1 6FL
Internal auditors:	RSM Risk Assurance Services LLP, Birmingham
Solicitors:	Irwin Mitchell, London
	FootAnstey LLP, Bristol
Bankers:	Lloyds Bank PLC, Bristol
	Clydesdale Bank PLC, Glasgow
	Nationwide Building Society, Swindon

South Gloucestershire and Stroud College

Strategic Report

OBJECTIVES AND STRATEGY

The Corporation presents its annual report together with the financial statements and auditor's report for South Gloucestershire and Stroud College for the year ended 31 July 2022.

Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting South Gloucestershire and Stroud College ("The College"). The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

The Group includes the College and its subsidiary undertaking, South Gloucestershire and Stroud College Commercial Services Limited (company number 9241494).

South Gloucestershire and Stroud College Commercial Services Limited was formed on 30 September 2014 as a private company limited by shares under the Companies Act 2006.

The College is the registered holder of one fully paid ordinary share which comprises the only issued share capital of the company.

The Directors of the company are disclosed on page 20.

Mission and Strategy

The Corporation has adopted the following mission statement:

"We positively change people's lives and add value to the social and economic wellbeing of our communities. We do this by providing high quality, innovative, accessible education and training in a friendly culture of mutual respect and support."

The College has adopted the following strategic priorities:

- To be recognised as an outstanding College.
- To be visionary and innovative in providing educational opportunities by anticipating and meeting demand.
- To enhance the quality of the experience we provide for our learners and our staff.
- To develop responsive partnerships with all our learners, employers, and all our stakeholders.
- To ensure we have the necessary resources to support our Plan.
- To provide an educational and training environment which is equipped for the delivery of high-quality learning.

Resources

During the year, the Group operated from four main campuses at Stroud, Filton Avenue, Berkeley and WISE, with specialist satellite campuses for the School of Art and Design at the Royal West of England Art Academy at Queen's Road in Clifton and the Bristol School of Animal Management and Conservation at Bristol Zoological Gardens, also in Clifton.

During 2021/22 the Group employed on average 922 people, of whom 441 are teaching staff.

The College enrolled approximately 11,500 students. The College's student population includes 3,913 16-18 year old students, 1,065 apprentices, 372 higher education students, 6 international students and over 4,850 adult learners.

The Group has £25.2m (2021: £27.1m) of net assets, excluding a £17.0m (2021: £39.3m) pension liability. As at 31 July 2022, the Group has bank debt of £6.9m (2021: £7.7m) of which £2.7m (2021: £nil) is due to be repaid in full by August 2023.

The pension liability is calculated as at 31 July each year based on assumptions made by the actuary, some of which are stipulated by FRS102. This does not reflect the true liability which is calculated every three years. There are, as a result, significant fluctuations year on year. The triennial valuation informs the contribution rate and lump sum deficit payments to reduce the liability over the period agreed with the scheme administrators. The liability is not included in the financial health calculations as it is not expected to crystallise, and has been discounted when considering the net asset position of the College.

Stakeholders

In line with other colleges and with universities, South Gloucestershire and Stroud College has many stakeholders. These include:

- Learners - current, future and past students
- Parents / guardians
- Education sector funding bodies
- FE Commissioner
- Staff
- Local employers
- Our partners including schools and other training providers
- Local and Combined Local Authorities
- Local Enterprise Partnerships (LEPs)
- Our Communities
- Our supply chain
- Other FE and HE institutions
- Trade Unions
- Professional bodies
- Private Training Partners
- University Technical Colleges
- Academy Trusts, in particular South Gloucestershire and Stroud Academy Trust
- Regulators, including the Education and Skills Funding Agency (ESFA), the West of England Combined Authority (WECA) and the Office for Students (OfS)

The College recognises the importance of these relationships and engages in regular communication with them through the College Internet site and through meetings.

In particular the College considers good communication with its staff to be very important and to this end publishes regular newsletters and bulletins. The College also encourages participation in the staff forum. Staff and student involvement in committees is encouraged with places reserved on the Corporation for staff and student members.

Public Benefit

The College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 15-17.

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

In delivering its mission, the College provides identifiable public benefits through the advancement of education to approximately 4,000 16-18 year olds, 5,000 adults, 350 HE learners and 1,000 apprentices. The College also has over 350 16-24 learners with Educational Health Care Plans. The College provides courses without charge to young people, to those who are unemployed and adults taking English and maths courses. The College adjusts its courses to meet the needs of local employers. The College is committed to providing information, advice and guidance to the students it enrols and to finding suitable courses for as many students as possible regardless of their educational background.

DEVELOPMENT AND PERFORMANCE

Financial Results

The Group generated a deficit before other gains and losses of £2,688k (2020/21: deficit of £2,128k) and total comprehensive income of £20,391k (2020/21: £422k). These financial results include adjustments to the valuation of the Local Government Pension Scheme as detailed in note 25 to the accounts. These are based on the full valuation as at 31 March 2019 rolled forward using assumptions as required by FRS102.

Excluding FRS102 LGPS adjustments, the adjustment for the revaluation of investment properties and the deferred tax charge, the Group generated a surplus of £486k (2020/21: £584k).

	2021/22 £'000	**2020/21 £'000**
Surplus before FRS102 and other gains and losses and tax	**486**	**584**
FRS102 LGPS adjustments to I&E	(3,174)	(2,712)
Deficit before other gains and losses	**(2,688)**	**(2,128)**
FRS102 LGPS actuarial gain	25,463	2,462
Unrealised (loss)/gain on revaluation of investment properties	(2,216)	88
Deferred tax charge	(168)	0
Total comprehensive income	**20,391**	**422**

This result has retained the Group's Good Financial Health score; the FRS102 pension adjustment, actuarial gain, unrealised loss/gain on revaluation of investment properties and the deferred tax charge are all discounted from the Financial Health calculation.

The College has a subsidiary company, South Gloucestershire and Stroud College Commercial Services Limited. The principal activity of South Gloucestershire and Stroud College Commercial Services Limited is the management and development of property. Any taxable surpluses generated by South Gloucestershire and Stroud College Commercial Services Limited are transferred to the College under a Deed of Covenant. A transfer of £nil (2020/21: £nil) has been made for the year ending 31 July 2022.

Cash flows and liquidity

The Group had a net cash inflow from operating activities of £2,231k (2020/21: £3,425k). The size of the Group's total borrowing and its approach to interest rates has been managed to ensure a reasonable cushion between the total cost of servicing debt and operating cashflow. During the year this margin was comfortably exceeded.

During the year the Group had a total cash inflow of £253k (2020/21: £1,774k).

Within the 2021:2023 Financial Plan, the College had originally forecast cash balances of £6.0m at 31 July 2022; a better than budgeted operational performance as well as timing differences in deferred income, other liabilities and capital grants during the year meant that cash balances ended at £7.6m.

The College repaid a £4m loan on 16 November 2022, of which £2.9m was outstanding at the time of repayment. Cash balances are forecast to be £4.8m in March 2024, the lowest cash balance during 2023/24.

Developments

The subsidiary company, South Gloucestershire and Stroud College Commercial Services Limited, will continue to develop the Gloucestershire Science & Technology Park, attracting new investment to the site.

The College has committed to a short-term 10-year lease on two adjoining warehouses at Horizon 38, Filton, known as 'SGS Horizon', in order to provide capacity for an increase in construction apprenticeships. Delivery commenced from January 2023.

The College has successfully led on a Skills Development Fund project for Gloucestershire and has received funding to support the development of a low carbon training centre within C11 at Berkeley. The investment has been further supported by additional funds for the Gloucestershire Strategic Economic Development Fund.

Reserves

The Group has cash and short-term investment balances of £7,625k (2020/21: £7,372k). The Group wishes to continue to accumulate reserves and cash balances in order to create a contingency fund.

The Group recognises the importance of reserves in the financial stability of any organisation, and ensures that there are adequate reserves to support the Group's core activities. As at the balance sheet date the Income and Expenditure reserve (excluding the pension reserve) stands at £23,115k (2020/21: £24,531k). The pension reserve relates to the deficit on the Local Government Pension Scheme. There are no restricted reserves.

It is Corporation's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.

The Group has the following reserves as at 31 July:

Reserve	**2022 £'000**	**2021 £'000**
I&E reserve (excluding pension reserve)	23,115	24,531
Pension reserve	(17,007)	(39,296)
I&E reserve (including pension reserve)	**6,108**	**(14,765)**
Revaluation reserve	2,072	2,553
Total accumulated reserves	**8,180**	**(12,212)**

During the year, the College vacated the John Huggett Engineering Hall. The change in use of the building has resulted in a reclassification from fixed assets to investment properties and a requirement to value at current market value (£2.84m). The reduction from net book value to market value is held within the I&E reserve.

The I&E reserve also includes £481k from current and prior year gains relating to C11 which have previously been included in the revaluation reserve.

Sources of income

The Group has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2021/22, the Education Skills & Funding Agency (ESFA) provided 68% of the Group's total income (2020/21: 68%).

Financial plan

The Corporation approved the financial plan in July 2022 which set objectives for the period to July 2024.

The College faces some significant challenges next year and in future years and budgets for the next two years are predicated on a number of assumptions which may change significantly:

- Difficulties in filling staffing vacancies and retaining staff, the pressure to give adequate consolidated pay awards and to ensure pay parity internally and externally;
- Understanding the impact of the current Ukraine / Russia conflict on both UK and global electricity / energy prices;
- Significant increases in energy costs and uncertainty on future costs;
- National insurance increases;
- Rapidly increasing inflation and rising interest rates.

The Financial Plan for the Group was a budgeted surplus before FRS102 adjustments of £181k for 2021/22, with the eventual outturn being a surplus of £486k. Surplus budgets were set for 2022/23 and 2023/24.

Within the 2022:2024 Financial Plan submitted in July 2022, cash was forecast to be £6.9m at 31 July 2022, however, the eventual outturn was £7.6m. Much of this was due to timing of payments and receipts, however, a recent revised cash forecast shows at least a £400k improvement in the underlying cash reserves for the planning period 2022/23 to 2023/24.

Treasury policies and objectives

The College has treasury management arrangements in place to manage cash flows, banking arrangements and the risks associated with those activities. The Group has a separate treasury management policy in place. All loans and other forms of borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum. As at 31 July 2022, the Group had borrowing with Lloyds Bank PLC of £6.9m, detailed in note 18.

Payment performance

The Public Contracts Regulations 2015, in the absence of agreement to the contrary, requires payments to suppliers to be made no later than the end of a period of 30 days from the date on which the relevant invoice is regarded as valid and undisputed. During the accounting period 1 August 2021 to 31 July 2022, the College paid 92% of its invoices within 30 days (2020/21: 88%). The College incurred no interest charges in respect of late payment for this period.

Key performance indicators

The College reviews performance against targets set in its own Financial Plan, against ESFA financial health measures, against key bank covenant measures and on educational and other measures set by the governing body, for example recruitment or satisfaction indicators. Performance against financial targets is detailed below:

Key performance indicator	**2021/22 Target**	**2021/22 Actual**	**2020/21 Actual**
Pay to total income (excl. restructuring)	<68.0%	67.4%	65.5%
Adjusted current ratio	>1.50:1	1.52:1	1.56:1
Operating surplus/EBITDA as a % of income	>4.0%	5.0%	5.3%
Financial Health Grade	**Good**	**Good**	**Good**
Bank Covenants:			
Borrowing costs as a % of total consolidated income	<7.0%	2.3%	2.5%
I&E Reserves Before Pension Deficit	>£10.0m	£25.1m	£24.5m
I&E Reserves as a % of total consolidated income	>30.0%	63.2%	67.8%
Historic Cost Surplus in previous 3 financial years	Yes	Yes	Yes

Risk management

The College has well developed strategies for managing risk and strives to embed risk management in all that it does. Risk management processes are designed to protect its assets, reputation and financial stability. The Corporation has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement on Corporate Governance.

Risk registers are maintained at the College and subsidiary level. The Executive Team review the risk registers at least quarterly. The Audit Committee reviews key risks quarterly and the Corporation reviews the full risk register annually. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the organisation and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

The main risk factors affecting the College are outlined below along with the action taken to minimise them. Not all the factors are within the College's control; other factors besides those listed below may also adversely affect the College.

Poor economic climate adversely impacting the FE sector, particularly with respect to labour and supply issues and increasing inflation. Known and anticipated changes have been factored in to forecasts.

Insufficient space in Bristol campuses to accommodate growth in apprentices and anticipated growth from housing development. The College is currently developing a new short-term facility for apprentices on the A38 exploring short term options.

Significant number of vacancies and inability to recruit.

Going Concern

In July 2023 the Governors carefully considered the Colleges' updated budget plans for the coming 2 years, 2023/24 to 2024/25, as evidenced in the Financial Plan that was submitted to the ESFA via the Budget Forecast Return in July 2023. Both years' budgets plan for the Group to retain the ESFA's "Good Financial Health" grade, with surpluses of £583k and £590k respectively for the two years. Financial Health gradings is the mechanism by which the ESFA assess colleges performance, gearing and solvency.

The Financial Plan has been developed to deliver the following aims and objectives;

- To support the College to be graded as Good or better by Ofsted.
- To consistently achieve an ESFA rating "Good" financial health or better.
- For the Group's financial health to be sufficiently robust to enable it to meet its mission and specifically strategic objectives 5 and 6:
  - To ensure we have the necessary resources to support our Plan;
  - To provide a College environment which is equipped for the delivery of high-quality learning.
- To continue to invest in its estates and equipment to provide up to date and stimulating environments in which its students learn and its staff work, especially where this investment will support areas of student growth.
- To ensure that the College is digitally rich and fully-connected to aid work/life balance and the learner experience as well as delivering a sustainable environment.
- To attract and retain staff of a suitable calibre to provide students with high quality learning and to manage the Group effectively and reward staff appropriately.
- To meet bank covenants and loan repayments in each financial year.
- To ensure a positive learner experience.

The Group Chief Financial Officer and College Principal meet regularly to consider the impact of any known operational changes and more formally with the Head of Finance and Finance Business Partners on at least a bi-monthly basis to reforecast and ensure that any key risk areas are considered and fully provided against. 16-18 recruitment for 2022/23 is strong and currently above target. Apprenticeship numbers are also positive enabling an increase in forecast above target. However, HE recruitment numbers are approximately 30 below target which has been provided for within the latest forecast. Focus is now on growing the sports HE-provision at WISE.

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Strategic Report. The financial position of the College, its cashflow, liquidity and borrowings are presented in the financial statements and accompanying notes.
The financial statements have been prepared on a going concern basis which the Corporation considers to be appropriate for the following reasons:

- It does not intend to liquidate the Group or the College or to cease their operations, and it has concluded that the Group and the College's financial position means that this is realistic. It has also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

- The Corporation has prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements. After reviewing these forecasts, the Corporation is of the opinion that the Group will have sufficient funds to meet its liabilities as they fall due over the period of at least 12 months from the date of approval of the financial statements.

- The College has £6.9m of loans outstanding with bankers at 31 July 2022. The loans are secured by a fixed charge over College assets. The terms of the existing loan agreements vary between 13 months and 12 years remaining. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

Consequently, the Corporation is confident that the College will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Student achievements

The College performed well during the 2021/22 academic year, but again it is hard to benchmark performance and the effects of the pandemic have continued to impact on learners. Nationally set and externally verified examinations returned and performance was high in Maths and English GCSE, vocational and A levels. Functional skills qualifications, which are a stepping stone towards GCSEs, did not perform as well as learners continue to struggle with gaps in their knowledge from key stage 4. The College is continuing to focus on educational recovery, and is committed to making sustained progress against the strong performance in 2018/19.

One set of data that the College did receive was the results of the National Student Survey for Higher Education. Satisfaction rates for teaching in 2022 have maintained their 2021 level of 84%, with a higher proportion of students showing that staff have made their subject interesting and that their course has challenged them to achieve their best work than last year. Students also showed a small increase in satisfaction in having opportunities to work with other students.

With Ofsted's new Education Inspection Framework, a greater emphasis will be placed on the wrap around skills and support that learners are provided with including enrichment, skills acquisition and tutorial. Less focus will be placed on outcomes and a greater need to prove long-term destinations. In addition, and as a result of the pandemic, the College will place a greater focus on ensuring that our learners have every opportunity to catch up on any missed learning whilst ensuring that our rigorous approach to safeguarding is maintained.

EQUALITY AND DIVERSITY

Equality

The College is committed to ensuring equality of opportunity for all who learn and work here. It has an active Inclusion Committee that inputs to and helps shape its policies and practices. This groups meets regularly and provides a broad perspective, inputs, and oversight to its inclusion agenda. It respects and values positively differences in race, gender, sexual orientation, disability, religion or belief and age. It strives vigorously to remove conditions which place people at a disadvantage and it will actively combat bigotry. This College's Single Equality policy is resourced, implemented and monitored on a planned basis. This Policy is also published on the College's internet site.

The College publishes an annual Equality Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010. The College undertakes equality impact assessments on all new policies and procedures and publishes the results. Equality impact assessments are also undertaken for existing policies and procedures on a prioritised basis.

The College is a 'Positive about Disabled' employer and has committed to the principles and objectives of the Positive about Disabled standard. The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

The College has committed to the 'Mindful Employer' initiative to assist the mental health wellbeing of staff. It has also invested in 'Togetherall' which provides its staff and students with access to 24/7 support and resources provided anonymously via clinically managed online forums. The College has achieved accreditation to the Committed to Equality (C2E) standard at the gold (highest) level. The College has also implemented an updated Equality & Diversity training programme which all staff have attended. Refresher training and training for new starters is carried out on an ongoing basis.

Disability statement

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

a) All main campuses are considered fully compliant based on individual campus' access audits;

b) The admissions policy for all students is described in the College charter. Appeals against a decision not to offer a place are dealt with under the complaints policy;

c) The College makes a significant investment in the appointment of specialist staff to support students with learning difficulties and/or disabilities. There are a number of learning support workers who provide a variety of support for learning, details of which are provided in the College's provision map, which is published on the College website. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.

Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the College to publish information on facility time arrangements for trade union officials at the College. The following data is for the period April 2021 to March 2022, as reported to government in July 2022.

	Number of employees	**Full time equivalent**
Trade union officials in 2021/22	5	5

Percentage of time	**Number of employees**
0%	0
1-50%	5
51-99%	0
100%	0

Total cost of facility time	£9,889
Total pay bill	£ £19,066k
Percentage of total bill spent on facility time	0.05%
Time spent on paid trade union activities as a percentage of total paid facility time	9%

EVENTS AFTER THE REPORTING PERIOD

On 16 November 2022 the College paid the remaining £2.9m principal on the £4.0m loan facility. This loan facility was due to be repaid in full on 24 August 2023.

On 29 November 2022, the ONS announced the reclassification of Colleges in England to public sector bodies. This also includes subsidiary companies and comes into effect retrospectively from 1 April 1993.

On 30 June 2023, a long lease in relation to part of the Group's property was surrendered by the tenant to the Group.

On 16 August 2023, the College entered into a new facility agreement with South Gloucestershire and Stroud College Commercial Services Limited for £2,472k. This replaced the previous facility agreement of £2,222k due for repayment to the College in August 2023 and a short-term facility of £250k.

DISCLOSURE OF INFORMATION TO AUDITORS

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

Approved by order of the members of the Corporation on 29 September 2023 and signed on its behalf by:

Matt Atkinson
Chair of the Corporation

South Gloucestershire and Stroud College

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2021 to 31 July 2022 and up to the date of approval of the annual report and financial statements.

The College Group endeavours to conduct its business:

1. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
2. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code")
3. in full accordance with Association of Colleges' Senior Post Holder Remuneration Code.

In the opinion of the Corporation, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2022. This opinion is based on an internal review of compliance with the Code reported to the Corporation on 6 October 2022. The Corporation recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted on 17 September 2015.

The Corporation

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

Member's Name	Status of appointment	Date of appointment	Term of office	Date of resignation	Committees served	Meeting attendance in 2021/22
Kevin Hamblin	Group CEO & Executive Principal	Jan 12	Coterminous with his employment as Group CEO & Executive Principal		Search	85%
Phil Eames (Vice-Chair of the Corporation w.e.f. 1 August 23)	External Member	Oct 15 Oct 19	4 years 4 years		Audit (Vice Chair)	100%
Mike Croker	External Member	Mar 17 Mar 21	4 years 4 years		Audit (Chair)	83%

Member's Name	Status of appointment	Date of appointment	Term of office	Date of resignation	Committees served	Meeting attendance in 2021/22
Dave Merrett	External Member	Jan 18 Jan 22	4 years 4 years		Audit Remuneration (Chair)	93%
Sophie Chester-Glyn	External Member	Mar 18 Mar 22	4 years 4 years		Search (Vice-Chair) Remuneration	92%
David Hagg (Chair of the Corporation w.e.f. 1 Aug 20)	External Member	Oct 18 Oct 22	4 years 1 year	31 July 2023	Remuneration Search	100%
Ben Short	External Member	Dec 18	4 years		Audit	67%
Sophie Green (Vice-Chair of the Corporation w.e.f. 1 Aug 20)	External Member	Feb 19	4 years	11 April 2023	Search Remuneration	78% Maternity leave from March 2022, returning 1 December 2022
Carly Dyson	External Member	May 19	4 years	1 January 2022		100%
Matt Davis	Staff Member	Oct 19	4 years	10 May 2023		38%
Lynne Craig	External Member	Apr 20	4 years		Remuneration Search	91%
Louise Bright	External Member	Nov 20	4 years		Search Remuneration	87%
Rick Sturge	External Member	Nov 20	4 years	31 August 2023	Search	50%
Catherine Green	External Member	Mar 21	4 years	19 March 2023		88%
Gary Parsons	Staff Member	Aug 21	4 years			100%
Stephanie Brooks	Student Member	Aug 21	Until 31st July 2022			88%
Irene Molodtsov	External Member	Nov 21	4 years			100%
Sarah Cartlidge	Student Member	Dec 21	Until 31st July 2022			67%

Member's Name	Status of appointment	Date of appointment	Term of office	Date of resignation	Committees served	Meeting attendance in 2021/22
Douglas Blackstock	External Member	Jan 22	1st year term of office			80%
Khadija Nisar	Student Member	Aug 22	Until 31st July 2023			N/A
Paul Farrell	External Member	Mar 23	1st year term of office			N/A
Matt Atkinson (Chair of the Corporation w.e.f. 1 Aug 23)	External Member	Apr 23	1st year term of office			N/A
Yusuf Ibrahim	External Member	Aug 23	1st year term of office			N/A
Viridian Joseph	Student Member	Aug 23	Until 31st July 2024			N/A
Joe Griffin	Student Member	Aug 23	Until 31st July 2024			N/A

Mrs Laura Boutle, external Co-Opted Member, was Chair of the Search Committee.
Mrs Sally Flett, external Co-Opted Member, is a member of the Audit Committee.
Mrs Sharon Glover acted as Clerk to the Corporation and Company Secretary to the College's subsidiary company; South Gloucestershire and Stroud College Commercial Services Limited.

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

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation met eight times during the 2021/22 financial year.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Audit, Search and Remuneration. The Audit Committee meets four times per year, the Search Committee is convened as necessary but meets at least once per year, the Remuneration Committee meets at least once a year.

Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website (www.sgscol.ac.uk) or from the Clerk to the Corporation at the College's registered address.

The Clerk to the Corporation maintains a register of financial and personal interests of Members and external Co-Opted Members of the Corporation. The register is available for inspection at the College's registered address and is available on the College website.

All Corporation Members are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk to the Corporation, who is responsible to the

Corporation for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

Formal agendas, papers and reports are supplied to Corporation Members in a timely manner, prior to Corporation meetings. Briefings are also provided on a regular basis.

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

There is a clear division of responsibility in that the roles of the Chair of the Corporation and Group CEO & Executive Principal (Accounting Officer) are separate.

Appointments to the Corporation

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

External Members of the Corporation/external Co-Opted Members are initially appointed for a one-year term of office with a view to completing the full four-year term of office following recommendation from the Search Committee. An External member should not normally serve for more than two terms (or maximum of 8 years). However, the Corporation may reappoint an External member for further terms if there are special reasons. Staff Members are appointed following staff elections and Student Members are appointed following student elections.

Corporation performance

The Corporation conducts a rigorous annual self-assessment of its own performance, taking into account feedback from Corporation Members, Executive Team, Chair of the Corporation review and Committee Self-Assessments, and this forms the basis of the Governance Self-Assessment Report and governance action plan. The Corporation carried out a self-assessment of its own performance for the year ended 31 July 2022 and the Governance Self-Assessment report and action plan were presented at the 3 November 2022 Corporation meeting.

The Corporation is aware of the DfE guidance on board reviews and there are plans to consider an external review in the next academic year.

The Corporation is also responsible for ensuring that appropriate training is provided to members of the Corporation and the Clerk to the Corporation, as required. In this respect arrangements are made to ensure that each new Corporation/Co-Opted Member is afforded the opportunity to attend internal induction training and AoC new Governor training events. High quality training and development arrangements are also available both for individual members, the Clerk and for the Corporation as a whole so that collectively the Corporation and the Clerk have the necessary skills and understanding to fulfil their responsibilities under the Instrument and Articles of Government and to enable members to make an effective contribution to the work of the Corporation. There is an annual training and development plan agreed by the Corporation and training and development activities undertaken by Corporation Members and the Clerk are documented in the annual register of Training and Development.

There are two Safeguarding, SEN & Diversity, Equity, Inclusion and Belonging Governor Advocates and specific internal and external Safeguarding training has been provided. Audit Committee members receive nugget training from the Internal Audit Service before the start of each Audit Committee. Various AoC and Exchange trade fund events are fully supported and documented in the register of Training and Development. Some examples being attendance at; the annual AoC Governance Summit; AoC Principals and Chairs meetings and Exchange trade fund Chair's networking events. A focus of the Search Committee is the diversification of the Corporation and providing Equal Opportunities for All. In support of this, external Unconscious Bias training was provided. One of the Student Governors attended the Unloc Festival of Student Governors. External speakers have also been invited to present, one such topic being Sustainability and the AoC's climate action roadmap.

The Clerk to the Corporation also attends various external and AoC events i.e. Governance summit, Governance Professional summit and is an active member of the AoC South West's Governance Professionals networking group. The Clerk also attended an event exploring the complexities of College governance.

Search Committee

The Search Committee comprises an external Co-Opted Member as Chair and five members of the Corporation (Chair of the Corporation, Group CEO & Executive Principal and three other Corporation Members). The Committee is responsible for the selection and nomination of any new External Member for the Corporation's consideration in accordance with the Procedure for the appointment, reappointment, induction and training of Corporation Members. The Committee is also responsible for monitoring the diversity balance of the Corporation and recommending appointments to remedy any under-representation when appropriate. The Committee also has due regard to the College's obligations under all aspects of discrimination legislation. A strong focus of this Committee continues to develop ways in which to attract applications from the diverse communities served by the College in order to provide equal opportunities for all.

Remuneration Committee

Throughout the year ending 31 July 2022 the Remuneration Committee comprised five members of the Corporation. The Committee's responsibilities are to make recommendations to the Corporation on the remuneration and benefits of Senior Post Holders (one of which is the Accounting Officer) and the Clerk to the Corporation.

At its meeting the Corporation approved to adopt The Colleges' Senior Post Holder Remuneration Code. A requirement of this Code is the production of an annual report from the Remuneration Committee to the Corporation. The report for the period 2021/22 will be published alongside the Annual Report and Financial Statements.

Details of remuneration for the year ended 31 July 2022 are set out in note 8 to the financial statements.

Audit Committee

The Audit Committee consists of at least three and up to five external members of the Corporation and also includes the option to appoint one external Co-opted member. The Group CEO & Executive Principal, who is the Accounting Officer, and the Chair of the Corporation are not members of the Committee. The Committee operates in accordance with written terms of reference approved by the Corporation.

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

The College's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed audit plan and report their findings to management and the Audit Committee. The College's internal audit function provides assurance to management and the Audit Committee. Internal audit makes recommendations for improvement in key management processes. It particularly aims to ensure that key risks are being appropriately managed, including those in relation to the use of funds and value for money.

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

The Audit Committee also advises the Corporation on the appointment, reappointment, dismissal and remuneration of the financial statements and regularity auditors and other assurance providers, including internal auditors as well as reporting annually to the Corporation.

The Audit Committee met four times in the year to 31 July 2022 and all meetings were quorate. The members of the committee and their attendance records are shown below:

Mike Croker (Corporation Member and Chair of the Audit Committee) – 100% attendance
Phil Eames (Corporation Member and Vice-Chair of the Audit Committee) – 100% attendance
Dave Merrett (Corporation Member) – 100 % attendance
Ben Short (Corporation Member) – 50% attendance
Sally Flett (Co-Opted Member) – 100% attendance.

South Gloucestershire and Stroud College Commercial Services Limited

The Directors of the company are:

Name	**Position**	**Date of appointment**
Kevin Hamblin	Managing Director	30 September 2014
Martin Jones	Director	30 September 2014
Carly Dyson	Director & Chair with effect from 1 August 2020	1 August 2020
Dave Merrett	Director & Chair with effect from 1 January 2022	1 August 2020
Louise Bright	Director	3 December 2021
Ian Woolf	Director	1 March 2021
Jude Saunderson	Director	6 October 2022
Pete Barrett	Director & Deputy Managing Director	6 October 2022

INTERNAL CONTROL

Scope of responsibility

The Corporation is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Corporation has delegated the day-to-day responsibility to the Group CEO & Executive Principal, as Accounting Officer and the College Principal, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Funding Agreement between South Gloucestershire and Stroud College and the funding bodies. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in South Gloucestershire and Stroud College for the year ended 31 July 2022 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2022 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

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

South Gloucestershire and Stroud College has an internal audit service, which operates in accordance with the requirements of the ESFA's *Post 16 Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are approved by the Corporation on the recommendation of the Audit Committee.

At minimum, annually, the Head of Internal Audit (HIA) provides the Corporation with an annual report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Risks faced by the corporation

Risk management, and its outcomes is an embedded activity across the Group and provides an established and well-understood means through which the Corporation, Executive and extended leadership of the Group receive assurance that the key risks in the Group's wider and immediate operating environment are identified, mitigated and, where judged appropriate, tolerated.

The risk registers have been developed as a business tool to ensure management are implementing effective risk management and assurance arrangements and these are the basis for the opinion given by the Audit Committee.

The Risk Register identifies the key risks, impact and existing controls for each risk, existing score for impact and likelihood, and actions being taken to reduce and mitigate the risks with revised timescales and revised scores. The Risk Register links each risk to the organisation's Strategic Objectives.

Responsibilities under funding agreements

The College's system of internal controls and governance structures ensure regularity and propriety in the use of funds, including all public funds, via the following.

Processes:

a) The Corporation is responsible for maintaining a sound system of internal control that safeguards the public and other funds and assets for which it has responsibility;

b) The College maintains a set of Financial Regulations and Procedures, giving control over the totality of the College's resources and providing an appropriate financial regulatory framework which ensures that resources are used with due regard to propriety, regularity and value for money;

c) The College is required to adhere to key funder rules, in addition to the requirements of its own Financial Regulations and Procedures, and operates various controls to do this;

d) The Internal Audit Service makes recommendations for improvement in key management processes. It particularly aims to ensure that key risks are being appropriately managed, including those in relation to the use of funds and value for money.

Statement from the Audit Committee

The Audit Committee has advised the Corporation that the Corporation has an effective framework for governance and risk management in place. The Audit Committee believes the Corporation has effective internal controls in place.

The specific areas of work undertaken by the Audit Committee in 2021/22 and up to the date of the approval of the financial statements are included within the annual report from the Audit Committee.

The College's External Audit and Internal Audit providers both make recommendations for improvement in key management and internal control processes. Internal audit reviews include periodic reviews of the College's approach to delivering value for money. In addition to the annual assurance report received from Internal Audit, the Audit Committee and Governors receive benchmarking and sector specific reports from Internal and External Auditors to assist them in discharging their responsibility to monitor the College's performance in delivering value for money.

Review of effectiveness

As Accounting Officer, the Group CEO & Executive Principal has responsibility for reviewing the effectiveness of the system of internal control. His review of the effectiveness of the system of internal control is informed by:

- the work of the internal auditors
- the work of the Executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's financial statements auditors, the reporting accountant for regularity assurance, the appointed funding auditors (for colleges subject to funding audit) in their management letters and other reports.

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

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

The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Executive Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

At its December 2022 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2022 by considering documentation from the Executive Team and internal audit, and taking account of events since 31 July 2022.

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

Approved by order of the members of the Corporation on 29 September 2023 and signed on its behalf by:

Matt Atkinson	**Kevin Hamblin**
Chair of the Corporation	Accounting Officer

South Gloucestershire and Stroud College

Statement of Regularity, Propriety and Compliance

The Corporation has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the Corporation's grant funding agreement and contracts with ESFA. As part of our consideration we have had due regard to the requirements of the grant funding agreements and contracts with ESFA.

We confirm on behalf of the Corporation that after due enquiry, and to the best of our knowledge, we are able to identify any material irregular or improper use of funds by the corporation, or material non-compliance with the terms and conditions of funding, under the corporation's grant funding agreements and contracts with the ESFA, or any other public funder.

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

Matt Atkinson
Chair of the Corporation
29 September 2023

Kevin Hamblin
Accounting Officer
29 September 2023

South Gloucestershire and Stroud College

Statement of Responsibilities of the Members of the Corporation

The Corporation is responsible for preparing the Members' Report and the Corporation's Statement of Governance and Internal Control and the financial statements in accordance with the College's Financial Memorandum with the Education and Skills Funding Agency (ESFA) and applicable law and regulations.

They are required to prepare the group and parent College financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.* The terms and conditions of funding further require the financial statements to be prepared in accordance with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education, in accordance with the requirements of the Accounts Direction issued by the ESFA.

The Corporation is required to prepare financial statements which give a true and fair view of the state of affairs of the group and the parent College and of its income and expenditure, gains and losses and changes in reserves for that period. In preparing the group and parent College financial statements, the Corporation is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent College or to cease operations, or have no realistic alternative but to do so.

The Corporation is responsible for keeping adequate accounting records that are sufficient to show and explain the College's transactions and disclose with reasonable accuracy at any time the financial position of the College. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Corporation is also responsible for ensuring that:

- funds from whatever source administered by the Group or the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions attached to them;
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- securing the economical, efficient and effective management of the Group and parent College's resources and expenditure.

The Corporation is responsible for the maintenance and integrity of the corporate and financial information included on the College's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Corporation on 29 September 2023 and signed on its behalf by:

Matt Atkinson
Chair of the Corporation

South Gloucestershire and Stroud College

Independent Auditor’s Report on the Financial Statements

Opinion

We have audited the financial statements of South Gloucestershire and Stroud College (the ‘parent corporation’) and its subsidiary (the 'group') for the year ended 31 July 2022 which comprise the Consolidated and College Statement of Comprehensive Income, Consolidated and College Statements of Changes in Reserves, Balance Sheets and Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice: Accounting for Further and Higher Education (the ‘FE HE SORP’) and the College Accounts Direction for 2021 to 2022.

In our opinion, the financial statements:

- give a true and fair view of the state of the corporation’s and group’s affairs as at 31 July 2022 and of the corporation’s and group’s income and expenditure, gains and losses, changes in reserves and the group’s cash flows, 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 FE HE SORP, College Accounts Direction 2021 to 2022 and the Office for Students’ Accounts Direction.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the group 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.

Conclusion relating to going concern

In auditing the financial statements, we have concluded that the members’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent corporation’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 and Financial Statements, other than the financial statements and our auditor's report thereon. The members are responsible for the other information. 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 Post 16 Audit Code of Practice Issued by the Education and Skills Funding Agency ('ESFA') requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the group, or returns adequate for our audit have not been received from branches not visited by us; or
- the group 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.

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

In our opinion:

- funds from whatever source administered by the corporation for the specific purposes have been applied to those purposes and managed in accordance with relevant legislation; and
- funds provided by the Office for Students ('OfS') and Research England have been applied in accordance with the relevant terms and conditions and any other terms and conditions attached to them.

We have nothing to report in respect of the following matters in relation to which the Office for Students' Accounts Direction requires us to report to you if, in our opinion:

- the corporation's grant and fee income, as disclosed in the notes to the financial statements, has been materially misstated; or
- the corporation's expenditure on access and participation activities for the financial year has been materially misstated.

Responsibilities of the corporation

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 25, the corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the corporation determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the sector, control environment and the corporation's performance;
- results of our enquiries of management and the members, including the committees charged with governance over the corporation's finance and control, about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the corporation's documentation of their policies and procedures relating to: identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance; detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- how the corporation ensured it met its obligations arising from it being financed by and subject to the governance requirements of the ESFA and OfS, and as such material compliance with these obligations is required to ensure the corporation will continue to receive its public funding and be authorised to operate, including around ensuring there is no material unauthorised use of funds and expenditure;
- how the group and parent corporation ensured it met its obligations to its principal regulator, the Secretary of State for Education; and
- the matters discussed among the audit engagement team and involving relevant internal corporation specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. We also obtained an understanding of the legal and regulatory frameworks that the corporation operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the College Accounts Direction, the Office for Students' Accounts Direction, the FE HE SORP, the UK Companies Act and UK tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the corporation's ability to operate or to avoid a material penalty. These included safeguarding regulations, data protection regulations, occupational health and safety regulations, education and inspections legislation, and employment legislation.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- reviewing the financial statement disclosures and testing to supporting documentation to assess the recognition of revenue;
- enquiring of corporation's management and members concerning actual and potential litigation and claims;
- performing procedures to confirm material compliance with the requirements of the ESFA and OfS;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of the members and reviewing internal control reports; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; and assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

These procedures were considered at both the parent corporation and subsidiary level as appropriate.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations 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.

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

Use of our report

This report is made solely to the corporation, in accordance with Article 16 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the corporation those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the corporation, for our audit work, for this report, or for the opinions we have formed.

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
Bristol
Date:

South Gloucestershire and Stroud College

Reporting accountant's assurance report on regularity to the Corporation of South Gloucestershire and Stroud College ("the College") and Secretary of State for Education acting through Education and Skills Funding Agency (ESFA)

In accordance with the terms of our engagement letter dated 22 May 2022 and further to the requirements and conditions of funding in ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by South Gloucestershire and Stroud College during the period 1 August 2021 to 31 July 2022 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

Respective responsibilities of South Gloucestershire and Stroud College and the reporting accountant
The Corporation of South Gloucestershire and Stroud College is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed, and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2021 to 31 July 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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

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

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

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

The work undertaken to draw our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across the College's activities;
- Evaluation of the processes and controls in place to ensure regularity and propriety for the use of public funds, including the consideration of the College's self-assessment questionnaire (SAQ);
- Sample testing of income to ensure that funds have been applied for the purposes that they were awarded, focused on areas assessed as high risk;
- Confirming through enquiry and understanding the control environment that the College has policies and delegated authorities in respect of procurement; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referenced to our regularity report.

The list is not exhaustive, and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a limited assurance conclusion on regularity consistent with the requirements of the Code.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects, the expenditure disbursed and income received during the period 1 August 2021 to 31 July 2022 has not been applied to purposes intended by Parliament, and that the financial transactions do not conform to the authorities that govern them.

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
Bristol
Date:

South Gloucestershire and Stroud College

Consolidated and College Statements of Comprehensive Income and Expenditure

For the year ended 31 July 2022

	Notes	Year ended 31 July		Year ended 31 July	
		2022 Group	**2022 College**	**2021 Group**	**2021 College**
		£'000	**£'000**	**£'000**	**£'000**
INCOME					
Funding body grants	2	32,692	32,692	30,138	30,138
Tuition fees and education contracts	3	3,931	3,931	3,832	3,832
Other grants and contracts	4	611	611	195	195
Other income	5	2,525	1,894	2,525	1,694
Investment income	6	6	61	5	49
Donations and Endowments	7	28	28	-	-
Total income		**39,793**	**39,217**	**36,695**	**35,908**
EXPENDITURE					
Staff costs	8	27,680	27,680	25,507	25,507
Other operating expenses	9	11,696	11,269	10,656	10,095
Depreciation	12	2,268	2,268	1,848	1,848
Interest and other finance costs	10	837	837	812	812
Total expenditure		**42,481**	**42,054**	**38,823**	**38,262**
Deficit before other gains and losses		**(2,688)**	**(2,837)**	**(2,128)**	**(2,354)**
Gain/(loss) on investment properties		**(2,216)**	**(2,252)**	**88**	**-**
Deficit before tax		**(4,904)**	**(5,089)**	**(2,040)**	**(2,354)**
Taxation	11	(168)	-	-	-
Deficit for the year		**(5,072)**	**(5,089)**	**(2,040)**	**(2,354)**
Actuarial gain in respect of pensions schemes	25	25,463	25,463	2,462	2,462
Total Comprehensive Income for the year		**20,391**	**20,374**	**422**	**108**

All items of income and expenditure relate to continuing activities.

South Gloucestershire and Stroud College

Consolidated and College Statements of Changes in Reserves

For the year ended 31 July 2022

	Income and Expenditure account £'000	Revaluation reserve £'000	Total £'000
Group			
Balance at 1 August 2020	(15,099)	2,466	(12,633)
Deficit from the income and expenditure account	(2,040)	-	(2,040)
Other comprehensive income	2,462	-	2,462
Reclassifcation between revalution and income and expenditure reserves	(88)	88	-
Total Comprehensive Income for the year	334	88	422
Balance at 31 July 2021	**(14,765)**	**2,554**	**(12,211)**
Deficit from the income and expenditure account	(5,072)	-	(5,072)
Other comprehensive income	25,463	-	25,463
Reclassifcation between revalution and income and expenditure reserves	482	(482)	0
Total comprehensive income for the year	20,873	(482)	20,391
Balance at 31 July 2022	**6,108**	**2,072**	**8,180**
College			
Balance at 1 August 2020	(14,810)	2,303	(12,507)
Deficit from the income and expenditure account	(2,354)	-	(2,354)
Other comprehensive income	2,462	-	2,462
Total comprehensive income for the year	108	-	108
Balance at 31 July 2021	**(14,702)**	**2,303**	**(12,399)**
Deficit from the income and expenditure account	(5,089)	-	(5,089)
Other comprehensive income	25,463	-	25,463
Transfers between investment property and income and expenditure reserves	-		-
Reclassifcation between revalution and income and expenditure reserves	231	(231)	-
Total comprehensive income for the year	20,605	(231)	20,374
Balance at 31 July 2022	**5,903**	**2,072**	**7,975**

South Gloucestershire and Stroud College

Balance Sheets as at 31 July 2022

	Notes	Group	College	Group	College
		2022	**2022**	**2021**	**2021**
		£'000	**£'000**	**£'000**	**£'000**
Non current assets					
Tangible fixed assets	12	51,062	51,062	57,012	57,012
Investment Properties	13	6,426	3,589	3,491	690
Non current Investments	13	-	-	-	-
		57,488	**54,651**	**60,503**	**57,702**
Long Term Debtors					
Debtor falling due after more than one year	15	-	2,222	-	2,222
Current assets					
Stocks		52	52	48	48
Trade and other receivables	14	1,195	1,157	1,310	1,326
Investments		-	-	-	-
Cash and cash equivalents	20	7,625	7,379	7,372	7,262
		8,872	**8,588**	**8,730**	**8,636**
Creditors – amounts falling due within one year	16	(7,612)	(7,087)	(7,064)	(6,573)
Net current assets		**1,260**	**1,501**	**1,666**	**2,063**
Total assets less current liabilities		**58,748**	**58,374**	**62,169**	**61,987**
Creditors – amounts falling due after more than a year	17	(33,366)	(33,197)	(34,873)	(34,878)
Provisions					
Defined benefit obligations	19	(17,007)	(17,007)	(39,296)	(39,296)
Other provisions	19	(195)	(195)	(212)	(212)
Total net assets		**8,180**	**7,975**	**(12,212)**	**(12,399)**
Unrestricted reserves					
Income and expenditure account		6,108	5,903	(14,765)	(14,702)
Revaluation reserve		2,072	2,072	2,553	2,303
Total unrestricted reserves		**8,180**	**7,975**	**(12,212)**	**(12,399)**
Total reserves		**8,180**	**7,975**	**(12,212)**	**(12,399)**

The financial statements on pages 34-59 were approved and authorised for issue by the Corporation on 29 September 2023 and were signed on its behalf on that date by:

Matt Atkinson
Chair

Kevin Hamblin
Accounting Officer

South Gloucestershire and Stroud College

Consolidated Statement of Cash Flows

For the year ended 31 July 2022

	Notes	2022	2021
		£'000	£'000
Cash inflow from operating activities			
Deficit for the year		(5,072)	(2,040)
Adjustment for non cash items			
Depreciation		2,268	1,843
Increase in stocks		(4)	(3)
Decrease in debtors		116	1,601
Increase in creditors due within one year		290	74
Decrease in creditors due after one year		115	(170)
Decrease in provisions		(17)	25
Pensions costs less contributions payable		2,503	2,049
Adjustment for investing or financing activities			
Deferred capital grants released to income		(1,015)	(673)
(Gain)/ Loss on revaluation of non current investments		2,216	(88)
Investment income		(6)	(5)
Interest payable		837	812
Net cash flow from operating activities		**2,231**	**3,425**
Cash flows from investing activities			
Proceeds from sale of fixed asset investments		1	-
Investment income		6	5
Capital Grant income received		403	5,348
Payments made to acquire fixed assets		(1,469)	(6,104)
		(1,059)	(751)
Cash flows from financing activities			
Interest paid		(166)	(147)
Repayments of amounts borrowed		(753)	(753)
		(919)	(900)
Increase in cash and cash equivalents in the year		**253**	**1,774**
Cash and cash equivalents at beginning of the year	20	7,372	5,598
Cash and cash equivalents at end of the year	**20**	**7,625**	**7,372**

South Gloucestershire and Stroud College

Notes to the Financial Statements

For the year ended 31 July 2022

1 Statement of Accounting Policies

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

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2021 to 2022 and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of certain fixed assets).

Basis of consolidation

The consolidated financial statements include the College and its subsidiaries, South Gloucestershire and Stroud College Commercial Services Limited, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Under the purchase method of accounting, the results of subsidiary undertakings acquired or disposed of during the year are included in the Statements of Consolidated Income and Expenditure from or up to the date on which control of the undertaking passes. Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities. The results of SGS Academy Trust are not consolidated. All financial statements are made up to 31 July 2022.

Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Strategic Report. The financial position of the College, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying notes.

The financial statements have been prepared on a going concern basis which the Corporation considers to be appropriate for the following reasons.

The Corporation has prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements. After reviewing these forecasts, the Corporation is of the opinion that, the College will have sufficient funds to meet its liabilities as they fall due over the period of at least 12 months from the date of approval of the financial statements (the going concern assessment period).

The College has £6.9m of loans outstanding with bankers at 31 July 2022. The loans are secured by a fixed charge over College assets. The terms of the existing loan agreements vary between 13 months and 12 years remaining. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

Consequently, the Corporation is confident that the College will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Recognition of income

Government revenue grants are released to the Statement of Comprehensive Income in line with best estimates for the period of what is receivable and depend on the particular income stream involved, under the accrual model as permitted by FRS 102. Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the Statements of Comprehensive Income and Expenditure. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any audits. 16-18 learner- responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

The recurrent grant from Office for Students and Research English represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income.

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

Grants (including research grants) from non-government sources are recognised in income when the college is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Capital Grant Funding

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

Non-recurrent grants from the Education and Skills Funding Agency or other bodies received in respect of the acquisition of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Fee Income

Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the period for which it is received and includes all fees payable by students or their sponsors.

Investment Income

All income from short-term deposits is credited to the Statements of Comprehensive Income and Expenditure in the period in which it is earned on a receivable basis.

Agency Arrangements

The College acts as an agent in the collection and payment of certain discretionary support funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the college where the college is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Students are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Accounting for Post-Employment Benefits

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

Teachers' Pension Scheme (TPS)

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method.

The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

Avon Pension Fund Local Government Pension Scheme (LGPS)

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred.

Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

Actuarial gains and losses are recognised immediately in actuarial gains and losses.

Short term Employment benefits

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

Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the College annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the College's income in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

Tangible fixed assets

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

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Investment Properties

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

Land and buildings

Freehold land is not depreciated as it is considered to have an infinite useful life. Freehold buildings are depreciated on a straight-line basis over their expected useful economic life to the College of up to 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of up to 50 years.

On adoption of FRS102, the College followed the transitional provision to revalue its land at 1 August 2014 but not to adopt a policy of revaluation of this land in the future.

Assets under construction

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July 2022. They are not depreciated until they are brought into use.

Subsequent expenditure on existing fixed assets

Equipment

Equipment costing less than £1,000 per individual item or less than £1,000 as part of a group of assets is written off to the Statements of Comprehensive Income and Expenditure account in the period of acquisition. All other equipment is capitalised at cost.

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

- Computer equipment – 3-5 years
- All other equipment – 5 years.

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

Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statements of Comprehensive Income and Expenditure. Any lease premiums or incentives relating to leases signed after 1st August 2014 are spread over the minimum lease term.

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

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

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

Investments in subsidiaries

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

Stocks

Stocks are valued at the lower of their cost and net realisable value, being selling prices less costs to sell. Cost is based on a first in first out basis and net realisable value is based on estimated sales price. Where necessary, provision is made for obsolete, slow-moving and defective items.

Cash and cash equivalents

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

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

Financial liabilities and equity

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

All loans, investments and short-term deposits held by the Group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the college has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College is partially exempt in respect of Value Added Tax, so that it can only recover part of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

Deferred Tax

The College's subsidiary company is subject to corporation tax and VAT in the same way as any commercial organisation. Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Provisions and contingent liabilities

Provisions are recognised when:

- the College has a present legal or constructive obligation as a result of a past event
- it is probable that a transfer of economic benefit will be required to settle the obligation, and
- a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises.

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

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

Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

Other key sources of estimation uncertainty

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

- *Investment Property* - Investment property is held at valuation. Valuation is carried out by suitably qualified professionals but by its nature valuation of property includes a variety of assumptions that affect the valuation arrived at. Further details are provided at note 13.

- *Local Government Pension Scheme* - The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Funding council grants

	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Recurrent grants				
Education and Skills Funding Agency (ESFA) - adult	1,482	1,482	1,431	1,431
Education and Skills Funding Agency (ESFA) - 16 -18	21,318	21,318	20,003	20,003
Education and Skills Funding Agency (ESFA) - apprenticeships	3,126	3,126	2,244	2,244
West of England Combined Authority (WECA) - adult	2,350	2,350	2,258	2,258
Office for Students (OfS)	156	156	155	155
Specific Grants				
Teachers Pension Scheme contribution grant	622	622	716	716
Releases of government capital grants	1,015	1,015	673	673
Local Education Authority (LEA) High Needs ALS	2,149	2,149	2,045	2,045
Specific grants – Coronavirus additional funding				
ESFA	474	474	583	583
Office for Students (OfS)	0	0	30	30
Total	**32,692**	**32,692**	**30,138**	**30,138**

The corporation has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received for 16-19 small group tuition funding covered costs of at least £412k, the funding for Covid testing income covered costs of at least £18k, the funding for Covid-19 skills offer: high value courses for school & college leavers income covered costs of £0k, the funding for Covid-19 skills offer: national skills fund level 3 offer for 24 yrs old & over covered costs of at least £0k in the year ending 31 July 2022.

Grant and fee income

	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Grant income from the Office for Students	156	156	155	155
Grant income from other bodies	32,536	32,536	29,983	29,983
Fee income for taught awards (exclusive of VAT)	2,636	2,636	2,548	2,548
Fee income from non-qualifying courses (exclusive of VAT)	1,146	1,146	1,161	1,161
Total grant and fee income	**36,474**	**36,474**	**33,847**	**33,847**

3 Tuition fees and education contracts

	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Adult education fees	699	699	612	612
Fees for FE loan supported courses	447	447	549	549
Fees for HE loan supported courses	2,636	2,636	2,548	2,548
Total tuition fees	**3,782**	**3,782**	**3,709**	**3,709**
Education contracts	149	149	123	123
Total	**3,931**	**3,931**	**3,832**	**3,832**

4 Other grants and contracts

	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
European Commission	22	22	41	41
Other Grant income	589	589	154	154
Total	**611**	**611**	**195**	**195**

5 Other income

	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other income generating activities	2,195	1,459	2,086	1,154
Miscellaneous income	330	435	439	540
Total	**2,525**	**1,894**	**2,525**	**1,694**

6 Investment income

	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other interest receivable	6	61	5	49
	6	**61**	**5**	**49**

7 Donations - College only

	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Unrestricted donations	28	28	-	-
Total	**28**	**28**	**-**	**-**

8 Staff costs - Group and College

The average number of persons including key management personnel employed by the College during the year, calculated on a monthly basis and on a 'Headcount' basis, was:

	Group	College	Group	College
	2022	2022	2021	2021
	No.	No.	No.	No.
Teaching staff	441	441	440	440
Non teaching staff	481	478	459	456
Total	**922**	**919**	**899**	**896**

Staff costs for the above persons	**2022**	**2022**	**2021**	**2021**
	£'000	£'000	£'000	£'000
Wages and salaries	19,523	19,523	18,289	18,289
Social security costs	1,713	1,713	1,542	1,542
Other pension costs	6,408	6,408	5,656	5,656
Payroll sub total	**27,644**	**27,644**	**25,487**	**25,487**
Fundamental restructuring costs -				
contractual	36	36 *	20	20
non contractual	-	-	-	-
Total staff costs	**27,680**	**27,680**	**25,507**	**25,507**

* One member of staff received a severence payment of £30.6k

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Group Executive Team which comprises the Group CEO and Executive Principal, College Principal and Deputy CEO, Group Chief Financial Officer, Chief Group Services Officer and Vice Principal Performance, Standards and Effectiveness.

The Corporation adopted the AoC's Senior Staff Remuneration Code in March 2019 and developed a Senior Post Holder Remuneration Policy. Pay for Senior Post Holders are assessed in line with the Codes principles and in accordance with the Senior Post Holder Remuneration Policy and with reference to sector benchmarking data. The Group CEO & Executive Principal, College Principal and other members of the Executive Team are paid fair and appropriate remuneration and reflect their level of responsibility, skills and experience.

The Chair and Vice Chair of the Corporation conducts an annual review of the performance and contribution of the Group CEO & Executive Principal and the review is conducted against the expectations set out in personal objectives that align with the College's Strategy and annual priorities. The Chair and Vice Chair of the Corporation also meet with the Group CEO & Executive Principal in the summer term to review progress and set objectives for the following year. The annual objectives for the Group CEO & Executive Principal and College Principal are considered by the Remuneration Committee and recommended to Corporation for approval. The outcome of the annual review is reported to the Remuneration Committee, who also review the performance of the College Principal. The Remuneration Committee then report through to Corporation.

The Group CEO & Executive Principal, College Principal and the Executive Team have performed extremely well during 2021/22, meeting the College's objectives and ensuring good financial health and financial management, as well as maintaining quality teaching and learning provision, excellent support for learners and ensuring positive positioning of the College locally, regionally and nationally.

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

	Group and College	
	2022	**2021**
	No.	**No.**
The number of key management personnel including the Accounting Officer was:	**5**	**5**

The number of key management personnel and other staff who received annual emoluments (Including part time workers grossed up to full time equivalent and staff on maternity, paternity or sickness leave at their usual rate of pay), excluding pension contributions and employer's national insurance but including benefits in kind, in the following ranges was:

	Group and College key management personnel		**Group and College other staff**	
	2022	**2021**	**2022**	**2021**
	No.	**No.**	**No.**	**No.**
£60,001 to £65,000	-	-	2	3
£65,001 to £70,000	-	-	2	-
£80,001 to £85,000	-	1	-	-
£85,001 to £90,000	3	2	-	-
£135,001 to £140,000	1	-	-	-
£145,001 to £150,000	-	1	-	-
£175,001 to £180,000	1	1	-	-
	5	**5**	**4**	**3**

Key management personnel compensation is made up as follows:

	Group and College	
	2022	**2021**
	£'000	**£'000**
Salaries	573	580
Employers National Insurance	75	74
Benefits in kind	1	-
	649	**654**
Pension contributions	70	77
Total emoluments	**719**	**731**

There were no amounts due to key management personnel that were waived in the year, there were deductions of £764 for one key management personnel member and a deduction of £12 for another, under salary sacrifice arrangements.

The above compensation includes amounts payable to the Accounting Officer (who is also the highest paid officer) of:

	Group and College	
	2022	**2021**
	£'000	**£'000**
Salaries	178	176
Benefits in kind	-	-
	178	176
Pension contributions	0 *	10
Total	**178**	**186**

	Group and College	
	2022	**2021**
Relationship of Principal/Chief Executive pay and remuneration expressed as a multiple	6.7	6.7
Median Basic Salary (£k per annum)	27	26
Relationship of Principal/Chief Executive pay and remuneration expressed as a multiple	5.8 *	6.0
Median Total Salary (£k per annum)	31	31

* The College ceased paying pension contributions from October 2020.

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

9 Other operating expenses

	Year ended 31 July		Year ended 31 July	
	2022	**2022**	**2021**	**2021**
	Group	**College**	**Group**	**College**
	£'000	**£'000**	**£'000**	**£'000**
Teaching costs	3,821	3,821	3,595	3,595
Non teaching costs	3,908	3,957	3,526	3,396
Premises costs	3,967	3,491	3,535	3,104
Total	**11,696**	**11,269**	**10,656**	**10,095**

Other operating expenses include:	**2022**	**2021**
	£'000	**£'000**
Auditors' remuneration:		
Financial statements audit*	44	51
Internal audit**	37	28
Other services provided by the financial statements auditors***	3	8
Hire of assets under operating leases	421	329

* includes £35k in respect of the College (2020/21 £37k)
** includes £37k in respect of the College (2020/21 £28k)
*** includes £0k in respect of the College (2020/21 £8k)

9A Access and participation expenditure

Access and participation expenditure	Year ended 31 July 2022 £'000	Year ended 31 July 2022 £'000 of which staff costs	Year ended 31 July 2021 £'000	Year ended 31 July 2021 £'000 of which staff costs
1. Access Investment	192	134	190	154
2. Financial support for students	65	-	89	-
3. Research and evaluation	117	117	111	111
Total excluding support for disabled students	**374**	**251**	**390**	**265**
4. Support for disabled students	96	83	109	102
Total including support for disabled students	**470**	**334**	**499**	**367**

Assumptions for preparation

To calculate staff costs, a % of FTE has been identified for work carried out by specific members of staff. These % have been applied to total 21-22 pay costs for the specific staff members. These staff costs are already included in the overall staff costs included in the financial statements and note 8. The College's access and participation plan can be accessed here:

https://www.sgscol.ac.uk/repository/documents/policies_and_procedures/2022/sgs_access_and_participation_plan_2020_2025_min.pdf

10 Interest & other finance costs - Group and College

	2022 £'000	2021 £'000
On bank loans, overdrafts and other loans:	164	147
	164	147
Enhanced Pension Interest payment	2	2
Net interest on defined pension liability (note 25)	671	663
Total	**837**	**812**

11 Taxation - Group only

	2022 £'000	2021 £'000
United Kingdom corporation tax at 19 percent	-	-
Provision for deferred corporation tax in the accounts of the subsidiary company	168	-
Total	**168**	**-**

12 Tangible fixed assets (Group)

	Land and buildings Freehold	Land and buildings Long leasehold	Equipment	Assets in the Course of Construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2021	44,677	26,713	7,255	1,866	80,511
					-
Additions	-	-	95	1,374	1,469
Transfer to investment property	(5,819)				(5,819)
Transfers		625	2,110	(2,735)	-
Disposals	-	-	(17)	-	(17)
At 31 July 2022	**38,858**	**27,338**	**9,443**	**505**	**76,144**
Depreciation					
At 1 August 2021	12,164	5,404	5,931	-	23,499
Charge for the year	845	532	891	-	2,268
Elimination in respect of transfer to investment property	(668)	-		-	(668)
Disposals			(17)		(17)
At 31 July 2022	**12,341**	**5,936**	**6,805**	**-**	**25,082**
Net book value at 31 July 2022	**26,517**	**21,402**	**2,638**	**505**	**51,062**
Net book value at 31 July 2021	**32,513**	**21,309**	**1,324**	**1,866**	**57,012**

Tangible fixed assets (College only)

	Land and buildings Freehold	Land and buildings Long leasehold	Equipment	Assets in the Course of Construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2021	44,677	26,713	7,255	1,866	80,511
Additions	-		95	1,374	1,469
Transfer to investment property	(5,819)				(5,819)
Transfers		625	2,110	(2,735)	-
Disposals	-		(17)	-	(17)
At 31 July 2022	**38,858**	**27,338**	**9,443**	**505**	**76,144**
Depreciation					
At 1 August 2021	12,164	5,404	5,931	-	23,499
Charge for the year	845	532	891	-	2,268
Elimination in respect of transfer to investment property	(668)				(668)
Disposals		-	(17)	-	(17)
At 31 July 2022	**12,341**	**5,936**	**6,805**	**-**	**25,082**
Net book value at 31 July 2022	**26,517**	**21,402**	**2,638**	**505**	**51,062**
Net book value at 31 July 2021	**32,513**	**21,309**	**1,324**	**1,866**	**57,012**

The Filton Avenue campus was valued for the purpose of the financial statements at depreciated replacement cost by King Sturge, a firm of independent chartered surveyors as at February 1993, in accordance with the RICS Statement of Asset Valuation Practice and Guidance notes. All other land and buildings were valued at market value for existing use except for additions post 1 April 1993 which are included at cost. Other tangible fixed assets Corporation on a depreciated replacement cost basis with the assistance of independent professional advice. Land and buildings with a net book values totalling £24.5m (2021: £27.4m) have been partly financed through the receipt of capital grants from exchequer funds. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum, to surrender the proceeds.

13 Non-current investments

Investment property

	Group	College
	£'000	**£'000**
At valuation		
At 1 August 2021	3,491	690
Reclassification from fixed assets	5,151	5,151
Gain / (loss) on revaluation	(2,216)	(2,252)
At 31 July 2022	**6,426**	**3,589**

FRS 102 requires fair value movements on investment property to be recorded through profit or loss, whereas previously these have been recognised directly through reserves.
The investment property fair value is based on a valuation by Montagu Evans, Chartered Surveyors, at the balance sheet date 31 July 2022.

During the year, the College vacated the John Huggett Engineering Hall and leased part of the building to a tenant. The change in use of the building has resulted in a reclassification from fixed assets to investment properties and a requirement to value at current market value. As at 31 July 2022, £4,425k of grant funding, which was used to refurbish the property, remains on the balance sheet and will continue to be amortised over 50 years, in line with our depreciation policy for land and buildings.

Other investments

	College 2022	College 2021
	£	**£**
Investments in subsidiary companies	1	1
Total	**1**	**1**

The College owns 100 per cent of the issued ordinary £1 shares of South Gloucestershire and Stroud College Commercial Services Limited, a company incorporated in England and Wales. The principal business activity of South Gloucestershire and Stroud College Commercial Services Limited is property development and leasing.

14 Trade and other receivables

	Group 2022	College 2022	Group 2021	College 2021
	£'000	**£'000**	**£'000**	**£'000**
Amounts falling due within one year:				
Trade receivables	726	489	761	280
Amounts owed by group undertakings:				
Subsidiary undertakings	-	340	-	431
Prepayments and accrued income	469	328	549	615
Total	**1,195**	**1,157**	**1,310**	**1,326**

15 Debtors falling due after more than one year

	Group 2022	College 2022	Group 2021	College 2021
	£'000	**£'000**	**£'000**	**£'000**
Amounts owed by group undertakings:				
Subsidiary undertakings	**-**	**2,222**	**-**	**2,222**

The College has loaned its subsidiary South Gloucestershire and Stroud College Commercial Services Limited £2.5m under a facility agreement. The loan is repayable in equal quarterly instalments over the period of the loan (repayable in full in August 2023), commencing in November 2017. Interest is charged at 1.83% above Bank of England Base Rate. The College has approved a four-year loan repayment holiday starting 1 August 2019.

16 Creditors: amounts falling due within one

	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Bank loans and overdrafts	753	753	753	753
Trade payables	568	520	421	387
Amounts owed to group undertakings:				
Subsidiary undertakings	-	-	-	-
Other taxation and social security	473	448	492	443
Accruals and deferred income	3,649	3,197	3,607	3,199
Deferred income - government capital grants	1,053	1,053	795	795
Deferred income - government revenue grants	1,116	1,116	996	996
Total	**7,612**	**7,087**	**7,064**	**6,573**

17 Creditors: amounts falling due after one year

	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Bank loans	6,146	6,146	6,899	6,899
Deferred income - government capital grants	27,050	27,050	27,918	27,923
Other long term creditors	170	1	56	56
Total	**33,366**	**33,197**	**34,873**	**34,878**

18 Maturity of debt - Group and College

Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Year ended 31 July 2022 £'000	2021 £'000
In one year or less	753	753
Between one and two years	3,253	753
Between two and five years	1,592	4,314
In five years or more	1,301	1,832
Total	**6,899**	**7,652**

Included within loans are three facilities with Lloyds Bank plc. The first bank loan of £8.3 million is for a period of 20 years and is repayable by instalments falling due between October 2013 and July 2029. The second loan of £1 million is for a period of 25 years and is repayable by instalments falling due between October 2013 and June 2034. The 3rd loan of £4 million is for a period of 6 years repayable by instalments falling due between November 2017 and August 2023.
The first and second loans are secured by a negative pledge.

19 Defined obligations & other provisions (Group and College)

	Defined benefit obligations £'000	Enhanced pensions £'000	Other Provisions £'000	Total £'000
As at 1 August 2021	39,296	110	102	39,508
Expenditure in the period	3,174	(16)	(1)	3,157
Transferred from income and expenditure account	(25,463)	-	-	(25,463)
As at 31 July 2022	**17,007**	**94**	**101**	**17,202**

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in Note 24.

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

The principal assumptions for these calculations are:

	Enhanced Pensions Provision - TPS	
	2022	**2021**
Price inflation	2.90%	2.60%
Interest rate	3.30%	1.60%

20 Cash and cash equivalents

	As at 1 August 2021	**Cash flows**	**Other changes**	**As at 31 July 2022**
	£'000	**£'000**	**£'000**	**£'000**
Cash and cash equivalents	7,372	253	-	7,625
Total	**7,372**	**253**	**-**	**7,625**

21 Capital commitments

	Group and College	
	2022	**2021**
	£'000	**£'000**
Commitments contracted for at 31 July	**383**	**101**

The capital commitment at 31st July 2022 relates to the new 3G3 Pitch at the WISE campus.
The capital commitment at 31st July 2021 related to the construction of The Gatehouse building at the WISE campus.

22 Lease Obligations

At 31 July the College had minimum lease payments under non-cancellable operating leases as follows:

	Group and College	
	2022	**2021**
	£'000	**£'000**
Future minimum lease payments due		
Land and buildings		
Not later than one year	326	145
Later than one year and not later than five years	580	63
	906	**208**
Other		
Not later than one year	164	105
Later than one year and not later than five years	132	160
	296	265
Total lease payments due	**1,202**	**473**

23 Contingent liabilities

There are no contingent liabilities at 31st July 2022 (2021: £nil)

24 Events after the reporting period

On 16 November 2022 the College paid the remaining £2.9m principal on the £4.0m loan facility. This loan facility was due to be repaid in full on 24 August 2023.

On 29 November 2022, the ONS announced the reclassification of Colleges in England to public sector bodies. This also includes subsidiary companies and comes into effect retrospectively from 1 April 1993.

On 30 June 2023, a long lease in relation to part of the Group's property was surrendered by the tenant to the Group.

On 16 August 2023, the College entered into a new facility agreement with South Gloucestershire and Stroud College Commercial Services Limited for £2,472k. This replaced the previous facility agreement of £2,222k due for repayment to the College in August 2023 and a short term facility of £250k.

25 Defined benefit obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2016 and of the LGPS 31 March 2019.

Total pension cost for the year		**2022**		**2021**
		£'000		**£'000**
Teachers Pension Scheme: contributions paid		2,018		1,938
Local Government Pension Scheme:				
Contributions paid	1,875		1,653	
FRS 102 (28) charge	2,503		2,049	
Charge to the Statement of Comprehensive Income		4,378		3,702
Enhanced pension charge to Statement of Comprehensive Income		1		10
Total Pension Cost for Year		**6,397**		**5,650**

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers’ Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a ’pay as you go ‘basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers’ Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/9). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2021-22 academic year.

A copy of the latest valuation report can be found by following this link to the Teachers’ Pension Scheme website.

Scheme Changes

The arrangements for a reformed Teachers’ Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government’s application for permission to appeal the Court of Appeal’s ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers’ Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

Department for Education
Bishopsgate House, DARLINGTON DL1 5QE TPS financial note – August 2019

The pension costs paid to TPS in the year amounted to £2,499,965 (2021: £2,624,099).

FRS 102 (28)

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The College has set out above the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Bath and North East Somerset Local Authority. The total contribution made for the year ended 31 July 2022 was £2,470,000, of which employer’s contributions totalled £1,875,000 and employees’ contributions totalled £595,000. Within the employer's contributions is a deficit recovery repayment totalling £327,553 for 2021/22. The agreed contribution rates from April 2022 is 16.7% (including an administration levy of 0.08%) and range from 5.5% to 9.9% cent for employees, depending on salary and inclusion in the 50/50 section of the scheme. Under the funding policy, the Group has agreed to make deficit recovery repayments to the fund; the annual value is £336,000 from April 2022. A total recovery period up until March 2031 is expected.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2022 by a qualified independent actuary.

	At 31 July 2022	At 31 July 2021
Rate of increase in salaries	4.20%	4.10%
Future pensions increases	2.80%	2.70%
Discount rate for scheme liabilities	3.50%	1.60%
Inflation assumption (CPI)	2.70%	2.60%

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

	At 31 July 2022 years	At 31 July 2021 years
Retiring today		
Males	23.10	23.30
Females	25.30	25.40
Retiring in 20 years		
Males	24.60	24.80
Females	27.30	27.40

The College's share of the assets in the plan and the expected rates of return were:

		Fair Value at 31 July 2022 £'000		Fair Value at 31 July 2021 £'000
Equities	41.3%	22,325	42.7%	22,049
Government bonds	9.9%	5,351	9.7%	5,009
Other bonds	7.3%	3,946	8.1%	4,183
Property	7.3%	3,946	6.3%	3,253
Cash	0.3%	162	1.8%	929
Other	33.9%	18,324	31.4%	16,214
Total market value of assets		**54,054**		**51,637**
Actual return on plan assets		**1,187**		**6,758**

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

	2022 £'000	2021 £'000
Fair value of plan assets	54,054	51,637
Present value of plan liabilities	(71,061)	(90,933)
Net pensions liability (Note 19)	**(17,007)**	**(39,296)**

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

	2022 £'000	2021 £'000
Amounts included in staff costs		
Current service cost	4,378	3,702
Past service cost	-	-
Total	**4,378**	**3,702**

Amounts included in interest payable

		2022	2021
Net interest payable		671	663
		671	**663**

Amounts recognised in Other Comprehensive Income	**2022**	**2021**
	£'000	**£'000**
Return on pension plan assets	(351)	(6,046)
Experience losses arising on defined benefit obligations	5,865	(1,712)
Changes in assumptions underlying the present value of plan liabilities	(30,977)	5,296
Amount recognised in Other Comprehensive Income	**(25,463)**	**(2,462)**

Movement in net defined benefit liability during the year		**2022**	**2021**
		£'000	**£'000**
Deficit in scheme at 1 August		(39,296)	(39,046)
Movement in year:			
	Current service cost	(4,378)	(3,702)
	Employer contributions	1,875	1,653
	Past service cost	-	-
	Net interest on the defined	(671)	(663)
	Actuarial gain or loss	25,463	2,462
Net defined benefit liability at 31 July		**(17,007)**	**(39,296)**

Asset and Liability Reconciliation	**2022**	**2021**
	£'000	**£'000**
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	90,933	83,060
Current Service cost	4,378	3,702
Interest cost	1,450	1,323
Contributions by Scheme participants	595	537
Experience gains and losses on defined benefit obligations	5,865	(1,712)
Changes in financial assumptions	(30,355)	5,296
Changes in demographic assumptions	(622)	-
Estimated benefits paid	(1,183)	(1,273)
Past Service cost	-	-
Curtailments and settlements	-	-
Defined benefit obligations at end of period	**71,061**	**90,933**
Reconciliation of Assets		
Fair value of plan assets at start of period	51,637	44,014
Interest on plan assets	836	712
Remeasurements (assets)	351	6,046
Employer contributions	1,875	1,653
Contributions by Scheme participants	595	537
Estimated benefits paid	(1,183)	(1,273)
Administration expenses	(57)	(52)
Fair value of plan assets at end of period	**54,054**	**51,637**

26 Related party transactions

Due to the nature of the College's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

The total expenses paid to or on behalf of the Governors during the year was £541.60 ; 5 governors (2021: £225; 1 governor). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity. No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2021: none).

During the year the College received income of £177,911 (2020/21: £158,376) from the South Gloucestershire and Stroud Academy Trust. The 2021/22 figure includes Service Level Agreement related income, £137,214, income on the sale of equipment £1,000 and salary recharge in relation to a short term secondment £10,776.

During the year the College received income of £112,970 from South Gloucestershire and Stroud College Commercial Services Limited. The 2021/22 figure includes salary recharges £102,936 and insurance costs £10,034.

During the year the College paid £140,141 to South Gloucestershire and Stroud College Commercial Services Limited under the Service Level Agreement in relation to the service charges for 2 buildings, an office and a storage facility.

During the year the College paid £363 (2020/21: £nil) to Jayne & James Designs, a company owned by 2 College employees in relation to website licensing.

27 Amounts disbursed as agent

Learner support funds

	2022	2021
	£'000	£'000
Balance carried forward	339	269
Funding body grants – ESFA hardship support	388	437
Other Funding body grants	-	-
Interest earned	-	-
	727	706
Disbursed to students	(386)	(349)
Administration costs	(14)	(18)
Balance unspent as at 31 July included in creditors	327	339

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