South Gloucestershire and Stroud College
Annual Report and Financial Statements
Year ended 31 July 2023




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.

Clerk to the Corporation
Mrs S Glover acted as Clerk to the Corporation throughout the period.

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 2023.

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 21.

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:

- Strategic Priority 1: Our Students: to be recognised as an outstanding College by enhancing the quality of the experience we provide for all learners
- Strategic Priority 2: Our Staff: to ensure we invest and develop our staff to support our Plan
- Strategic Priority 3: Our Stakeholders and Communities: to be visionary and innovative in providing educational opportunities by anticipating and meeting demand through our responsive partnerships with stakeholders
- Strategic Priority 4: Our Finance and Resources: to provide a sustainable 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, the Bristol School of Animal Management and Conservation at Bristol

Zoological Gardens also in Clifton and The Wild Place in South Gloucestershire, and the Horizon campus near the Filton Avenue campus.

During 2022/23 the Group employed on average 970 people, of whom 485 are teaching staff.

The Group has £26.7m (2022: £25.2m) of net assets, excluding a £4.0m (2022: £17.0m) pension liability. As at 31 July 2023, the Group has bank debt of £3.4m (2022: £6.9m). One of three loans was repaid in full during the year, £2.9m was repaid in November 2022.

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 in the balance sheet 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 ESFA's 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.

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.

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

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 3,760 16-18 year olds, 3,592 adults, 344 HE learners and 1,070 apprentices plus 7 international students. The College also has over 400 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 surplus before other gains and losses of £428k (2021/22: deficit of £2,688k) and total comprehensive income of £14,547k (2021/22: £20,391k). These financial results include adjustments to the valuation of the Local Government Pension Scheme as detailed in note 27 to the accounts. These are based on the full valuation as at 31 March 2022 rolled forward using assumptions as required by FRS102.

Excluding a long lease surrender gain on revaluation, FRS102 LGPS adjustments, the adjustment for the revaluation of investment properties and the deferred tax charge, the Group generated an underlying surplus of £629k (2020/21: £486k).

	2022/23 £'000	**2021/22 £'000**
Underlying surplus	**629**	**486**
Long lease surrender of C11 at Berkeley – gain on revaluation	1,066	-
Surplus before FRS102 and other gains and losses and tax	**1,695**	**486**
FRS102 LGPS adjustments to I&E	(1,267)	(3,174)
Surplus / (Deficit) before other gains and losses	**428**	**(2,688)**
FRS102 LGPS actuarial gain	14,294	25,463
Unrealised (loss)/gain on revaluation of investment properties	94	(2,216)
Deferred tax charge	(269)	(168)
Total comprehensive income	**14,547**	**20,391**

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 (2021/22: £nil) has been made for the year ending 31 July 2023.

Cash flows and liquidity

The Group had a net cash inflow from operating activities of £2,282k (2021/22: £2,231k). 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 outflow of £1,311k, of which £725k was deposited on a short-term investment, 95-day notice account (2021/22: £253k inflow).

Within the 2022:2024 Financial Plan, the College had originally forecast cash balances of £3.6m at 31 July 2023; a better than budgeted operational performance as well as the receipt of significant capital grants not within the original plan, resulted in a cash balance of £6.3m (and £0.7m on short-term deposit).

The ESFA allocated 3 capital grants during 2022/23:

1. FE Additional Capital Allocation. This was awarded for £311k and was fully spent during the year.

2. FE Reclassification Capital Allocation which was awarded following the re-designation of FE Colleges as public sector organisations. The funding is required to be spent on capital projects with priority to invest in measures to improve the condition of the estate.

3. FE Capital Transformation Fund. a further tranche of the capital funding received previously to be spent on capital projects that reduce the proportion of the College estate that is in unsatisfactory condition, prioritising projects that address the worst condition across the estate.

The College repaid the remaining £2.9m of its £4m loan facility on 16 November 2022. Cash balances are forecast to be £4.4m in March 2024, the lowest cash balance during 2023/24.

Developments

The College Corporation has asked the subsidiary company, South Gloucestershire and Stroud College Commercial Services Limited, to explore a disposal of property assets at the Berkeley site, in order that proceeds can be utilised elsewhere in the College for estate development. A process of inviting expressions of interest started in summer 2023 with a target of securing a disposal by July 2024.

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. Following an initial fit-out and commencement of delivery in January 2023, a capital grant was awarded by WECA for £1.16m which funded works and equipment to facilitate completion of the project and prepare the centre for expansion and growth into modern construction methods and prepare students, and their employers for an increasingly technical and digitally based workplace.

The College concluded its Skills Development Fund project for Gloucestershire, where it was the lead partner working alongside Cirencester, Hartpury and Gloucestershire Colleges in order to deliver £2.8m of revenue and capital across the county focussed on Digitalisation and Decarbonisation. In addition, the College has commenced work on a 24-month grant utilising Gloucestershire's Strategic Economic Development Fund in order to further develop a low carbon training facility at the Berkeley Campus. The College is currently engaged with the West of England Institute of Technology on their latest Local Skills Improvement Plan bid plus are once again the lead partner for Gloucestershire on a Local Skills Improvement Plan on behalf of the colleges in the region.

The College has now launched a new SGS Create facility, which is a 'school within a college' concept and supporting 14-16 year olds, with social, emotional and mental health issues, who have struggled within mainstream education. Developed in the former library space at the SGS Stroud Campus, over 80 year 10s have successfully enrolled at this new facility within the 2023/24 academic year.

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

Reserves

The Group has cash and short-term investment balances of £6,314k (2021/22: £7,625k). The Group wishes to continue to accumulate reserves and cash balances in order to create a contingency fund and to finance further estates development.

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 £24,635k (2021/22: £23,115k). 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	**2023 £'000**	**2022 £'000**
I&E reserve (excluding pension reserve)	24,635	23,115
Pension reserve	(3,980)	(17,007)
I&E reserve (including pension reserve)	**20,655**	**6,108**
Revaluation reserve	2,072	2,072
Total accumulated reserves	**22,727**	**8,180**

Sources of income

The Group has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2022/23, the Education Skills & Funding Agency (ESFA) provided 67% of the Group's total income (2021/22: 68%).

Financial plan

The Corporation approved the financial plan in July 2023 which set objectives for the period to July 2025.

The plan was developed with consideration to the following key difficulties:

- An increase of only 1% in the 16-18 allocation, despite growth in learner numbers for 2023/24;
- Growth in High Needs numbers;
- An inability to accommodate increasing learner numbers on the Filton campus;
- Further growth of T Level delivery in 2023/24;
- Difficulties in recruiting and retaining staff, and ensuring pay parity internally and externally;
- Estates and the high infrastructure and running costs of aging campuses;
- Delivering Digital and Sustainability Plans and the drive for 'carbon neutrality';
- The inability to secure commercial financing following the reclassification into the public sector;
- Lack of government funded capital funding;
- Significant increases in energy costs and uncertainty on future costs;
- High inflation and rising interest rates;
- Significant costs and liabilities associated with public sector pension schemes;
- Increasing costs from awarding bodies;

The Financial Plan for the Group for 2022/23 was a budgeted surplus before FRS102 adjustments of £195k, with the eventual outturn being an underlying surplus of £629k. Surplus budgets are set for 2023/24 of £583k and 2024/25 of £590k.

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 2023, the Group had borrowing with Lloyds Bank PLC of £3.4m, detailed in note 21.

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 2022 to 31 July 2023, the College paid 92% of its invoices within 30 days (2021/22: 92%). 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	2022/23 Target	2022/23 Actual	2021/22 Actual
Pay to total income (excl. restructuring)	<69.0%	66.8%	67.4%
Adjusted current ratio	>1.00:1.00	1.09:1.00	1.52:1.00
Operating surplus/EBITDA as a % of income	>4.0%	4.1%	5.0%
Financial Health Grade	**Good**	**Good**	**Good**
Bank Covenants:			
Borrowing costs as a % of total consolidated income	<7.0%	3.6%	2.3%
I&E Reserves Before Pension Deficit	>£10.0m	£26.7m	£25.2m
I&E Reserves >30% total consolidated income	>30.0%	61.2%	64.9%
Net Cash Inflow from Operating Activities > 110% of aggregate of Total Borrowing Costs for the period	>110%	61%*	243%*
A positive cashflow must be maintained in 2 out of 3 consecutive years	Surplus	Surplus	Surplus

* Repayment of £2.9m outstanding loan principal increases current year loan payments. However, repayment of loan funded by reserves, not current year operational cashflow. The bank has confirmed that no penalty will be made for repaying debt early.

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 three times a year 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. The College has opened a short-term facility for apprentices on the A38 – SGS Horizon, and is preparing an estates strategy to reconfigure the Filton campus.

- Risk of poor staff retention due to high inflation and inadequate funding rate increases, resulting in an inability to offer pay awards in line with inflation. During the year the College has implemented a teacher's progression scheme and has committed to and implemented being a Real Living Wage employer. Since the year-end the College has agreed a consolidated pay award from 1 August 2023 and also implemented a revised corporate staff pay scale and committed to implementing a corporate staff progression scheme.

Going Concern

In July 2023 the Governors carefully considered the Colleges' updated budget plans for the coming two 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 1, 2 and 4:
    - Strategic Priority 1: Our Students: to be recognised as an outstanding College by enhancing the quality of the experience we provide for all learners
    - Strategic Priority 2: Our Staff: to ensure we invest and develop our staff to support our Plan
    - Strategic Priority 4: Our Finance and Resources: to provide a sustainable educational and training 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 on at least a bi-monthly basis to review the forecast and ensure that any key risk areas are considered and fully provided against. Apprenticeship recruitment remains a challenge, mainly impacted by the College's inability to recruit staff in construction areas in order to respond to demand. HE recruitment is on target, which is promising and bucks the trend against many other HE providers in FE. Adult recruitment will remain challenging, especially re: ESFA allocation and hitting the free course for jobs allocation.

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 £3.4m of loans outstanding with bankers at 31 July 2023. The loans are secured by a fixed charge over College assets. The terms of the existing loan agreements vary between 6 and 11 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

During the 2022-23 academic year, the College's performance continued to improve and in May 2023 curriculum areas educational outcomes are now back to pre-pandemic levels. Once again it is difficult to benchmark performance, but in many areas including provision for Adults, provision for learners with high needs, Access to Higher Education and in English for speakers of other languages, learners performed significantly better than in the previous year. Performance in nationally set and externally verified examinations was good and performance was high in Maths and English GCSE, vocational and A levels. Functional skills qualifications, which are a stepping stone towards GCSEs, also improved significantly, although some 16-18-year-old leaners did not perform as well as they 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.

In the National Student Survey for Higher Education students, the College performed very well. Satisfaction rates for Academic Support now place the College in the top 5 percent of institutions nationally and the College was ranked top, among colleges in the West of England, for Organisation and Management, and Student Voice. The National Student Survey also confirmed that the College's degrees are engaging and intellectually stimulating, demonstrating our commitment to providing enriching, thought-provoking and employer focussed learning experiences.

Throughout the 2022-23 academic year, the College continued to invest in and improve the quality wrap around skills and support that learners are provided with including enrichment, skills acquisition and tutorials. The College also embraced the national focus on ensuring that post-16 technical education and training is more responsive and closely aligned to local labour market needs, by developing even closer links with employers and by drawing upon these links to inform and improve the curriculum content of our programmes.

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 group 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 2022 to March 2023, as reported to government in July 2023.

	Number of employees	**Full time equivalent**
Trade union officials in 2022/23	5	5

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

Total cost of facility time	£25,369
Total pay bill	£26,394k
Percentage of total bill spent on facility time	0.10%
Time spent on paid trade union activities as a percentage of total paid facility time	8.7%

EVENTS AFTER THE REPORTING PERIOD

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 30 November 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 2022 to 31 July 2023 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 2023. This opinion is based on an internal review of compliance with the Code reported to the Corporation on 6 October 2023. 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 AoC has subsequently launched a revised Further Education Code of Good Governance which was adopted by the Corporation at its meeting on 5 October 2023.

The Group’s policies, procedures and approval processes were updated to ensure compliance with the new requirements following reclassification with effect from 29 November 2022. The Group has established systems and processes to identify and handle any transactions for which DfE approval is now required. This has been done through updated Financial Procedures as well as updated Financial Regulations. Prior to these updates the Group Chief Financial Officer briefed all Governors and all other key officials on the DfE approval requirements.

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 2022/23
Kevin Hamblin	Group CEO & Executive Principal	Jan 12	Coterminous with his employment as Group CEO & Executive Principal		Search	100%

Member's Name	Status of appointment	Date of appointment	Term of office	Date of resignation	Committees served	Meeting attendance in 2022/23
Phil Eames (Vice-Chair of the Corporation w.e.f. 1 Aug 23)	External Member	Oct 15 Oct 19 Oct 23	4 years 4 years 2 years		Audit (Vice Chair)	100%
Mike Croker	External Member	Mar 17 Mar 21	4 years 4 years		Audit (Chair)	92%
Dave Merrett	External Member	Jan 18 Jan 22	4 years 4 years		Audit Remuneration (Chair)	77%
Sophie Chester-Glyn (interim Vice-Chair of the Corporation from 28 Apr 22 until 31 Jul 23)	External Member	Mar 18 Mar 22	4 years 4 years		Search (Vice-Chair) Remuneration	86%
David Hagg (Chair of the Corporation w.e.f. 1 Aug 20 until 31 Jul 23)	External Member	Oct 18 Oct 22	4 years 1 year	31 July 2023	Remuneration Search	86%
Ben Short	External Member	Dec 18	4 years		Audit	50%
Sophie Green (Vice-Chair of the Corporation w.e.f. 1 Aug 20 until 11 Apr 23)	External Member	Feb 19	4 years	11 April 2023	Search Remuneration	33% Maternity leave from March 2022, returning 1 December 2022
Matt Davis	Staff Member	Oct 19	4 years	10 May 2023		33%
Lynne Craig	External Member	Apr 20	4 years		Remuneration Search Learning & Quality (Chair)	100%
Louise Bright	External Member	Nov 20	4 years		Search Remuneration	80%

Member's Name	Status of appointment	Date of appointment	Term of office	Date of resignation	Committees served	Meeting attendance in 2022/23
Rick Sturge	External Member	Nov 20	4 years	31 August 2023	Search	36%
Catherine Green	External Member	Mar 21	4 years	19 March 2023		50%
Gary Parsons	Staff Member	Aug 21	4 years			100%
Irene Molodtsov	External Member	Nov 21	4 years		Audit	80%
Douglas Blackstock	External Member	Jan 22	4 years		Learning & Quality	89%
Khadija Nisar	Student Member	Aug 22	Until 31st July 2023			25%
Lili Riley	Student Member	Aug 22	Until 31st July 2023	22 September 2023		N/A
Paul Farrell	External Member	Mar 23	1st year term of office		Learning & Quality	80%
Matt Atkinson (Chair of the Corporation w.e.f. 1 Aug 23)	External Member	Apr 23	1st year term of office		Remuneration Search Learning & Quality	100%
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
Andres Garcia-Knight	Staff Member	Oct 23	4 years			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 2022/23 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, Remuneration and Learning & Quality. 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. During 2022/23 the Corporation established a Learning & Quality Committee who met once. Their meeting frequency from 2023/24 is three times per 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 including Training and Development

The Corporation conducts a rigorous annual self-assessment of its own performance, considering feedback from Corporation Members, Executive Team, Chair of the Corporation performance 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 2023 and the Governance Self-Assessment report and action plan were presented at the 5 October 2023 Corporation meeting.

The Corporation completed its first External Board Review in 2023 by Governance 4FE and the report was presented at the 6 July 2023 Corporation meeting. An action plan has been developed alongside the usual governance action plan. The full External Board Review report and action plan have been published in the governance section of the College website.

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 and Diversity, Equity, Inclusion and Belonging Link Governors and specific internal and external Safeguarding training has been provided. There is also a Link Governor for Special Educational Needs and Disability, Health and Safety and Careers and Employability. Audit Committee members receive nugget training from the Internal Audit Service before the start of each Audit Committee meeting. Various AoC and ETC events are fully supported and documented in the register of Training and Development. There has also been the introduction of strategic presentations at the start of Corporation meetings and College staff are invited to present to the Corporation on various topics.

The Clerk to the Corporation also attends various external and AoC events and is an active member of the AoC South West's Governance Professionals networking group.

Search Committee

The Search Committee comprises an external Co-Opted Member as Chair and four members of the Corporation (Chair of the Corporation, Group CEO & Executive Principal and two 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

The Remuneration Committee comprised six 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.

The Corporation has adopted 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 2022/23 will be published alongside the Annual Report and Financial Statements.

Details of remuneration for the year ended 31 July 2023 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 up to two external Co-opted members. 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 internal auditors make recommendations for improvement in key management processes. They particularly aim 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 2023 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) – 50 % attendance
Ben Short (Corporation Member) – 50% attendance (left 30 November 2022)
Irene Molodtsov (Corporation Member) - 50% attendance
Sally Flett (Co-Opted Member) – 50% attendance.
Yusuf Ibraham (Corporation Member) was appointed at 5th October 2023 Corporation meeting to join this Committee.

Learning & Quality Committee

The Learning & Quality Committee comprises of four members of the Corporation. In addition, external co-opted members may be appointed. This Committee meets three times a year and operates in accordance with its Terms of Reference, which has been approved by the Corporation.

The main purposes of the Committee are to:

- Monitor progress against the College's strategic aim of achieving outstanding teaching, learning and assessment and quality standards;
- Review the Skills Strategy Higher Education Strategy, Quality Strategy and College Self-Assessment Report ahead of their presentation to Corporation for approval;
- Gain assurance that the curriculum responds to and meets the needs of learners, employers and other key stakeholders at local, regional and national levels;
- Monitor the continuous improvement of the learner experience and to hold the College Executive to account for the academic standards, quality of teaching, behaviour and attendance across the College.

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 Murdoch-Dyson	Director	1 August 2020
Dave Merrett	Director & Chair	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 in the grant funding agreements and contracts between South Gloucestershire and Stroud College and the funding bodies. The Group CEO & Executive Principal/College Principal are also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in South Gloucestershire and Stroud College for the year ended 31 July 2023 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 2023 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 and contracts

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 2022/23 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 reports from Internal Audit and sector-specific reports from 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 November 2023 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2023 by considering documentation from the Executive Team and internal audit, and taking account of events since 31 July 2023.

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 30 November 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

As Accounting Officer, I confirm that the Corporation has had due regard to the framework of authorities governing regularity, priority and compliance, and the requirements of grant funding agreements and contracts with ESFA, and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with those authorities and terms and conditions of funding.

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

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

Kevin Hamblin
Accounting Officer
30 November 2023

Statement of the Chair of the Corporation

On behalf of the Corporation, I confirm that the Accounting Officer has discussed their statement of regularity, propriety and compliance with the Corporation and that I am content that it is materially accurate.

Matt Atkinson

Chair of the Corporation
30 November 2023

South Gloucestershire and Stroud College

Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the Corporation's grant funding agreements and contracts with ESFA, the OfS, WECA and another other funding bodies, the Corporation is required to prepare financial statements which give a true and fair view of the financial performance and position of the Corporation for the relevant period.

Corporations must also prepare a strategic report which includes an operating and financial review for the year. The bases for the preparation of the financial statements and strategic report are the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction and the UK's Generally Accepted Accounting Practice. In preparing the financial statements, the Corporation is required to:

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

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

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

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, and any other public funds, are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions, that may be prescribed from time to time by ESFA, or any other public funder, including that any transactions entered into by the Corporation are within the delegated authorities set out in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides. Members of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly.

In addition, members of the Corporation are responsible for securing economic, efficient and effective management of the Corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 30 November 2023 and signed on its behalf

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 2023 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 2022 to 2023.

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 2023 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 2022 to 2023 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 26, the Corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation 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;
- review of outcome of any reviews completed by the ESFA; 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

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
Bristol

Date: 18 December 2023

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 2022 to 31 July 2023 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 2022 to 31 July 2023 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.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity 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 2022 to 31 July 2023 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

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
Bristol
Date: 18 December 2023

South Gloucestershire and Stroud College

Consolidated and College Statements of Comprehensive Income and Expenditure

For the year ended 31 July 2023

	Notes	Year ended 31 July		Year ended 31 July	
		2023	2023	2022	2022
		Group	College	Group	College
		£'000	£'000	£'000	£'000
INCOME					
Funding body grants	2	36,581	36,581	32,692	32,692
Tuition fees and education contracts	3	3,674	3,674	3,931	3,931
Other grants and contracts	4	966	966	611	611
Other income	5	2,397	1,847	2,525	1,894
Investment income	6	84	215	6	61
Donations and Endowments	7	1,144	19	28	28
Total income		**44,846**	**43,302**	**39,793**	**39,217**
EXPENDITURE					
Staff costs	8	28,659	28,659	27,680	27,680
Other operating expenses	9	12,654	12,148	11,696	11,269
Depreciation	14	2,245	2,241	2,268	2,268
Interest and other finance costs	12	860	860	837	837
Total expenditure		**44,418**	**43,908**	**42,481**	**42,054**
Surplus/(Deficit) before other gains and losses		**428**	**(606)**	**(2,688)**	**(2,837)**
Gain/(loss) on investment properties		**94**	**-**	**(2,216)**	**(2,252)**
Surplus/(Deficit) before tax		**522**	**(606)**	**(4,904)**	**(5,089)**
Taxation	13	(269)	-	(168)	-
Surplus/(Deficit) for the year		**253**	**(606)**	**(5,072)**	**(5,089)**
Unrealised gain / (loss) on revaluation of assets		-	-	-	-
Actuarial gain in respect of pensions schemes	27	14,294	14,294	25,463	25,463
Total Comprehensive Income for the year		**14,547**	**13,688**	**20,391**	**20,374**

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 2023

	Income and Expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
Group			
Balance at 1 August 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
Reclassification between revaluation 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**
Surplus from the income and expenditure account	253	-	253
Other comprehensive income	14,294	-	14,294
Total comprehensive income for the year	14,547	-	14,547
Balance at 31 July 2023	**20,655**	**2,072**	**22,727**
College			
Balance at 1 August 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
Reclassification between revaluation 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**
Deficit from the income and expenditure account	(606)	-	(606)
Other comprehensive income	14,294	-	14,294
Total comprehensive income for the year	13,688	-	13,688
Balance at 31 July 2023	**19,591**	**2,072**	**21,663**

South Gloucestershire and Stroud College

Balance Sheets as at 31 July 2023

	Notes	Group	College	Group	College
		2023	2023	2022	2022
		£'000	£'000	£'000	£'000
Non current assets					
Tangible fixed assets	14	51,676	51,616	51,062	51,062
Investment Properties	15	7,586	3,589	6,426	3,589
Non current Investments	15	-	-	-	-
		59,262	**55,205**	**57,488**	**54,651**
Long Term Debtors					
Debtor falling due after more than one year	18	-	-	-	2,222
Current assets					
Stocks		74	74	52	52
Trade and other receivables	16	1,454	3,824	1,195	1,157
Investments	17	725	725	-	-
Cash and cash equivalents	23	6,314	6,056	7,625	7,379
		8,567	**10,679**	**8,872**	**8,588**
Creditors – amounts falling due within one year	19	(9,963)	(9,521)	(7,612)	(7,087)
Net current assets		**(1,396)**	**1,158**	**1,260**	**1,501**
Total assets less current liabilities		**57,866**	**56,363**	**58,748**	**58,374**
Creditors – amounts falling due after more than a year	20	(30,883)	(30,444)	(33,366)	(33,197)
Provisions					
Defined benefit obligations	22	(3,980)	(3,980)	(17,007)	(17,007)
Other provisions	22	(276)	(276)	(195)	(195)
Total net assets		**22,727**	**21,663**	**8,180**	**7,975**
Unrestricted reserves					
Income and expenditure account		20,655	19,591	6,108	5,903
Revaluation reserve		2,072	2,072	2,072	2,072
Total unrestricted reserves		**22,727**	**21,663**	**8,180**	**7,975**
Total reserves		**22,727**	**21,663**	**8,180**	**7,975**

The financial statements on pages 35-59 were approved and authorised for issue by the Corporation on 30 November 2023 and were signed on its behalf on that date by:

Matt Atkinson

Chair of the Corporation

Kevin Hamblin

Accounting Officer

South Gloucestershire and Stroud College

Consolidated Statement of Cash Flows

For the year ended 31 July 2023

	Notes	2023	2022
		£'000	£'000
Cash inflow from operating activities			
Surplus/(Deficit) for the year		253	(5,072)
Adjustment for non cash items			
Depreciation		2,245	2,268
Increase in stocks		(22)	(4)
(Increase)/Decrease in debtors		(259)	116
Increase in creditors due within one year		680	290
Increase in creditors due after one year		281	115
Increase/(Decrease) in provisions		81	(17)
Pensions costs less contributions payable		644	2,503
Adjustment for investing or financing activities			
Deferred capital grants released to income		(1,237)	(1,015)
(Gain)/ Loss on revaluation of non current investments		(1,160)	2,216
Investment income		(84)	(6)
Interest payable		860	837
Net cash flow from operating activities		**2,282**	**2,231**
Cash flows from investing activities			
Proceeds from sale of fixed asset investments		-	1
Investment income		84	6
New deposits		(725)	-
Capital Grant income received		3,619	403
Payments made to acquire fixed assets		(2,859)	(1,469)
		119	(1,059)
Cash flows from financing activities			
Interest paid		(237)	(166)
Repayments of amounts borrowed		(3,475)	(753)
		(3,712)	(919)
Increase in cash and cash equivalents in the year		**(1,311)**	**253**
Cash and cash equivalents at beginning of the year	23	7,625	7,372
Cash and cash equivalents at end of the year	**23**	**6,314**	**7,625**

South Gloucestershire and Stroud College

Notes to the Financial Statements
For the year ended 31 July 2023

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 2022 to 2023 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 2023.

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 £3.4m of loans outstanding with bankers at 31 July 2023. The loans are secured by a fixed charge over College assets. The terms of the existing loan agreements vary between 6 and 11 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 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 2023. 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.

Investments with a maturity of more than 3 months, but less than 12 months are disclosed within investments within the Balance Sheet.

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 15.

- *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 27, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 July 2023. 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 body grants

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Recurrent grants				
Education and Skills Funding Agency (ESFA) - adult	1,532	1,532	1,482	1,482
Education and Skills Funding Agency (ESFA) - 16 -18	24,135	24,135	21,318	21,318
Education and Skills Funding Agency (ESFA) - apprenticeships	3,080	3,080	3,126	3,126
West of England Combined Authority (WECA) - adult	2,171	2,171	2,350	2,350
Office for Students (OfS)	186	186	156	156
Specific Grants				
Teachers Pension Scheme contribution grant	761	761	622	622
Releases of government capital grants	1,237	1,237	1,015	1,015
Local Education Authority (LEA) High Needs ALS	3,040	3,040	2,149	2,149
Specific grants – Coronavirus additional funding				
ESFA	439	439	474	474
Office for Students (OfS)	-	-	-	-
Total	**36,581**	**36,581**	**32,692**	**32,692**

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 £395k, the funding for Covid-19 skills offer: national skills fund level 3 offer for 24 yrs old & over covered costs of at least £44k in the year ending 31 July 2023.

Grant and fee income

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Grant income from the Office for Students	186	186	156	156
Grant income from other bodies	36,395	36,395	32,536	32,536
Fee income for taught awards (exclusive of VAT)	2,555	2,555	2,636	2,636
Fee income from non-qualifying courses (exclusive of VAT)	996	996	1,146	1,146
Total grant and fee income	**40,132**	**40,132**	**36,474**	**36,474**

3 Tuition fees and education contracts

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Adult education fees	592	592	699	699
Fees for FE loan supported courses	404	404	447	447
Fees for HE loan supported courses	2,555	2,555	2,636	2,636
Total tuition fees	**3,551**	**3,551**	**3,782**	**3,782**
Education contracts	123	123	149	149
Total	**3,674**	**3,674**	**3,931**	**3,931**

4 Other grants and contracts

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
European Commission	17	17	22	22
Other Grant income	949	949	589	589
Total	**966**	**966**	**611**	**611**

5 Other income

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other income generating activities	1,962	1,258	2,195	1,459
Miscellaneous income	435	589	330	435
Total	**2,397**	**1,847**	**2,525**	**1,894**

6 Investment income

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other interest receivable	84	215	6	61
	84	**215**	**6**	**61**

7 Donations - Group and College

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Unrestricted donations	1,144	19	28	28
Total	**1,144**	**19**	**28**	**28**

On 30 June 2023, a long lease in relation to part of the Group's property was surrendered by the tenant to the Group, a gain in value of £1,066k.

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
	2023	2023	2022	2022
	No.	No.	No.	No.
Teaching staff	485	485	441	441
Non teaching staff	485	482	481	478
Total	**970**	**967**	**922**	**919**

Staff costs for the above persons	**2023**	**2023**	**2022**	**2022**
	£'000	£'000	£'000	£'000
Wages and salaries	21,690	21,690	19,523	19,523
Social security costs	1,921	1,921	1,713	1,713
Other pension costs	5,040	5,040	6,408	6,408
Payroll sub total	**28,651**	**28,651**	**27,644**	**27,644**
Fundamental restructuring costs -				
contractual	-	-	36	36
non contractual	8	8	-	-
Total staff costs	**28,659**	**28,659**	**27,680**	**27,680**

Included in staff restructuring costs are severance payments totalling £7,993 (2022: £36,025). Individually, the payments were £6,023 and £1,970.

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 Deputy Principal.

The Corporation adopted the AoC's Senior Staff Remuneration Code in 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 conversation, including objectives, for the Group CEO & Executive Principal and College Principal are reported to, and considered by, the Remuneration Committee who then recommended the objectives to the Corporation for approval.

In the view of the Corporation, the Group CEO & Executive Principal, College Principal and the Executive Team have performed extremely well during 2022/23, 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	
	2023	**2022**
	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**	
	2023	**2022**	**2023**	**2022**
	No.	**No.**	**No.**	**No.**
£60,001 to £65,000	-	-	-	2
£65,001 to £70,000	-	-	3	2
£70,001 to £75,000	-	-	2	-
£85,001 to £90,000	-	3	-	-
£90,001 to £95,000	3	-	-	-
£135,001 to £140,000	-	1	-	-
£140,001 to £145,000	1	-	-	-
£175,001 to £180,000	-	1	-	-
£180,001 to £185,000	1	-	-	-
	5	**5**	**5**	**4**

Key management personnel compensation is made up as follows:	**Group and College**	
	2023	**2022**
	£'000	**£'000**
Salaries	597	573
Employers National Insurance	78	75
Benefits in kind	-	1
	675	**649**
Pension contributions	77	70
Total emoluments	**752**	**719**

There were no amounts due to key management personnel that were waived in the year, there was a deduction of £12 for one key management personnel, 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**	
	2023	**2022**
	£'000	**£'000**
Salaries	181	178
Benefits in kind	-	-
	181	178
Pension contributions	-	-
Total	**181**	**178**

	Group and College	
	2023	**2022**
Relationship of Principal/Chief Executive pay and remuneration expressed as a multiple	6.4	6.7
Median Basic Salary (£k per annum)	28	27
Relationship of Principal/Chief Executive pay and remuneration expressed as a multiple	5.3	5.8
Median Total Salary (£k per annum)	34	31

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	
	2023	**2023**	**2022**	**2022**
	Group	**College**	**Group**	**College**
	£'000	**£'000**	**£'000**	**£'000**
Teaching costs	4,107	4,107	3,821	3,821
Non teaching costs	4,182	4,151	3,908	3,957
Premises costs	4,365	3,890	3,967	3,491
Total	**12,654**	**12,148**	**11,696**	**11,269**

Other operating expenses include:	**2023**	**2022**
	£'000	**£'000**
Auditors' remuneration:		
Financial statements audit*	43	37
Internal audit**	36	37
Other services provided by the financial statements auditors***	12	3
Other services provided by the internal auditors	25	-
Hire of assets under operating leases	458	421

* includes £35k in respect of the College (2021/22 £30k)
** includes £36k in respect of the College (2021/22 £37k)
*** includes £9k in respect of the College (2021/22 £0k)

10 Access and participation expenditure

	Year ended 31 July 2023		Year ended 31 July 2022	
Access and participation expenditure	**£'000**	**£'000 of which staff costs**	**£'000**	**£'000 of which staff costs**
1. Access Investment	194	114	192	134
2. Financial support for students	100	-	65	-
3. Research and evaluation	129	129	117	117
Total excluding support for disabled students	**423**	**243**	**374**	**251**
4. Support for disabled students	113	98	96	83
Total including support for disabled students	**536**	**341**	**470**	**334**

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 22/23 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 at the following link:

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

11 Write offs, losses, guarantees, letters of comfort, compensation payments

The Group wrote off debts totalling £48,115 during the year, no transactions were of the value £5,000 or more. No other losses were incurred.

A Letter of Support has been provided from the College to South Gloucestershire and Stroud College Commercial Services Limited, providing assurance that the College will support the 100% owned subsidiary, whilst it remains a 100% owned subsidiary, for a period of 12 months from the signing of the 2022/23 accounts.

12 Interest and other finance costs - Group and College

	2023	**2022**
	£'000	**£'000**
On bank loans, overdrafts and other loans:	235	164
	235	164
Enhanced Pension Interest payment	2	2
Net interest on defined pension liability (note 27)	623	671
Total	**860**	**837**

13 Taxation - Group only

	2023	**2022**
	£'000	**£'000**
United Kingdom corporation tax at 19 percent (25% if taxable profit are over £250k)	-	-
Provision for deferred corporation tax in the accounts of the subsidiary company	269	168
Total	**269**	**168**

14 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 2022	38,858	27,338	9,443	505	76,144
Additions	-	35	85	2,739	2,859
Transfer to investment property	-	-	-	-	-
Transfer	-	1,342	1,659	(3,001)	-
Disposals	-	-	(127)	-	(127)
At 31 July 2023	**38,858**	**28,715**	**11,060**	**243**	**78,876**
Depreciation					
At 1 August 2022	12,341	5,936	6,805	-	25,082
Charge for the year	729	602	914	-	2,245
Elimination in respect of disposals	-	-	(127)	-	(127)
At 31 July 2023	**13,070**	**6,538**	**7,592**	**-**	**27,200**
Net book value at 31 July 2023	**25,788**	**22,177**	**3,468**	**243**	**51,676**
Net book value at 31 July 2022	26,517	21,402	2,638	505	51,062

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 2022	38,858	27,338	9,443	505	76,144
Additions	-	35	21	2,739	2,795
Transfer	-	1,342	1,659	(3,001)	-
Disposals	-	-	(127)	-	(127)
At 31 July 2023	**38,858**	**28,715**	**10,996**	**243**	**78,812**
Depreciation					
At 1 August 2022	12,341	5,936	6,805	-	25,082
Charge for the year	729	604	908	-	2,241
Elimination in respect of disposals	-	-	(127)	-	(127)
At 31 July 2023	**13,070**	**6,540**	**7,586**	**-**	**27,196**
Net book value at 31 July 2023	**25,788**	**22,175**	**3,410**	**243**	**51,616**
Net book value at 31 July 2022	**26,517**	**21,402**	**2,638**	**505**	**51,062**

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 (2022: £24.5m) 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.

15 Non-current investments

Investment property

	Group	College
	£'000	£'000
At valuation		
At 1 August 2022	6,426	3,589
Reclassification from fixed assets	-	-
Additions	-	-
Disposals	-	-
Gain on lease surrender	1,066	
Gain on revaluation	94	-
At 31 July 2023	**7,586**	**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 at the balance sheet date 31 July 2023.
On 30 June 2023, a long lease in relation to part of the Group's property was surrendered by the tenant to the Group, valued at £1,067k.

Other investments

	College	College
	2023	2022
	£	£
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.

16 Trade and other receivables

	Group	College	Group	College
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade receivables	592	279	726	489
Amounts owed by group undertakings:				
Subsidiary undertakings	-	2,695	-	340
Prepayments and accrued income	862	850	469	328
Total	**1,454**	**3,824**	**1,195**	**1,157**

The College loaned its subsidiary South Gloucestershire and Stroud College Commercial Services Limited £2.5m under a facility agreement. The loan was refinanced in full in August 2023. Interest was charged at 1.83% above Bank of England Base Rate.

17 Current Investments

	Group	College	Group	College
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Short-term deposits	725	725	-	-
Total	**725**	**725**	**-**	**-**

Deposits are held with banks and building societies licensed by the Financial Conduct Authority with more than three months maturity at the balance sheet date (95 days).

18 Debtors falling due after more than one year

	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
Amounts owed by group undertakings:				
Subsidiary undertakings	**-**	**-**	**-**	**2,222**

The College loaned its subsidiary South Gloucestershire and Stroud College Commercial Services Limited £2.5m under a facility agreement. The loan was refinanced in full in August 2023, therefore reporting as current assets in 2023, see Note 16.

19 Creditors: amounts falling due within one year

	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
Bank loans and overdrafts	531	531	753	753
Trade payables	506	543	568	520
Amounts owed to group undertakings:				
Subsidiary undertakings	-	-	-	-
Other taxation and social security	615	536	473	448
Accruals and deferred income	5,380	4,980	3,649	3,197
Deferred income - government capital grants	1,364	1,364	1,053	1,053
Deferred income - government revenue grants	986	986	1,116	1,116
Amounts owed to the ESFA	581	581	-	-
Total	**9,963**	**9,521**	**7,612**	**7,087**

20 Creditors: amounts falling due after one year

	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
Bank loans	2,893	2,893	6,146	6,146
Deferred income - government capital grants	27,539	27,539	27,050	27,050
Other long term creditors	451	12	170	1
Total	**30,883**	**30,444**	**33,366**	**33,197**

21 Maturity of debt - Group and College

Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Year ended 31 July 2023 £'000	2022 £'000
In one year or less	531	753
Between one and two years	531	3,253
Between two and five years	1,592	1,592
In five years or more	770	1,301
Total	**3,424**	**6,899**

Included within loans are two 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. These two loans are secured by a negative pledge.

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

22 Defined obligations & other provisions (Group and College)

	Defined benefit obligations	Enhanced pensions	Other Provisions	Total
	£'000	£'000	£'000	£'000
As at 1 August 2022	17,007	94	101	17,202
Expenditure in the period	1,267	(13)	94	1,348
Transferred from income and expenditure account	(14,294)	-	-	(14,294)
As at 31 July 2023	**3,980**	**81**	**195**	**4,256**

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in Note 27.

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	
	2023	**2022**
Interest rate	5.00%	3.30%
Price inflation	2.80%	2.90%

23 Cash and cash equivalents

	As at 1 August 2022	Cash flows	Other changes	As at 31 July 2023
	£'000	£'000	£'000	£'000
Cash and cash equivalents	7,625	(1,311)	-	6,314
Total	**7,625**	**(1,311)**	**-**	**6,314**

24 Capital commitments

	Group and College	
	2023	**2022**
	£'000	**£'000**
Commitments contracted for at 31 July	**183**	**383**

The capital commitment at 31st July 2023 relate to construction of toilets and washroom facility at the Horizon site (£93k) and construction of toilets and office space at the Stroud campus (£90k).

25 Lease Obligations

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

	Group and College	
	2023	**2022**
	£'000	**£'000**
Future minimum lease payments due		
Land and buildings		
Not later than one year	326	326
Later than one year and not later than five years	1,053	580
	1,379	**906**
Other		
Not later than one year	157	164
Later than one year and not later than five years	101	132
	258	296
Total lease payments due	**1,637**	**1,202**

26 Contingent liabilities

There are no contingent liabilities at 31st July 2023 (2022: £nil)

27 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 2022.

Total pension cost for the year		**2023**		**2022**
		£'000		**£'000**
Teachers Pension Scheme: contributions paid		2,285		2,018
Local Government Pension Scheme:				
Contributions paid	2,081		1,875	
FRS 102 (28) charge	644		2,503	
Charge to the Statement of Comprehensive Income		2,725		4,378
Enhanced pension charge to Statement of Comprehensive Income		3		1
Total Pension Cost for Year		**5,013**		**6,397**

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 Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors.

The latest actuarial valuation of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department for Education on 26 October 2023. The key elements of the valuation and subsequent consultation are:

Employer contribution rates set at 28.6% of pensionable pay (including a 0.08% administration levy)

Total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262,000 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222,200 million, giving a notional past service deficit of £39,800 million the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 1.7% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.
The next valuation result is due to be implemented from 1 April 2024 and effective until 31 March 2027.

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 £3,088,777 (2022: £2,499,965).

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 2023 was £2,729,000, of which employer's contributions totalled £2,081,000 and employees' contributions totalled £648,000. Within the employer's contributions is a deficit recovery repayment totalling £313k for 2022/23. The agreed contribution rates from April 2023 is 17.9% (including an administration levy of 0.08%) and range from 5.5% to 11.4% 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 £266,000 from April 2023. 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 2022 updated to 31 July 2023 by a qualified independent actuary.

	At 31 July 2023	**At 31 July 2022**
Rate of increase in salaries	4.20%	4.20%
Future pensions increases	2.80%	2.80%
Discount rate for scheme liabilities	5.10%	3.50%
Inflation assumption (CPI)	2.70%	2.70%

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 2023 years	**At 31 July 2022 years**
Retiring today		
Males	22.00	23.10
Females	24.00	25.30
Retiring in 20 years		
Males	23.20	24.60
Females	25.70	27.30

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

		Fair Value at 31 July 2023 £'000		Fair Value at 31 July 2022 £'000
Equities	32.8%	17,239	41.3%	22,325
Government bonds	20.3%	10,669	9.9%	5,351
Other bonds	8.7%	4,572	7.3%	3,946
Property	6.2%	3,258	7.3%	3,946
Cash	1.0%	526	0.3%	162
Other	31.0%	16,292	33.9%	18,324
Total market value of assets		**52,556**		**54,054**
Actual return on plan assets		**(2,586)**		**1,187**

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

	2023 £'000	2022 £'000
Fair value of plan assets	52,556	54,054
Present value of plan liabilities	(56,536)	(71,061)
Net pensions liability (note 22)	**(3,980)**	**(17,007)**

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

	2023 £'000	2022 £'000
Amounts included in staff costs		
Current service cost	2,725	4,378
Past service cost	-	-
Total	**2,725**	**4,378**
Amounts included in interest payable		
Net interest payable	623	671
	623	**671**

Amounts recognised in Other Comprehensive Income	**2023 £'000**	**2022 £'000**
Return on pension plan assets	4,632	(351)
Experience losses arising on defined benefit obligations	4,318	5,865
Changes in assumptions underlying the present value of plan liabilities	(23,244)	(30,977)
Amount recognised in Other Comprehensive Income	**(14,294)**	**(25,463)**

Movement in net defined benefit liability during the year		**2023 £'000**	**2022 £'000**
Deficit in scheme at 1 August		(17,007)	(39,296)
Movement in year:			
	Current service cost	(2,725)	(4,378)
	Employer contributions	2,081	1,875
	Past service cost	-	-
	Net interest on the defined	(623)	(671)
	Actuarial gain or loss	14,294	25,463
Net defined benefit liability at 31 July		**(3,980)**	**(17,007)**

Asset and Liability Reconciliation	**2023**	**2022**
	£'000	**£'000**
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	71,061	90,933
Current Service cost	2,725	4,378
Interest cost	2,475	1,450
Contributions by Scheme participants	648	595
Experience gains and losses on defined benefit obligations	4,318	5,865
Changes in financial assumptions	(20,646)	(30,355)
Changes in demographic assumptions	(2,598)	(622)
Estimated benefits paid	(1,447)	(1,183)
Past Service cost	-	-
Curtailments and settlements	-	-
Defined benefit obligations at end of period	**56,536**	**71,061**

Reconciliation of Assets		
Fair value of plan assets at start of period	54,054	51,637
Interest on plan assets	1,914	836
Remeasurements (assets)	(4,632)	351
Employer contributions	2,081	1,875
Contributions by Scheme participants	648	595
Estimated benefits paid	(1,447)	(1,183)
Administration expenses	(62)	(57)
Fair value of plan assets at end of period	**52,556**	**54,054**

28 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 £375.39; 3 governors (2021/22: £541.60; 5 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity. No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2021/22: none).

During the year the College received income of £217,157 (2021/22: £177,911) from the Academy Trust. The 2022/23 figure includes Service Level Agreement related income £160,146, VAT £36,002, income on the sale of equipment £19,814 and miscellaneous income £1,194.

During the year the College received income of £151,412 (2021/22: £112,970) from South Gloucestershire and Stroud College Commercial Services Limited. The 2022/23 figure includes Salary recharges £124,412 and insurance costs £27,000.

During the year the College paid £156,260 (2021/22: £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 £380,587 to Gary Britton (Electrical Contractor) Ltd, a company owned by the spouse of a College employee.

29 Amounts disbursed as agent

Learner support funds

	2023	**2022**
	£'000	**£'000**
Balance carried forward	327	339
Funding body grants – ESFA hardship support	399	388
Other Funding body grants	-	-
Interest earned	-	-
	726	727
Disbursed to students	(334)	(386)
Administration costs	(17)	(14)
Balance unspent as at 31 July included in creditors	375	327

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.

30 Events after the reporting period

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.