Solihull College & University Centre

Members' Report and Consolidated Financial Statements

For year ended 31st July 2021

Contents

A tribute to the legacy of John Callaghan, Principal & Chief Executive.

John Callaghan, Principal and Chief Executive of Solihull College and University Centre from 1 June 2014, retired due to ill health at the end of August 2021. Sadly, John passed away on 8 October following a short illness.

John worked determinedly to steer the College towards being the successful organisation it is today. The College is much admired across the sector and is highly valued by students, staff, stakeholders and the local community. John left the College in a fantastic position. Our students are benefiting daily from high quality teaching and invaluable support and the College's financial situation means ongoing investment can take place for the benefit of both students and staff.

As well as those linked to Solihull College & University Centre, colleagues throughout his career journey from Birmingham City Council, through to the FE sector with Tamworth & Lichfield, Derby and North-East Worcestershire Colleges, plus his time in the private sector - will have appreciated John's down to earth attitude and supportive nature.

Some of the highlights of John's time at Solihull include the College's 'Good' Ofsted rating, TEF Gold, steering the College through the merger with Stratford, leading the Greater Birmingham & Solihull Institute of Technology and far too many others to mention.

Arguably, more important than the above successes, is the positive mark John left on individuals across the College and further afield. He will be greatly missed by all at the College and the wider FE community.

Report of the Members of the Corporation for the Year to 31st July 2021

Strategic Report

The Members present their report and the audited financial statements for the year ended 31st July 2021.

Legal Status

The Corporation was established under the Further and Higher Education Act 1992 and is an exempt charity under Part 3 of the Charities Act 2011 and from 14th July 2016 is regulated by the Secretary of State for Education as the Principal Regulator for all Further Education (FE) Corporations in England. On 1st February 2018 the College merged with Stratford upon Avon College.

Strategic Direction

The Governors review the College's strategy, mission and vision regularly and confirmed during 2020/21 these would be unchanged.

Mission

"Solihull College & University Centre will make significant contributions to the local and regional economies and beyond, by providing high quality vocational education and training for individuals, employers and the wider community".

Vision

Our vision is to be the organisation of choice for learning for young people, adults and employers through their recognition of our excellent and distinctive experiences in vocational education and training.

Implementation of the strategic plan

In July 2019, Solihull College & University Centre adopted a Strategic Plan for the period 2019 to 2021 and set the annual priorities for 2020/21, in line with the strategic goals. The Corporation monitored the performance of the College against the plan, and the achievement of the key annual priorities throughout 2020/21.

The Governors met in July 2020 to consider future revisions to the plan but in light of the COVID-19 pandemic, it was agreed to review the plan in 2021. An updated plan was approved on 6th July 2021. The College's strategic goals and the key achievements against these goals are outlined below.

1. All students enjoying their learning, being ambitious and having very high standards of achievement enabling them to progress to employment and further study:
   - over 90% of students progressed to positive destinations including employment, apprenticeships and higher / further education;
   - all 16–18 full-time students had opportunities to develop their enterprise and employability skills;
   - the proportion of successful learners at level 3 aged 16-18 has remained high at 88%.

2. Excellent leadership and management that will ensure the highest possible standards of teaching, training, learning, assessment and support:
   - well-qualified and knowledgeable teachers who develop learners' vocational and practical skills;
   - very effective initial advice and guidance and additional learning support that assist learners to choose the most appropriate course and then continue with their studies;
   - consistently good feedback from surveys for teaching and learning;
   - continued Governor engagement with students through online focus groups and direct presentations from students;

3. Management processes that maintain financial stability and continuously improve the efficient use of resources:
   - all financial targets and financial/resource KPIs have been met. Further details are given on page 7;
   - investment in resources that directly support growth strategies and quality priorities including Construction and Outpost Training Centres supported by Greater Birmingham & Solihull Local Enterprise Partnership (GBS LEP) funding;
   - students have engaged directly with the design and monitoring of services and support that impact on their learning experience.
4. Innovative and responsive programmes that meet the needs of students and employers, respond to the demands of the LEPs as well as effective strategies which respond to economic growth and social priorities:
   - good work with the GBS LEP, Coventry and Warwickshire LEP (CW LEP) the Chamber of Commerce and employers which ensures that the curriculum meets local and regional needs very closely, including through very successful employment programmes;
   - the College continues to be an essential and proactive partner with the key decision making and influencing groups including the Local Strategic Partnership, the GBS LEP Board and the Chamber of Commerce to ensure the College continues to make a significant contribution to the economic and social wellbeing of its communities;
   - the College continues to work through the Economic Development Teams of local authorities to successfully attract inward investment and target local people for local jobs;
   - actively working with the West Midlands Combined Authority to shape the future skills strategy;
   - all full-time 16–18 students had a comprehensive study programme designed to meet their needs however, work experience and industry placements were limited due to COVID-19 restrictions.
5. Resources and inclusive learning environments that are of a consistently high quality, support the College's evolution, promote sustainability and inspire learning:
   - developments have included GBS LEP match funded projects and investments in the IT infrastructure particularly at Stratford Campus and continue to roll out the virtual desktop strategy to support the future needs of the College and its students;
   - a 'best in the sector' external digital communication platform which has won awards;
   - further development of the dashboard to give Governors and managers access to information that will continuously improve and monitor individual and organisational performance at all levels;
   - significant progress has been made to improve Information and Learning Technology (ILT) content and on-line learning materials including the redevelopment of the Moodle site and student hub;
   - £11m investment on the Stratford Upon Avon Campus agreed by Governors.

Impact of COVID-19

During 2020/21 the College has continued to support learners during the Coronavirus pandemic in line with government policy. The College fully reopened to learners in September 2020 and with the exception of the 3rd lockdown in Spring 2021 provided face to face teaching throughout the academic year. When the budget was set in July 2020 there was a concern that there would be a negative impact on College finances however recruitment in most areas was strong and the College has been able to reallocate expenditure to cover COVID-19 specific costs such as PPE and cleaning. The 16-19 tuition fee fund has been used to support students to catch up with their learning particularly in English and maths. The College invested heavily in IT equipment and training for staff so was in a strong position to switch to remote learning during the third lockdown in Spring 2021. Although the College is forecasting it will take some time for apprenticeship income in particular to return to pre COVID-19 levels financial health remains strong.

Financial Objectives and Review of Outturn for the year

Financial Objectives

The College's overall financial objective is to have 'Outstanding' financial management and control and at least 'Good' financial health as determined by the Education and Skills Funding Agency (ESFA) definitions; maintain financial stability and continuously improve the efficient use of resources.

This is to enable the College to:

- provide education in accordance with the College's Strategic Plan;
- to invest in the College's infrastructure (learning environment for students);
- protect itself from unforeseen adverse changes in enrolments and income; and
- maintain / attain the confidence of funders, suppliers, bankers, and auditors.

As in previous years detailed financial performance indicators were set by the Corporation for the College and were monitored each month as part of the finance performance monitoring report. These are based on the ESFA definitions for financial health. In addition, the following short-term objectives were set due to concerns that COVID-19 may have an adverse financial impact on the College.

- EBITDA as a % of income to remain positive
- Cash balances to remain above £6m
- Financial Health - the governors accept that the financial health in 2020/21 may be 'Requires Improvement'
- Review of all budgets including pay percentage in Autumn 2020
- Review of capital investment programme including Stratford Campus Redevelopment in Autumn 2020 and new capital grant funding.

It is pleasing to report that all financial objectives have been achieved and the overall financial health for the College is 'Outstanding'. This has exceeded target as the College has managed to mitigate any loss of revenues due to COVID-19, so these have not had an adverse impact on its financial health.

Target	Actual
An adjusted current ratio of at least 1.2, (net working capital positive).	Actual adjusted current ratio at 31st July 2021 was 3.3 which is an improvement against the target.
Month end cash balances above £6m (over 50 days cash in hand).	Actual cash balances at 31st July 2021 were significantly above target at £19,471K (184 days cash in hand).
EBITDA as a percentage of income (education specific) between 3% and 6%.	EBITDA as a percentage of income (education specific) was 14% due to an improved operating position. Again, this was higher than target.
Borrowing as a percentage of income to be no more than 30%.	Borrowing as a percentage of income at 31st July 2021 was 14%. A capital repayment of £1,575K was made on the loan in January 2021.
Meeting the banking covenants agreed as part of loan negotiations for the Blossomfield redevelopment.	The banking covenant with NatWest was achieved.
Aiming to ensure that staffing costs are no more than 67% of total income excluding capital grants.	Staffing costs (excluding restructuring) at 31st July 2021 were 63% of total income excluding capital grants which is better than target due to effective management of costs.
Contribution from faculties of 37%.	Actual contribution was 43%, this is higher than target, as COVID-19 did not have as much of a negative impact as originally expected.

The College is committed to observing the importance of sector measures and indicators and makes comparisons to sector benchmarks. The College is required to complete the annual Finance Record for the ESFA. The Finance Record produces a financial health grading. The current rating of 'Outstanding' is considered an excellent outcome. The College has modelled the financial health on the new criteria and this also gives an outcome of 'Outstanding'.

During Inspection of the College in November 2016, Ofsted said that careful financial management had ensured that managers had been able to invest in high-quality resources to support the development of all programmes, especially those in STEM subjects and that the College was well placed financially to sustain the quality of its provision.

Tangible fixed asset additions during the year amounted to £5,470K. This was split between assets under construction of £267K, land and buildings of £4,101K and equipment purchased of £1,102K.

Treasury Policies and Objectives

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

The College has a separate Treasury Management Policy in place.

Short-term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Regulations and the Financial Agreement with the ESFA.

Cash flows

The operating cash inflow of £6,857K (2019/20 £4,078K inflow), was in line with expectations. The overall increase in cash of £5,439K resulted from operating cash inflow less capital expenditure.

Liquidity

At 31st July 2021 the College had cash balances including short term investments of £19,471K (184 cash days in hand).

During 2008/09, the College entered into a long-term bank loan of £6,280K to support the re-development of the Blossomfield Campus. This was fully drawn down in the financial year ending 31st July 2012 and the balance on 31st July 2021 was £6,280K. The College made an additional capital repayment of £1,575K in January 2021.

Reserves

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support the College's core activities. As at the balance sheet date the Income and Expenditure reserve stands at £7,397K (2020: £5,784K). The increased pension deficit for the Local Government Pension Fund significantly reduced these reserves in July 2020, although there was a slight gain in the year to July 2021 of £1,357K. It is the Corporation's intention to retain reserves excluding the pension deficit over the life of the strategic plan through the generation of annual operating surpluses to offset investments made.

Payment Performance

The Late Payments of Commercial Debts (Interest) Act 1998 requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The College has maintained its commitment to compliance with this Act.

Post Balance Sheet Events

There were no post balance sheet events

Current and Future Development and Performance

Student Numbers

In 2020/21 there was an increase in 16-18-year-old students. Adult numbers were lower than predicted due to the lockdown preventing much in year recruitment. Higher Education numbers declined as predicted due to increased competition from local universities. Apprentice numbers also declined due to COVID-19.

Student Achievements

Overall, the College's achievement rate was 94% for 16-18-year-olds and 88% for adults. Apprenticeship achievement rates are expected to be around 65%.

Curriculum Development

The College has clear progression routes, with provision delivered flexibly to meet the needs of learners and employers. Wider aspects of the curriculum, including tutorial and enrichment programmes are considered to be very effective. The College has revised its curriculum offer appropriately to reflect both national and local priorities and uses information to inform further development.

The curriculum offer for the merged College reflects the characteristics of each of its three campuses, but improved progression routes in some provision areas have been identified and the curriculum teams across the three sites are working together to share best practise and resources.

Curriculum delivery in partnership with employers and in work-based and community settings is extensive and a key strength of the College. The College continues to deliver a wide range of employer focussed programmes. Higher Education provision has been judged to be particularly strong in its vocational relevance and employer involvement. The College works in partnership with four key university partners consolidating strong and effective curriculum partnerships.
Employer engagement is a key priority for the College. It works with a wide range of local employers including large companies and small and medium sized enterprises (SMEs); it has a strong and growing track record with bespoke provision and specialisms in areas of particular regional need for up-skilling such as Professional and Management Studies, Aerospace, Engineering, Construction, Health and Social Care, Retail and Finance.

The College's continued investment across all three Campuses provides outstanding vocational specialist facilities and resources, which supports both growth in learner numbers and innovation in the delivery and structure of the curriculum. The College has made a significant investment into a phased refurbishment of Stratford Upon Avon campus, which commenced in 2020 and phases 1-3 have been completed.

Future Developments

During a time of significant changes and challenges across the FE sector, the Annual Priorities provide a robust framework which allows the College to monitor and evaluate its pace and direction to ensure its ambitions are achieved. The College is forecasting some increases in student numbers over the next few years using the MIDES demographic data. There is slower growth planned in the areas of apprenticeships, higher education and full cost provision which is reliant on employers recovering quickly from the impact of COVID-19.

These areas continue to be reviewed to ensure they are still relevant and are in line with local and government priorities.

Resources

The College has various resources that it can deploy in pursuit of its ambitions.

Tangible resources include the main Blossomfield Campus in Solihull, the Woodlands Campus in North Solihull and the Stratford upon Avon Campus.

Financial

The College has £7,397K of net assets (including £47,216K net pension liability) and at 31st July 2021 £5,910K of long-term debt. Following the merger with Stratford upon Avon College on 1st February 2018 land and buildings transferred on merger were revalued from £12,571K to £20,576K by Bilfinger GVA, an independent Chartered Surveyor.

People

Throughout the year the College employed an average of 458 salaried teaching staff, 358 were PT hourly paid teaching staff and 284 were non-teaching staff. The College's overall average is 1,100.

Reputation

The College has a very good reputation locally and nationally. Maintaining a quality brand is essential for the College's success at attracting students and external relationships. The College holds Matrix Accreditation, a quality kite mark, in relation to its advice and guidance to students.

Sustainability

T*he college is committed to reducing its carbon emissions and has taken the following measures in the year to improve energy efficiency:*

- Decarbonising our energy sources: Scope 1 carbon. We have committed to work with Solihull Council on their Heat Exchange Network to allow us to diversify our energy sources and reduce our reliance on fossil fuels.

- Reducing and understanding our usage: Scope 2 carbon. Working cross-college to achieve a high level of individual and collective understanding of the need to cut use whilst completing a Pathfinder activity to understand the hubs of energy use and why they occur.

The college's greenhouse gas emissions and energy use for the period are on the College website: https://www.solihull.ac.uk/wp-content/uploads/2021/03/streamlined-energy-carbon-reporting.pdf

Principal Risks and Uncertainties

The College continues to develop and embed the system of internal control, including financial, operational, risk management and Board Assurance which is designed to protect the College's assets and reputation. The Strategic Risk Register and Board Assurance Plan ensures that there are adequate internal and external sources of assurance and controls in place and an assessment of any risks and assurance gaps and how this is being addressed.

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

During 2020/21 the College's Internal Auditor assessed the College in a range of strategic areas which included Risk and Board Assurance and confirmed that the organisation had an adequate and effective framework for risk management, governance and internal controls. The Corporation can therefore take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

The Strategic Risk Register and Board Assurance Plan is maintained at the College level which is reviewed at least termly by the Audit Committee and reported to Corporation. The Strategic Risk Register and Board Assurance Plan identifies the key strategic risks for the College, the cause and effect of each risk, the inherent score for impact and likelihood, the residual score with the controls in place and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent and detailed scoring methodology. Separate risk registers are written for specific projects or risks which are likely to have an impact on the strategic risks. These can be temporary and removed at the end of the project. Each area of the College also has an Area Risk Register which links into the Strategic Risk Register. These are reviewed annually.

Risk management training and briefings take place to raise awareness of the risk approach throughout the College.
Outlined below is a description of the principal risk factors that may affect the College. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College. The College has also identified the themes of COVID-19, Apprenticeships and Higher Education which are considered where relevant in each of the strategic risk areas.

The Risk Management group have also identified the top key risks. These will be reviewed termly and form part of each Corporation agenda, informing business for the meeting. The top key risks are identified as follows:

- The College is unable to budget for "Good" financial health in 2021/22 onwards as a result of the impact of COVID-19
- The College SAR assessed Grade 3 schools are not at least 'Good' in time for our Ofsted inspection
- The College's IT systems are compromised due to a Cyber-attack.

Strategic Risks

Quality teaching, learning and assessment:

The quality of teaching and learning is a key strategic priority for the College. It is essential that learners make good progress and reach their full potential and the quality of provision meets all required standards.

Responsive curriculum:

The curriculum must be responsive in order to ensure efficient programme delivery and future potential to invest in programme areas.

Effective safeguarding:

Effective safeguarding processes must be applied to ensure the College is a safe environment for staff and students. Specific areas include preventing radicalisation of both students and staff.

Suitable accommodation:

The accommodation strategy ensures that there is a plan for future growth and for maintaining the current infrastructure ensuring accommodation is flexible, safe and fit for purpose. There is always a risk that government funding does not address the College's current requirements.

Effective IT:

The IT infrastructure must meet College needs and be responsive to meet change. There is an ongoing risk that IT systems will be compromised by a cyber-attack. There are also risks of data security and disaster recovery. College data is kept secure and there is compliance with statutory and regulatory legislation around security and recovery.

Incident management:

The College is increasingly aware that there is a risk of a serious incident which causes disruption to college activity. There are effective incident management and business continuity controls in place which are regularly monitored internally and externally.

Governance:

It is essential that the College has effective governance arrangements to ensure scrutiny, challenge and control.

Good financial health:

The College needs to be able to respond to risks such as changes in Government funding and not meeting recruitment targets which could have major consequences for financial health. The College has robust systems of financial planning and budgetary control in order to mitigate this risk.

Controls are in place to mitigate all of these risks and the Risk Management Group agrees any further actions required reporting these to Audit Committee.

COVID-19:

The College has considered the risks of COVID-19 and had a separate COVID-19 reset and recovery risk assessment for college re-opening following each national lockdown or any change to government guidance. This is monitored by the Audit Committee and Corporation and assesses all of the detailed risks of Hygiene and Health & Safety, Social Distancing Practicalities, SEND and Medical Needs, Emotional Behaviour, Safeguarding and Quality of Education. All areas of the College also have an up-to-date Risk Assessment which includes COVID-19 risks and is updated regularly and available for staff. In addition, from September 2021, the College has an outbreak management plan which has been shared with the Governors.

Public Benefit Statement

In setting and reviewing the College's strategic objectives, the Corporation has had due regard to 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 aims are for the public benefit. The College's approach to providing value and benefits to the wider community it serves is to:

- deliver high-quality teaching and service for students, employers and the wider community;
- enable skills acquisition at a range of levels to underpin training for the workers of the future;
- listen to learners, staff, employers, partners and the wider community to continuously improve our service;
- respond to local, regional and national priorities to provide appropriate vocational training for continued economic development;
- strive for value for money in all aspects of provision and procurement;
- embrace diversity and promote inclusivity;
- create a safe environment for students, staff and all visitors to the College; and
- embrace change and opportunities in the best interests of the College and the communities it serves.

To achieve this, the College aims to forge effective dialogue and relationships with all stakeholders to plan delivery to meet the needs of the communities it serves.

Stakeholder Relationships

In line with other Colleges and with universities, the College has many stakeholders. These include:

- students;
- parents and carers;
- staff;
- Education and Skills Funding Agency (ESFA);
- Department for Education (DFE);
- FE Commissioner;
- Ofsted;
- local employers (with specific links to the GBSLEP and Chamber of Commerce);
- local authorities;
- Government offices / Local Enterprise Partnerships;
- the wider community;

- Office for Students (OfS);
- other FE institutions;
- Greater Birmingham and Solihull Institute of Technology;
- trade unions; and
- professional bodies.

The College recognises the importance of these relationships and engages in regular communication with stakeholders through the College Internet site, regular written briefings, attendance at strategic and collaborative meetings, conferences and specific projects and initiatives.

Equal Opportunities and Employment of Disabled People

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, religious belief, ability and age. We strive vigorously to remove conditions which place people at a disadvantage and we actively combat bigotry. The College has an Equality Policy and Equality Objectives. This policy is resourced, implemented and monitored on a planned basis. Data is published annually in the Equality and Diversity Annual Report and Equality Objectives are reviewed in line with the requirements of the Equality Act 2010.

The College welcomes applications from disabled people and guarantees an interview to disabled applicants who meet 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 are, as far as possible, identical to those for other employees. The College will implement any reasonable adjustments that could be made for staff or applicants with disabilities.

Disability Statement

The College seeks to achieve the objectives set down in the Equality Act 2010. The College has issued a Statement of our commitment to students with learning difficulties and disabilities which is published on the College's intranet and on the College's website. In particular the College aims:

a) in any re-development of its buildings, to ensure facilities allow access by people with a disability;
b) to comply with its policy for all students as described in the College's Statement. Appeals against a decision not to offer a place are dealt with under the Complaints Policy;
c) to invest appropriately in additional needs support for students with learning difficulties and disabilities; and
d) to offer counselling and welfare services as appropriate.

Specialist courses are described in programme information guides, and achievements and destinations are recorded and published in the standard College format. There is a list of specialist equipment which the College can make available for use by students who have learning difficulties and/or disabilities.

Trade Union Facility Time 2020/21

Trade Unions play an important role in the College and there are considerable benefits to both employers and employees when organisations and unions work well together.

In accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017, the College is required to publish certain information on trade union officials and facility time.

Facility time covers duties carried out for the trade union or as a union learning representative, for example, accompanying an employee to disciplinary or grievance hearing. It also covers training received and duties carried out under the Health and Safety at Work Act 1974.
This report covers the period 1st April 2020 to 31st March 2021.

The number of employees who were relevant union officials during the relevant period was 22 (17 FTEs).

The percentage of time spent on facility time (Trade Union duties) for each relevant union official:

Percentage of Time	Number of employees
0%	0
1-50%	22
51%-99%	0
100%	0

The percentage of pay bill spent on facility time:

Total cost of facility time	£34,746
Total pay bill	£25,876K
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.134%

Trade Union Activities include meeting with full time officials, voting on negotiations and attending regional or national meetings. Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100 was 0%.

Going Concern

The activities of the College together with the factors likely to affect its future development and performance are set out in this Strategic Report. The financial position of the College, its cashflow, liquidity and borrowing are described 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. Corporation has prepared cashflow forecasts for a period of twelve months from the date of approval of these Financial Statements. In preparing these forecasts, the College has considered a decline in the recruitment particularly for apprenticeships, adults and higher education learners. After reviewing these forecasts, the Corporation is of the opinion that, taking account of severe but plausible downsides, including the anticipated impact of COVID-19, the College will have sufficient funds to meet all its liabilities as they fall due over the period of twelve months from the date of approval of the Financial Statements (the going concern assessment period). Furthermore, the College has strong cash balances and has comfortably met its banking covenant in 2020/21.

The College currently has £6,280K of loans outstanding with NatWest on terms negotiated in 2008/09 secured by a fixed and floating charge on the Blossomfield Campus. The terms of the existing agreement are for a further 12 years. The College's forecasts and financial projections indicate that it will be able to operate within this facility and it has sufficient funds to repay these loans in full if necessary.

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.

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Approved by order of the members of the Corporation on 30th November 2021 and signed on its behalf by:

Barbara Hughes

Chair of the Corporation

Professional Advisors

Financial statement and regularity auditors:	**Internal Auditors:**
KPMG LLP One Snowhill Snow Hill Queensway Birmingham B4 6GH	RSM UK Risk Assurance Services LLP The Pinnacle 170 Midsummer Boulevard Milton Keynes Buckinghamshire MK9 1BP
Bankers:	**Solicitors:**
Barclays Bank 15 Colmore Row Birmingham West Midlands B3 2BH	Shakespeare Martineau No1 Colmore Square Birmingham B4 6AA
National Westminster Bank PLC 1 St Philips Place Birmingham B3 2PT	Eversheds Sutherland LLP 115 Colmore Row Birmingham B3 3AL
Lloyds Banking Group 125 Colmore Row Birmingham B3 3SF	Gateley PLC One Eleven Edmund Street Birmingham B3 2HJ
Santander UK PLC 6 Caxton Gate Corporation Street Birmingham B2 4LP	Tyndallwoods Solicitors 29 Woodbourne Road Edgbaston Birmingham B17 8BY

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. The College endeavours to conduct its business:

i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);

ii. in full accordance with the guidance to Colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code of Good Governance"); and

iii. having due regard to the 2018 Edition of UK Corporate Governance Code ("the Code") insofar as it is applicable to the further education sector.

The College is committed to exhibiting best practice in all aspects of Corporate Governance and in particular the Corporation has adopted and complied with the Code of Good Governance. In February 2019 the Corporation also adopted the AoC's Code of Remuneration for Senior Postholders and has implemented the recommendations therein. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the 2018 Edition of the UK Corporate Governance Code we consider to be relevant to the further education sector.

In the opinion of the Governors, the College complies with the provisions of the Code of Good Governance and it has done so throughout the year ended 31st July 2021 and up to the date these accounts are approved and this was confirmed through an audit of the Code against Governance practices during 2020 to 2021. 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 initially issued by the Association of Colleges in March 2015 and formally adopted by the Corporation in April 2015 [revised by the AOC in February 2019]. The Corporation continued to meet throughout 2020/21 online and continued to ensure good governance. All functions and processes continued, using MS Teams, including training and briefings, focus groups with students and recruitment and induction of new Governors.

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Governors, who are also the trustees for the purposes of the Charities Act 2011, confirm that they have had due regard for the Charity Commission's guidance on public benefit and that the required statements appear elsewhere in these financial statements.

The Corporation

The members who served on the Corporation during the year and up to the date of signature of this report are listed.

Name	Date of First Appointment	Term of Office Ends	Date of Resignation/ Term Ends	Status of Appointment	Committees Served During the Year	Attendance 2020/21
Christine Abbott	December 2021	November 2022		Public		n/a
Paul Assinder	January 2019	December 2023		Public	Chair of the Financial Oversight Group	82%
Stan Baldwin	May 2013	July 2022		Public	Vice Chair of the Corporation and Chair of Remuneration Committee	100%
Scott Beasley	Sept 2020	Aug 2024		Business	Leave of absence agreed 1st Nov 2021 to 31st Dec 2021	82%
John Callaghan	June 2014	Ex officio	Retired 31st August 2021	Principal	Search and Governance Committee	100%
Tasleem Chaudary	December 2020	November 2024		Public		85%
Badri Gargeshnari	March 2018	December 2022		Business	Audit Committee	27%
Carol Harvey-Barnes	September 2020	August 2024	Resigned June 2021	Staff		80%
Sarah Horton-Walsh	Sept 2020	Aug 2024		Public	Became a member of the Audit Committee on 1st June 2021	72%
Barbara Hughes	January 2017	December 2024		Public	Chair Chair of Search and Governance Committee and member of Remuneration Committee	100%
Raees Iqbal	February 2020	February 2024	Left College July 2021	Student		27%
Lisa Jones	December 2020	November 2021	Resigned May 2021	Business		100%

Name	Date of First Appointment	Term of Office Ends	Date of Resignation/ Term Ends	Status of Appointment	Committees Served During the Year	Attendance 2020/21
Nilesh Ladwa	December 2020	November 2024		Public	Appointed as an external member of the Corporation and changed to a full member on 1st April 2021	57%
Paul Large	October 2016	October 2024	Resigned 31st March 2021	Public	Member and Vice Chair of Audit Committee	66%
Lucy Lee	October 2016	October 2024		Public	Audit Committee (Chair) and Member of Remuneration Committee.	82%
Tony Lucas	May 2019	April 2023		Business	Became a member of the Search and Governance Committee 1st April 2021	100%
Stuart Lyons	March 2020	March 2024	Left College July 2021	Student (HE)		45%
Amirun Nehar	June 2021	May 2022		Business	External member of Audit Committee	100%
Sukhdeep Nijjar	January 2017	December 2024	Resigned Nov 2021	Business		45%
Anne Potter	June 2021	May 2022		Public	External member of Remuneration Committee	-
Joan Smith	May 2017	May 2025		Public	External member of the Search and Governance Committee	75%
Lindsey Stewart	September 2021	August 2022		Acting Principal	Acting Principal and member of the Corporation from 1st Sept 2021	-
Geraldine Swanton	July 2015	December 2022		Business	Search and Governance Committee. Audit Committee.	91%
Harrison Thompson	December 2020	November 2024		Business	Appointed as an External Member of the Audit Committee on 1st December 2020. Moved to an External member of the Corporation on 1st April. Will move to full member of Corporation wef from 1st Dec 21.	100%
Sally Tomlinson	March 2017	March 2025		Business	Member of the Remuneration Committee	100%
Tony Worth	July 2015	July 2022		Business	External member of Audit Committee.	50%

Overall attendance at Corporation meetings during 2020/21 was 77%. All meetings during 2020/21 were held online using Teams.

The Corporation operates using the Carver Model of Governance. It has an Audit, Remuneration and Search and Governance Committees. Each committee has terms of reference, which have been approved by the Corporation and which are reviewed annually.

During 2020/21 the Compliance, Risk and Value for Money Special Interest Group reviewed financial oversight in relation to the current governance structure. It was agreed to reinforce financial oversight processes that a semi-formal group be set up to consider the annual accounts, budget and financial plan each year, the Financial Oversight Group. The Group has identified membership and meets twice per year to provide advice and assurance to the Corporation.

The College has produced a publication scheme in accordance with the requirements of the Freedom of Information Act 2000, which is available on the College's website **www.solihull.ac.uk** or from the Clerk to the Corporation at Solihull College & University Centre, Blossomfield Road, Solihull, B91 1SB. The scheme was reviewed and re-issued in February 2020.

Full minutes of all meetings, except those deemed to be confidential, can be obtained from the College website or from the Clerk to the Corporation at:

Solihull College & University Centre
Blossomfield Road
Solihull
West Midlands
B91 1SB

All Governors 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 Board for ensuring compliance with all applicable procedures and regulations. The appointment, evaluation and removal of the Clerk are matters for the Corporation.

Formal agendas, papers and reports are supplied to Governors in a timely manner, prior to Corporation and Committee meetings. Briefings are also provided on an ad-hoc 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 and Accounting Officer are separate.

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search & Governance Committee comprising of four members and one external member. It is responsible for the search and nomination of any prospective member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate induction and training is provided as required.

Members of the Corporation are normally appointed for a 4-year term of office and will generally be re-appointed for two terms of office based on appropriate attendance and contribution.

Statement of Corporate Governance and Internal Control (continued)

Remuneration Committee

Throughout the year ending 31st July 2021, the College's Remuneration Committee comprised the Chair and Vice Chair of the Corporation (or their nominees). The Committee's responsibilities are to consider, review and determine remuneration and benefits of the Principal/Accounting Officer and other senior post holders and the Clerk and their conditions of service. In accordance with the AOC Code on the Remuneration of Senior Postholders the Remuneration Committee has produced an annual report to provide assurance to the Corporation in relation to the arrangements for reviewing the remuneration of the College's senior postholders.
Details of remuneration for the year ended 31st July 2021 are set out in note 8 to the financial statements.

Audit Committee

The Audit Committee comprises four members of the Corporation (excluding the Principal/Accounting Officer, and Chair of the Corporation). The Committee operates in accordance with written terms of reference approved by the Corporation, which are consistent with the Post-16 Audit Code of Practice issued by the ESFA.

The Audit Committee meets on a termly basis and provides a forum for reporting by the College's internal 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 funding bodies such as the ESFA and their appointed auditors as they affect the College's business.

The College's Internal Auditors review the systems of internal control, risk management controls and Governance processes in accordance with an agreed plan and report their findings to management and the Audit Committee. Management is responsible for the implementation of agreed recommendations and the Internal Auditors undertake periodic follow up reviews to ensure that such recommendations have been implemented.

The Audit Committee also advises the Corporation on the appointment of internal and financial statements auditors and their remuneration for both audit and non-audit work as well as reporting annually to the Corporation. Contracts for both internal and financial statements auditors were tendered during 2020/21 and RSM UK Risk Assurance Services LLP were reappointed as internal auditors for 3 years to 31st July 2025 and KPMG as external auditors for 3 years to 31st July 2024.

The Strategic Risk Register and Board Assurance Plan is used to inform the Internal Audit Plan each year.

There were four Audit Committee meetings in 2020/21, with attendance as follows:

Name	Role	Attendance %
Lucy Lee	Chair	100%
Badri Gargeshnari		100%
Sarah Horton-Walsh	Joined 1st June 2021	100%
Paul Large	Resigned at 31st March 2021	25%
Amirun Nehar	External Member	100%
Harrison Thompson	External Member wef 1st Sept 2020 to 31st May 2021	100%
Tony Worth	External Member	100%

Statement of Corporate Governance and Internal Control (continued)

Internal Control

Scope of Responsibility

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

The Corporation has delegated the day-to-day responsibility to the Principal/Accounting Officer for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives. The Principal/Accounting Officer is charged with safeguarding the public funds and assets for which they are personally responsible, in accordance with the responsibilities assigned to them in the Funding Agreement between the College and the ESFA.

He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going 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 to manage them efficiently, effectively and economically. The system of internal control was in place in the College for the year ending 31st July 2021 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 on-going process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31st July 2021 and up to the date of approval of the annual report and accounts. The Corporation, advised by the Audit Committee, regularly reviews this process. The College's Internal Auditors have confirmed that the College has an adequate and effective framework for risk management.

Statement of Corporate Governance and Internal Control (continued)

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 system 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; and
- the adoption of formal project management disciplines, where appropriate.

The College has an internal audit service, which operates in accordance with the requirements of the ESFA 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 the Annual Internal Audit Plan is based on this analysis. The analysis of risks and the Internal Audit Plans are endorsed by the Corporation on the recommendation of the Audit Committee. At least annually, the Head of Internal Audit (HIA) provides the governing body with a 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.

The College's External Audit and Internal Audit providers both make recommendations for improvement in key management and control processes. The College regularly monitored value for money, through regular reports to Corporation and the Audit Committee and has a Value for Money Policy Statement. Further, the Internal Auditors include a section in all audit reports relating to suggestions regarding economy, efficiency and effectiveness measures for consideration by the College.

Review of Effectiveness

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

- the work of the Internal Auditors and other sources of assurance;
- the work of the managers of the College who have responsibility for the development and maintenance of the internal control framework;
- comments made by the College's financial statements and regulatory auditor in their management letters and other reports; and
- the review of the effectiveness of the system of internal control by the Audit Committee (which oversees the work of the Internal Auditor).

Any actions necessary to address weaknesses and ensure continuous improvement of the system are in place.

The Executive Management Team receives reports setting out the 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 Executive Management Team and 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 therein from the Executive Management Team and Audit Committee. The emphasis is on obtaining the relevant degree of assurance, not merely reporting by exception. At its 30th November 2021 meeting, the Corporation carried out the annual assessment for the year ended 31st July 2021 by considering the annual Risk Management Report: (incorporating the Accounting Officer statement of internal controls) Internal Auditor's Annual Report and the Annual Report of the Audit Committee and taking account of events since 31st July 2021.

The College has processes to ensure regularity and propriety, review compliance with funding terms and conditions and guard against fraud and bribery.

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*".

Signed	**Signed**
Barbara Hughes	Lindsey Stewart
Barbara Hughes	**Lindsey Stewart**
Chair of the Corporation	**Acting Principal/Accounting Officer**
30th November 2021	**30th November 2021**

Statement of Regularity, Propriety and Compliance

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

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

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

Approved by order of the members of the Corporation on 30th November 2021 and signed on its behalf by:

Signed	**Signed**
Barbara Hughes	Lindsey Stewart
Barbara Hughes	**Lindsey Stewart**
Chair of the Corporation	**Acting Principal/Accounting Officer**

Statement of the Corporation responsibilities in respect of the members' report and the financial statements

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

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

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

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

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

The Corporation is also responsible for ensuring that:

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

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

Approved by order of the Members of the Corporation on 30th November 2021 and signed on its behalf by:

Barbara Hughes

Barbara Hughes

Chair of the Corporation

Independent Auditor's Report to the Corporation of Solihull College and University Centre

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Solihull College and University Centre ("the College") for the year ended 31 July 2021 which comprise the Statement of Comprehensive Income and Expenditure, the Statement of Changes in Reserves, the Balance Sheet, the Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2021, and of the College's income and expenditure, gains and losses and changes in reserves and cash flows, for the year then ended; and

- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland,* and with the 2019 *Statement of Recommended Practice – Accounting for Further and Higher Education*.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Corporation has prepared the financial statements on the going concern basis as they do not intend to liquidate the College or to cease its operations, and as they have concluded that the College's financial position means that this is realistic. They have 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").

In our evaluation of the Corporation's conclusions, we considered the inherent risks to the College's business model and analysed how those risks might affect the College's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Corporation's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;

- we have not identified and concur with the Corporation's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the College's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the College will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Corporation, the Audit Committee, internal audit and inspection of policy documentation as to the College's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the College's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and Audit Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet loan covenants and regulatory performance targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk of understatement of potential clawback of adult and apprenticeships funding where funding targets have not been reached, of overstatement of funding where there is the potential to receive payment for over delivery against funding targets, that income from tuition fees is recorded in the wrong period, the risk that the College's management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements such as pension assumptions.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of the College's fraud risk management controls

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management, unbalanced journal entries, revenue journal entries posted to unexpected accounts and unusual postings to cash and borrowings.
- We performed tests of detail over the tuition fee income recognised in the year and performed sample testing of students, agreeing funding to learner registration documentation to confirm funding.

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

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Corporation and other management (as required by auditing standards), and from inspection of the College's regulatory and legal correspondence and discussed with the Corporation and other management the policies and procedures regarding compliance with laws and regulations.

As the College is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The College is subject to laws and regulations that directly affect the financial statements including financial reporting legislation, taxation legislation, pensions legislation and specific disclosures required by post-16 education and skills legislation and regulation, charities legislation and related legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the College is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Corporation is responsible for the other information, which comprises the Members' Report and the Corporation's Statement of Governance and Internal Control. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the information given in the Members' Report and the Corporation's Statement of Governance and Internal Control is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Post-16 Audit Code of Practice 2020 to 2021 (March 2021) issued by the Education and Skills Funding Agency we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Corporation's responsibilities

As explained more fully in their statement 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; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the College or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We are required to report on the following matters by the Accounts Direction dated 25 October 2019 issued by the Office for Students ('the Accounts Direction').

In our opinion, in all material respects:

- funds from whatever source administered by the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the articles of government;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students

Matters on which we are required to report by exception

We are required by the Accounts Direction to report to you where the College has an access and participation plan that has been approved by the Office for Students' director of fair access and participation and the results of our audit work indicate that the College's expenditure on access and participation activities for the financial year disclosed in Note 11 has been materially misstated.

We are also required by the Accounts Direction to report to you where the results of our audit work indicate that the College's grant and fee income, as disclosed in note 8 to the financial statements has been materially misstated.

We have nothing to report in these respects.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Corporation and Article 17c 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 them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the Corporation for our audit work, for this report, or for the opinions we have formed.

M. J. Dawson

Mark Dawson
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
7 December 2021

Reporting Accountant's Report on Regularity to the Corporation of Solihull College & University Centre and the Secretary of State for Education acting through the Education and Skills Funding Agency (ESFA)

In accordance with the terms of our engagement letter dated 12th November 2021 and further to the requirements and conditions of funding in ESFA 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 that in all material respects the expenditure disbursed and income received by Solihull College & University Centre during the period 1st July 2020 to 31st July 2021 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 issued by the ESFA. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which the ESFA or devolved authority has other assurance arrangements in place.

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

Respective responsibilities of Solihull College & University Centre and the reporting accountant

The corporation of Solihull College & University Centre 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 Post-16 Audit Code of Practice. 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 1st July 2020 to 31st July 2021 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 Post-16 Audit Code of Practice issued 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.

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 included:

- Documenting the framework of authorities which govern the activities of the College;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the self-assessment questionnaire which supports the representations included in the Chair of Governors and Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;
- Testing transactions with related parties;
- Confirming through enquiry and sample testing that the College has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This 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 Post-16 Audit Code of Practice.

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 1st August 2020 to 31st July 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

M. J. Dawson

Mark Dawson
For and on behalf of KPMG LLP, Reporting Accountant
Chartered Accountants
One Snowhill
Snowhill Queensway
Birmingham
B4 6GH
7 December 2021

Solihull College and University Centre
Statement of Comprehensive Income & Expenditure

	Notes	Year ended 31st July 2021	Year ended 31st July 2020
		£'000	**£'000**
Income			
Funding body grants	2	39,163	34,716
Tuition fees and education contracts	3	4,611	5,870
Other grants and income	4	819	621
Other income	5	2,402	1,215
Investment income	6	50	54
Donations and endowments	7	268	0
Total income		**47,313**	**42,476**
Expenditure			
Staff costs	9	28,692	27,057
Restructuring costs	9	440	284
Other operating expenses	10	12,641	10,252
Depreciation	14	4,298	3,607
Interest payable and similar expenses	12	970	867
Total expenditure		**47,041**	**42,067**
Surplus before other gains and losses		**272**	**409**
Loss on disposal of fixed assets	14	(16)	(90)
Surplus before other gains and losses		**256**	**319**
Surplus for the year		**256**	**319**
Actuarial gain/ (loss) in respect of pensions schemes	25	1,357	(21,318)
Total comprehensive income & expenditure for the year		**1,613**	**(20,999)**
Represented by:			
Unrestricted comprehensive income and expenditure		**1,613**	**(20,999)**
		1,613	**(20,999)**

Solihull College and University Centre
Statement of Changes in Reserves

	Income and Expenditure Account
	£'000
Balance at 1st August 2019	**26,783**
Surplus for the year	319
Other comprehensive income and expenditure	(21,318)
Total comprehensive income and expenditure for the year	**(20,999)**
Balance at 31st July 2020	**5,784**
Surplus for the year	256
Other comprehensive income and expenditure	1,357
Total comprehensive income and expenditure for the year	1,613
Balance at 31st July 2021	**7,397**

Solihull College and University Centre
Balance Sheets as at 31st July 2021

	Notes	2021 £'000	2020 £'000
Fixed assets			
Tangible fixed assets	14	77,850	80,441
		77,850	**80,441**
Current assets			
Trade and other receivables	15	2,018	2,339
Cash and cash equivalents	20	19,471	14,032
		21,489	**16,371**
Creditors – amounts falling due within one year	16	(8,704)	(8,414)
Net current assets		**12,785**	**7,957**
Total assets less current liabilities		**90,634**	**88,398**
Creditors – amounts falling due after more than one year	17	(35,051)	(36,601)
Provisions			
Defined benefit obligations	25	(47,216)	(45,078)
Other provisions	19	(971)	(935)
Total net assets		**7,397**	**5,784**
Unrestricted reserves			
Income and expenditure account		7,397	5,784
Total unrestricted reserves		**7,397**	**5,784**

The financial statements on pages 35 to 59 were approved and authorised for issue by the Corporation on 30th November 2021 and were signed on its behalf on that date by:

Barbara Hughes

Barbara Hughes
Chair of the Corporation

Lindsey Stewart

Lindsey Stewart
Acting Principal/Accounting Officer

Solihull College and University Centre
Statement of Cash Flows

	Notes	2021 £'000	2020 £'000
Cash inflow from operating activities:			
Surplus for the year		256	319
Adjustment for non cash items:			
Depreciation	14	4,298	3,607
Capital grants released to income	2	(1,619)	(1,580)
Increase in debtors	15	0	(65)
Increase in creditors due within one year	16	106	43
Decrease in creditors due after one year	17	(16)	(16)
Decrease/(increase) in provisions	19	36	(1)
Loss on disposal of fixed assets	14	16	90
Pensions costs less contributions payable	25	2,866	879
Adjustment for investing or financing activities:			
Investment income	6	(50)	(54)
Interest payable	12	964	856
Net cash flow from operating activities		**6,857**	**4,078**
Cash flows from investing activities:			
Proceeds from sale of fixed assets	14	600	-
New capital grants received	2	2,302	261
Investment income	6	50	54
Payments made to acquire fixed assets	14	(2,047)	(4,133)
		905	(3,818)
Cash flows from financing activities:			
Repayments of amounts borrowed	18	(1,988)	(453)
Interest paid	12	(335)	(373)
		(2,323)	(826)
Increase/(decrease) in cash and cash equivalents in the year		**5,439**	**(566)**
Cash and cash equivalents at beginning of the year	20	**14,032**	**14,598**
Cash and cash equivalents at end of the year	20	**19,471**	**14,032**

Notes to the Financial Statements
(forming part of the financial statements)

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 Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction Practice: for 2020 to 2021 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 and in accordance with applicable United Kingdom Accounting Standards.

Going concern

The activities of the College together with the factors likely to affect its future development and performance are set out in this Strategic Report. The financial position of the College, its cashflow, liquidity and borrowing are described 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. Corporation has prepared cashflow forecasts for a period of twelve months from the date of approval of these Financial Statements. In preparing these forecasts, the College has considered a decline in the recruitment particularly for apprenticeships, adults and higher education learners. After reviewing these forecasts, the Corporation is of the opinion that, taking account of severe but plausible downsides, including the anticipated impact of COVID-19, the College will have sufficient funds to meet all its liabilities as they fall due over the period of twelve months from the date of approval of the Financial Statements (the going concern assessment period). Furthermore, the College has strong cash balances and has comfortably met its banking covenant in 2020/21.

The College currently has £6,280K of loans outstanding with NatWest on terms negotiated in 2008/09 secured by a fixed and floating charge on the Blossomfield Campus. The terms of the existing agreement are for a further 12 years. The College's forecasts and financial projections indicate that it will be able to operate within this facility and it has sufficient funds to repay these loans in full if necessary.

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.

Notes (continued)

1 Statement of accounting policies (continued)

Recognition of income

The recurrent grant from the Office for Students (OfS) represents the funding allocations attributable to the current financial year and is credited direct to the income and expenditure account.

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the Adult Skills Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. 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 funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

Government capital grants from the funding bodies such as Education and Skills Funding Council (ESFA), West Midlands Combined Authority (WMCA) and Local Enterprise Partnerships (LEP's) in respect of the acquisition of fixed assets are capitalised, held as deferred income, and released in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102.

Grants (including capital 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.

Income from grants, contracts and other services rendered is included to the extent the conditions of the funding have been met or the extent of the completion of the contract or service concerned. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

Post-retirement benefits

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes which are externally funded. Contributions to the TPS are charged as incurred.

Contributions to the TPS scheme are charged to the income and expenditure account 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 payrolls. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method.

The present value of the LGPS defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31st March 2019 has been used by the actuary in valuing the pensions liability at 31st July 2021. 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.

The asset values are reported using estimated asset allocations prepared by the scheme Actuary. This asset value is calculated at each triennial valuation. Thereafter it is rolled forward to accounting dates using investment returns, contributions received, and benefits paid out. During each annual reporting period between triennial valuations asset During each annual reporting period between triennial valuations, asset returns are based upon actual fund investment returns for the period to 31 March and estimated returns based on net assets statements and market returns thereafter.

Further details of the pension schemes are given in note 25.

Notes (continued)

1 Statement of accounting policies (continued)

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 and expenditure account 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 body.

Tangible fixed assets

Land and buildings

Land at the College's Blossomfield Campus was re-valued on a fair value basis by Bilfinger GVA, an independent Chartered Surveyor, as at 1st August 2014 in accordance with FRS 102 paragraph 35 10(c).

Land and building acquired through the merger but dealt with using acquisition accounting, are revalued to fair value by Bilfinger GVA, an independent Chartered Surveyor, as at 1st February 2018.

Buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. Buildings acquired since incorporation are included in the balance sheet at cost. Freehold land and long leasehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of 50 years. Leasehold buildings are amortised over 50 years or, if shorter, the period of the lease. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life.

Where land and buildings are acquired with the aid of government grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

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

Buildings owned by third parties

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

Assets under construction

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

Notes (continued)

1 Statement of accounting policies (continued)

Tangible fixed assets (continued)

Equipment

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

Equipment is depreciated over its useful economic life as follows:

Motor vehicles	-	3 years
IT Equipment	-	3 - 5 years
General equipment	-	5 - 10 years

Where equipment is acquired with the aid of government grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

The College assess whether there are indicators of impairment of the group's tangible assets, including goodwill. 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.

Leased assets

The College review 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.

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The relevant assets are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases.

Assets which are held under hire purchase contracts which have the characteristics of finance leases are capitalised and depreciated over their useful lives.

Investments

Fixed asset investments are carried at historical cost less any provision for impairment in their value.

Listed investments held as fixed assets or endowment assets are stated at market value.

Current asset investments, which may include listed investments, are stated at the lower of their cost and net realisable value.

Foreign currency translation

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

Notes (continued)

1 Statement of accounting policies (continued)

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 Chapter 3 Part 11 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 a minor element of 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.

Liquid resources

Liquid resources include sums on short-term deposits with recognised banks and building societies and government securities.

Provisions

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.

Cash

Cash for the purposes of the cash flow statement comprises cash in hand and deposits repayable on demand less overdrafts repayable on demand.

2 Funding body grants

	2021 £'000	2020 £'000
Recurrent grants		
Education and Skills Funding Agency - Adult	891	1,012
West Midlands Combined Authority - Adult	4,420	3,891
Education and Skills Funding Agency - 16 - 18	25,387	22,378
Education and Skills Funding Agency - Apprenticeships	2,540	3,146
Office for Students	401	424
Specific Grants		
Releases of government capital grants	2,598	1,709
HE capital grant	9	36
Teachers Pension Scheme Contribution Grant	859	773
16-19 tuition fund	605	-
High value courses for school and college leavers	348	-
Free student meals	140	196
Other specific grants	965	1,151
Total	**39,163**	**34,716**

Solihull College and University Centre
Notes to the Accounts (continued)

3 Tuition fees and education contracts

	2021 £'000	2020 £'000
Adult education fees	565	755
Apprenticeship fees and contracts	26	28
Fees for FE loan supported courses	509	749
Fees for HE loan supported courses	1,683	2,181
Total tuition fees	2,783	3,713
Education contracts	1,828	2,157
Total	**4,611**	**5,870**

4 Other grants and contracts

	2021 £'000	2020 £'000
European Union Co Financed	700	475
Coronavirus Job Retention Scheme Grant	119	146
Total	**819**	**621**

The Corporation furloughed an average of 32 staff during 2020/21 under the Government's Coronavirus Job Retention Scheme. These were predominately technicians, security staff, receptionists, print room staff and sports centre staff. The funding of £119K was received which related to total staff costs of £221K in note 9.

5 Other income

	2021 £'000	2020 £'000
Residence, catering and conferences	5	118
Tudor Grange House overage income	1,800	0
Other income	597	1,097
Total	**2,402**	**1,215**

6 Investment income

	2021 £'000	2020 £'000
Investment income	50	54
Total	**50**	**54**

7 Donations

	2021 £'000	2020 £'000
Unrestricted donations	268	-
	268	**-**

The unrestricted donation is from the DfE for help with the technology programme. The College received devices for student use. The College has treated the technology as a revenue item in line with its accounting policy.

8 Details of Grant and Fee Income

	2021 £'000	2020 £'000
Grant income from Office for Students	1,327	460
Grant income from other bodies	37,658	34,256
Fee income for taught awards	3,207	3,633
Fee income from non qualifying courses	893	1,398
	43,085	**39,747**

9 Staff costs

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

	2021 No.	2020 No.
Teaching staff	816	863
Teaching support staff	118	120
Non teaching staff	166	176
	1,100	**1,159**

Staff costs for the above persons

	2021 £'000	2020 £'000
Wages and salaries	20,159	19,894
Social security costs	1,829	1,767
Other Pension Costs	6,704	5,396
Payroll	**28,692**	**27,057**

9 Staff costs - (continued)

Restructuring costs;		
contractual	181	156
non contractual	259	128
	440	**284**

Key management personnel

The College is represented by the Executive Management Team who are responsible for planning, directing and controlling the activities of the College. The Executive Management Team includes the Principal, Deputy Principal and three Vice Principals, all of whom are senior postholders.

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

	2021 No.	2020 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, excluding pension contributions but including benefits in kind, in the following ranges, was:

	Key management personnel		Other staff	
	2021 No.	2020 No.	2021 No.	2020 No.
£65,001 - £70,000	-	1	2	2
£75,001 - £80,000	1	-	-	1
£80,001 - £85,000	1	1	1	-
£90,001 - £95,000	1	1	-	-
£100,001 - £105,000	1	1	-	-
£165,001 - £170,000	1	1	-	-
	5	**5**	**3**	**3**

The Corporation adopted the AoC’s Senior Staff Remuneration Code in May 2019 and assesses pay for senior postholders in line with the Codes principles and with reference to sector benchmarking data. The College's Principal and Chief Executive (Accounting Officer) and other senior postholders 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 Principal and Chief Executive which incorporates questions and observations from members of Corporation. The review is conducted against the expectations set out in the Strategic Plan and annual priorities. The outcome of the review is reported to the Remuneration Committee, who also review the performance of all senior postholders.

The Principal and the Executive Management Team have performed extremely well during 2020/21, with increased challenges posed by the COVID-19 pandemic, meeting the College’s objectives and ensuring good financial health and 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.

Solihull College and University Centre
Notes to the Accounts (continued)

9 Staff costs - (continued)

Key management personnel emoluments are made up as follows:

	2021 £'000	2020 £'000
Salaries	526	515
	526	**515**
Pension contributions	75	72
Total emoluments	**601**	**587**

The total emoluments include amounts payable to the Principal (who is also the Accounting Officer and the highest paid officer) of:

	2021 £'000	2020 £'000
Salaries	170	170
	170	**170**
Pension contributions	-	-
	170	**170**

Relationship of Principal/Chief Executive pay and remuneration expressed as a multiple.	2021 £'000	2020 £'000
Principal's basic salary as a multiple of the median of all staff	7.90	8.16
Principal's total remuneration as a multiple of the median of all staff	7.03	7.34

10 Other operating expenses

	2021 £'000	2020 £'000
Teaching costs	3,197	2,297
Non teaching costs	6,092	5,419
Premises costs	3,352	2,536
Total	**12,641**	**10,252**

Other operating expenses include:	2021 £'000	2020 £'000
Auditors' remuneration:		
Financial statements audit	58	32
Internal audit	20	19
Other services provided by the financial statements auditors	2	2
Other services provided by the internal auditors	14	16
Hire of assets under operating leases	97	191

11 Access and Participation

	2021 £'000	2020 £'000
Access investment	125	133
Financial support	87	80
Disability support	2	7
Research and evaluation	28	9
	242	**229**

Solihull College and University Centre's published Access and Participation Plan can be accessed using the following link; https://www.solihull.ac.uk/about-us/policies/#higher-education

Salary costs of £75K have been included in the above disclosure, these costs are included within the staff cost, note 9.

12 Interest payable

	2021 £'000	2020 £'000
On bank loans, overdrafts and other loans:	335	373
	335	373
Pension finance costs	635	494
Total	**970**	**867**

13 Taxation

The Corporation does not believe the College was liable for any Corporation tax arising out of its activities (2020: £nil).

Solihull College and University Centre
Notes to the Accounts (continued)

14 Tangible fixed assets

	Asset Under Construction	Land and buildings Freehold	Long leasehold	Equipment	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Cost or valuation					
At 1st August 2020	3,147	94,875	1,750	8,891	108,663
Additions	267	954	-	1,102	2,323
Disposals	-	(975)	-	(254)	(1,229)
Transfers	(3,147)	3,147	-	-	-
At 31st July 2021	**267**	**98,001**	**1,750**	**9,739**	**109,757**
Depreciation					
At 1st August 2020	-	21,448	-	6,774	28,222
Charge for the year	-	2,166	-	1,040	3,206
Accelerated depreciation	-	1,092	-	-	1,092
Eliminated in respect of disposal	-	(375)	-	(238)	(613)
At 31st July 2021	**-**	**24,331**	**-**	**7,576**	**31,907**
Net book value at 31st July 2021	**267**	**73,670**	**1,750**	**2,163**	**77,850**
Net book value at 31st July 2020	3,147	73,427	1,750	2,117	80,441

The long leasehold relates to a lease from Solihull MBC for land donated in 2005/06 total £1,750K for the Woodlands Campus. The lease is for 125 years.

Land at the College's Blossomfield Campus was re-valued on a fair value by Bilfinger GVA, an independent Chartered Surveyor, as at 1st August 2014. As a first time adopter of FRS 102 the College has used those fair value as deemed cost at 1st August 2014 in accordance with FRS 102 paragraph 35 10(c).

Tangible fixed assets transferred on merger from Stratford upon Avon College were revalued by Bilfinger GVA, an independent Chartered Surveyor at Fair Value. For equipment, fixtures, fitting and vehicles fair value was considered to be the net book value immediately prior to merger.

Land and buildings with a net book value of £29,317K (2020: £29,253K) have been partly financed from exchequer funds, through for example the receipt of capital grants. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum with the ESFA, to surrender the proceeds.

During the year the College sold a surplus car park on the Stratford upon Avon campus for £600K.

Solihull College and University Centre
Notes to the Accounts (continued)

15 Debtors

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Trade receivables	319	890
Other debtors	3	5
Prepayments and accrued income	1,512	1,104
Amounts owed by the ESFA	184	340
Total	**2,018**	**2,339**

16 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Bank loans and overdrafts within 1 year	370	474
Trade payables	824	565
Value Added Tax	43	4
Other taxation and social security	917	843
Accruals and deferred income	2,274	3,122
Deferred income - government capital grants within 1 year	1,565	1,553
Other creditors	1,407	1,125
Amounts owed to the ESFA	906	606
Capital accrual and retention creditors	382	106
Lease premium	16	16
Total	**8,704**	**8,414**

17 Creditors: amounts falling due after one year

	2021 £'000	2020 £'000
Bank loans	5,910	7,794
Deferred income - government capital grants	28,874	28,524
Long term lease premium	267	283
Total	**35,051**	**36,601**

Following the merger with Stratford upon Avon College, a lease was inherited. The lease was granted by Stratford-upon-Avon College during the financial year 2004/05 for the provision of a new student accommodation block. The lease is for a period of 125 years with an option for the College to obtain the freehold after 35 years. On the basis that the option will be exercised the lease premium is being released over 19 years.

18 Maturity of debt

Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	2021 £'000	2020 £'000
In one year or less	370	474
Between one and two years	389	491
Between two and five years	1,291	1,712
In five years or more	4,230	5,591
Total	**6,280**	**8,268**

The College has bank facilities with National Westminster Bank plc, comprising a term loan facility of £6,280K (2020: £8,268K).

The term loan is repayable in equal quarterly instalments falling due between April 2012 and January 2034. In January 2021 the College repaid the variable loan of £1,575K. £2,032K of the balance converts to a variable rate of 0.625% above SONIA in January 2022. The loan is secured against the Blossomfield Campus.

The College has agreed to indemnify the Bank against any cost, loss or liability incurred as a result of it breaching any of the Financial Undertakings specified in the loan agreement.

19 Provisions

	Enhanced pensions £'000	Other £'000	Total £'000
At 1st August 2020	519	416	935
Provisions made in the year	-	60	60
Actuarial loss	10	-	10
Interest cost	7	-	7
Release in the year	(41)	-	(41)
At 31st July 2021	**495**	**476**	**971**

The enhanced pension provision relates to the capital cost of enhancing the pension of former employees. This provision has been recalculated in accordance with guidance issued by the ESFA. The principal assumptions for this calculation are:

	2021	2020
Price inflation	2.60%	2.20%
Discount rate	1.60%	1.30%

Other provisions relate to specific activities where there is a potential for clawback of funds.

20 Cash and cash equivalents

	At 1st August 2020	Cash flows	At 31st July 2021
	£'000	£'000	£'000
Cash and cash equivalents	14,032	5,439	19,471
Total	**14,032**	**5,439**	**19,471**

The College invested with Santander the following amounts: £3,000K for 12 months in August 2020 and £2,000K in May 2021 for 12 months on a variable interest account. Additionally, the College had investments of £4,000K with Barclays on a 95 notice account reduced to £3,000k in May 2020 with Barclays on a 95 day notice account.

21 Capital commitments

	2021 £'000	2020 £'000
Commitments contracted for at 31st July	130	1,008

22 Lease Obligations

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

	2021 £'000	2020 £'000
Future minimum lease payments due		
Not later than one year	102	180
Later than one year and not later than five years	10	125
	112	305

There are no lease payments in relation to land and buildings.

23 Contingent liabilities

There were no contingent liabilities as at 31st July 2021 (2020: £nil).

24 Events after the reporting period

There were no post balance sheet events.

25 Defined benefit obligations

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the West Midlands LGPS for non-teaching staff. Both are multi-employer defined-benefit plans.

Following the merger between Stratford upon Avon College and Solihull College and University Centre on 1st April 2018 the members from Warwickshire LGPS were transferred to West Midlands LGPS.

On 26 October 2019, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits, "GMP". The Government will need to consider this outcome in conjunction with the Government's recent consultation on GMP indexation in public sector schemes before concluding on any changes required to LGPS schemes.

Total pension cost for the year		**2021 £'000**		**2020 £'000**
Teachers Pension Scheme: contributions paid		2,376		2,318
Local Government Pension Scheme;				
Contributions paid	1,457		1,444	
FRS 102 (28) charge	2,869		1,664	
		4,326		3,108
Charge to the Statement of Comprehensive Income		6,702		5,426
Enhanced pension charge/(release) to Statement of Comprehensive income		2		(30)
Total pension cost for the year		**6,704**		**5,396**

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

Contributions amounting to £437K (2020: £427K) were payable to the scheme at the end of the financial year and are included in creditors.

Teachers' Pension Scheme

The TPS is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1st April 2014, by the TPS Regulations 2014. 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 1st 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.

25 Defined benefit obligations (continued)

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.

West Midlands LGPS

The West Midlands LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by West Midlands LGPS. The total contribution made for the year ended 31st July 2021 was £1,936K of which employer's contributions totalled £1,451K and employees' contributions totalled £485K. The agreed contribution rates for future years range from 20% for employers and range from 5.5% to 12.5% for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31st March 2019 updated to 31st July 2021 by a qualified independent actuary, Barnett Waddingham.

	2021	**2020**
Rate of increase in salaries	3.85%	3.20%
Future pensions increases	2.85%	2.20%
Discount rate for scheme liabilities	1.60%	1.40%
Commutation of pensions to lump sums	50.00%	50.00%

In response to the ongoing reform of RPI Barnett Waddingham have changed their approach to setting the CPI assumption: an increase in the Inflation Risk Premium and a reduction in the long-term difference between RPI and CPI. The combined impact of this change is a circa £6.43m increase to the defined benefit obligation at 31 July 2021.

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

	2021	**2020**
	years	**years**
Retiring today		
Males	21.60	21.90
Females	24.00	24.10
Retiring in 20 years		
Males	23.40	23.80
Females	25.80	26.00

25 Defined benefit obligations (continued)

The Teachers' Pension Budgeting and Valuation Account

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1st 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 TPS

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

Scheme Changes

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1st April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1st April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1st April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

Regulations giving effect to a reformed TPS came into force on 1st April 2014 and the reformed scheme commenced on 1st April 2015.

The pension costs paid to TPS in the year amounted to £3,265K (2020: £3,205K)

Solihull College and University Centre
Notes to the Accounts (continued)

25 Defined benefit obligations (continued)

West Midlands LGPS

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

	%	Fair Value at 31st July 2021 £'000	%	Fair Value at 31st July 2020 £'000
Equities	61%	41,748	56%	32,807
Government bonds	8%	5,663	11%	6,336
Other bonds	6%	4,196	4%	2,265
Property	7%	4,814	8%	4,401
Cash	4%	2,523	7%	3,874
Other	14%	9,591	15%	8,716
Total market value of assets		**68,535**		**58,399**

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

	2021 £'000	2020 £'000
Fair value of plan assets	68,535	58,399
Present value of plan liabilities	(115,751)	(103,477)
Net pensions liability	**(47,216)**	**(45,078)**

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

	2021 £'000	2020 £'000
Amounts included in staff costs		
Past service cost	4,380	3,156
Contribution by employer	(1,514)	(2,277)
Total	**2,866**	**879**
Amounts included in interest payable		
Net interest on defined liability	629	482
Total	**629**	**482**
Amounts recognised in other comprehensive income		
Return on pension plan assets	8,921	(30)
Experience loss on defined benefit obligation	1,840	(4,557)
Other actuarial loss on assets	-	(2,379)
Change in demographics assumptions	1,551	(2,403)
Changes in assumptions underlying the present value of plan liabilities	(10,955)	(11,949)
Amount recognised in Other Comprehensive Income	**1,357**	**(21,318)**

25 Defined benefit obligations (continued)

West Midlands LGPS (continued)

Movement in net defined benefit /liability during the year

	2021 £'000	2020 £'000
Deficit in scheme at 1st August	(45,078)	(22,399)
Movement in year:		
Current service cost	(4,307)	(3,137)
Curtailment and settlements	(73)	(19)
Employer contributions	1,514	2,277
Net interest on the defined liability	(629)	(482)
Actuarial gain / (loss)	1,357	(21,318)
Net defined benefit liability at 31st July	**(47,216)**	**(45,078)**

Asset and liability reconciliation

	2021 £'000	2020 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	103,477	80,716
Current service cost	4,307	3,137
Interest cost	1,441	1,685
Contributions by scheme participants	483	482
Experience gains and losses on defined benefit obligationsfinancial assumptions	9,404	14,352
Unfunded pension payment	(3)	(3)
Experience loss on defined benefit obligation	(1,840)	4,557
Estimated benefits paid	(1,591)	(1,468)
Curtailments and settlements	73	19
Defined benefit obligations at end of period	**115,751**	**103,477**

Reconciliation of assets

	2021 £'000	2020 £'000
Fair value of plan assets at start of period	58,399	58,317
Interest on plan assets	820	1,238
Return on plan assets less interest	8,921	(30)
Employer contributions	1,514	2,277
Contributions by scheme participants	483	482
Administration	(8)	(35)
Estimated benefits paid	(1,594)	(1,471)
Other actuarial losses	-	(2,379)
Assets at end of period	**68,535**	**58,399**

26 Related party transactions

Due to the nature of the College's operations and the composition of the Board of Governors (being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the Corporation 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 £0; (2020: £227 1 Governor). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity for the prior year.

No Governor has received any remuneration or waived payments from the College or its subsidiaries during 2020/21.

The College is a member of the Greater Birmingham & Solihull Institute of Technology (GBSIoT) along with South & City College Birmingham, Aston University and University College Birmingham. John Callaghan, the Principal and Accounting Officer was a Director of the Board and following his retirement on 31st August 2021 Rebecca Gater was appointed as Director. Rosa Wells is seconded to manage the GBSIoT. The College manages the finances, HR and payroll processes for the GBSIoT and receives payment for these services. During the year the College received DfE grant funding for the Woodlands Spoke of the GBSIoT £912K. The total approved DfE funding for this project is £1,026K.

During the year the College completed the purchases approved from the Greater Birmingham and Solihull Local Enterprise Council (GBS LEP) for the Construction Skills for Work Readiness project. The College received £45K in year. The total approved funding value for this project is £287K. The College also completed the purchases approved from the GBS LEP for the Creative Outpost project with all claims placed and paid in year totalling £295K in line with the approved project value. The College has also completed the GBS LEP Digital Infrastructure project combined with GBSIoT with £294K funding for Solihull. The College received £294K in accordance with the business plan and claims submitted. John Callaghan, Principal and Accounting Officer was a member of GBS LEP Board until 31st December 2020.

John Callaghan the Principal and Accounting Officer was also an executive member at the Solihull Chamber of Commerce. During the year Solihull Chamber of Commerce purchased services from the College of £1K and the College purchased services from the Chamber of Commerce of £10.2K.

Stan Baldwin is a Governor of the College and a Governor of University Hospital Birmingham NHS Foundation Trust (UHB) and a Trustee of University of Hospital Birmingham Charity. During the year UHB purchased services from the College of £1.5K and the College purchased services of £1.5K from UHB.

Geraldine Swanton is a Governor at the College and is employed as Legal Director at Shakespeare Martineau LLP. During the year the College purchased services from Shakespeare Martineau LLP of £38K.

27 Amount disbursed as an agent - learner support fees

	2021	2020
	£'000	**£'000**
16 -18 Grants and funding body grants	830	619
	830	**619**
Disbursed to students	(614)	(709)
Administration costs	(41)	(31)
	(655)	**(740)**
Balance on creditors	195	20

Funding body grants are available solely for students in the majority of instances, the College only acts as a paying agent.