

Solihull College & University Centre

Members' Report and Consolidated Financial Statements

For year ended 31st July 2023

Contents

Report of the Members of the Corporation for the Year to 31st July 2023 ...	3
Strategic Report.....	3
Financial Objectives and Review of Outturn for the year.....	5
Current and Future Development and Performance.....	7
Principal Risks and Uncertainties.....	9
Public Benefit Statement	11
Stakeholder Relationships	11
Going Concern	13
Disclosure of information to auditor.....	13
Professional Advisors	14
Statement of Corporate Governance and Internal Control	15
Appointments to the Corporation	19
Remuneration Committee.....	20
Audit Committee	20
Internal Control	21
Statement of Regularity, Propriety and Compliance	23
Statement of the Corporation responsibilities in respect of the members' report and the financial statements	24
Independent Auditor's Report to the Corporation of Solihull College and University Centre	25
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)	29
Statement of Comprehensive Income and Expenditure.....	31
Statement of Changes in Reserves.....	32
Balance Sheet as at 31st July.....	33
Statement of Cash Flows.....	34
Notes to the Financial Statements.....	35

Report of the Members of the Corporation for the Year to 31st July 2023

Strategic Report

The Members present their report and the audited financial statements for the year ended 31st July 2023.

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 29th November 2022, the Office for National Statistics (ONS) reclassified all college corporations as public sector institutions backdated to 1st April 1993. The Department for Education (DfE) has introduced some new restrictions for colleges which took effect immediately. The reclassification does not alter the financial position reported in the Financial Statements, nor the Going Concern basis on which they have been prepared.

Strategic Direction

A new Strategic Plan '2022-2025: Inspire Success for All' was launched in December 2022 following a 9-month consultation period with key stakeholder groups including all staff.

Mission

"To be a reflective and progressive organisation which supports and inspires everyone to succeed".

Vision

Our vision is to position Solihull College and University Centre as a confident, fully inclusive, forward-thinking organisation, with a strong reputation for innovation and excellence.

Implementation of the strategic plan

In December 2022, the Corporation approved the Strategic Plan and ambitions for the period end of 2022 to end of 2025. The Corporation monitored the performance of the College against the plan through regular meetings and via the first in a series of mid-year and year end progress updates.

The first mid-year progress review (January to July 2023) is available to view via the College's website. However, a summary of key achievements to date for each strategic ambition is outlined below:

1. Deliver a high-quality curriculum that enhances the life opportunities of our learners, the inclusive growth of our communities, and the productivity of the employers with which we work

- Students from a range of curriculum areas have succeeded in Worldskills UK.
- Selected by Rumpus Media to train TV production assistants to establish live broadcasts from Birmingham, including Late Night Lycett. The impact and success of this programme was captured in an article by The Guardian.
- Engaged in an international research project called the 'IMPULS Lesson Study Immersion Programme in Japan' funded by Impulse Immersion Programme.
- Concluded a year-long research project conducted with NCFE to assess the impact of using artificial intelligence (AI) to individualise learning experiences in maths and English.
- Significantly improved apprenticeship satisfaction – overall satisfaction has increased by +9% compared to last year.
- Engaged in over 10 English and Maths research projects with partner colleges, partners and the DfE to improve the quality of classroom practice.

2. Secure the future of our organisation in a fast-changing sector through careful and appropriate income diversification and growth

- Completed and submitted Annual Accountability Statement which details curriculum strategy for each of our schools, and align with Greater Birmingham and Solihull Chamber, West Midlands Combined Authority (WMCA), Local Skills Improvement Plan (LSIP) priorities.
- Selected to lead West Midlands and Warwickshire Local Skills Improvement Fund (LSIF), to ensure Solihull is at the forefront of regional plans for collaboration and investment towards improving regional skills.
- Created and started to deliver a new programme for middle managers, focusing on achieving growth through project management.

3. Create a high-performing culture that attracts and retains the best people, is fully inclusive, and produces a happy and proud workforce

- Participated, as one of ten Colleges nationally, in the Leaders Unlocked Programme for Racial Justice. The College was commended for four students' contribution to the Project.
- Affiliated with the Black Leadership Group and developed a new set of Equality Objectives.
- Embedded the Colleges Values following their review in line with the review of the Strategic Plan.
- As early adopters of the Education and Training Foundation (ETF) Professional standards in Leadership and Management, incorporated them into appraisal and Continuing Professional Development (CPD) processes.
- Developed a process where staff can share their ideas and innovations.
- Continued to champion diversity and inclusion from the most senior level through a Governors' special interest group, embedded Equality, Diversity and Inclusivity (ED&I) as a 'golden thread' throughout the strategic plan, and by recognising when staff demonstrate these values.
- Designed and started to deliver leadership at aspiring, middle and senior levels through a mixture of internal and external training sessions, mentoring and sponsorship opportunities.
- Maintained a staff turnover which is below sector average (11.2% compared to 17.8% nationally).
- Led on a regional 'Black Asian and Minority Ethnic (BAME) future leaders' project and have two staff on the pilot cohort of this programme.

4. Deliver a considered but ambitious programme of investment underpinned by financial stability

- Obtained Corporation approval for an investment Plan for summer works including refectory refurbishments on all three campuses, Health & Care T Level suite and Lesson Capture room. Works have been tendered and are underway.
- Submitted and secured a bid to DfE for Animal Care T Level capital funding.
- Completed F block refurbishment and the demolition of surplus buildings on the Stratford-upon-Avon campus with landscaping works in progress which means all of our estates are considered ESFA condition B or above.
- Launched the Digital Elevation project on staff development day in March 2023, the results are currently being evaluated to inform next steps.
- Spent £200K on Staff development in 2022/23 - 56 staff have undertaken long courses.

5. Be net zero by 2030

- Developed a new sustainability tutorial which has been rolled out across all schools.
- Become the lead College in the Colleges West Midlands collaborative 'Towards Net Zero' workstream.
- Appointed 60 Green Champions (Staff and Students) who are actively engaging in initiatives on campus.
- Established our Head of Sustainability role (in post since September 2022).
- Attained Governor approval for Our Sustainability Strategy (Climate Change) which sets out a clear plan for meeting 2030 Net Zero target, in May 2023
- Our Carbon Footprint has been established for Scope 1 and 2 emissions providing our 2022/23 baseline.
- Ensured that all tendered procurement exercises now include sustainability evaluation criteria.

- Developed clear goals and targets for our existing waste management and catering service contractors to improve environmental performance in the new financial year.
- Secured an energy efficiency grant enabling the College to build into its annual Estates work programme initiatives such as light-emitting diode (LED) lighting, electric vehicle (EV) charging infrastructure and the Building Management System (BMS) overhaul.
- Agreed the terms and finance for our investment in the Solihull Heat Network.

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>

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.

It is pleasing to report that the majority of all financial objectives have been achieved and the overall financial health for the College is 'Good'.

Target	Actual
An adjusted current ratio of at least 3.3, (net working capital positive).	Actual adjusted current ratio at 31st July 2023 was 1.8 which was below target, due to the repayment of the bank loan.
EBITDA as a percentage of income (education specific) at least 4%	EBITDA as a percentage of income (education specific) was 4% 'This is in line with target.
A Debt servicing cover ratio of at least 1.6.	Debt servicing cover ratio was 19.81 at 31st July 2023. The College has no debt outstanding at 31st July 2023. As a result, the debt service ratio for 2023/24 will be zero.
Aiming to ensure that staffing costs are no more than 65% of total income excluding capital grants.	Staffing costs (excluding restructuring) at 31st July 2023 were 67% of total income excluding capital grants. Due to cost-of-living concerns for our staff, Corporation approved an increase to this target for a period of 2 years.
Month end cash balances above £6m (over 50 days cash in hand).	Actual cash balances at 31st July 2023 were significantly above target at £22,063K (179 days cash in hand).
Contribution from faculties of at least 40%	Actual contribution was 41% (46% excluding gift payments to staff), this is higher than target.
Meeting the banking covenants agreed with NatWest (net cashflow inflow of a minimum of 1.25).	The loan with NatWest was fully repaid in November 2022 and at this point the banking covenant requirements were removed.

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 'Good' is considered to be in line with the College target. The College has modelled the financial health on the new criteria and this also gives an outcome of 'Good'.

Tangible fixed asset additions during the year amounted to £5,155K. This was split between assets under construction of £721K, buildings of £3,533K and equipment purchased of £901K.

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 £4,812K (2021/22 £7,246K inflow), was in line with expectations. The overall decrease in cash of £1,995K resulted from capital expenditure, less operating cash inflow.

Liquidity

At 31st July 2023, the College had cash balances including short term investments of £22,063K (179 cash days in hand).

During 2008/09, the College entered into a long-term bank loan of £11,666K to support the re-development of the Blossomfield Campus. This was fully drawn down in the financial year ending 31st July 2012 and was fully repaid in November 2022.

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 £57,047K (2021/22: £42,151K). The Local Government Pension Fund deficit was significantly reduced by £15,304K, which has increased the College's reserve. It is the Corporation's intention to retain reserves excluding the pension deficit. The strategy is now to use cash reserves for capital investment, so they reduce over the life of the strategic plan.

Overall, the net pension liability has reduced by £15,304K and is now recognised as breakeven within the Balance Sheet. This reflects significant movements in key assumptions compared to the previous year and is mainly due to the increase in the discount rate over the period from 3.3% to 5.5%, reflecting higher corporate bond yields at 31st July 2023 compared to 31st July 2022.

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.

Current and Future Development and Performance

Student Numbers

In 2022/23 there was a decrease of 250 16-18-year-old students. Full-time adult numbers were also down on the previous year, however part-time adult numbers increased mainly due to Bootcamp and ESOL provision. Apprentice new starts decreased, as did Higher Education (HE).

Student Achievements

The College's achievement rate was 79% for 16-18-year-olds and 84% for adults. This was in-line with the previous year's achievement rates for Education and Training (E&T). The apprenticeship achievement rate was 55%, a +2% improvement on the previous year.

Whilst achievement rates are in line with the previous year, the College continues to work with learners who have been impacted by gaps in education during their formative schooling years. This was the first year of no achievement and/or assessment mitigations by the DfE.

Curriculum Development

The College has planned clear progression routes for learners across all subject areas and campuses. Provision has clear intent at every level of study and is designed to progress learners into meaningful careers. Therefore, progression routes lead to a specific career aim, which are delivered flexibly to meet the needs of learners and employers.

The College published a Skills Accountability Statement to detail how the curriculum is shaped by employers and is designed to meet the local, regional and national skills needs. The College's curriculum is designed to respond directly to the regional priorities laid out in the LSIP alongside those of other civic partners. Regionally, the key civic partners that inform curriculum design are the WMCA and the Chamber of Commerce; Locally, this is led by Solihull Metropolitan Borough Council (SMBC) and Warwickshire County Council (WCC). The curriculum responds directly to the skills priorities set out by these local and mayoral combined authorities, as set out in the following strategic documents:

- West Midlands and Warwickshire LSIP
- WMCA Regional Skills Plan
- SMBC Solihull Economic Strategy 2023-2032
- WCC Economic Growth Strategy 2020-2025

Employer engagement is a key priority for the College. It works with a wide range of local and regional employers, including large companies and small and medium sized enterprises (SMEs). The College has a strong track record of designing specialist curriculum that meets the skills needs of these employers, including Professional and Management Studies, Aerospace, Engineering, Construction, Health & Social Care and Finance. Labour Market Information (LMI) is also used effectively to inform curriculum development.

The College has kept pace with Post-16 Educational Reforms and was focused on the following in 2022/23:

- In 2022/23, the College ran T Levels to prepare for future defunding of Level 3 Applied General Qualifications in Digital, Childcare and Engineering. Additional T Levels were launched in September 2023 for Health, Science, Construction, and Business.
- Introduction of T-Level Transition Programme (TLTP) in areas where we have a corresponding T Level to be alongside the T Level programme above.
- Preparations to launch Higher Technical Qualifications (HTQ) in areas linked to T Levels is underway.
- Apprenticeship Standards: The programme to solely deliver Apprenticeship Standards is nearing completion. Final learners on Apprenticeship Frameworks are now completing programmes.

Community Learning has grown since the pandemic and the College has improved its work with Hard-to-Reach learners. Specifically, the College has been successful in targeting the community provision to the North of Solihull (where there is a concentration of deprived wards) and community settings. 51% of

Community Learning enrolments were in North Solihull or based in Community Settings (+11% from the previous year).

The vocational relevance of the College's HE provision has been judged to be particularly strong. The College works in partnership with four key university partners consolidating strong and effective curriculum partnerships.

The College's continued investment across all three campuses has led to outstanding vocational specialist facilities which supports curriculum innovation. The College's significant investment into a phased refurbishment of Stratford Upon Avon campus is nearing completion and continues to benefit curriculum development.

Resources

The College has various resources that it can deploy in pursuit of its ambitions. Tangible resources include the main Blossomfield Campus in South Solihull, the Woodlands Campus in North Solihull and the Stratford upon Avon Campus.

Financial

The College has £57,047K of net assets and at 31st July 2023 zero long-term debt. Following the merger with Stratford upon Avon College on 1st February 2018, land and buildings transferred on merger were re-valued from £12,571K to £20,576K by Bilfinger GVA, an independent Chartered Surveyor.

People

Throughout the year the College employed an average of 415 salaried teaching staff, 396 PT hourly paid teaching staff and 288 non-teaching staff. The College's overall average is 1,099.

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. Other key achievements include being selected to lead the West Midlands and Warwickshire LSIF, and winning Education and Training provider of the year at the Solihull Chamber of Commerce Awards. The college celebrates staff and student success at a regional and national level:

- Rachel Arnold, English teacher and teaching & learning coach presented at the Association of Colleges (AoC) English and Maths conference on 'Tackling a failure mindset' in February 2023. Rachel also presented at FE Research Meet at Coleg Sir Gar on 'Bridging the empathy gap' in June 2023.
- Rebecca Gater, Principal and Chief Executive/Accounting Officer invited to be a panel member by the FE Commissioner at the 'Just One Thing' event for Chief Executive Officers, Chairs and Governance professionals in London, February 2023.
- Mary Younan, Dean of HE and Research presented at the AoC HE conference on 'Developing an HE ethos in an FE setting' in March 2023.
- HTQ Cyber Security student, Chloe Caine, invited to speak at the House of Commons in May 2023 to Secretary of State and Ministers on the benefits of continuing HE study in FE.
- Rebecca Gater, Principal and Chief Executive presented at the Black Leadership Group conference in June 2023 on the regional project she is leading to develop BAME future leaders.
- Three trailblazing students from the College have been recruited as Commissioners for Leaders Unlocked (LU), an award-winning social enterprise focused on working with organisations to ensure they include and platform young people from underrepresented groups in their operational decision making, thus enabling them to have a say on issues that affect their lives.

- Solihull College and University Centre was voted by peers to lead the West Midlands and Warwickshire LSIF; a collaboration between FE colleges and Independent Training Providers across the region attracting up to £10.6m funding over two years.
- The College has hosted a number of high-profile visitors: Gillian Keegan MP, Secretary of State for Education; Saqib Bhatti MP MBE, Chair of Conservative Party; Andy Street, Mayor of the West Midlands; Dr Katerina Kolyva, Chief Executive Officer of the ETF – raising the college's profile on a national scale.
- Olly Scholefield, Head of Sustainability, is talking at the national Environmental Association for Universities and Colleges (EAUC) conference 'Conversations on Climate Solutions' at the University of Bath, with a focus on collaboration between further and higher education institutions.
- The College played host to the College Marketing Network's national conference in November. At the associated awards evening, the marketing team were delighted to be awarded the gold award for social and digital media impact. Sean Howitt, Head of Marketing & Communications, has delivered keynote speeches to the AoC Marketing & Communications Conference and The Further Education Marketing Conference.
- 12 students excelled in the Worldskills UK competitions and progressed to the National Qualifier Round having won local and regional heats.

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 2022/23 the College's Internal Auditor assessed the College in a range of strategic areas and confirmed that the organisation had an adequate and effective framework 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.

Strategic Risks

Poor 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.

Unresponsive Curriculum:

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

Ineffective Safeguarding/Wellbeing:

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.

Unsuitable 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.

Ineffective Information Technology (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.

Ineffective 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.

Ineffective Governance:

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

Unable to maintain 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 the above risks and the Risk Management Group agrees any further actions required reporting these to Audit Committee. As well as the Strategic Risks, the Executive Management Team also identifies the Top Key Risks which are used to focus the Corporation meeting agenda and discussion.

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;
- ESFA;
- WMCA;
- DFE;
- FE Commissioner;
- The Office for Standards in Education, Children's Services and Skills (Ofsted);
- local employers (with specific links to Chambers of Commerce in Solihull and Coventry & Warwickshire Business Improvement District (BID));
- College West Midlands Government offices / Local Enterprise Partnerships/ LSIP;
- the wider community;
- Office for Students (OfS);
- other FE institutions;
- Greater Birmingham and Solihull Institute of Technology;
- AoC
- 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. The College welcomes, as an employer and as a provider of education and training, its duty towards those individuals sharing one or more of the protected characteristics of age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation and, where relevant, marriage and civil partnership. 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:

- in any re-development of its buildings, to ensure facilities allow access by people with a disability;
- 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;
- to invest appropriately in additional needs support for students with learning difficulties and disabilities; and
- 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 2022/23

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 2022 to 31st March 2023.

The number of employees who were relevant union officials during the relevant period was 19 (16 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%	19
51%-99%	0
100%	0

The percentage of pay bill spent on facility time:

Total cost of facility time	£32K
Total pay bill	£29,950K
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.107%

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 and liquidity 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 12 months from the date of approval of these Financial Statements (28th November 2023). In preparing these forecasts, the College has considered the increase in the recruitment for 16-19 learners, and a decline within apprenticeships, adults and HE learners. After reviewing these forecasts, the Corporation is of the opinion that the College will have sufficient funds to meet all its liabilities as they fall due over the period of 12 months from the date of approval of the Financial Statements (the going concern assessment period). The College has strong cash balances and has comfortably been able to repay its loans in full and has no debt as it moves into the next 12 months.

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 28th November 2023 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	
Tax Advice	
Prime Accountants Group Charter House 161 Newhall Street Birmingham B3 1SW	

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:

- in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- in full accordance with the guidance to Colleges from the AoC in The Code of Good Governance for English Colleges (“the Code of Good Governance”); and
- 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. The Code of Good Governance for English Colleges is currently under review and there is due to be a soft launch in Autumn 2023 and to be implemented in August 2024. 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 2023 and up to the date these accounts are approved and this was confirmed by the External Board Review in July 2023. The Corporation recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges initially issued by the AoC in March 2015 and formally adopted by the Corporation in April 2015 [revised by the AOC in February 2019].

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 2022/23 %
Christine Abbott	December 2021	December 2025		Member	Member of Search and Governance Committee	83%
Paul Assinder	January 2019	December 2023		Member	Chair of the Financial Oversight Group Joint Vice-Chair of Governors	88%
Scott Beasley	September 2020	August 2024	September 2023	Member		83%
Tasleem Chaudary	December 2020	November 2024		Member	Chair of Ofsted Financial Oversight Group	67%
Mehak Farooque	September 2023	September 2024		Student Governor (FE)		NA
Vic Gwozdz	July 2022	June 2026	31 st July 2023	Student Governor (FE)		67%
Rebecca Gater	September 2022		Ex-Officio	Principal & Chief Executive/Accounting Officer	Member of Search and Governance Committee	100%
Sarah Horton-Walsh	September 2020	August 2024		Member	Audit Committee	78%
Barbara Hughes	June 2017	May 2025		Member	Chair of Governors Chair of Search and Governance Committee and member of Remuneration Committee	100%
Ravi Kumar	December 2022	November 2026 – subject to approval by Corporation on 28 th November 2023		Member		100%

Lucy Lee	October 2016	October 2024		Member	Audit Committee (Chair) and Member of Remuneration Committee - Joint Vice-Chair	89%
Tony Lucas	May 2019	April 2027		Member	Remuneration Committee (Chair) and Member of Search and Governance Committee. Joint Vice-Chair of Governors	56%
Jo Moorcroft	September 2023	September 2024		Student Governor (HE)		NA
Amirun Nehar	June 2021	May 2025		Member	Member of Audit Committee and Remuneration Committee. Audit Committee Vice-Chair	100%
Donna Poole	November 2021	December 2025		Staff		83%
Joan Smith	May 2017	May 2025	Resigned March 2023	External Member	External member of the Search and Governance Committee (to March 2023)	50%
Geraldine Swanton	July 2015	December 2023	End of Term of Office December 2023	Member	Search and Governance Committee	78%
Harrison Thompson	December 2020	November 2024		Member	Member of Audit Committee	100%
Sally Tomlinson	March 2017	March 2025		Member	Member of the Remuneration Committee Chair of EDI Special Interest Group	100%
Tony Worth	July 2015	July 2027		External Member	External member of Audit Committee.	75%
Michael Burnett	November 2023	November 2024		External Member	External member of Audit Committee.	N/A

Overall attendance at Corporation meetings during 2022/23 was 81% and were held either on site or online using Teams.

Governors/Governor Professional Training & Development

Governors have private access to a Governor's portal to include access to a wide range of training and development modules for governors. Governors complete mandatory training modules including child protection, cyber security and prevent. Internal development for governors including safeguarding and regular topical briefings given at meetings, for example quality processes, sustainability and higher education. All new governors are given a mentor and have a full induction programme.

Mentoring for the Director of Corporate Governance from Governance4fe has been in place since July 2022. Active Support with Deputy FE Commissioner including mentoring for Director of Corporate Governance took place from September 2022 to July 2023. Director of Corporate Governance has completed the Governance Professionals' Development Programme - Expert Level Programme and attends national and regional governance networking groups and conferences. Regular meetings form part of the wider monitoring to identify any areas for development, celebrate progress and agree approach and direction.

The Corporation carried out a self-assessment of its own performance for the year ended 31 July 2023. The Governing Body is committed to continuous development.

Statement of Corporate Governance and Internal Control (*continued*)

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. It was agreed in June 2023 that the Audit Committee be renamed to Audit and Risk Committee.

The Financial Oversight Group has met twice during 2022/23 to consider the annual accounts, budget and financial plan each year which provides 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 Director of Corporate Governance, Risk and Compliance 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 Director of Corporate Governance, Risk and Compliance 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 Director of Corporate Governance, Risk and Compliance, who is responsible to the Board for ensuring compliance with all applicable procedures and regulations. The appointment, evaluation and removal of the Director of Corporate Governance, Risk and Compliance 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 the Principal & Chief Executive/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 four members. 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 with one year in the first instance and will generally be re-appointed for two terms of office based on appropriate attendance and contribution.

External Board Review

The external board review took place from March to June 2023. The Review was carried out by the AoC.

The Review concluded that the Board is proficient and has impact on college strategy, effectiveness and outcomes with a positive Board composition and strong Board interaction.

Statement of Corporate Governance and Internal Control (continued)

Remuneration Committee

Throughout the year ending 31st July 2023, 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 & Chief Executive/Accounting Officer and other senior post holders and the Director of Corporate Governance, Risk and Compliance 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 2023 are set out in note 8 to the financial statements.

Audit Committee

The Audit Committee comprises five members of the Corporation (excluding the Principal & Chief Executive/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 ESFA college governing body finance dashboard is available as an interactive tool for use online hosting a range of information and analytics for individual education organisations to access.

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.¹ There were four Audit Committee meetings in 2022/23, with attendance as follows:

Name	Role	Attendance %
Lucy Lee	Chair	50%
Amirun Nehar	Full Member	100%
Sarah Horton-Walsh	Full Member	100%
Harrison Thompson	Full Member	100%
Tony Worth	External Member	100%

The Audit Committee was renamed to Audit and Risk Committee in June 2023.

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 & Chief Executive/Accounting Officer for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives. The Principal & Chief Executive/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.

The Principal & Chief Executive/Accounting Officer 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 2023 and up to the date of approval of the annual report and accounts.

Policies and procedures, including the Financial Regulations, have been updated to reflect the requirements of Managing Public Money (MPM) following reclassification of all college corporations as public sector institutions by the ONS in November 2022.

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 2023 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.

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

Statement of Corporate Governance and Internal Control (continued)

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 monitors 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 & Chief Executive/Accounting Officer has responsibility for reviewing the effectiveness of the system of internal control. The Principal & Chief Executive/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 28th November 2023 meeting, the Corporation carried out the annual assessment for the year ended 31st July 2023 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 2023.

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



Barbara Hughes

Chair of the Corporation

28th November 2023

Signed



Rebecca Gater

Principal & Chief Executive / Accounting Officer

28th November 2023

Statement of Regularity, Propriety and Compliance

As accounting officer, I confirm that the Corporation has had due regard to the requirements of grant funding agreements and contracts with ESFA and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with terms and conditions of funding.

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

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

Signed



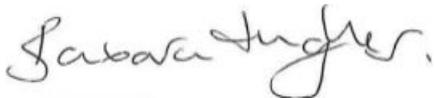
Rebecca Gater

Principal & Chief Executive / Accounting Officer

28th November 2023

Statement of the Chair of Governors on behalf of the Corporation, I confirm that the accounting officer has discussed their statement of regularity, propriety and compliance with the board and that I am content that it is materially accurate.

Signed



Barbara Hughes

Chair of Governors

28th November 2023

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 ESFA and applicable law and regulations.

It is required to prepare the 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 and the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education. It is further required to prepare the financial statements in accordance with the Post-16 Audit Code of Practice 2022 to 2023 (April 2023), the College Accounts Direction 2022 to 2023 issued by the ESFA, the Accounts Direction dated 25th October 2019 issued by the Office for Students, and the terms and conditions of funding.

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, and of its cash flows for that period. In preparing the financial statements, the Corporation is required to:

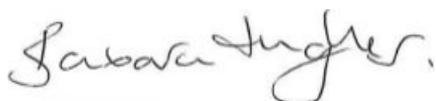
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards and the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education have been followed, 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 it either intends to liquidate the College or to cease operations or has 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. It is responsible for 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, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the College 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 ESFA and the DfE 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.

Approved by order of the Members of the Corporation on 28th November 2023 and signed on its behalf by:



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 2023 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 2023, 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, with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education and with the College Accounts Direction 2022 to 2023.

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 College 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 it does not intend to liquidate the College or to cease the College's operations, and as it has concluded that the College's financial position means that this is realistic. It has also concluded that there are no material uncertainties that could have cast significant doubt over the College's 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

Identifying and responding to risks of material misstatement due to fraud

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 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 claw back of adult and apprenticeships funding where funding targets have not been reached, of overstatement of 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, 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 judgments 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-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management/ those posted and approved by the same user/ those posted to unusual accounts/ those posted to cash and borrowings.
- We performed test of detail over funding body income, agreeing funding to learner registration documentation to confirm revenue was recognized appropriately.

Identifying and responding to risks of material misstatement related to 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 others 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.

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.

Firstly, 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.

Secondly, the College is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: compliance with the regulatory framework of the ESFA and the Office for Students. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We have reported separately on the College's use of funds in the section of our audit report dealing with other legal and regulatory requirements and the regularity of the expenditure disbursed and income received by the College during the period in our report on regularity.

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 fraud 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 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.

Matters on which we are required to report by exception

Under the Post-16 Audit Code of Practice 2022 to 2023 (April 2023) issued by the ESFA we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Corporation's responsibilities

As explained more fully in its statement set out on page 24, 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 Higher Education 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;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the ESFA and the DfE have been applied in accordance with the relevant terms and conditions; and
- the financial statements meet the requirements of the Higher Education Accounts Direction.

Matters on which we are required to report by exception.

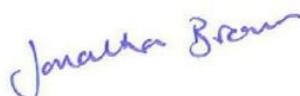
We are required by the Accounts Direction to report to you where the College has an access and participation plan that has been approved by the Office for Students' director of fair access and participation and the results of our audit work indicate that the College's expenditure on access and participation 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 in accordance with Article 17c of the Articles of Government of the College. 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.



Jonathan Brown
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

15th January 2024

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 12 November 2021 and further to the requirements and conditions of funding in ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that, in all material respects, the expenditure disbursed and income received by Solihull College & University Centre ("the College") during the period 1 August 2022 to 31 July 2023 as recorded in the annual financial statements of Solihull College & University Centre for the same period, 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 in conducting our work is set out in the Post-16 Audit Code of Practice 2022 to 2023 (April 2023) issued by the ESFA ("the Code").

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 have been engaged 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 the Corporation 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 by the College are applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that, in all material respects, the expenditure disbursed and income received by the College during the period 1 August 2022 to 31 July 2023, as recorded in the annual financial statements of Solihull College & University Centre for the same period, have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

We comply with the Institute of Chartered Accountants in England and Wales ("ICAEW") Code of Ethics, which includes independence, and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, that are at least as demanding as the applicable provisions of the IESBA Code of Ethics. We apply International Standard on Quality Control (UK) 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements and accordingly we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Approach

We conducted our engagement in accordance with the Code. We performed a limited assurance engagement as defined in that framework.

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

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety 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.

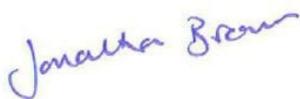
This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a limited assurance conclusion on regularity and propriety consistent with the requirements of the Code.

This engagement to report on regularity and propriety is separate from the audit of the annual financial statements of Solihull College & University Centre and the report here relates only to the matters specified and does not extend to Solihull College & University Centre's annual financial statements taken as a whole.

As set out in our audit report on those financial statements, that audit report is made solely to the Corporation of Solihull College & University Centre in accordance with section 17c of the Articles of Government of Solihull College & University Centre. The audit work has been undertaken so that we might state to the Corporation of Solihull College & University Centre those matters we are required to state to the Corporation 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 Solihull College & University Centre and the Corporation of Solihull College & University Centre for that audit work, for the audit report, or for the opinions we have formed in respect of that audit.

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 by the College during the period 1 August 2022 to 31 July 2023, as recorded in the annual financial statements of Solihull College & University Centre for the same period, have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Jonathan Brown
For and on behalf of KPMG LLP, Reporting Accountant

Chartered Accountants
One Snowhill
Snowhill Queensway
Birmingham
B4 6GH

15th January 2024

Solihull College and University Centre
Statement of Comprehensive Income & Expenditure

	Notes	Year ended 31st July 2023	Year ended 31st July 2022
		£'000	£'000
Income			
Funding body grants	2	43,153	39,760
Tuition fees and education contracts	3	2,889	3,228
Other grants and income	4	1,756	2,447
Other income	5	921	886
Investment income	6	398	49
Donations and endowments	7	5	23
		<hr/>	<hr/>
Total income		49,122	46,393
Expenditure			
Staff costs	9	29,759	29,510
Restructuring costs	9	167	381
Other operating expenses	10	16,040	13,604
Depreciation	14	2,967	4,254
Interest payable and similar expenses	12	589	1,049
		<hr/>	<hr/>
Total expenditure		49,522	48,798
		<hr/>	<hr/>
(Deficit) before other gains and losses		(400)	(2,405)
Loss on disposal of fixed assets	14	(8)	(5)
		<hr/>	<hr/>
(Deficit) before other gains and losses		(408)	(2,410)
		<hr/>	<hr/>
(Deficit) for the year		(408)	(2,410)
Actuarial gain in respect of pensions schemes	25	15,304	37,164
		<hr/>	<hr/>
Total comprehensive income & expenditure for the year		14,896	34,754
		<hr/> <hr/>	<hr/> <hr/>
Represented by:			
Unrestricted comprehensive income and expenditure		14,896	34,754
		<hr/>	<hr/>
		14,896	34,754
		<hr/> <hr/>	<hr/> <hr/>

Solihull College and University Centre Statement of Changes in Reserves

	Income and Expenditure Account
	£'000
Balance at 1st August 2021	7,397
Deficit for the year	(2,410)
Other comprehensive income and expenditure	37,164
	<hr/>
Total comprehensive income and expenditure for the year	34,754
Balance at 31st July 2022	42,151
Deficit for the year	(408)
Other comprehensive income and expenditure	15,304
	<hr/>
Total comprehensive income and expenditure for the year	14,896
	<hr/>
Balance at 31st July 2023	57,047
	<hr/> <hr/>

**Solihull College and University Centre
Balance Sheet as at 31st July 2023**

	Notes	2023 £'000	2022 £'000
Fixed assets			
Tangible fixed assets	14	76,331	74,152
		76,331	74,152
Current assets			
Trade and other receivables	15	1,977	1,518
Cash and cash equivalents	20	22,063	24,058
		24,040	25,576
Creditors – amounts falling due within one year	16	(14,933)	(11,430)
		9,107	14,146
Net current assets		9,107	14,146
Total assets less current liabilities		85,438	88,298
Creditors – amounts falling due after more than one year	17	(27,987)	(31,519)
Provisions			
Defined benefit obligations	25	-	(14,143)
Other provisions	19	(404)	(485)
		57,047	42,151
Total net assets		57,047	42,151
Unrestricted reserves			
Income and expenditure account		57,047	42,151
Total unrestricted reserves		57,047	42,151

The financial statements on pages 34 to 58 were approved and authorised for issue by the Corporation on 28th November 2023 and were signed on its behalf on that date by:



Barbara Hughes
Chair of the Corporation



Rebecca Gater
Principal & Chief Executive/Accounting Officer

Solihull College and University Centre
Statement of Cash Flows

	Notes	2023 £'000	2022 £'000
Cash inflow from operating activities:			
(Deficit) for the year		(408)	(2,410)
Adjustment for non cash items:			
Depreciation	14	2,967	4,254
Capital grants released to income	2	(1,669)	(1,691)
(Increase) in debtors	15	(458)	500
Increase in creditors due within one year	16	3,619	3,039
(Decrease) in creditors due after one year	17	0	(267)
(Decrease) in provisions	19	(93)	(494)
Loss on disposal of fixed assets	14	8	5
Pensions costs less contributions payable	25	655	3,310
Adjustment for investing or financing activities:			
Investment income	6	(398)	(49)
Interest payable	12	589	1,049
		<hr/>	<hr/>
Net cash flow from operating activities		<u>4,812</u>	<u>7,246</u>
Cash flows from investing activities:			
Proceeds from sale of fixed assets	14	-	-
New capital grants received	2	1,828	749
Investment income	6	398	49
Payments made to acquire fixed assets	14	(5,024)	(856)
		<hr/>	<hr/>
		<u>(2,798)</u>	<u>(58)</u>
Cash flows from financing activities:			
Repayments of amounts borrowed	18	(3,939)	(2,341)
Interest paid	12	(70)	(260)
		<hr/>	<hr/>
		<u>(4,009)</u>	<u>(2,601)</u>
(Decrease) in cash and cash equivalents in the year		<u>(1,995)</u>	<u>4,587</u>
Cash and cash equivalents at beginning of the year	20	<u>24,058</u>	<u>19,471</u>
Cash and cash equivalents at end of the year	20	<u>22,063</u>	<u>24,058</u>

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: for 2022 to 2023 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets 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 and liquidity 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. The 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 decrease in the recruitment for apprenticeships, adults and higher education learners. After reviewing these forecasts, the Corporation is of the opinion that 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). The College has strong cash balances and during the year was able to fully repay its loan.

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), Department For Education (DFE) 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 2022 has been used by the actuary in valuing the pensions liability at 31st July 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Notes (continued)

1 Statement of accounting policies (continued)

Post-retirement benefits (continued)

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 returns are based upon actual fund investment returns for the period to 31st March and estimated returns based on net assets statements and market returns thereafter.

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

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 with Stratford upon Avon College 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.

Notes (continued)

1 Statement of accounting policies (continued)

Tangible fixed assets (continued)

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.

Equipment

Equipment costing less than £2,500 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. 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.

Notes (continued)

1 Statement of accounting policies (continued)

Tangible fixed assets (continued)

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.

Taxation

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

The College is partially exempt in respect of Value Added Tax, so that it can only recover 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.

Notes (continued)

1 Statement of accounting policies (continued)

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 and cash equivalents

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

	2023	2022
	£'000	£'000
Recurrent grants		
Education and Skills Funding Agency - Adult	744	687
West Midlands Combined Authority - Adult	5,839	5,777
Education and Skills Funding Agency - 16 - 18	29,584	26,680
Education and Skills Funding Agency - Apprenticeships	2,440	2,342
Office for Students	357	349
Specific Grants		
Releases of government capital grants	1,656	1,681
HE capital grant	41	40
Teachers Pension Scheme Contribution Grant	943	800
16-19 tuition fund	636	483
High value courses for school and college leavers	315	193
Free student meals	63	100
Other specific grants	535	628
	<hr/>	<hr/>
Total	43,153	39,760
	<hr/> <hr/>	<hr/> <hr/>

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

3 Tuition fees and education contracts

	2023 £'000	2022 £'000
Adult education fees	427	392
Apprenticeship fees and contracts	12	17
Fees for FE loan supported courses	185	222
Fees for HE loan supported courses	1,287	1,354
	<hr/>	<hr/>
Total tuition fees	1,911	1,985
Education contracts	978	1,243
	<hr/>	<hr/>
Total	<u>2,889</u>	<u>3,228</u>

4 Other grants and contracts

	2023 £'000	2022 £'000
European Union Co Financed	512	400
Coronavirus Job Retention Scheme Grant	-	8
Other Revenue Grant Income	1,244	2,039
	<hr/>	<hr/>
Total	<u>1,756</u>	<u>2,447</u>

The Corporation furloughed 6 staff up to 30th September 2021 under the Government's Coronavirus Job Retention Scheme. The funding of £8K was received in 2022 and related to total staff costs of £12.3K. This funding ceased during 2022.

5 Other income

	2023 £'000	2022 £'000
Residence, catering and conferences	26	18
Other income	895	868
	<hr/>	<hr/>
Total	<u>921</u>	<u>886</u>

6 Investment income

	2023 £'000	2022 £'000
Other Interest received on cash deposits	396	48
Other interest receivable income	2	1
	<hr/>	<hr/>
Total	<u>398</u>	<u>49</u>

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

7 Donations

	2023 £'000	2022 £'000
Unrestricted donations	5	23
	<u>5</u>	<u>23</u>

The unrestricted donations for both years 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

	2023 £'000	2022 £'000
Grant income from Office for Students	357	379
Grant income from other bodies	41,741	40,634
Fee income for taught awards	1,863	2,317
Fee income from non qualifying courses	360	598
	<u>44,321</u>	<u>43,928</u>

9 Staff costs

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

	2023 No.	2022 No.
Teaching staff	811	768
Teaching support staff	123	123
Non teaching staff	165	163
	<u>1,099</u>	<u>1,054</u>

Staff costs for the above persons

	2023 £'000	2022 £'000
Wages and salaries	22,572	20,514
Social security costs	2,112	1,874
Other Pension Costs	5,075	7,122
	<u>29,759</u>	<u>29,510</u>
Payroll		
Restructuring costs;		
contractual	115	218
non contractual	52	163
	<u>167</u>	<u>381</u>

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

9 Staff costs - (continued)

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. During the year Lindsey Stewart ceased her role as Interim Principal on 31st August 2022. Rebecca Gater took up her new role as Principal of the College commencing on 1st September 2022.

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

	2023	2022
	No.	No.
The number of key management personnel including the Accounting Officer was:	4	4

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		Other staff	
	2023	2022	2023	2022
	No.	No.	No.	No.
£60,001 - £70,000	-	-	7*	3
£70,001 - £75,000	-	-	-	1
£75,001 - £80,000	-	1	-	-
£80,001 - £90,000	2	1	-	-
£90,001 - £100,000	-	1	-	-
£100,001 - £120,000	1	-	-	-
£135,001 - £150,000	1	1	-	-
	<u>4</u>	<u>4</u>	<u>7</u>	<u>4</u>

* During 2022/23 a number of staff received non consolidated salary payments of £1,000 which has increased the number of 'Other staff' in the first band.

During the year Lindsey Stewart was Interim Principal for the month of August 2022, until Rebecca Gater took up her new role as Principal of the College. The salary for this one month period is not included in the analysis above.

The Corporation adopted the AoC's Senior Staff Remuneration Code in May 2019 and assesses pay for senior postholders in line with the Code's 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 which reflects 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. The outcome of the review is reported to the Remuneration Committee, who also review the performance of all senior postholders.

The Chair of the Corporation considered that the Principal and the Executive Management Team have performed very well during 2022/2023 following the change in Principal in September 2022. They have worked towards achieving the College's newly devised Strategy, its objectives and ensuring good financial health and management. They have worked well with Governors and maintained 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:	2023 £'000	2022 £'000
Salaries	429	412
	<u>429</u>	<u>412</u>
Pension contributions	96	88
	<u>96</u>	<u>88</u>
Total emoluments	<u>525</u>	<u>500</u>

The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid senior post-holder) of;

Post holder (from 1st September 2022 - 31st July 2023)	2023 £'000	2022 £'000
Salaries	138	-
	<u>138</u>	<u>-</u>
Pension contributions	33	-
	<u>33</u>	<u>-</u>
	<u>171</u>	<u>-</u>

Post holder (1st August 2022 - 31st August 2022)	2023 £'000	2022 £'000
Salaries	15	131
	<u>15</u>	<u>131</u>
Pension contributions	3	31
	<u>3</u>	<u>31</u>
	<u>18</u>	<u>162</u>

Post holder (1st August 2021 - 31st August 2021)	2023 £'000	2022 £'000
Salaries	-	14
	<u>-</u>	<u>14</u>
Payment in lieu of notice	-	85
	<u>-</u>	<u>85</u>
	<u>-</u>	<u>99</u>

Relationship of Principal/Chief Executive pay and remuneration expressed as a multiple	2023 £'000	2022 £'000
Principal's basic salary as a multiple of the median of all staff	6.04	6.36
Principal's total remuneration as a multiple of the median of all staff	6.67	7.86

10 Other operating expenses

	2023 £'000	2022 £'000
Teaching costs	3,168	4,707
Non teaching costs	6,357	5,342
Premises costs	6,515	3,555
	<u>6,515</u>	<u>3,555</u>
Total	<u>16,040</u>	<u>13,604</u>

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

10 Other operating expenses (cont)

Other operating expenses include:	2023	2022
	£'000	£'000
Auditors' remuneration:		
Financial statements audit	63	58
Internal audit	31	28
Other services provided by the financial statements auditors	20	2
Other services provided by the internal auditors	17	19
Hire of assets under operating leases	97	100

11 Access and Participation

	2023	2022
	£'000	£'000
Access investment	266	359
Financial support	30	17
Disability support	7	-
Research and evaluation	-	-
	303	376

Solihull College and University Centre's published Access and Participation Plan can be accessed using the College website.

Salary costs of £266K have been included in the above disclosure, these costs are included within the staff cost, note 9.

12 Interest payable

	2023	2022
	£'000	£'000
On bank loans, overdrafts and other loans:	70	260
	70	260
Pension finance costs	519	789
Total	589	1,049

13 Taxation

The Corporation does not believe the College was liable for any Corporation tax arising out of its activities (2022: £nil).

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

14 Tangible fixed assets

	Asset Under Construction	Land and buildings Freehold	Land and buildings Long leasehold	Equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1st August 2022	56	98,259	1,750	9,954	110,019
Additions	721	3,533	-	901	5,155
Disposals	-	(1,178)	-	(334)	(1,512)
Transfers	-	-	-	-	-
At 31st July 2023	777	100,614	1,750	10,521	113,662
Depreciation					
At 1st August 2022	-	27,622	-	8,245	35,867
Charge for the year	-	2,136	-	831	2,967
Accelerated depreciation	-	-	-	-	-
Eliminated in respect of disposal	-	(1,178)	-	(325)	(1,503)
At 31st July 2023	-	28,580	-	8,751	37,331
Net book value at 31st July 2023	777	72,034	1,750	1,770	76,331
Net book value at 31st July 2022	56	70,637	1,750	1,709	74,152

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 £28,797K (2022: £28,304K) 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.

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

15 Debtors

	2023	2022
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	464	258
Other debtors	2	1
Prepayments and accrued income	1,341	1,107
Amounts owed by the ESFA	170	152
	<hr/>	<hr/>
Total	<u>1,977</u>	<u>1,518</u>

16 Creditors: amounts falling due within one year

	2023	2022
	£'000	£'000
Bank loans and overdrafts within 1 year	-	259
Trade payables	1,021	1,130
Value Added Tax	8	78
Other taxation and social security	1,146	1,134
Accruals and deferred income	4,172	3,548
Deferred income - government capital grants within 1 year	1,669	1,658
Other creditors	4,713	2,067
Amounts owed to the ESFA	1,985	1,469
Capital accrual and retention creditors	219	87
	<hr/>	<hr/>
Total	<u>14,933</u>	<u>11,430</u>

17 Creditors: amounts falling due after one year

	2023	2022
	£'000	£'000
Bank loans	-	3,680
Deferred income - government capital grants	27,987	27,839
	<hr/>	<hr/>
Total	<u>27,987</u>	<u>31,519</u>

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

18 Maturity of debt

Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	2023 £'000	2022 £'000
In one year or less	-	259
Between one and two years	-	273
Between two and five years	-	906
In five years or more	-	2,501
	<u>-</u>	<u>3,939</u>
Total	<u>-</u>	<u>3,939</u>

The College had bank facilities with National Westminster Bank plc, comprising a term loan facility which was secured against Blossomfield Campus.

The College made full repayment of the Loan in November 2022.

19 Provisions

	Enhanced pensions £'000	Other £'000	Total £'000
At 1st August 2022	384	101	485
Provisions made in the year	-	-	-
Actuarial loss	(56)	-	(56)
Interest cost	12	-	12
Release in the year	(37)	-	(37)
	<u>303</u>	<u>101</u>	<u>404</u>
At 31st July 2023	<u>303</u>	<u>101</u>	<u>404</u>

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:

	2023	2022
Price inflation	2.80%	2.90%
Discount rate	5.00%	3.30%

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

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

20 Cash and cash equivalents

	At 1st August 2022	Cash flows	At 31st July 2023
	£'000	£'000	£'000
Cash and cash equivalents	24,058	(1,995)	22,063
Total	24,058	(1,995)	22,063

The College has an investment of £6,000K with Santander on a 365 day notice.

The College also had investments of £4,000K with Barclays on a 95 day notice account.

During 2022/23 the College took out a further investment of £4,000K with Barclays in 32 day notice account.

21 Capital commitments

	2023 £'000	2022 £'000
Commitments contracted for at 31st July	<u>1,406</u>	<u>1,879</u>

22 Lease Obligations

At 31st July 2023 the College had minimum lease payments under non-cancellable operating leases as follows:

	2023 £'000	2022 £'000
Future minimum lease payments due		
Not later than one year	114	100
Later than one year and not later than five years	111	144
	<u>225</u>	<u>244</u>

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

23 Contingent liabilities

There were no contingent liabilities as at 31st July 2023 (2022: £nil).

24 Events after the reporting period

There were no events after reporting period as at 31st July 2023 (2022:£nil).

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

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	2023	2022
	£'000	£'000
Teachers Pension Scheme: contributions paid	2,527	2,297
Local Government Pension Scheme; Contributions paid	1,886	1,602
FRS 102 (28) charge	<u>653</u>	<u>3,310</u>
	<u>2,539</u>	<u>4,912</u>
Charge to the Statement of Comprehensive Income	<u>5,066</u>	<u>7,209</u>
Enhanced pension charge/(release) to Statement of Comprehensive income	<u>(45)</u>	<u>(71)</u>
Total pension cost for the year	<u><u>5,021</u></u>	<u><u>7,138</u></u>

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 2022.

Contributions amounting to £467K (2022: £433K) 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.

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

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 2023 was £2,439K of which employer's contributions totalled £1,886K and employees' contributions totalled £553K. The agreed contribution rates for future years for employers are 20.7% and range from 5.5% to 12.5% for employees, depending on salary.

Principal Actuarial Assumptions

The CPI assumption has been updated to make allowance for inflation experience since September 2022 being higher than assumed. This adjustment has resulted in the CPI assumption being 0.25% p.a. higher at short durations (less than 17 years), 0.20% higher at medium durations (between 17 and 23 years) and 0.15% higher at long durations (more than 23 years), compared to the assumption that would have been derived using the methodology adopted at 31 July 2022" in final disclosures.

	2023	2022
Rate of increase in salaries	4.00%	3.70%
Future pensions increases	3.00%	2.70%
Discount rate for scheme liabilities	5.05%	3.50%
Commutation of pensions to lump sums	50.00%	50.00%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The table below shows the life expectancy assumptions used in the accounting assessments based on lives aged 45 and 65 at the latest Fund valuation at the balance sheet date.

	2023 years	2022 years
<i>Retiring today</i>		
Males	21.00	21.20
Females	24.20	23.60
<i>Retiring in 20 years</i>		
Males	21.50	22.90
Females	25.40	25.40

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

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. 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 31st 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 £3,455K (2022: £3,161K).

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 £'000	%	Fair Value £'000
Equities	68%	48,097	65%	46,053
Government bonds	0%	-	0%	-
Other bonds	21%	14,853	23%	16,296
Property	7%	4,951	8%	5,668
Cash	4%	2,829	4%	2,833
Other	0%	-	0%	-
		<hr/>		<hr/>
Total market value of assets		<u>70,730</u>		<u>70,850</u>

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

	2023 £'000	2022 £'000
Present value of plan liabilities	(63,560)	(84,993)
Fair value of plan assets	70,703	70,850
Impact of Asset Ceiling	(7,143)	-
Present value of unfunded obligations	-	-
	<hr/>	<hr/>
Deficit/(Surplus)	<u>-</u>	<u>(14,143)</u>

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

	2023 £'000	2022 £'000
Amounts included in staff costs		
Service cost	2,539	4,993
Contribution by employer	(1,886)	(1,683)
	<hr/>	<hr/>
Total	<u>653</u>	<u>3,310</u>
Amounts included in interest payable		
Net interest on defined liability	506	781
	<hr/>	<hr/>
Total	<u>506</u>	<u>781</u>
Amounts recognised in other comprehensive income		
(Loss)/Return on pension plan assets	(2,701)	468
Experience Gain on defined benefit obligation	5,779	(233)
Other actuarial loss on assets	-	-
Change in demographics assumptions	1,047	460
Changes in assumptions underlying the present value of plan liabilities	18,320	41,243
	<hr/>	<hr/>
Amount recognised in Other Comprehensive Income	<u>22,445</u>	<u>41,938</u>

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

25 Defined benefit obligations (continued)

West Midlands LGPS (continued)

Movement in net defined benefit /liability during the year

	2023	2022
	£'000	£'000
Deficit in scheme at 1st August	(14,143)	(47,216)
Movement in year:		
Current service cost	(2,528)	(4,960)
Past Service cost	(11)	(33)
Employer contributions	1,886	1,683
Net interest on the defined liability	(508)	(781)
Actuarial gain	15,304	37,164
	<u> </u>	<u> </u>
Net defined benefit liability at 31st July	<u><u> -</u></u>	<u><u> (14,143)</u></u>

As a result of changes in actuarial assumptions the historic scheme deficit has moved in 2022/23 to a surplus. The scheme surplus at 31 July 2023 has not been recognised, as it is not recoverable through either refunds or reduced contributions at this time.

Asset and liability reconciliation

	2023	2022
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	84,993	115,751
Current service cost	2,528	4,960
Interest cost	3,001	1,883
Contributions by scheme participants	553	493
Changes in financial and demographic assumptions	(19,367)	(36,929)
Unfunded pension payment	(2)	
Experience loss on defined benefit obligation	(6,673)	233
Estimated benefits paid	(1,484)	(1,431)
Past Service cost (Including Curtailments)	11	33
	<u> </u>	<u> </u>
Defined benefit obligations at end of period	<u><u> 63,560</u></u>	<u><u> 84,993</u></u>
Reconciliation of assets		
Fair value of plan assets at start of period	70,850	68,535
Interest on plan assets	2,495	1,102
Return on plan assets less interest	(2,701)	468
Employer contributions	1,886	1,683
Contributions by scheme participants	553	493
Administration	-	-
Estimated benefits paid	(1,486)	(1,431)
Other actuarial losses	(894)	-
Impact of Asset Ceiling	(7,143)	-
	<u> </u>	<u> </u>
Assets at end of period	<u><u> 63,560</u></u>	<u><u> 70,850</u></u>

Solihull College and University Centre

Notes to the Accounts (continued)

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 £742.1 governor. (2022: £611). 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 year.

No Governor has received any remuneration or waived payments from the College or its subsidiaries during 2022/23.

The College is a member of the Greater Birmingham & Solihull Institute of Technology (GBSlOT) along with South & City College Birmingham, Aston University and University College Birmingham. Rebecca Gater, the Principal and Accounting Officer is a Director of the Board. The College manages the finances, HR and payroll processes and safeguarding for the GBSlOT and receives payment for these services. During the year the GBSlOT purchased services of £290K from the College (2022:£192K).

Rebecca Gater, the Principal and Accounting Officer was also an executive member at the Solihull Chamber of Commerce. During the year the College purchased services from the Chamber of Commerce of £15.6K (2022:£11.6K).

Geraldine Swanton is a Governor at the College and is employed as the Legal Director at Shakespeare Martineau LLP. During the year, the College purchased services from Shakespeare Martineau LLP costing £35K for the provision of legal services. Geraldine was appointed as an External Member from 1st Jan 2020 - due to end 31st Dec 2023. The College has a rolling contract in place which commenced Jan 2015, renewed in April 2021 with the next renewal due 2023. Renewals process followed the College's financial procedures and procurement policy using the In-Tend portal.

Sarah Horton-Walsh is a Governor at the College and from 1st Aug 2022 was employed as Associate Dean Enterprise and Innovation (interim) at Coventry University. During the year the College purchased services from Coventry University costing £35K for validation fees. Sarah was appointed as an External Member 1st Sept 2020, her term of office as a Member is due to end on 31st August 2024.

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

27 Amount disbursed as an agent - learner support fees

	2023	2022
	£'000	£'000
16 -18 Grants and funding body grants	1,541	1,144
	<u>1,541</u>	<u>1,144</u>
Disbursed to students	(575)	(623)
Administration costs	(51)	(48)
	<u>(626)</u>	<u>(671)</u>
Balance on creditors	915	473

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