



Annual Report and Financial Statements
Year Ended 31st July 2024

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Reference and Administrative Details

Board of Governors

A full list of Governors is given on page 15 of these financial statements. Georgina Flood acted as Director of Governance throughout the period.

Key Management Personnel

Key management personnel were represented by the following in 2023/24:

Andrew Kaye	Principal and CEO; Accounting Officer
Pete Jodrell	Deputy Principal - Curriculum & Quality
Anoushka Ottley	Executive Director of Business & Partnerships
Danielle Jiranek	Chief People Officer (from 14 th August 2023)
Michael Johnson	Chief Operating Officer (from 1 st November 2023)
Ben Sheridan	Vice-Principal
Rosie Sharp	Vice-Principal
Christian Allen-Kotze	Vice-Principal
Ashley Martin	Director of Student Experience & Transition
Neil McQueen	Group Director of IT
Justin Etheridge	Group Director of Estates & Facilities,
Samantha Taite	Group Director of Finance (from 2 nd September 2024 – prior to this the position was held by a contractor)
Mark Smith	Group Director of MIS
Tanya Richardson	Director of Quality
Beth Challoner	Director of Apprenticeships
Jo Landon	Director of Adults, Online & Commercial
Corinna Knox	Director of Marketing & Communications
Louise Mortimer	Group Director of Human Resources

Principal and Registered Office

Bishopsfield Road
Fareham
Hampshire
PO14 1NH

Professional Advisers

External auditors:

RSM UK Audit LLP
Highfield Court
Tollgate
Chandlers Ford
Eastleigh
Hampshire
SO53 3TY

Internal auditors:

TIAA Ltd
Artillery House
Fort Fareham
Newgate Lane
Fareham
Hampshire
PO14 1AH

Bankers:

Barclays Bank plc
Wytham Court
11 West Way
Oxford
OX2 0JB

Solicitors:

Glanvilles
West Wing
Cams Hall
Fareham
PO16 8AB

South Hampshire College Group Strategic Report

OBJECTIVES AND STRATEGY

The governing body present their annual report together with the financial statements and auditors report for South Hampshire College Group for the year ended 31 July 2024.

Legal status

The Corporation was established and incorporated under the Further and Higher Education Act 1992 for the purpose of conducting the South Hampshire College Group. The College Group is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

Merger

On 1 August 2023, Eastleigh College and Southampton City College dissolved their activities, assets and liabilities; transferring to Fareham College which was renamed South Hampshire College Group (SHCG - 'The College Group') under a Type B merger. On that date, an SHCG Senior Leadership Team was formed, with responsibilities for discharging Senior Leadership Team responsibilities for the former colleges transferring to the SHCG team.

Our purpose

Our purpose is who we are and the role we are here to fulfil. Our purpose brings value through increased employee engagement and higher levels of productivity.

Our purpose is timeless, whereas our mission (what we do day-by-day) can change – it's influenced by our external environment, changes in government priorities and regional competition.

Our purpose is:

- Creating better futures.

Our mission

To enable all our students and apprentices, and our region's businesses to be successful in their future, achieving their highest aspirations and standards, through exemplary technical and professional education and training.

Our vision 2026

By 2026

- We will lead a better distributed, accessible, and collaborative group of South Hampshire Colleges.
- Through this, and with the commitment of our highly valued people, we will provide excellence in professional and technical education and training across a wide community of students and employers in the Solent region.
- Our work will support the skills needs of employers and improve regional productivity, economic development and social mobility.
- We will be an agile organisation. Constantly developing and improving.
- We will be responsive to policy and reforms in further education and be adaptive to the changing needs of the region's employers.
- We will be a financially resilient and sustainable Further Education college, valuing the need to invest in our people and infrastructure.

South Hampshire College Group Strategic Report

Our Culture

Our culture is our personality and character; it is made up of our shared values, how our people behave and interact, how decisions are made and how we approach our work. The way in which we approach our work is as important to our people our students and our communities as the work we do.

Our organisational culture is the golden thread connecting everything we do; it's led by the Board and the Executive and Senior Leadership Team, and embedded in the work we carry out with our people, our students and our wider stakeholders.

We are proud to be SHCG because we are deeply committed to our purpose and strongly believe in our values.

- *Collaborative.* We recognise we are stronger together and greatly benefit from working in partnership, within and outside the college.
- *Inclusive.* We are individually and collectively, proactively inclusive. We always treat others with respect, value diversity and ensure we are supportive of one another.
- *Aspirational.* We aim to create better futures with high expectations, professional standards and innovative approaches.

Our strategic priorities

- Provide outstanding education, training and support
- Benefit employers' skills needs
- Sustainable, agile and resilient

And, two cross-cutting themes:

- Diversity, equity and inclusion
- Sustainability goals

Implementation of strategic plan

Following the merger on 1 August 2023 a strategic plan for the period to 2026 was adopted.

The Corporation monitors the performance of the College against this plan and the plan is reviewed and updated each year.

In May 2024 the Corporation reviewed progress made against the Strategic Plan and its on-going relevance to the current context in which the college group now operates.

It concluded that the strategic plan, in its current form, continues to provide clear direction for near-term merger consolidation, systems integration, and people development. The plan has the relevant emphasis on prioritising delivery of high-quality education, outstanding support for students and meeting employers' skills needs. In this first year of merger, the Corporation has been able to focus in detail on the three core strategic objectives. The Corporation resolved to better consider the two cross-cutting themes of diversity, equity, and inclusion, and the college group's sustainability goals.

As such, the Corporation is content to continue to adopt the current three-year strategic plan but considers it appropriate to include additional 'horizon scanning' to aid strategic thinking over a longer period and develop our response to the cross-cutting themes by way governor-led task and finish groups.

South Hampshire College Group Strategic Report

RESOURCES

SHCG operates across 6 campuses, has 3,900 full-time students, 9,450 part-time students, 360 higher education students and 1,800 apprentices. The Group employs 696 staff.

SHCG has £10m to invest in its estate through 2023/24 and 2024/25. This is a combination of merger grant funding from the Department for Education (DfE), T-Level capital funding and the creation of an Institute of Technology at the Southampton campus.

Financial

The Group has £44,386m of net assets at 31 July 2024 (2023: £37,398m).

People

The Group employed an average of 696 people (2023: 856) of whom 343 are teaching staff (2023: 393).

Reputation

SHCG plans to build on the reputation of the former colleges to develop an excellent reputation locally and nationally. A quality brand is essential for the Group's success at attracting students and external relationships.

Financial objectives

The merger grant agreement between the DfE and SHCG includes the following objectives to be achieved by the end of 2025/26:

- To have a financial health score of Good
- To reduce staff costs as a percentage of income from 74.8% (2022/23 assuming the 3 colleges were merged a year before they were) to 66%
- To improve educational EBITDA from negative £3.8m to positive £1.2m.

Performance indicators

SHCG is committed to observing the importance of sector measures and indicators and uses the FE Choices data available on the GOV.UK website as well as nationally prepared data sets such as MiDES to assess its performance against like organisations. Both sets of data look at measures such as success rates. SHCG is required to complete the annual Finance Record for the Education and Skills Funding Agency (ESFA). Using the ESFA's calculator, SHCG has assessed itself as having a "Requires Improvement" financial health grading.

The Corporation monitors the performance of the Executive using a variety of key performance indicators including:

- Learner success rates
- Learner destinations
- Satisfaction survey - learners
- Satisfaction survey - employers
- Satisfaction survey - parents
- Financial performance
- Capital project progress.

The College closely monitors Educational EBITDA for the purposes of cash flow planning.

South Hampshire College Group Strategic Report

Stakeholders

In line with other colleges and with universities, SHCG has many stakeholders. These include:

- Students
- Education sector funding bodies
- Staff
- Local employers (with specific links)
- Local authorities
- Local Enterprise Partnerships (LEPs)
- The local community
- Other FE institutions
- Trade unions
- Professional bodies
- Bankers

DEVELOPMENT AND PERFORMANCE

Financial results

SHCG generated a surplus before other gains and losses in the year of £10,810k (2023: deficit of £803k), with total comprehensive income of £6,991k (2023: £7,915k).

The total comprehensive income in 2023 is stated after accounting for actuarial gains in respect of pension schemes.

Developments

Tangible fixed asset additions for equipment purchased during the year amounted to £2,816k (2023: £2,583k).

SHCG has a two-year programme of estate-related projects to upgrade much of the estate and either demolish or sell surplus buildings. The work will also see some rationalisation of curriculum provision which is duplicated between Southampton and Eastleigh. Works carried out over the summer of 2024 include:

- Demolition of the Hamwic building at Southampton
- Creation of Centres of Excellence; Brickwork and Electrical Installations at Eastleigh, Motor at Southampton
- Business and Health & Science T Level at Eastleigh and Early Years and Digital at Southampton
- Digital Institute of Technology at Southampton.

Reserves

SHCG has accumulated reserves of £44.3m and cash balances of £7.23m as at 31 July 2024 (2023: accumulated reserve £37.4m and cash balances £6.46m).

Sources of Income

SHCG has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2024 the ESFA provided 89% of the College total income (2023: 85%).

South Hampshire College Group Strategic Report

KEY PERFORMANCE INDICATORS

SHCG's leadership team and governors monitor the performance of the college against the strategic priorities as set out in the strategic plan, as well as a suite of 41 KPIs reported to the Post Intervention Monitoring and Support (PIMS) team. At the most recent meeting with the PIMS team (30th September 2024) it was agreed that many of the KPIs had been achieved and so the number still being monitored was reduced to 9.

In addition, a detailed Quality Improvement Plan (QIP) related to the performance of the curriculum and quality is maintained by the leadership team and monitored by the Governors' Curriculum and Quality Committee.

Student achievements

- Outcomes for 16-18 year olds are 81.6%, a slight decrease in comparison to 2022/23 at 82.4%.
- Outcomes for adults are 81.2% a decline in comparison to 84.8% in 2022/23.
- The overall achievement rates (Class Based) are 81.3%.
- Overall achievement rates for apprentices is at 50.2%
- GCSE maths 9-4 rate for 16-18 year olds is 14.7%, lower than the 2022/23 profile of 14.9%.
- GCSE English 9-4 rate for 16-18 year olds is 19.8%, higher than the 2022/23 profile of 19.5%.
- Achievement of high grades has declined overall due to the return of exam-based assessment from centre assessed grading in previous years. However, achievement data is in line with the national picture and demonstrates the difficulties this cohort had encountering their first formal exams.

As a newly merged college group, we were subject to an Ofsted monitoring visit in April 2024. The inspectors reviewed 4 themes and concluded we had made significant progress in all 4. Ofsted praised the 'exceptionally smooth transition into a new college group'.

FUTURE PROSPECTS

Developments

SHCG will be a regional anchor institution through our continued leadership roles in:

- The South Coast Institute of Technology and the roll-out of Higher Technical Qualifications
- Our role in the development of the initial waves of T-Levels and Transition to T-Levels programmes
- Development of the Solent Local Skills Improvement Plan and our leadership role in the Local Skills Improvement Fund.

SHCG's excellent links with employers enable us to support students' industry placement options, and workforce industry exchange programmes for teaching staff provide students and staff with insight to current industry standards, open doors to apprenticeships and employment, share equipment and work collaboratively.

Our ability to meet the government policy in the FE Whitepaper, 'Skills for Jobs, Lifelong Learning for Opportunity and Growth' is already deeply embedded in the way we work:

- Putting employers at the heart of the system
- Investing in higher technical qualifications
- Making sure people can access training and learning throughout their lives
- Supporting excellent teaching in further education.

South Hampshire College Group Strategic Report

Our strategic plan aims to build further on these strengths for the benefit of the wider community of the South Hampshire region, continuing to work collaboratively with a range of education providers at secondary, further and higher education level.

It is through this collaboration that school leavers, local and regional employers and their employees will benefit greatest from the potential of further education. Through the course of our strategic plan, SHCG intends to lead these collaborations and remain open to developing the group structure further through additional college-to-college merger, over time further consolidating the current competitive post-16 landscape to a better distributed, larger, more coherent and collaborative college group.

Treasury policies and objectives

Treasury management is the management of SHCG'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.

SHCG has a separate treasury management policy in place.

Cash flows and liquidity

There was a net decrease of £2.66m in cash flow from operating activities (2023: increase £2.79m). After servicing debt and a capital programme, there was a net cash inflow of £768k (2023: outflow of £180k).

SHCG has no debt.

Reserves Policy

SHCG has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation and ensures adequate reserves to support the Group's core activities. As at the balance sheet date the Income and Expenditure reserve stands at £33,590k (2023: £26,241k). SHCG recognises the importance of maintaining sufficient reserves to enable it to meet its short-term financial obligations in the event of an unexpected revenue shortfall. It is the Corporation's intention to increase reserves over the life of the Strategic Plan, by the generation of annual operating surpluses.

Going Concern

2023/24 represented the first year of operation for SHCG and our financial performance significantly exceeded budget. Educational EBITDA was negative £1.3m compared to a budget of negative £3.2m. With the exception of commercial income, our financial results showed improved performance against every line of income.

The CFFR we submitted in July 2024, forecast a budgeted Educational EBITDA of negative £650k for 2024/25, positive £1,174k for 2025/26 and positive £1,471k for 2026/27.

In 2024/25:

- Our full-time, 16-18 recruitment is currently 4,238 compared to an allocation of 3,927. As a result, we will receive in-year funding again this year (we did in 2023/24 as well.) This is not included in the budget.
- Our T-Level recruitment (343) is less than allocation (392), but a clawback has already been factored into the budget as we only assumed 312 T-Level students.
- Our apprenticeship starts for the first quarter are on budget and we have exceeded our September target for HE students.

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Our 2025/26 forecast assumed we would have recruited 4,035 full-time, 16-18 students in 2024/25 and the fact we have exceeded that total, means our income for 2025/26 will be higher than forecast.

The management team review financial performance via monthly management accounts (which includes a cashflow forecast) which are discussed at Resources Committee and shared with the whole Corporation. Our performance is discussed every 6 weeks in a meeting with the PIMS team and each year, we are required to submit performance data to the DfE in January as well as in July. The DfE have endorsed our performance to date as being better than planned and as a result, in March 2024, they confirmed we would receive all the capital funding planned in the merger grant agreement.

Therefore, after making appropriate enquiries, the Corporation considers that SHCG has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk Management

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

A risk register and Board Assurance Framework is maintained at Group level. All risks are assigned to Board Committees to ensure adequate scrutiny. The Board Assurance Framework identifies the key risks, the likelihood of those risks occurring, their potential impact on SHCG, the actions being taken to reduce and mitigate the risks and the relevant assurances in place to provide for good governance and oversight of risk management. Risks are prioritised using a consistent scoring system. In August 2024, our internal auditors carried out a review of risk management and their report identified substantial assurance.

The risks which are currently being monitored on our risk register are:

- Financial performance does not improve as anticipated in the merger plan
- Poor quality of education, training and support results in a poor OFSTED outcome
- Inability to attract, retain and develop our people impacts adversely on delivery, student outcomes and financial resilience
- Systems do not function as required leading to operational failures
- Failure to monitor Health & Safety compliance and processes results in a serious incident
- Apprenticeships, adult and HE recruitment or delivery fails
- Safeguarding procedures are not robustly implemented which could compromise student/apprentice safety and well-being
- Failure to deliver the outcomes of additional non-core funded projects (e.g. HTQ, LEP, LSIF, T-Level) results in financial clawback and reputational damage
- Public health emergency impacts student or staff welfare or business operations
- Major event leads to catastrophic failure of systems or site
- A cyber security event causes loss of access to systems, loss of data or unplanned exposure of data
- Poor Governance leads to breach of legislation, compliance or regulatory requirements
- Poor procurement and delivery of subcontracted provision has a negative impact on finances and reputation.

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OTHER INFORMATION

Public Benefit

SHCG is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 17. In setting and reviewing SHCG's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education.

In delivering its mission, SHCG provides identifiable public benefits through the advancement of education to c. 12,000 students. SHCG provides courses without charge to young people, to those who are unemployed and adults taking English and maths courses. SHCG adjusts its courses to meet the needs of local employers and provides training to apprentices. SHCG is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.

Equality

SHCG aims to ensure that all actual or potential employees and students are treated equally, regardless of age; disability; gender reassignment; marriage and civil partnership; pregnancy or maternity; race; religion or belief; sex; sexual orientation; socio-economic disadvantage; trade union activity; unrelated criminal convictions; other irrelevant criteria. We strive vigorously to remove conditions which place people at a disadvantage, and we will actively combat bigotry. SHCG's Equality Policy is resourced, implemented and monitored on a planned basis. It is published on our Intranet site.

SHCG publishes an Annual Equality Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010.

SHCG provides a range of support to our employees from application stage including a guaranteed interview for people with disabilities who meet the essential criteria for the job, and we provide reasonable adjustments where required and reasonable. Where an existing employee becomes disabled, every effort is made to support the employee to continue in their employment with the Group. SHCG's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

Gender Pay Gap

	Year ending 31 March 2024
Mean gender pay gap	+10.7% (Male v Female)
Median gender pay gap	+13% (Male v Female)
Mean bonus gender pay gap	+193% (Male v Female)
Median bonus gender pay gap	+150% (Male v Female)
Proportion of males/females receiving a bonus	5%/95%

The proportion of males and females in each quartile of the pay distribution are:

	Males	Females
1 - Lower quartile	23.7%	76.3%
2	28.4%	71.6%
3	43.7%	56.3%
4 - Upper quartile	42.8%	57.2%

SHCG publishes its annual gender pay gap report on its website.

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Disability statement

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

- a) Working with Local Authorities to ensure facilities are adapted to meet the needs of students with disabilities.
- b) SHCG has appointed an Additional Learning Support Manager, who provides information, advice and arranges support where necessary for students with disabilities.
- c) SHCG has access to specialist equipment which can be made available for use by students and a range of assistive technology is available in the learning centres.
- d) Admissions policies are published on the Group website. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- e) SHCG has appointed specialist staff to support students with learning difficulties and, or, disabilities. There are a number of learning support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and, or, disabilities.
- f) Specialist programmes are described in our prospectus, and achievements and destinations are recorded and published in the standard SHCG format.
- g) Counselling and welfare services are described in the online student learning area, which is available to students together with the Complaints and Disciplinary Procedure.

Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, requires organisations 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. During the accounting period 1 August 2023 to 31 July 2024, SHCG paid 75 per cent of its invoices within 30 days. SHCG incurred no interest charges in respect of late payment for this period.

Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require SHCG to publish information on facility time arrangements for trade union officials.

Numbers of employees who were trade union representatives for this period	5
FTE employee number	4.19

Total cost of facility time	£12,377
Total pay bill	£29,005k
Percentage of total bill spent on facility time	0.04%

Time spent on paid trade union activities as a percentage of total paid facility time	100%
Percentage of time	Number of employees
0%	-
1-50%	-
51-99%	-
100%	5

Events after the end of the reporting period

There is nothing to report.

Disclosure of information to auditors

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

Approved by order of the members of the Corporation on 10 December 2024 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Sandra Prail', with a stylized flourish extending to the right.

Sandra Prail
Chair

SOUTH HAMPSHIRE COLLEGE GROUP STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The following statement is provided to enable readers of the annual report and accounts of SHCG to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2023 to 31 July 2024 and up to the date of approval of the annual report and financial statements.

GOVERNANCE CODE

In carrying out its responsibilities, SHCG endeavours to conduct its business:

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

In the opinion of the Governors, SHCG complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2024. This opinion is based on an internal review of compliance with the Code.

The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges.

THE CORPORATION

The governance framework

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

The Corporation is provided with regular and timely information on the overall financial performance of the Group together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation meets termly.

The Corporation conducts its business through several committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Audit & Risk, Resources, Curriculum and Quality, Governance and the Senior Postholder (SPH) Remuneration Committee. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the Group website www.shcg.ac.uk or from the Director of Governance at the Group's registered address.

The Director of Governance maintains a register of financial and personal interests of the governors. The register is also available on the website www.shcg.ac.uk.

All governors can take independent professional advice in furtherance of their duties at the Group's expense and have access to the Director of Governance, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Director of Governance are matters for the Corporation as a whole.

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are provided on an ad hoc basis.

The Corporation has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. There is a clear division of responsibility in that the roles of the Chair and Accounting Officer are separate.

Members of the Corporation

	Date appointed	Current Term of office	Date resigned	Status of appointment	Attendance 2023-4
Frances Butler	1.8.23	1.8.23 – 31.7.25		Independent	6/9 67%
Emma Champion	1.8.23	1.8.23 – 31.7.24		Independent	8/9 89%
Ian Harris	1.8.23	1.8.23 – 31.7.25		Independent	9/9 100%
Sarah Harder-Collins	1.8.23	1.8.23 – 31.7.26		Independent	8/9 89%
Phil Harris-Bridge	1.8.23	1.8.23 – 31.7.25	21.2.24	Independent	3/5 60%
Andrew Kaye	1.8.23	N/A		Ex-officio (CEO)	9/9/ 100%
Julia Martin	1.8.23	1.8.23 – 31.7.26		Independent	6/9 67%
Emily Morey	1.8.23	1.8.23 – 31.7.24		Independent	6/7 86%
Collins Ntim	1.8.23	1.8.23 – 31.7.25		Independent	8/9 89%
Colin O'Donoghue	1.8.23	1.8.23 – 31.7.25		Independent	8/9 89%
Sandra Prail	1.8.23	1.8.23 – 31.7.26		Independent	8/9 89%
Bernie Topham	1.8.23	1.8.23 – 31.7.25		Independent	8/9 89%
Andy Wannell	1.8.23	1.8.23 – 31.7.26		Independent	98/9 89%
Natalie Wigman	1.8.23	1.8.23 – 31.7.25	18.1.24	Independent	1/2 50%

With effect from 1st August 2023, a new SHCG Corporation was elected. Members were selected by merit based on skills and experience. Members include a combination of members from legacy Corporations of Eastleigh, City College Southampton and Fareham as well as external appointments.

As in interim measure, the Further Education Commissioner's Team suggested Sandra Prail (National Leader of Governance) was appointed as 'transitional' Chair for a term to be determined (initially suggested 12-18 months). Active recruitment for a Chair 'designate' is ongoing.

Appointments to the Corporation

Any new member appointments to the Corporation are a matter for the consideration of the Corporation. The Corporation has a Governance committee, consisting of four members of the Corporation, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office of up to, but not exceeding three years. There were no additional appointments after the merger date.

Corporation performance

The Corporation carried out a self-assessment of its own performance for the year ended 31 July 2024. A range of factors was used to assess the performance of individual Governors, Committees and ultimately the Corporation as a whole. This included analysis of attendance statistics, appraisals, training records, link governor feedback as well as anonymous post meeting surveys. All members assessed the Corporation's performance against the Code of Good Governance and the external board review framework and identified items for improvement or best practice. An associated action plan was drawn up and will be monitored by the Governance Committee.

Governor's individual training and development is given due priority. All Governors are expected to take part in annual self-assessment appraisals followed by 121 conversations with the Chair. A 180-degree feedback mechanism is in place for the Chair of the Corporation with 121 feedback provided by the Chair of the Audit & Risk Committee.

Governors are encouraged to maintain good levels of knowledge and understanding in all areas of Governance and maintain awareness of sector changes. Regular bulletins of training opportunities and events as well as sector updates are circulated by the Director of Governance.

The Corporation maintains an ongoing subscription to the ETF Governor Development Training Programme for access by all Governor's. Individual training logs are maintained.

Due to the complexity of the merger National Leader of Governance Sandra Prail has taken on the role of Chair of SHCG on a transitional basis.

Recruitment options for a permanent Chair either from within the current Corporation or externally are ongoing.

The Director of Governance has particular focus on developing their skills and maintaining knowledge. A list of their attended training for the financial year can be found below.

Director of Governance

National Governance Professional Network Awayday, London 20 Sept 23
National Governance Professional Network Awayday x 4 per year
Co-Chair SE Network Events (4 per year) Oct 23- current
ETF Governance Professionals Leadership Course 30-1st November 2023
Action Learning Sets for above (4 sets of meetings during Jan and Feb 2024)
AOC Conference 14-16 November 2024
CGI Governance of Organisational Culture 5 December 2023
CGI Turmoil or Turning Point What Boards will navigate through in 2024 17 Jan 2024
Accountability Agreement Webinar 24/25, 14 March 2024

Resources Committee

Throughout the year ending 31 July 2024 the SHCG's Resources Committee comprised 4 members of the Corporation. The Resources Committee has responsibility for the oversight of all group resources including finances, estates, IT, People and Culture

Senior Postholder Remuneration Committee

This year, the Corporation agreed the establishment of a Senior Postholder (SPH) Remuneration Committee. This additional committee (meeting only annually, or as required) is intended to ensure that SPH matters are considered and independently and consistently. The Committee's responsibilities include making recommendations to the Board on the remuneration and benefits of the Accounting Officer and other Senior Postholders and the Director of Governance.

As an adopter of the AOC Code of Good Governance, SHCG adopts the AOC's Senior Staff Remuneration Code (9) and provides annual reporting in line with its recommendations to the Autumn Committee meeting of the SPH Remuneration Committee.

Details of remuneration for the year ended 31 July 2024 are set out in note 9 to the financial statements.

Audit & Risk Committee

Audit & Risk Committee comprises three members of the Corporation (excluding the Accounting Officer and Chair) and one co-opted member. The Committee operates in accordance with written terms of reference approved by the Corporation.

Audit & Risk Committee meets on a termly basis and provides a forum for reporting by SHCG's internal auditors, reporting accountants and financial statements auditors, who have access to the Committee for independent discussion without the presence of management. The Committee also receives and considers reports from the main Further Education funding bodies as they affect SHCG's business.

SHCG's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit & Risk Committee.

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

Audit & Risk Committee also advises the Corporation on the appointment of internal auditors, reporting accountants and financial statements auditors and their remuneration for audit and non-audit work as well as reporting annually to the Corporation.

Audit & Risk Committee met five times in the year to 31 July 2024. The members of the Committee and their attendance records are shown below:

Committee member	Meetings attended	% Attendance
Ian Harris	5 (of 5)	100%
Kerrie Clark (co-optee)	2 (of 5)	40%
Bernie Topham	5 (of 5)	100%
Phil Harris-Bridge	3 (of 3)	100% - resigned Feb 2024

Other Committees

The College also delegates elements of oversight and decision making to other committees within its Governance structure. These include a Governance Committee (whose membership comprises all Committee Chairs) which considers governance, strategy and horizon scanning as well as taking responsibility for the recruitment, appointment, and review of Corporation members. The Curriculum & Quality Committee has responsibility for the oversight of curriculum, attainment, attendance, and all related student matters including Safeguarding. Minutes of all committee meetings can be found on our website www.shcg.ac.uk

INTERNAL CONTROL

Scope of responsibility

The Corporation is ultimately responsible for SHCG'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, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of SHCG's policies, aims and objectives, whilst 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 SHCG and the funding bodies and Office for Students registration conditions. They are also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is 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 ongoing process designed to identify and prioritise the risks to the achievement of SHCG policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively, and economically. The system of internal control has been in place in SHCG for the year ended 31 July 2024 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which SHCG is exposed together with the operating, financial and compliance controls and arrangements for compliance with legal and regulatory matters including those relating to the regularity and propriety of use of public funding that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating, and managing SHCG's significant risks that has been in place for the period ending 31 July 2024 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

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

SHCG has an internal audit service, which operates in accordance with the requirements of the ESFA's *Post 16 Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which SHCG is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of Audit & Risk Committee. At minimum, annually, the internal audit provider gives the Governing Body a report on internal audit activity. The report includes the provider's independent opinion on the adequacy and effectiveness of SHCG system of risk management, controls, and governance processes.

Risks faced by the Corporation

SHCG maintains a Board Assurance Framework (BAF) using '4Risk' software. The BAF enables risks to be monitored in real time, with mitigations and controls, initial risk scores are set and then calibrated after controls are in place. A Risk Management Group meet on a regular basis to assess and review the risk register. The Audit & Risk Committee and the Corporation review the BAF at each meeting.

SHCG also establishes a 'risk appetite' on an annual basis. Members of the Senior Leadership Team, the Audit & Risk Committee and Corporation score and agree a calibrated risk appetite statement based on current local and national environment. This risk appetite is used by members of SLT and other officers to assess and consider risk, their relative mitigations, and controls.

Control weaknesses identified

No significant internal control weaknesses or failures have arisen during the period 1 August 2023 to 31 July 2024.

Responsibilities under funding agreements

The Corporation takes its contractual responsibilities in relation to funding and contracts seriously. A 'regulatory returns' report presented to each Corporation meeting provides assurance that all filing requirements are met on a timely basis. All ESFA/OfS and similar regulatory body correspondence is shared with the Corporation at each meeting. The Department for Education and Education and Skills Funding Agency introduced new controls for the college on 29 November 2022 on the day of that the Office for National Statistics reclassified colleges as public sector organisations in the national accounts. The ESFA chief executive communicated these changes to all college accounting officers and these have now been reflected in the college financial handbook in 2024, which has the effective date of 1st August 2024.

Statement from the Audit & Risk Committee

Audit & Risk Committee has advised the Board of Governors that the Corporation has an effective framework for governance and risk management in place. Audit & Risk Committee believes the Corporation has effective internal controls in place.

The specific areas of focus for internal audit in 2023/24 and up to the date of the approval of the financial statements are:

- Key Financial Controls; Purchase Ledger and Sales Ledger
- Curriculum Planning
- Emergency Response Planning
- Risk Management
- Sub-contracting Controls
- Health and Safety

Audit & Risk Committee continually monitored the audit plan and made minor adjustments to timing and order of reviews throughout the year as appropriate.

Review of effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. Their review of the effectiveness of the system of internal control is informed by:

- the work of the internal auditors
- the work of the executive managers who have responsibility for the development and maintenance of the internal control framework
- comments made by the financial statements auditors, the reporting accountant for regularity assurance, the appointed funding auditors, in their management letters and other reports.

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

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

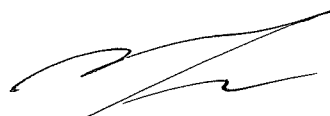
The Audit & Risk Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit & Risk Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December meeting, the Corporation carried out the annual assessment for the year ended 31 July 2024 by considering documentation from the senior management team and internal audit.

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

Approved by order of the members of the Corporation on 10 December 2024 and signed on its behalf by:



Sandra Prail
Chair



Andrew Kaye
Accounting Officer

Statement of Regularity, Propriety and Compliance

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

I confirm, on behalf of the Corporation, that after due enquiry, and to the best of my knowledge, I am able to identify any material irregular or improper use of funds by the Corporation, or material noncompliance with the framework of authorities and the terms and conditions of funding under the College's accountability, funding agreements and contracts with the ESFA and DfE any other public funder, this includes the elements outlined on the "Dear Accounting Officer" letter of 29 November 2022 and ESFA's bite size guides.

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



Andrew Kaye
Accounting Officer

Date: 10 December 2024

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.



Sandra Prail
Chair of Governors

Date: 10 December 2024

South Hampshire College Group Statement of Responsibilities of the Members of the Corporation

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

The law applicable to charities in England and the terms and conditions of the Funding Agreement between the ESFA and the Corporation of SHCG, requires the Corporation to prepare financial statements which give a true and fair view of the financial performance and position of the Corporation for the relevant period. Corporations must also prepare a strategic report which includes an operating and financial review for the year. The bases for the preparation of the financial statements and strategic report are the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction issued by the ESFA, and United Kingdom's Generally Accepted Accounting Practice. In preparing the financial statements, the Corporation is required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess whether the corporation is a going concern, noting the key supporting assumptions, qualifications or mitigating actions, as appropriate
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that SHCG will continue in operation.

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

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

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, and any other public funds, are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions, that may be prescribed from time to time by ESFA, or any other public funder, including that any transactions entered into by the corporation are within the delegated authorities following the reclassification of college corporations on 29 November 2022.

Members of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the Corporation are responsible for securing economic, efficient and effective management of the Corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA and other public bodies are not put at risk. They are also responsible for ensuring funds from OfS or other sources are properly applied for the purposes for which they have been given and in accordance with relevant legislation or terms and conditions attached to them.

Approved by order of the members of the Corporation on 10 December 2024 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Sandra Prail', with a stylized flourish extending to the right.

**Sandra Prail
Chair of Governors**

Independent Auditor's report to the Corporation of South Hampshire College Group

Opinion

We have audited the financial statements of South Hampshire College Group (the "College") for the year ended 31 July 2024 which comprise college and consolidated statement of comprehensive income, the college and consolidated balance sheet, the college and consolidated statement of changes in reserves, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Group and College's affairs as at 31 July 2024 and of the Group and College's surplus of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Accounts Direction issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and College in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or college's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the governors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor's report thereon. The governors are responsible for the other information contained within the Report and Financial Statements. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's report to the Corporation of South Hampshire College Group

Opinion on other matters prescribed by the Office for Students' 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 Education and Skills Funding Agency and Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of the Office for Students' accounts direction for the relevant year's financial statements have been met.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

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

We have nothing to report in respect of the following matters where the Office for Students' accounts direction requires us to report to you if:

- the College's grant and fee income, as disclosed in the notes 2 and 3 to the accounts, has been materially misstated.

Responsibilities of the Corporation of South Hampshire College Group

As explained more fully in the Statement of the Corporation's Responsibilities set out on pages 23 to 24, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Corporation is responsible for assessing the Group or 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 the Corporation either intend to liquidate the Group or College or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

Independent Auditor's report to the Corporation of South Hampshire College Group

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the group and college operate in and how the group and college are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures, we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Further and Higher Education SORP, the College Accounts Direction published by the Education and Skills Funding Agency, Regulatory Advice 9: Accounts Direction published by the Office for Students' and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and inspecting correspondence with local tax authorities.

The most significant laws and regulations that have an indirect impact on the financial statements are those which are in relation to the Education Inspection Framework under the Education and Inspections Act 2006, Keeping Children Safe in Education under the Education Act 2002 and the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018. We performed audit procedures to inquire of management and those charged with governance whether the college is in compliance with these law and regulations and inspected correspondence and inspected correspondence with licensing or regulatory authorities.

The group audit engagement team identified the risk of management override of controls and income recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates, testing whether income has been appropriately recognised based on the underlying funding agreement and focusing on learner eligibility.

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

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 22 November 2022. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged 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 Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK AUDIT LLP
Chartered Accountants
Highfield Court
Tollgate
Chandlers Ford
Hampshire
SO53 3TY

Date 18/12/24

South Hampshire College Group Consolidated and College Statement of Comprehensive Income & Expenditure for the year ended 31 July 2024

	Note	2024		2023	
		Group £'000	College £'000	Group £'000	College £'000
INCOME					
Funding body grants	2	56,477	56,477	42,709	42,709
Tuition fees and education contracts	3	4,193	4,193	4,545	4,545
Other grants and contracts	4	605	605	998	998
Other income	5	1,352	1,352	1,865	1,866
Investment income	7	589	590	112	109
Donations	8	4	4	7	7
Total Income		63,220	63,221	50,236	50,234
EXPENDITURE					
Staff costs	9	31,030	31,030	29,179	29,179
Restructuring costs	9	464	464	394	394
Other operating expenses	10	16,153	16,153	15,944	15,944
Depreciation	13	4,653	4,653	4,582	4,582
Interest and other finance costs	11	110	110	940	940
Total Expenditure		52,410	52,410	51,039	51,039
Surplus/ (Deficit) before other gains and losses		10,810	10,811	(803)	(805)
Profit/(loss) on disposal of assets		(2,579)	(2,579)	5	5
Impairment of fixed assets		(1,240)	(1,240)	-	-
Surplus/ (deficit) before tax		6,991	6,992	(798)	(800)
Taxation	12	-	-	-	-
Surplus/ (Deficit) for the year		6,991	6,992	(798)	(800)
Remeasurement of defined benefit pension asset	19 & 25	-	-	8,713	8,713
Total Comprehensive Income for the year		6,991	6,992	7,915	7,913

The statement of comprehensive income is in respect of continuing activities.

Consolidated and College Balance Sheet as at 31 July 2024

	Note	2024		2023	
		Group £'000	College £'000	Group £'000	College £'000
Fixed assets					
Tangible assets	13	94,786	94,786	97,743	97,743
Investments	14	-	-	-	-
Total fixed assets		94,786	94,786	97,743	97,743
Current assets					
Trade and other receivables	15	2,738	2,738	2,841	2,841
Stock		6	6	7	7
Cash at bank and in hand		7,229	7,229	6,460	6,460
Total current assets		9,973	9,973	9,308	9,308
Less: Creditors amounts falling due within one year	16	(11,388)	(11,388)	(18,240)	(18,240)
Net current liabilities		(1,415)	(1,415)	(8,932)	(8,932)
Total assets less current liabilities		93,372	93,372	88,811	88,811
Creditors amounts falling due after more than one year	17	(47,097)	(47,097)	(49,628)	(49,628)
Provisions					
Enhanced Pensions	19	(1,668)	(1,668)	(1,564)	(1,564)
Other provisions	19	(220)	(220)	(220)	(220)
Total net assets		44,386	44,386	37,399	37,399
Unrestricted reserves					
Income and expenditure account		33,589	33,589	26,247	26,247
Revaluation reserve		10,797	10,797	11,152	11,152
Total unrestricted reserves		44,386	44,386	37,399	37,399

The financial statements on pages 31 to 55 were approved and authorised for issue by the Corporation on 10 December 2024 and were signed on its behalf on that date by:


Andrew Kaye
Accounting Officer


Sandra Prail
Chair of Governors

Consolidated and College Statement of Changes in Reserves as at 31 July 2024

	I & E Account	Revaluation reserve	Total
	£'000s	£'000s	£'000s
Group			
Balance at 1 August 2022	17,972	11,507	29,479
Surplus/(deficit) from the income and expenditure account	(798)	-	(798)
Other comprehensive income	8,713	-	8,713
Transfers between revaluation and income and expenditure reserves	355	(355)	-
Total comprehensive income for the year	8,270	(355)	7,915
Balance at 1 August 2023	26,242	11,152	37,394
Surplus/(deficit) from the income and expenditure account	6,991	-	6,991
Other comprehensive income	-	-	-
Transfers between revaluation and income and expenditure reserves	355	(355)	-
Total comprehensive income for the year	7,346	(355)	6,991
Balance at 31 July 2024	33,589	10,797	44,386
College			
Balance at 1 August 2022	17,974	11,507	29,481
Surplus/(deficit) from the income and expenditure account	(800)	-	(800)
Other comprehensive income	8,713	-	8,713
Transfers between revaluation and income and expenditure reserves	355	(355)	-
Total comprehensive income for the year	8,268	(355)	7,913
Balance at 1 August 2023	26,242	11,152	37,394
Surplus/(deficit) from the income and expenditure account	6,992	-	6,992
Other comprehensive income	-	-	-
Transfers between revaluation and income and expenditure reserves	355	(355)	-
Total comprehensive income for the year	7,347	(355)	6,992
Balance at 31 July 2024	33,589	10,797	44,386

Consolidated Statement of Cash Flows for the year end 31 July 2024

	2024 £'000	2023 £'000
Cash flow from operating activities		
Surplus/ (Deficit) for the year	6,991	(798)
Adjustment for non-cash items		
Depreciation and impairment	4,680	4,583
Def capital grants released to income	(2,200)	(682)
(Increase)/ decrease in stock	0	(2)
(Increase)/ decrease in debtors	103	(667)
Increase/ (decrease) in creditors due within one year	(4,824)	2,043
Increase/(decrease) in creditors due more than one year	2,510	373
Increase/ (decrease) in provisions	104	73
Pensions costs less contributions payable	-	265
Adjustment for investing or financing activities		
Investment income	(1)	(98)
Interest receivable	(588)	-
Interest payable	110	573
(Profit) / Loss on sale of fixed assets	3,819	(5)
Net cash flow from operating activities	10,703	5,658
Cash flows from investing activities		
Proceeds from sale of fixed assets	4	11
Investment income	1	98
Interest receivable	588	-
Capital grants received	5,065	875
Payments made to acquire fixed assets	(5,590)	(5,548)
	67	(4,564)
Cash flows from financing activities		
Interest paid	(30)	(573)
Repayments of amounts borrowed	(9,862)	(865)
Repayments of obligations under finance leases	(111)	164
	(10,003)	(1,274)
Increase / (decrease) in cash and cash equivalents in the year	768	(180)
Cash and cash equivalents at beginning of the year	6,460	6,641
Cash and cash equivalents at end of the year	7,229	6,460

SOUTH HAMPSHIRE COLLEGE GROUP NOTES TO THE ACCOUNTS

1. Accounting Policies

Statement of accounting policies and estimation techniques

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

General Information

South Hampshire college Group is a corporation established under the Further and Higher Education Act 1992 as an English general college of further education. The address of the College's principal place of business is given on page 3. The nature of the College's operations is set out in the Strategic Report.

Merger Between Fareham College, Eastleigh College and Southampton City College.

Fareham College, Eastleigh College and Southampton City College merged on 1 August 2023. Eastleigh College and Southampton City College dissolved as legal entities at midnight 31 July 2023 and thereon transferred all assets and liabilities to Fareham College to form the newly merged South Hampshire College Group. The combination is considered to meet the definition of a merger under FRS 102 and so merger accounting has been applied.

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2023 to 2024, the Regularity Advice 9: Accounts Direction issued by Office for Students 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.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated. The financial statements are presented in sterling which is also the functional currency of the College. Monetary amounts in these financial statements are rounded to the nearest £1,000, except where otherwise indicated.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102).

Basis of Consolidation

The consolidated financial statements include its subsidiary, Eastleigh College Ltd, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or sold are consolidated using the purchase method for the periods from or to the date that control passes. In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2024. All intra-group transactions, balances and unrealised gains on transactions between group

SOUTH HAMPSHIRE COLLEGE GROUP NOTES TO THE ACCOUNTS

entities are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

Going concern

2023/24 represented the first year of operation for South Hampshire College Group. The budget assumed a negative Educational EBITDA of £3.2m; our July 2024 management accounts showed negative £1.3m, a significant improvement

2024/25 has also started well

- Our current position on full-time 16-18 year-olds recruitment is c. 300 above contract and so we will receive additional in-year funding in 2024/25 and our contract for 2025/26 will be in-excess of the financial forecast we submitted to the ESFA at the end of July 2024
- First quarter results showed our apprenticeship income is on track to achieve budget and we will exceed our budget for adult income

The management team review financial performance of the Group via monthly management accounts (which includes a cashflow forecast) and regular College Financial Forecast Returns submitted to the Department for Education (DfE) – a requirement of the merger grant.

The Group has an impressive programme of capital investment thanks to merger funding from the DfE, successful T Level bids and the Group was the lead in a successful Local Skills Improvement Fund (LSIF) Bid.

Therefore, after making appropriate enquiries, the Corporation considers that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Recognition of income

Revenue grant funding

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 achievement for the Adult Education 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.

The recurrent grant from OfS represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income.

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

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

SOUTH HAMPSHIRE COLLEGE GROUP NOTES TO THE ACCOUNTS

Capital grant funding

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

Apprenticeship income

Income from the delivery of apprenticeships is recognised in the period in which it is earned, with 20% withheld until successful completion of the apprenticeship.

Fee income

Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the period for which it is received.

Investment income

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned on a receivable basis.

Agency arrangements

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

Accounting for post-employment benefits

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

Teachers' Pension Scheme (TPS)

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

Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

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

Hampshire Local Government Pension Scheme (LGPS)

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

SOUTH HAMPSHIRE COLLEGE GROUP NOTES TO THE ACCOUNTS

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

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

The LGPS assets are managed by the scheme trustees at scheme level, and the determination / allocation of assets to each individual employer in the scheme is managed by the scheme actuary. The assets are allocated to each employer for accounting purposes based on the valuation of the assets at the latest triennial valuation as adjusted for subsequent contributions received from the employer, asset returns and benefit payments made (either on a cash basis or actuarial basis).

The retirement benefit obligation recognised represents the deficit or surplus in the defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Short term Employment benefits

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

Enhanced Pensions

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

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

The subsidiary company does not hold any Fixed Assets and is dormant.

Certain items of fixed assets that had been revalued to fair value on or prior to the date of transaction to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount of the date of that revaluation.

Land and buildings

No depreciation is provided on freehold land. Freehold buildings are depreciated over their expected useful economic life to the College of 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years. The College has an ageing campus and will exercise judgement on the useful life of any building adaptations where it is not deemed appropriate to depreciate the asset between 20 and 50 years.

SOUTH HAMPSHIRE COLLEGE GROUP NOTES TO THE ACCOUNTS

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated in accordance with the above policies. The related grants are credited to a deferred capital grant account and released to the income and expenditure account in equal annual instalments over the expected useful economic life of the assets on a basis consistent with the depreciation policy.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

Assets under construction

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

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to income in the period it is incurred.

Equipment

Equipment costing less than £1,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

Depreciation is provided evenly on the cost or valuation of other assets to write them down to their estimated residual values over their expected useful lives as follows:

- Motor vehicles and general equipment - straight line over 5 years
- Furniture, fixtures and fittings - straight line over 5 -15 years
- Computer equipment and software - straight line over 3 years

Where equipment is acquired with the aid of specific grants, they are capitalised and depreciated in accordance with the above policies. The related grants are credited to a deferred capital grant account and released to the income and expenditure account in equal annual instalments over the expected useful economic life of the assets on a basis consistent with the depreciation policy.

Borrowing costs

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised, otherwise, borrowing costs are recognised as expenditure in the period in which they are incurred.

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure.

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

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

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

SOUTH HAMPSHIRE COLLEGE GROUP NOTES TO THE ACCOUNTS

Cash and cash equivalents

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

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

Financial liabilities and equity

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

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

Taxation

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

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

Provisions and contingent liabilities

Provisions are recognised when

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

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

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

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

SOUTH HAMPSHIRE COLLEGE GROUP NOTES TO THE ACCOUNTS

Agency arrangements

The College acts as an agent in distributing Bursary support funds from the funding bodies. Payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the College does not have control of the economic benefit related to the transaction.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease-by-lease basis.
- Determine whether there are indicators of impairment of the College'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.
- Determine the existence of a minimum funding requirement for the Local Government Pension Scheme to be included in the asset ceiling in measuring and recognising a surplus in the scheme. This judgement is based on an assessment of the nature of the scheme as a statutory scheme and its inherent implied continuance as well as the operation of the primary and secondary contributions.

Other key sources of estimation uncertainty

Tangible fixed assets

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

Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 to value the pensions liability at 31 July 2024. 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.

SOUTH HAMPSHIRE COLLEGE GROUP NOTES TO THE ACCOUNTS

2. Funding Body Grants

	2024		2023	
	Group £'000	College £'000	Group £'000	College £'000
Recurrent grants				
Education & Skills Funding Agency – Adult Education budget	5,677	5,677	5,665	5,665
Education & Skills Funding Agency – 16-18	25,849	25,849	22,429	22,429
Education and Skills Funding Agency - apprenticeships	6,420	6,420	6,087	6,087
Grant income from the Office for Students	176	176	197	197
Specific grants				
Teacher Pension Scheme Contribution Grant	1,253	1,253	643	643
Releases of government capital grants	2,200	2,200	1,963	1,963
ESFA Other Grants	403	403	5,726	5,726
Exceptional government grant income	14,498	14,498	3	3
Total	56,476	56,476	42,713	42,713

3. Tuition Fees and Education Contracts

	2024		2023	
	Group £'000	College £'000	Group £'000	College £'000
Adult education fees	819	819	1,199	1,199
Apprenticeship contracts	608	608	737	737
Fees for FE loan supported courses	1,134	1,134	667	667
Fees for HE loan supported courses	538	538	509	509
Total tuition fees	3,099	3,099	3,112	3,112
Education contracts	1,094	1,094	1,433	1,433
Total	4,193	4,193	4,545	4,545

4. Other Grants and Contracts

	2024		2023	
	Group £'000	College £'000	Group £'000	College £'000
Other grants and contracts	233	233	244	244
Local Authority Grants	372	372	754	754
Total	605	605	998	998

SOUTH HAMPSHIRE COLLEGE GROUP NOTES TO THE ACCOUNTS

5. Other Income

	2024		2023	
	Group £'000	College £'000	Group £'000	College £'000
Catering and residences	412	412	388	388
Other income generating activities	237	237	281	281
Lease income	509	509	561	561
Miscellaneous income	193	193	633	633
Total	1,351	1,351	1,863	1,863

6. Office for Students income (included within disclosures above)

	2024		2023	
	Group £'000	College £'000	Group £'000	College £'000
Grant income from the Office for Students	176	176	197	197
Total	176	176	197	197

7. Investment Income

	2024		2023	
	Group £'000	College £'000	Group £'000	College £'000
Other Interest Receivable	588	588	109	109
Surplus recorded by Eastleigh College Limited	-	1	-	3
Total	588	589	109	112

8. Donations

	2024		2023	
	Group £'000	College £'000	Group £'000	College £'000
Unrestricted Donations	4	4	7	7
Total	4	4	7	7

SOUTH HAMPSHIRE COLLEGE GROUP NOTES TO THE ACCOUNTS

9. Staff Costs – Group and College

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

	2024 No.	2023 No.
Teaching Staff	343	393
Non-Teaching Staff	353	463
	696	856
	696	856
Staff Costs for the above persons	2024	2023
	£'000	£'000
Wages and Salaries	21,338	20,811
Social Security Costs	2,063	2,028
Other pension costs (including FRS102 adjustments of a credit £nil (2023: a credit of £25,000))	5,604	4,892
Payroll sub total	29,005	27,731
Contracted out staffing services	2,025	1,448
	31,030	29,179
Restructuring costs - Contractual	464	394
- Non-contractual	-	-
Total Staff Costs	31,494	29,573

The number of staff receiving redundancy payments as a result of the restructuring in the following ranges was:

	2024
£0 to £5,000	9
£5,001 to £10,000	7
£10,001 to £15,000	7
£15,001 to £20,000	2
£20,001 to £25,000	2
£25,001 to £30,000	3
£30,001 to £35,000	2
£50,001 to £55,000	1
	33
	33

SOUTH HAMPSHIRE COLLEGE GROUP NOTES TO THE ACCOUNTS

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College, during the year-ended 31 July 2024, the Group Leadership Team comprised the Principal, Deputy Principal Curriculum & Quality, Chief Operating Officer, Executive Director of Business & Partnerships, Chief People Officer, the 3 Vice-Principals, Director of Student Experience & Transition, Group Director of IT, Group Director of Estates & Facilities, Group Director of Finance, Group Director of MIS, Director of Quality, Director of Apprenticeships, Director of Adults, Online & Commercial, Director of Marketing & Communications and Group Director of Human Resources.

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

	2024	2023
The number of key management personnel including the Accounting Officer was:	18	15

The number of key management personnel who received annual emoluments, excluding pension contributions and employer's national insurance but including benefits in kind, in the following ranges was:

	Senior Post Holder		Other Key Management Personnel	
	2024	2023	2024	2023
£50,001 to £55,000			1	2
£55,001 to £60,000			2	2
£60,001 to £65,000			4	1
£65,001 to £70,000			2	
£70,001 to £75,000			1	2
£75,001 to £80,000		1	1	1
£80,001 to £85,000		1	1	
£85,001 to £90,000		3	1	
£90,001 to £95,000	2	1	1	
£125,001 to £130,000		1		
£145,001 to £150,000		1		
£155,001 to £160,000	1			
£190,001 to £195,000		1		
	<u>3</u>	<u>9</u>	<u>14</u>	<u>8</u>

The interim finance director included on page 3 (Key Management Personnel) was employed through an agency and not on South Hampshire College Group's payroll; therefore not included in the above table.

SOUTH HAMPSHIRE COLLEGE GROUP NOTES TO THE ACCOUNTS

Key management personnel compensation is made up as follows:

	2024	2023
	£'000	£'000
Basic Salary	1,317	1,239
Benefits in kind	0	107
National Insurance	161	130
Pension Contributions	310	252
Total	1,788	1,728

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place.

The above compensation includes amounts paid to the Principal and Chief Executive who is the Accounting Officer and who is also the highest paid member of staff. Their pay and remuneration are as follows:

	2024	2023
	£'000	£'000
Basic Salary	158	406
Benefits in kind	-	66
National Insurance	21	17
Pension Contributions	40	61
Total	219	550

The remuneration package of the Accounting Officer and Senior Post Holders are subject to annual review by the Senior Postholders Remuneration Committee of the governing body who use benchmarking information to provide objective guidance. The College has adopted the AOC's Colleges Senior Staff Remuneration Code and has followed the requirements of the code.

The performance of the Accounting Officer, Senior Post Holders and Key Management Personnel is undertaken throughout the year following the College's performance development programme in order to meet the strategic objectives of the College.

Relationship of Principal/Chief Executive pay and remuneration expressed as a multiple

Principal and CEO's basic salary as a multiple of the median of all staff	5.86
Principal and CEO's total remuneration as a multiple of the median of all staff	6.08

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

SOUTH HAMPSHIRE COLLEGE GROUP NOTES TO THE ACCOUNTS

10. Other operating expenses

	2024 £'000	2023 £'000
Teaching costs	3,922	4,268
Non-teaching costs	5,320	6,298
Examination Costs	1,484	565
Premises costs	5,427	4,813
Total	16,153	15,944

Other operating expenses include:

	2024 £'000	2023 £'000
Auditor's Remuneration:		
Financial Statements Audit	96	138
Teacher Pensions Audit	5	7
Internal Audit	15	51
Operating Lease payments	167	148
Subcontractor payments	1,526	465
Losses on disposal of tangible fixed assets	2,579	-

11. Interest and other finance costs – Group and College

	2024 £'000	2023 £'000
On bank loans, overdrafts and other loans:	30	701
	<u>30</u>	<u>701</u>
On Finance Leases	-	-
Net interest on defined pension liability (Note 24) & enhanced pension provision	80	239
Total	80	940

12. Taxation – Group and College

The members do not believe that the College was liable for any corporation tax arising out of its activities during either year.

SOUTH HAMPSHIRE COLLEGE GROUP NOTES TO THE ACCOUNTS

13. Tangible Fixed Assets – Group and College

	Land and buildings		Equipment	Assets in the course of construction	Total
	Freehold £'000	Long leasehold £'000	£'000	£'000	£'000
Cost or Valuation					
As at 1 August 2023	125,037	10	22,312	1,973	149,332
Additions	1,185	-	2,816	1,589	5,590
Transfers from Assets in Construction	1,089	-	875	(1,973)	-
Transfers to revenue expenditure	-	-	-	(34)	(34)
Disposals	(4,379)	-	(123)	-	(4,502)
Impairments	(2,238)	-	(5)	-	(2,243)
As at 31 July 2024	120,694	10	25,875	1,555	148,134
Depreciation					
As at 1 August 2023	36,431	10	15,148	-	51,589
Charge for the year	2,637	-	2,043	-	4,680
Eliminations in respect of disposals	(1,798)	-	(121)	-	(1,919)
Eliminations in respect of impairments	(997)	-	(5)	-	(1,002)
As at 31 July 2024	36,273	10	17,065	-	53,348
Net book value as at 31 July 2024	84,421	-	8,810	1,555	94,786
Net book value as at 31 July 2023	88,606	-	7,164	1,973	97,743

The net book value of equipment includes an amount of £32,760 (2023: £85,994) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £53,234 (2023: £90,901).

If fixed assets had not been revalued before being deemed as cost on transition they would have been included at historical cost and depreciation of £nil.

SOUTH HAMPSHIRE COLLEGE GROUP NOTES TO THE ACCOUNTS

14. Non-current investments

	College 2024 £	College 2023 £
Investment in subsidiary company at cost	100	100
Total	100	100

The Group owns 100% of the issued ordinary £1 shares of Eastleigh College Limited, a company incorporated in England and Wales. The principal business activity of Eastleigh College Limited is to conduct motor vehicle MOT tests.

15. Trade and other receivables

	Group £'000	2024 College £'000	Group £'000	2023 College £'000
Amounts falling due within one year:				
Trade receivables	218	218	561	561
Other receivables	1	1	-	-
Prepayments and accrued income	1,870	1,870	1,763	1,763
Amounts owed by the ESFA	650	650	517	517
Total	2,739	2,739	2,841	2,841

16. Creditors: amounts falling due within one year

	Group £'000	2024 College £'000	Group £'000	2023 College £'000
Bank loans and overdrafts	-	-	2,690	2,690
Obligations under finance leases	62	62	124	124
Trade payables	2,329	2,329	676	676
Payments received in advance	3,201	3,201	4,754	4,754
Other creditors	862	862	2,922	2,922
Intra-company	-	-	1	1
Pension creditor	616	616	319	319
Other taxation and social security	502	502	367	367
Accruals and deferred income	1,004	1,004	1,897	1,897
Deferred income – government capital grants	2,368	2,368	1,683	1,683
Amounts owed to the ESFA	444	444	2,808	2,808
Total	11,388	11,388	18,241	18,241

SOUTH HAMPSHIRE COLLEGE GROUP NOTES TO THE ACCOUNTS

17. Creditors: amounts falling due after one year

	2024		2023	
	Group £'000	College £'000	Group £'000	College £'000
Bank loans	-	-	7,172	7,172
Obligations under finance leases	4	4	53	53
Deferred income – Government capital grants	43,383	43,383	41,203	41,203
Other creditors (deficit funding)	3,710	3,710	1,200	1,200
Total	47,097	47,097	49,628	49,628

Deficit funding has been drawn down in the year. The College's cash days have not reduced to a level which would allow the deficit funding to be utilised, therefore it is held on the balance sheet as a creditor due outside one year with the expectation that repayment will be required in 2027.

18. Maturity of debt

	2024 £'000	2023 £'000
(a) Bank Loans and Overdrafts		
In one year or less	-	4,889
Between one and two years	-	165
Between two and five years	-	496
In five years or more	-	1,787
Total	-	7,337

Following the merger of Fareham College into the South Hampshire College Group, on 1 August 2023 ESFA merger grant funding was drawn down and the entire outstanding loan balance shown above was settled. A Reservation of Rights letter was issued ahead of an expected full waiver being issued once the accounts were finalised. As a result, the loan was reclassified as due within one year.

The net finance lease obligations to which the institution is committed are:

	2024 £'000	2023 £'000
(b) Finance Leases		
In one year or less	62	124
Between two and five years	4	53
In five years or more	-	-
Total	66	177

Finance lease obligations are secured on the assets to which they relate.

SOUTH HAMPSHIRE COLLEGE GROUP NOTES TO THE ACCOUNTS

19. Provisions

	Group and College			
	Defined benefit obligations	Enhanced pensions	Other	Total
	£'000	£'000	£'000	£'000
At 1 August 2023	-	1,564	220	1,784
Expenditure in the period	-	(204)	-	(204)
Interest cost	-	78	-	78
Staff cost	-	-	-	-
Actuarial gain over year recognised in Statement of Comprehensive Income	-	230	-	230
As at 31 July 2024	-	1,668	220	1,888

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in Note 25.

The enhanced pension provision relates to the cost of staff who have already left the College's employ and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date.

The principal assumptions for this calculation are:

	2024	2023
Price inflation	2.8%	2.8%
Discount rate	4.8%	5.0%

20. Analysis of changes in net debt

	As at 1 August 2023	Cash flows	Other non-cash Changes	As at 31 July 2024
	£'000	£'000	£'000	£'000
Cash and cash equivalents				
Cash	6,461	768	-	7,229
	6,641	768	-	7,229
Borrowings				
Loans due within one year	(2,690)	2,690	-	-
Loans due after one year	(7,172)	7,172	-	-
	(9,862)	9,862	-	-
Finance Leases due within one year	(124)	62	-	(62)
Finance Leases due after one year	(53)	49	-	(4)
	(177)	111	-	(66)
Total	(3,578)	10,741	-	7,163

SOUTH HAMPSHIRE COLLEGE GROUP NOTES TO THE ACCOUNTS

21. Capital commitments

	2024 £'000	2023 £'000
Commitments contracted as at 31 July	<u>2,754</u>	<u>2,141</u>

22. Lease obligations – group and college

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

	2024 £'000	2023 £'000
Future minimum lease payments due		
Other (non-land and buildings)		
In one year or less	162	110
Between two and five years	284	203
In five years or more	-	-
Total lease payments due	<u>446</u>	<u>313</u>

23. Contingent Liabilities

There are no contingent liabilities at the reporting date.

24. Events after the reporting period

There are no events that require disclosure.

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 Hampshire Local Government Pension Scheme (LGPS) for non-teaching staff. Both are multi-employer defined-benefit plans.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS is as at 31 March 2020 and of the LGPS is as at 31 March 2022.

	2024 £'000	2023 £'000
Teachers' Pension Scheme: contributions paid	2,822	2,627
Local Government Pension Scheme:		
Contributions paid	2,696	2,131
FRS 102 (28) charge	=	<u>(25)</u>
Charge to the Statement of Comprehensive Income	2,696	2,106
Enhanced pension charge to Statement of Comprehensive Income	85	47
Total pension cost for the year	<u>5,603</u>	<u>4,780</u>

SOUTH HAMPSHIRE COLLEGE GROUP NOTES TO THE ACCOUNTS

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, colleges and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The college is unable to identify its share of the underlying assets and liabilities of the plan.

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.

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department for Education in October 2023. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262 billion (31 March 2016: £218 billion), and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222.2 billion (31 March 2016: £198 billion) giving a notional past service deficit of £39.8 billion (31 March 2016: £22 billion).

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/9). The DfE agreed to pay a teachers pension employer contribution grant to cover the additional costs during the 2023/24 academic year, which will continue to be received through the 2024/25 academic year.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The pension costs paid to TPS in the year amounted to £2,822K (2023: £3,305k). The year-end creditor was £266k (2023: £118k).

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Hampshire County Council. The total contribution made for the year ended 31 July 2024 was £3,198k, of which employer's contributions totalled £2,696k and employees' contributions totalled £502k. The contribution rates for future years are 27.1% (wef 1 Aug 23) for employers plus an annual fixed amount of £29,250 and range from 7.4% to 12.5% for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2022 updated to 31 July 2024 by a qualified independent actuary.

	As at 31 July 2024	As at 31 July 2023
Rate of increase in salaries	3.75%	4.00%
Future pensions increase (CPI)	2.75%	3.00%
Discount rate for scheme liabilities	5.00%	5.05%

SOUTH HAMPSHIRE COLLEGE GROUP NOTES TO THE ACCOUNTS

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

	As at 31 July 2024 Years	As at 31 July 2023 Years
<i>Retiring today</i>		
Males	22.0	22.1
Females	24.7	24.7
<i>Retiring in 20 years</i>		
Males	22.5	22.6
Females	25.6	25.7

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

	Fair Value at 31 July 2024 £'000	Fair Value at 31 July 2023 £'000
Equities	40,181	39,299
Bonds	27,031	21,315
Property	5,114	3,996
Cash	731	1,998
Total market value of assets	73,057	66,608

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

	Fair Value at 31 July 2024 £'000	Fair Value at 31 July 2023 £'000
Fair value of plan assets	73,057	66,608
Present value of plan liabilities	(67,000)	(64,638)
Restriction to level of asset ceiling	(6,057)	(1,970)
Net pensions asset/(liability) (Note 19)	-	-

SOUTH HAMPSHIRE COLLEGE GROUP NOTES TO THE ACCOUNTS

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

	2024	2023
	£'000	£'000
Amounts included in staff costs		
Current service cost	1,411	2,099
Past service cost	60	6
Total	1,471	2,105
Amounts included in investment income		
Interest income	3,388	(300)
Interest expense on defined benefit obligation	(3,258)	442
Total	130	142
Amounts recognised in Other Comprehensive Income		
Returns/ (losses) on pension plan assets	2,101	(2,939)
Experience gains/ (losses) arising on defined benefit obligations	631	12,320
Total	2,732	9,381
Movement in net defined benefit (liability) in year		
	2024	2023
	£'000	£'000
Net defined benefit (liability) in scheme at 1 August	1,970	(8,328)
Movement in year:		
Current service cost	(1,411)	(2,099)
Employer contributions	2,696	2,131
Past service cost	(60)	(6)
Net interest on the defined benefit (liability)/ asset	130	(286)
Actuarial gain or (loss)	2,732	10,503
Restriction to level of asset ceiling	(6,057)	(1,915)
Net defined benefit (liability) in scheme at 31 July	-	-

The value of the college's share of net assets has been restricted due to the effect of the asset ceiling being the maximum value of the present of the economic benefits available in the form of the unconditional right to reduced contributions from the plan. A corresponding charge has been made to other comprehensive income in the period.

Asset and liability reconciliation

	2024	2023
	£'000	£'000
Changes in the present value of defined benefit obligation		
Defined benefit obligation at start of period	64,638	75,049
Current Service cost	1,471	2,099
Interest cost	3,258	2,613
Contributions by Scheme participants	502	459
Experience gains on defined benefit obligations	(631)	(13,442)
Estimated benefits paid	(2,238)	(2,140)
Defined benefit obligation at end of period	67,000	64,638

SOUTH HAMPSHIRE COLLEGE GROUP NOTES TO THE ACCOUNTS

	2024	2023
	£'000	£'000
Changes in fair value of plan assets		
Fair value of plan assets at start of period	66,608	66,786
Interest on plan assets	3,388	2,320
Actuarial gain / (loss)	2,101	(2,938)
Employer contributions	2,696	2,126
Contributions by scheme participants	502	459
Estimated benefits paid	(2,238)	(2,145)
Fair value of plan assets at end of period	73,057	66,608

The Group is aware that the Court of Appeal has recently upheld the decision in the Virgin Media vs NTL pension Trustees II Limited case. The decision puts into question the validity of any amendments made in respect of the rules of a contracted-out pension scheme between 5 April 1997 and 5 April 2016. The judgement means that some historic amendments affecting s.9(2B) rights could be void if the necessary actuarial confirmation under s.37 of the Pension Schemes Act 1993 was not obtained. Until further investigations have been completed by the UK Government's Actuary's Department and/or any legislative actions taken by the government, the potential impact if any, on the valuation of scheme liabilities remains unknown.

26. Related party transactions

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

There were no related party transactions during the year (2023: £nil). There were no expenses paid to or on behalf of the Governors during the year (2023: £nil).

No Governor has received any remuneration or waived payments from the College or its subsidiary during the year (2023: none).

27 Amounts disbursed as agent

	2024	2023
	£'000	£'000
Funding body grants – ESFA (DLSF, Free School Meals, Bursary)	1,022	1,022
Disbursed to students	(862)	(716)
Administration costs	(44)	(42)
Balance unspent as at 31 July, included in creditors	116	264

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

SOUTH HAMPSHIRE COLLEGE GROUP NOTES TO THE ACCOUNTS

28. Merger Disclosure

Fareham College, Eastleigh College and Southampton City College merged on 1 August 2023. Eastleigh College and Southampton City College dissolved as legal entities at midnight 31 July 2023 and thereon transferred all assets and liabilities to Fareham College to form the newly merged South Hampshire College Group. The combination is considered to meet the definition of a merger under FRS 102 and so merger accounting has been applied.

No significant adjustments were required to align accounting policies and no further adjustments were made to net assets as a result of the merger.

SOUTH HAMPSHIRE COLLEGE GROUP NOTES TO THE ACCOUNTS

2023

		Eastleigh College	Fareham College	City College Southampton	TOTAL
	Note	£'000	£'000	£'000	£'000
INCOME					
Funding body grants	2	14,870	15,120	12,720	42,709
Tuition fees and education contracts	3	1,998	1,292	1,255	4,545
Other grants and contracts	4	78	327	592	998
Other income	5	451	678	737	1,865
Investment income	7	13	45	53	112
Donations	8	0	7	0	7
Total Income		17,410	17,469	15,357	50,236
EXPENDITURE					
Staff costs	9	10,064	10,819	8,297	29,180
Restructuring costs	9	193	56	145	394
Other operating expenses	10	5,666	4,731	5,546	15,944
Depreciation	13	1,401	1,827	1,353	4,582
Interest and other finance costs	11	311	239	389	940
Total Expenditure		17,635	17,673	15,731	51,039
Surplus/ (Deficit) before other gains and losses		(225)	(204)	(374)	(803)
Profit/(loss) on disposal of assets		0	5	0	5
Impairment of fixed assets		0	0	0	0
Surplus/ (deficit) before tax		(225)	(199)	(374)	(798)
Taxation	12	-	-	-	-
		(225)	(199)	(374)	(798)
Surplus/ (Deficit) for the year					
Remeasurement of defined benefit pension asset	19 & 25	4,217	2,213	2,283	8,713
Total Comprehensive Income for the year		3,992	2,014	1,909	7,915

SOUTH HAMPSHIRE COLLEGE GROUP NOTES TO THE ACCOUNTS

		Eastleigh College	Fareham College	City College Southampton	Total
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	13	27,775	35,956	34,012	97,743
Investments	14	0	0	0	0
Total fixed assets		27,775	35,956	34,012	97,743
Current assets					
Trade and other receivables	15	821	1,413	607	2,841
Stock		0	0	7	7
Cash at bank and in hand	19	1,666	1,765	3,029	6,460
Total current assets		2,487	3,178	3,643	9,308
Less: Creditors amounts falling due within one year	16	(6,927)	(6,518)	(4,796)	(18,240)
Net current liabilities		(4,439)	(3,339)	(1,153)	(8,932)
Total assets less current liabilities		23,336	32,617	32,859	88,811
Creditors amounts falling due after more than one year	17	(12,069)	(17,226)	(20,333)	(49,628)
Provisions					
Enhanced Pensions	19	(335)	(387)	(842)	(1,564)
Other provisions	19	(220)	-	-	(220)
Total net assets		10,711	15,004	11,684	37,399
Unrestricted reserves					
Income and expenditure account		6,761	11,383	8,102	26,246
Revaluation reserve		3,950	3,621	3,582	11,153
Total unrestricted reserves		10,711	15,004	11,684	37,398

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF SHCG AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH EDUCATION AND SKILLS FUNDING AGENCY

Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter dated 24 April 2024 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA") or those of any other public funder, to obtain limited assurance about whether the expenditure disbursed and income received by SHCG College during the period 01 August 2023 to 31 July 2024 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 01 August 2023 to 31 July 2024 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

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

We have complied with the independence and other ethical requirements of the FRC's Ethical Standard and the ethical pronouncements of the ICAEW. We also apply International Standard on Quality Management (UK) 1 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements and accordingly maintain comprehensive systems of continuing quality management.

Responsibilities of the Corporation of SHCG College for regularity

The Corporation of SHCG is responsible, under the grant funding agreements and contracts with the ESFA and the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received are applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The Corporation SHCG is also responsible for preparing the Governing Body's Statement of Regularity, Propriety and Compliance.

Reporting accountant's responsibilities for reporting on regularity

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 01 August 2022 to 31 August 2023 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

SOUTH HAMPSHIRE COLLEGE GROUP NOTES TO THE ACCOUNTS

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the grant funding agreements and contracts with the ESFA and those of any other public funder and high level financial control areas where we identified a material irregularity is likely to arise. We undertook detailed testing, on a sample basis, on the identified areas where a material irregularity is likely to arise where such areas are in respect of controls, policies and procedures that apply to classes of transactions.

This work was integrated with our audit of the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

Use of our report

This report is made solely to the Corporation of SHCG and the Secretary of State for Education acting through 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 SHCG and the Secretary of State for Education acting through the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation of Fareham College and the Secretary of State for Education acting through the ESFA for our work, for this report, or for the conclusion we have formed.

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Date 18/12/24