



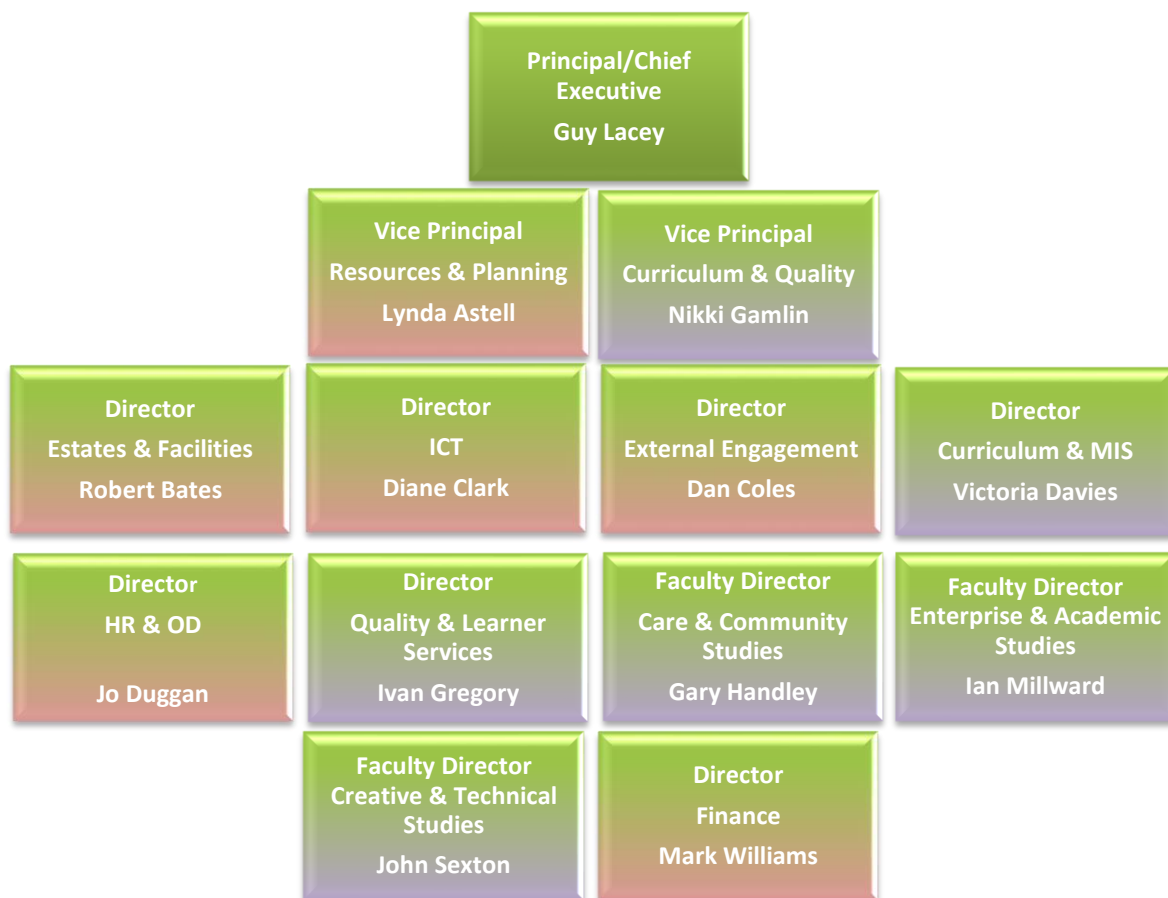
ADRODDIAD BLYNYDDOL A CHYFRIFON ANNUAL REPORT AND ACCOUNTS

2020 - 2021

Approved by the Board of Governors on 7 December 2021

KEY MANAGERS, BOARD OF GOVERNORS AND PROFESSIONAL ADVISORS

Key Managers are defined as members of the Senior Leadership Team (SLT) and were represented as follows in 2020/21:



A full list of Governors is given on page 31 of these financial statements; Mrs Marie Carter acted as Governance Officer throughout the period.

The College's professional advisors and bankers for the period were:



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REVIEW OF 2020/21

Throughout the year ending 31 July 2021 the College continued to feel the significant and ongoing impact of the Covid-19 pandemic. During the year the College primarily continued with remote working for teaching and learning and support functions, but with some limited on-site attendance when the Covid-19 restrictions allowed. Throughout 2020/21 we have continued to see our staff work tirelessly to maintain services for our learners and the team effort and resilience of all has again shone through. Against this unprecedented backdrop, the members of our Governing Body are proud to present their report and the audited financial statements for the year ended 31 July 2021. The financial statements are prepared in accordance with Financial Reporting Standard (FRS) 102.

OUR LEGAL STATUS

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting the business of Gwent Tertiary College. The College is an exempt charity for the purposes of the Charities Act 2011.

The Corporation was incorporated as Gwent Tertiary College. On the 1 January 2000, the Secretary of State granted consent to the Corporation to change the College's name to Coleg Gwent, a name considered to better represent the broad range of provision offered by the College.

STRATEGIC REVIEW

Our strategic direction is set out in our Mission and Vision which shape the content of our College Strategic Plan.

Mission

To change lives through learning

Vision

By 2026 Coleg Gwent will be the College of choice, actively working with our communities, where all learners and staff are treated with respect, achieve their full potential and benefit from the best resources in an inspirational learning environment.

The strategic direction set by the Corporation is driven by the needs of our learners. Like all other organisations, the College has changed the way it operates during the pandemic. Some changes were forced on us but others, particularly in the digital arena, have been a dramatic acceleration of previously strategically planned innovation. We have continued to support our learners in a world of on-line course delivery and blended learning. Staff have embraced virtual meetings with a hybrid of home and the workplace being used to maintain operations. This has been a huge adjustment for all and whilst many aspects of what we have been through have felt negative there have also been many positives.

In the last year our College has continued to operate in ways we would have found hard to imagine before Covid-19. True blended learning has continued. Staff have worked with more delegated authority, faster decision making and more effective and regular digital communication.

There have been a significant number of changes resulting from the pandemic and many of these are becoming a permanent part of the workplace and will help us accelerate a number of new strategic aspirations contained in the Strategic Plan for 2021-26.

Whilst the pandemic has left us perhaps fearing that strategy has been left behind whilst we staged the daily operational battle against Covid-19, in reality our strategic priorities have been re-drawn in the 2021-26 Plan with the experience and insight of having managed to keep learning going over two academic years.

Public Benefit

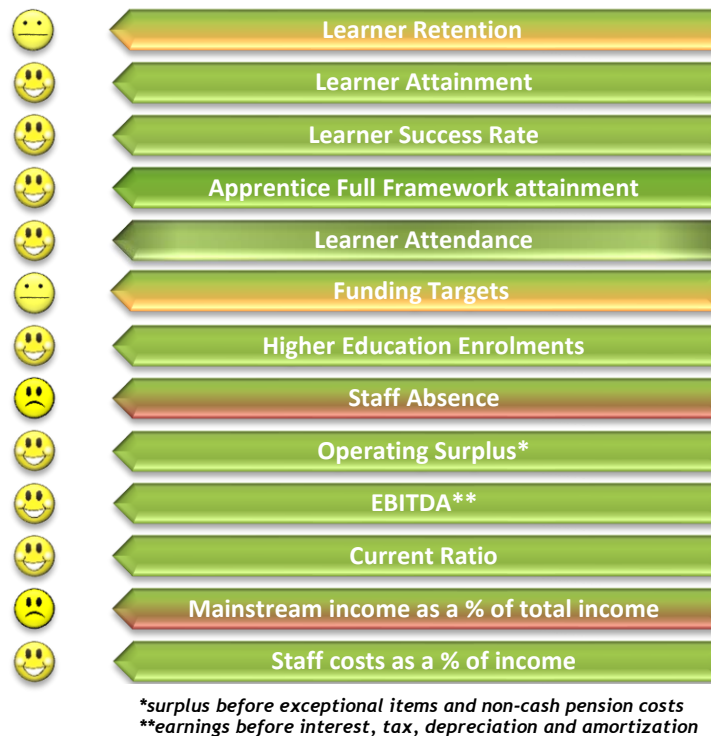
The College is an exempt charity and is regulated by the Welsh Government as Principal Regulator for all FE Corporations in Wales. The members of the Corporation, who are trustees of the charity, are disclosed on page 31. In setting and reviewing the College's strategic objectives the Corporation has due regard for the Charity Commissions' guidance on public benefit and particularly upon its guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit. In delivering its mission, the College provides the following identifiable public benefits through the advancement of education:-

- High quality teaching and learning
- Widening participation and tackling deprivation and social exclusion
- Strong student support systems
- Strong links with employers

The delivery of public benefit is set out throughout this report of the Corporation and through the achievement of the College's key objectives and performance indicators.

For the purposes of monitoring in-year performance, the College has a number of agreed Key Performance Indicators (KPIs) which support the strategic priorities and objectives, and can be broadly broken down into learner, staff and financial performance KPIs.

In light the continued challenges faced through the year, the College's overall performance against its KPIs for 2020/21 was strong:



Key areas of note are:

- AS and A Levels continue to perform very well with all AS outcomes showing an improvement and high grades in A Levels improving again
- Our first year in Torfaen Learning Zone has been successful with excellent progress made by first year learners and those progressing from Year 12 in school
- Learners studying GCSE resits make excellent progress with the majority improving by at least one grade
- Learners studying BTEC qualifications achieved overall higher pass rates than in 2019/20
- Retention was 87% in 2020/21 following a difficult year of disruption due to the pandemic
- Apprenticeship attainment has recovered well this year, partly due to the reduced impact of the pandemic, but largely due to improvements made to the quality of our provision following previous poor performance
- Staff absence has improved since 2019/20 but is still an area where improvement is required and this is a key focus for 2021/22
- Financial performance was excellence with Financial KPIs well above target in all but one area

The narrative on pages 5 to 23 provides further detail behind our performance against our KPI targets which is analysed within the following three key areas:

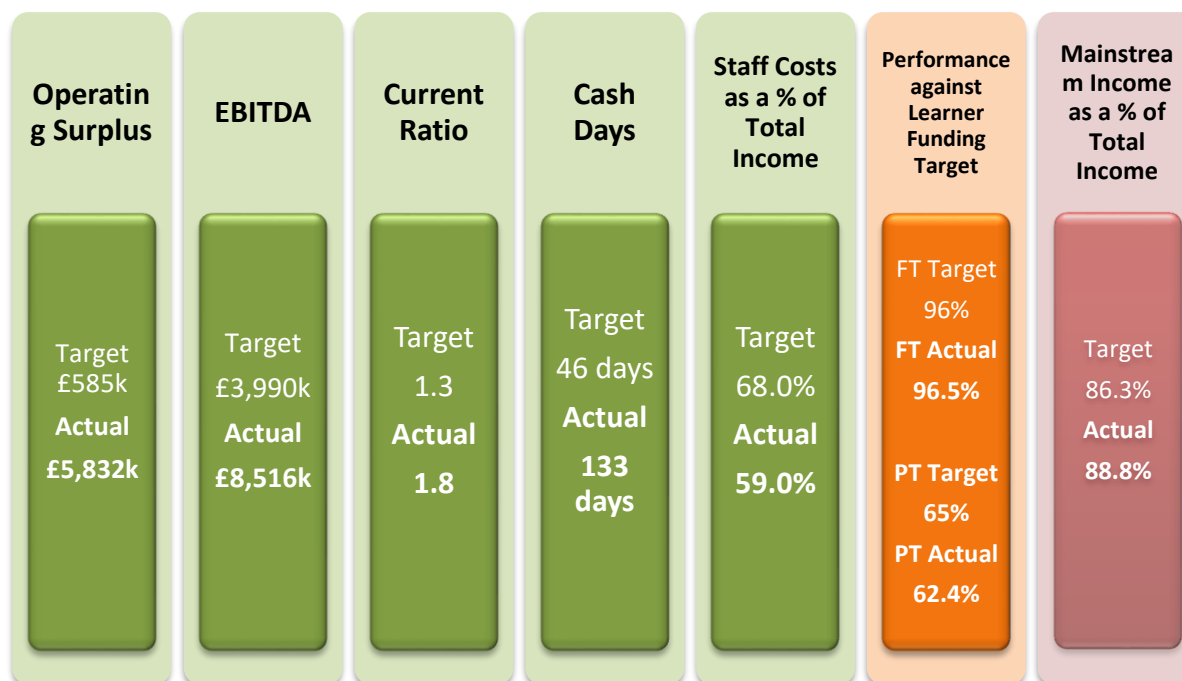


OUR FINANCIAL PERFORMANCE

These financial statements reflect the results for the year ended 31 July 2021.

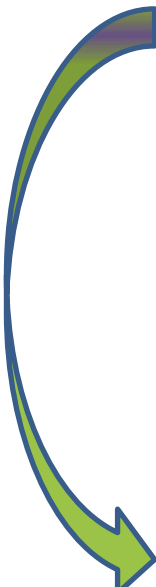
It should be noted that whilst the College remained part of a Group structure throughout 2020/21, there has been no activity within the subsidiary companies during this time. Two of our subsidiaries, Coleg Gwent Catering Ltd and Coleg Gwent Enterprises Ltd remain dormant and Coleg Gwent Training Ltd was liquidated during the year. The financial performance for the year will, therefore, be discussed only in the context of the College throughout the report.

In a year in which organisations have continued to struggle with the financial impact of Covid-19, the College's performance against its financial KPIs for 2020/21 has remained very strong with a significantly higher than target operating surplus and with all other financial KPIs close to or better than target:



It should be noted however that the financial KPIs generated for 2020/21 have been significantly distorted by the level of WG Covid grant funding received and spent during the year.

For the year ended 31 July 2021 the College's internal management accounts report a **£5,832k operating surplus**. A reconciliation of this position to the Statement of Comprehensive Income (page 43) is set out in the table on the next page



	Actual 2020/21 £k	Actual 2019/20 £k
Operating surplus before non-cash pension costs and exceptional items	5,832	4,319
Less: Non-cash pension costs	(4,945)	(3,307)
Add back: Subsidiary loan write-off (treated as non-exceptional in the Management Accounts)	-	122
Operating surplus before exceptional items	887	1,134
Accelerated depreciation Pontypool campus	(552)	(1,059)
Release of DCG Pontypool campus	219	437
Staff restructuring costs	(154)	(63)
Profit on disposal of assets	279	10
Surplus/(Deficit) for the year	679	459
Actuarial gain/(loss) in respect of pension schemes	1,208	(13,100)
Decrease in endowment assets	-	-
Total Comprehensive Income/(Expense) for the year	1,887	(12,641)

The operating surplus of £5,832k is a significant increase on the £4,319k operating surplus in 2019/20, and significantly above the target set for 2020/21. Whilst this does reflect the continued efforts made by the College to address the increasing pressure of rising staff costs and below inflation increases in core income there is no doubting the impact of Covid-19 through the financial year.

As a result of the continued global pandemic there was a remained significant degree of financial uncertainty and volatility through the whole of 2020/21.

The College was fortunate to have most key income streams protected throughout the pandemic. Early on during the year Welsh Government made it clear to Colleges that full-time funding would continue as planned, and that the part-time clawback target would be reduced to 65% in order to accommodate smaller group numbers and lower levels of delivery.

Whilst we anticipated the potential for significantly increased expenditure to meet Covid-19 safety measures, most of these costs were addressed through the receipt and application of a range of WG Covid grants awarded during the year. There were also a number of significant underspends throughout the final quarter across a range of expenditure budgets, some of which related directly or indirectly to the impact of the pandemic.

Other issues to note and which are accounted for in the net operating surplus are:

Non-cash pension costs - the deficit for the year includes non-cash costs of £4,945K (2019/20 - £3,307K) arising as a result of accounting for the LGPS in accordance with FRS 102 and which is made up of two elements:

FRS 102 charge in excess of contributions	£4,138k	(19/20 £2,442k)
Pension finance costs	£807k	(19/20 £865k)

The charges to the income and expenditure account are impacted by changes in actuarial assumptions and market movements in respect of the assets held by the pension scheme - both of which are outside the control of the College.

Accelerated depreciation charge - Accounting standards require the carrying value of assets to be reviewed each year to ensure the value is supported by future cash flows and recoverable amounts. Where this is not the case, for example, due to a decision to retire an asset earlier than expected, an accelerated depreciation charge is recognised in the Income and Expenditure account.

In December 2017 the Welsh Government approved the closure of Torfaen County Borough Council's sixth forms and by default their transfer, along with activity from the current Coleg Gwent Pontypool campus, into the new Post 16 centre in Cwmbran to be governed and managed by Coleg Gwent. This decision, in effect, created a 'point of no return' for the College's proposed closure of its Pontypool campus.

Pre Covid-19 the planned closure date of the Pontypool campus was 31 July 20. Unfortunately, the pandemic impacted on the completion and occupancy dates of our new build in Cwmbran which meant that the planned closure date of the Pontypool campus had to be extended to 31 December 2020. These accounts have therefore recognised a recalculated accelerated depreciation charge along with a release of additional deferred capital grant with a net £333k impact on the income & expenditure account, which now leaves only the carrying value of the land on the balance sheet at just over £1m. Due to the continued impact of the pandemic we continue to use a limited part of the site for curriculum delivery, but this is only a short term measure.

Restructuring costs - a total of £154k of costs have been incurred in funding small scale organisational changes throughout the year.

Increased holiday pay accrual - accounting standards require the College to consider the cost of outstanding holiday entitlement held by staff at the year-end as an accrual. Each year the College encourages all staff to book their annual leave through the College's electronic booking system. At the end of the year any unused leave is costed using each staff members daily pay rate and the total accrued in the annual financial statements.

During 2020/21 there was a modest increase on the holiday pay accrual of £86k, bringing the total accrual to £590k. The pandemic has continued to have an impact on the ability of staff to take their full annual leave entitlement, which has driven up the amount of leave deferred to the following year and hence the holiday pay provision. It is anticipated that this will reduce over the next few years as the College returns to more regularised working patterns.

Treasury Policies and Objectives

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

The College has a separate Treasury Management policy in place. The policy was reviewed and a revised policy approved by the Finance & Resources Committee in November 2019. The next review is due in 2022.

Cash

The College's cash balance at 31 July 2021 was £24.0m (2020 - £14.9m). During the year the College invested £6.8m in capital resources for the benefit of learners and staff, detail of which can be seen later in the report. A key contributory factor to the increase in the year end cash balance was the deferral of both unspent WG Covid grants, and slippage in the capital programme to 2021/22.

Impact of pension costs on the College's results

The College's results are significantly affected by the volatility arising from the accounting requirements for post-employment benefits set out in FRS 102. This accounting standard establishes the requirements on the College in accounting for the cost of its commitment to the Local Government Pension Scheme (LGPS) in respect of its business support staff. Accordingly, the charges to the income and expenditure account and the liabilities shown on the balance sheet are impacted by changes in actuarial assumptions and market movements in respect of the assets held by the pension scheme - both of which are outside the control of the College. This is of particular relevance in 2020/21, a year in which many pension schemes have continued to see a significant worsening of their funding position as a result of the ongoing market instability caused by the Covid-19 pandemic.

As explained above, the surplus for the year includes non-cash costs of £4.9m (2020 - £3.3m) arising as a result of accounting for the LGPS in accordance with FRS102.

In addition, the LGPS pension provision recognised on the balance sheet has increased in the year by £3.7m to £60.7m (2020 - £57.0m).

This adverse movement is driven primarily by increases in the inflation (CPI) and salary rate increase assumptions, which serves to increase the value placed on future liabilities. A slight increase in the discount rate from 1.4% in 2020 to 1.6% in 2021, along with an increase in the value of the underlying investments held in the fund as at 31 July, have served to offset some of the impact of the change in inflation and pay rate increase assumptions.

The pension deficit of £60.7m has a significant impact on the College's balance sheet, creating negative reserves of -£24.3m (a slight decrease from -£26.1m in 2019/20). There is little that the College can do to influence movements in the deficit position, other than increasing the employer's contribution rate. A triennial valuation of the Scheme undertaken in 2019 actually resulted in a decrease to the employer's contribution rate of 7.2%, but it is highly likely that this will reverse at the next valuation given current economic and market conditions. The next valuation is due in 2022.

However, in considering the impact of these accounting requirements on the College's financial position it should be noted that pension liabilities are, by their nature, long term

obligations and that in meeting these obligations the College pay the employer contributions to the pension scheme recommended by an independent qualified actuary.

Payment Performance

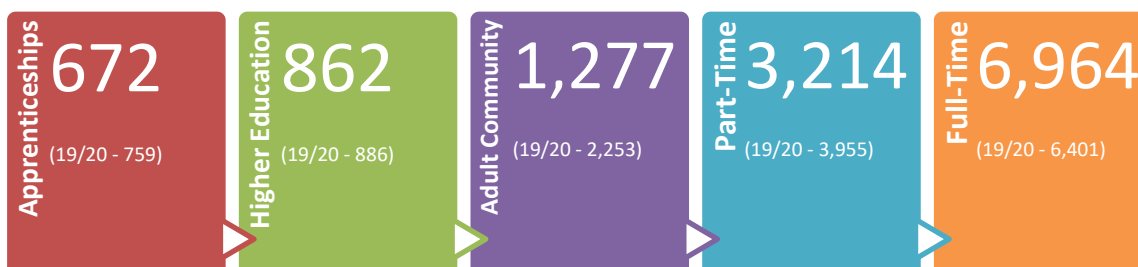
The College has standard 30 day payment terms with the majority of its suppliers and is in line with the requirement of the Late Payment of Commercial Debts (Interest) Act 1998. The supplier is made aware of these terms by issuing a copy of the College's terms and conditions with each purchase order.

The calculation of payment performance, as originally prescribed in the Accounts Direction, is based on the year-end creditor figure and at 31 July 2021 was 9 days (2020 - 11 days). The slight decrease is due to a small number of high value Covid-19 related payment queries as at 31 July 2020 which were subsequently resolved.

OUR LEARNERS

Learner Numbers

In 2020/21 Coleg Gwent was the College of choice for 12,989 learners (2019/20 - 14,254):



The Diversity of our Learners

The College enrolls a diverse student population which broadly reflects the communities served by its campuses, the five county Community Education franchises and its Work Based Learning programme. In 2020/21, 13.1% (19/20 - 9.8%) of our learners were from BME groups and 17.6% (19/20 - 16.7%) of learners declared themselves as having a disability and/or learning difficulty.

Males accounted for 48.8% (19/20 - 48.5%) of the College's learners in 2020/21.

The College serves a higher proportion of learners from areas of high deprivation compared to the most recently available sector average (60.3% against a sector average of 49%). However, this does vary across our campuses, from 48% at our Usk Campus to 75% at the Blaenau Gwent Learning Zone (BGLZ).

Learners from all deciles perform well on every measure and this is consistent across the categories. When we compare outcomes for learners from deciles 1 with deciles 5-10, the difference in success rate is in line with the sector average and with the previous year. This provides reassurance that the College supports its learners well and has strategies in place that successfully compensate for the potential negative impact of deprivation on learning.

Learner Outcomes

The pandemic has had a significant impact on the different qualification types and this has been another challenging and difficult time for learners and staff. Learning throughout the academic year was disrupted by learners and staff having to self-isolate, together with significant periods of school and college closures resulting in remote learning for many.

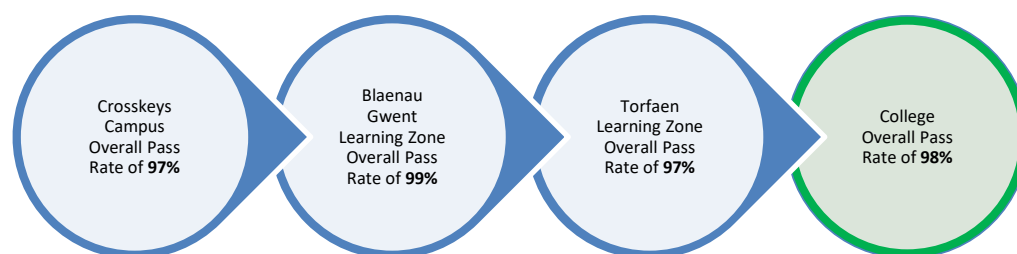
Vocational courses that rely on practical training and assessment were unable to continue during much of lockdown and were further disadvantaged by remote learning which is limited for practical courses. Courses that rely heavily on work placement, for example childcare, were unable to continue as needed due to placement providers being unable to

admit placements. Adaptations for vocational courses were communicated throughout the year and staff worked hard to bring small groups of learners into college during lockdown periods where essential assessments were required. This resulted in many staff and learners working through half term breaks and through the summer to complete all necessary assessment.

Providers were informed very early that summer examinations would not take place for Academic courses (AS, A, GCSE) which was helpful though guidance on alternative arrangements was slow being released. Teaching teams worked hard over a number of months to devise assessment plans, carry out formal assessments in line with the adapted requirements and complete teacher-assessed grades.

A Levels Results

Despite the challenges with examinations and teacher-assessed grades this year, the College was once again delighted with the 2020/21 A Level results. These reflect the hard work and robust approach adopted by the teaching team, ensuring that outcomes were a fair reflection of ability across the college.



- the Crosskeys Campus pass rate for grades A*-C was 79.2% with overall A*-A grades at 31%.
- the BGLZ pass rate for grades A*- C was 81.9% which is up from 75.9% in the last year prior to the pandemic.
- For the first year of A Levels at Torfaen Learning Zone, the A*-C pass rate was 84.6% which is excellent for a cohort who transferred from school in the middle of their A Level programme and had further disruption due to the pandemic.
- 57 out of 73 A Level subjects across the college achieved 100% pass rate (78%).

GCSE Results

99.3% of our learners who followed a Maths GCSE programme of study gained a qualification (A* to G) with 16.8% gaining A* to C grades.

99.2% of our learners who followed an English GCSE programme of study gained a qualification (A* to G) with 39.4% gaining A* to C grades.

Vocational Results

Learners studying BTEC courses achieved broadly in line with previous years with similar grade profiles and an overall pass rate of 98.8% (compared to 96.1% in 2019/20).

Overall attainment as at September 2021 is 89% and this is likely to increase to around 91%. However, retention in 2020-21 was only 87% which is below historical trends and has impacted on success rates. Subject areas where retention is lower are those with a significant practical element, such as construction and health and care. These areas were most significantly impacted by the pandemic.

Apprenticeships

The College anticipates full framework success in apprenticeships to be 83%. This represents a strong performance and a considerable improvement from previous years, even when the impact of the pandemic is taken into account. This has been driven by a focus by the Apprenticeship Team on improvements in the quality of the provision across all elements of framework delivery.

Funding Targets

Overall, the College achieved 96.5% of its Welsh Government full time allocation, and 62.4% of its part time target. The shortfall against the part time target was a direct result of the pandemic, which had a profound impact on Adult Community Learning which was not able to deliver due to social distancing rules. The pandemic also had an impact on part-time FE numbers where the college was unable to run a significant proportion of planned provision due to lockdown.

Welsh Government reduced the clawback target to 65% and are currently reviewing this further.

CURRICULUM DEVELOPMENT

The new Faculty structure implemented in August 2019 has had a significant impact on the way the College functions and has enabled a clearer and more effective focus on curriculum development with each faculty having spent significant time and effort developing cross-College curriculum strategies, one for each subject area. These will enable a more strategic and curriculum driven approach to managing College business and provides a clear line of sight for each curriculum area. This also delivers benefits to local employers, who previously would have had separate contacts for each campus. Notable achievements in 2020/21 have been seen in a number of curriculum areas:

SKILLS

Through its commitment to the skills agenda, the college has been selected to be part of the Worldskills UK Centre of Excellence: one of only two colleges in Wales to achieve this.

As part of our Worldskills UK Centre of Excellence status, we have four educators now cascading training and teaching approaches to other staff

We've achieved considerable success in the 2020/21 Welsh Skills competitions, securing an excellent 36 medals, ranking fourth out of 17 Welsh providers

Eleven of our students are through to the UK Worldskills competition for this year, 2021/22

HEALTH & SOCIAL CARE

We're continuing to be an active and lead member of the Greater Gwent Health, Social Care and Wellbeing Partnership which USW has now just joined

We have Employer Pledge sign-up by ABUHB and a formal thanks from them for what the college has done to support them during the pandemic, including supporting pop-up vaccination and health screening centres and student volunteering

We have curriculum developments including establishing simulation suites on all campuses, establishing a new ILS Supported Internship Programme, developing Access to Medicine and launching our new Careers College pathway in Health Science

In-line with the sector review of all Care qualifications in Wales, we've introduced entirely new FT courses in both H&SC and Childcare at levels 2 & 3; all of which contain some compulsory component of bilingual learning

ASYLUM SEEKERS AND REFUGEES

We continue to successfully run the REACH ESOL hub which is helping to assess the English language standards of all those who live in this region; and need ESOL support to improve their progression opportunities into employment or further education and training

HOSPITALITY CATERING & TOURISM

We're developing the 1917 building at Usk to establish sector-leading training in hospitality, catering and tourism

We've secured Employer Pledge sign-up by key employers in the region, including the Celtic Manor, supported by our partnership with the UK-based Chef's Forum

We've become an active member of the Monmouthshire Food Partnership who are aiming to create a sustainable food network in our locality

We're making use of support from Welsh Government associated with Healthy Living and promoting Wales as a tourist destination

ENGINEERING

We've completely refurbished and upgraded our engineering workshops and motor vehicle facilities making them relevant to the changing landscape of engineering and automotive

We've kitted our workshops out with updated equipment, including electric vehicle diagnostic software, new Snap-On vehicle lifts, new lathes and new milling machines including a CNC 5 axis machine

We've moved into the realm of electric vehicles and have brand new electric cars, including a Tesla Model 3, VW E Golf and BMW I3

We're developing a range of part-time programmes in robotics and electric vehicle maintenance; new curriculum to complement our current courses in carbon fibre composites, motorsport, manufacturing and aeronautical

DIGITAL & COMPUTING

Two of our Level 2 ICT Systems Support learners joined the Virtual Hackathon hosted by Cardiff Metropolitan University. One of these learners secured first place, beating 389 competitors with 100% completion in the fastest time of 38 minutes and 45 seconds

Our Esports learners from BGLZ teamed up with Cardiff Blues Rugby Team and EDN Esports to organise a gaming competition where teams could compete against Wales international rugby stars. The event hosted by our learners marked the launch of Cardiff Blues' new Esports team and attracted gamers from far and wide

AWARDS & CELEBRATION

Our BGLZ A Level team was awarded the prestigious Bronze Award in the Pearson Teaching Awards as 'FE Team of the Year 2021'. The award recognises the valuable contribution made by our dedicated teaching staff in changing the lives of young people in the area

We've raised over £5,000 for our Charity of the Year, St David's Hospice Care. The Faculty of Creative and Technical Studies kicked this off by donning their Lycra, speedos and running shoes, to cycle, walk, swim or run the distance from Land's End to John o' Groats, covering a huge 874 miles. The Faculty of Enterprise and Academic Studies quickly followed, covering as many miles as possible in one day. The Faculty Director led the way by cycling an epic 207 miles in one day

INVESTMENT IN OUR STAFF

When considering the last 12 months, much of our time and effort has continued to focus on supporting our colleagues through the ongoing Covid-19 pandemic. Throughout this period the college has needed to respond and react quickly through numerous transitions and our colleagues have been key in ensuring that effective learning and service provision continues. A priority for the college has therefore been to ensure we effectively lead, support and motivate our colleagues throughout the duration of this pandemic and in to the future.

Although responding to the challenges of the pandemic has been a priority for all teams across the college, we still have much to report with regards to staff investment over the course of the last twelve months.

Staff Engagement

All staff were asked to complete an engagement survey to share their views and feedback in relation to their employment experience. Feedback has been considered carefully and was used as a key input to supporting and shaping our new vision, mission and all aspects for the new People Strategy for 2021-2026. 68% of colleagues took part which provided us with excellent insights and our current engagement score is tracking at 70%.

Furthermore, we have delivered a number of virtual All Staff Meetings and OUMT (One United Management Team) Meetings, as well as issuing our fortnightly newsletter (InTouch). We rounded off the year with our virtual Celebrating Excellence Awards that showcased staff achievements and recognised colleague efforts.

Training & Continual Professional Development

Training has been delivered throughout the year and sessions have included; Equality & Diversity, Safeguarding, Dignity at Work, GDPR and Health & Safety.

Our inset days were also themed around Equality & Diversity and Health & Wellbeing and interactive sessions were held with staff to raise awareness in relation to gender, sexual orientation, disability, mental health and resilience.

We also supported 12 of our managers to work through a Leadership Excellence Programme, which focussed on essential leadership skills such as setting a future vision, objective setting, and coaching.

The Teaching and Learning Team provided a variety of opportunities for teaching staff to engage in CPD including 1:1 Mentoring, Inspires/Workshops and INSET days, all available online. CPD events were attended remotely by a significant number of staff, throughout the pressures of lockdown. Additionally, an Education Conference launched for the first time this year, provided further opportunities for sharing of best practice from educational research.

Opportunities for staff to develop their skills in the delivery of online and remote learning continued during 20/21, including Microsoft Teams training, Canvas development and upskilling, how to deliver engaging online lessons and the use of challenging assessment

methods. The concept of ideas rooms, for staff to share ideas and best practice, launched during inset and received positive feedback from staff.

There were opportunities for assessors and IQAs to develop and refresh skills and knowledge for effective planning and reporting for internal quality assurance. The team also helped to prepare staff for the new Skills for Wales qualifications in Construction.

Staff Pay & Remuneration

The Governing Body recognises that the success of the college is based on the hard work and contribution of its staff and that it is essential that they are rewarded fairly and reasonably. The Governing Body also recognises the importance of transparency and equality in decisions regarding pay and remuneration and complies with requirements to publish information on such matters.

During 2020/2021 staff received the following pay increases:

2020/21 Pay Award by Job Family	
Lecturer (MG1)	8.48%
Lecturer (Other MG Grades)	3.75%
Lecturer (UP Grades)	2.75%
Business Support	3.1%
Management Spine	2.75%

The college is also required to report annually its gender pay gap. During 2020/21 we reported a mean gender pay gap of 6.73% and a median gender pay gap of 16.82%.

Full details can be found in our Gender Pay Report which can be accessed using the link below:

<https://www.coleggwent.ac.uk/wp-content/uploads/2021/09/gender-pay-gap-report-2021-EN.pdf>

Equality & Diversity

In addition to the training as outlined above, a number of key achievements have been delivered that support equality, diversity and inclusion against our strategic equality plan. These achievements include the following:

- A new Diversity & Inclusion Steering Group was set up with colleagues across the College. They met 6 times over the course of the year.
- A Diversity Calendar was developed and activities, events and celebrations have taken place throughout the year. These have included: LGBTQ+ History Month, International Women's Day, Autism Awareness Month, Mental Health Week, Ramadan & Eid, and Pride.
- In relation to the above, a range of engagement activities took place for both our staff and learners. These included: Guest speakers, training and development, presentations by support organisations such as Show Racism the Red Card and Stonewall, as well as Podcasts.

- The College also affiliated with the Black FE Leaders Group. We are excited to work with the Group and other College's across the UK to embed their 10 point plan with the aim of achieving anti-racism in individual College's, and the FE sector as a whole.

Furthermore, an action plan was developed to support in driving the EDI agenda further. The following provides a snapshot of the actions that have been agreed thus far for the year ahead:

- Raise further awareness of the Diversity & Inclusion Steering Group, setting out its purpose and goals.
- To further improve links with the Student Union, ensuring the EDI agenda is driven across the staff and learner body consistently.
- Explore and develop an EDI resources hub for staff and learners.
- To explore and consider affiliation with external partners, in addition to obtaining an EDI accreditation longer term.
- Full audit of communication channels to consider content and accessibility.
- Full audit of EDI data and the development of an action plan based on current profiling.
- Full audit and review of key HR policies, including the College's approach to staff recruitment.
- Full audit and review of statutory training needs, in addition to extra-curricular awareness raising CPD opportunities.
- Review and amend the Strategic Equality Plan as progress continues.

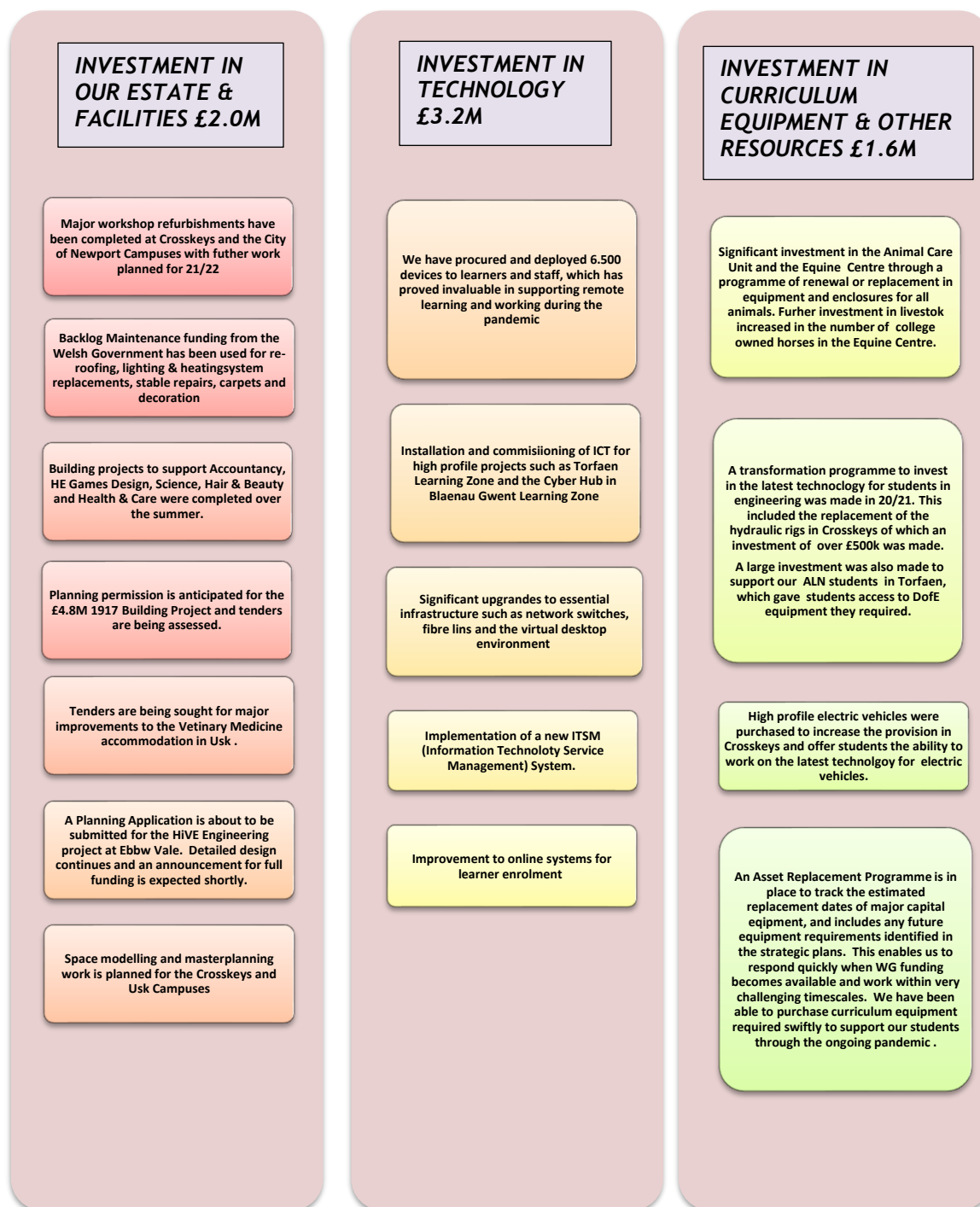
Health & Wellbeing

General sickness absence data for the College during 2020/21 demonstrates an absence % rate of 4.1%. This has decreased by 2.3% when comparing to the previous year. A new absence dashboard is now in place to better support line managers in accessing and monitoring their departmental sickness cases independently.

A Wellbeing Action Group has also been established with Wellbeing Champions from across the College who are committed to improving and increasing our wellbeing offer.

INVESTMENT IN OUR ESTATE, TECHNOLOGY & PHYSICAL RESOURCES

Despite the ongoing challenges posed by Covid-19 we have continued working hard to enhance resources for our learners and staff, and throughout the year made effective and efficient use of all additional Welsh Government Covid related capital grants when they became available. In total we invested £6.8m in various projects as summarised in the chart below.



PARTNERSHIPS

Coleg Gwent has managed to maintain and engage with many new and existing partnerships throughout another challenging year for both our stakeholders and the College.

The Principal continues to represent the FE sector on the Cardiff Capital Region Skills Partnership, which is the Regional Skills Partnership (RSP) for South East Wales. Amongst its responsibilities this partnership plays the important role of advising the Welsh Government on skills priorities for the economy of the south east Wales region.

In January 2021 the Principal was also invited to join the Cardiff Capital Region Economic Growth Partnership, which is an advisory body to the Cardiff Capital Region Cabinet, and is responsible for advising on matters of economic policy development, and for providing strategic foresight and thought leadership.

The College also contributes to the Tech Valleys initiative, which seeks to support the South Wales Valleys and Blaenau Gwent to develop new technologies to support cutting edge industry. The Vice Principal (Curriculum and Quality) is a member of the Tech Valleys Strategic Advisory Group, which provides strategic advice to the Tech Valleys Sponsor Group (Welsh Government senior officials) on strategic objectives, priorities and delivery related to Tech Valleys.

The College covers five Local Authority areas and efforts are made to engage with relevant strategic and operational partnerships, including Public Service Boards, skills and training groups and economic forums. The College is continually strengthening its links with the Local Authorities and is recognised as a stakeholder in the skills, growth and prosperity agendas across Gwent.

During the year the College has been working with Blaenau Gwent County Borough Council, the Tech Valleys programme and Welsh Government to repurpose a former manufacturing unit in Ebbw Vale as a specialist engineering training and education centre, focussing on the needs of regional employers. The funding is provisionally in place for this project and refurbishment of the site will start in 21/22 for completion during 22/23.

This year also saw the opening of the new Torfaen Learning Zone (TLZ) campus in Cwmbran, built in partnership with Torfaen County Borough Council and representing the new tertiary model for Torfaen. The College also continues to work with Newport City Council to deliver the Newport Knowledge Quarter, a brand new campus in the heart of the city.

The College has continued to build success partnerships with employers throughout the year. In particular the work with the Aneurin Bevan University Health Board and the Gwent Care Career Consortium has seen the College support the local Covid-19 effort, gaining recognition from the Health Board. The Cyber College Cymru initiative successfully completed its first year in partnership with major employers, Bridgend College and the University of South Wales.

The partnerships that support the delivery of the European Social Fund (ESF) funded projects continue to provide further value to the College, learners and local employers.

The Inspire2Achieve projects, which are led by Local Authorities, involve a number of regional partners and aim to support learners that are most at risk of becoming NEET. The Upskilling@Work projects are led by Coleg Gwent and Coleg y Cymoedd, and are collaborations of FE partners in South East Wales and Powys. The College also chairs the regional ESF skills network, which is wide ranging group of FE, HE, Local Authority and third sector bodies that deliver skills and training.

The College delivers an Apprenticeship contract as part of the B-WBL consortium, which is led by Pembrokeshire College. This arrangement works well and the consortium provides a lot of support for the College's Apprenticeship programme as well as facilitating the Welsh Government contract. During 20/21 the Work-Based Learning contracts were retendered and the College remained committed to the B-WBL consortium.

Coleg Gwent has continued working with the Careers College Trust. We work closely with this national trust to develop stronger links between the curriculum and employer needs in the priority sectors of digital and health and care. The College continues to build on this to strengthen the key role that FE has in equipping learners for work and meeting local skills needs.

HEALTH, SAFETY AND ENVIRONMENTAL PERFORMANCE

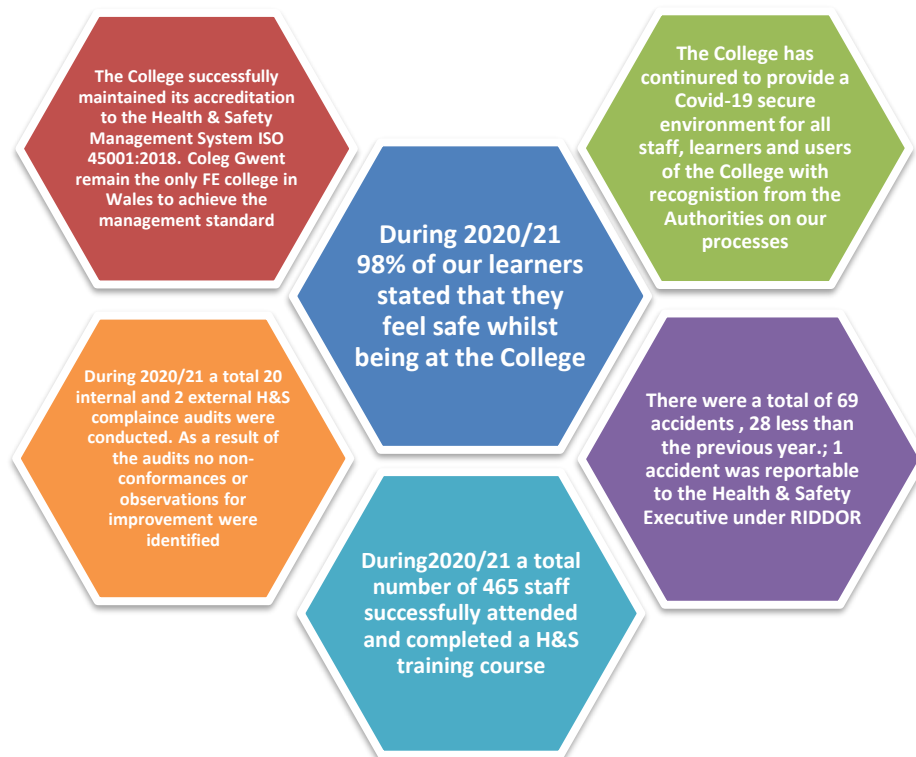
Health & Safety

During 2020/21 the College achieved a number of key health and safety (H&S) goals, which demonstrate the College's approach to minimising risk and providing a safe environment for all staff and learners whilst ensuring legal compliance. As with the previous year 2020/21 the work of the College's Health and Safety team has been dominated by the Covid-19 response and our efforts have continued to be recognised by our local Environmental Health partners.

More generally, the College health and safety risk and opportunities register is reviewed annually by the Head of Health, Safety & Sustainability and monitored by the Health, Safety & Sustainability Committee which has Board of Governor representation who regularly reports to the Board. The review ensures that the significant health and safety hazards and the associated risks to the College are assessed, the control measures reviewed and appropriate actions identified to reduce those risks.

The College currently has 43 significant Health & Safety risks, of which 25 have been assessed as low, 18 assessed as medium and no risk identified as high.

KEY H&S ACHIEVEMENTS



The College's Covid-19 assessment is reviewed on a regular basis to ensure any changes to the Covid-19 guidance, as published by the UK and Welsh Governments is taken into

account and implemented where required. All reviews and changes to the risk assessment have been conducted following consultation with the College Union Safety Representatives. Any significant changes or amendments to the risk assessment have been communicated to all staff and learners

Environmental

During 2020/21 the College successfully maintained its accreditation of the ISO 14001:2015 Environmental Management Standards and is the only Welsh Further Education College to hold the management standard.

The College has continued to play an active and significant role in supporting its local communities through sustainable development projects and collaborative partnerships.

The College continues to work towards meeting its environmental targets as set out in its 5 year (2017-2022) environmental plan by achieving a 2% year on year reduction in energy use, CO₂ emissions and diversion of waste from landfill sites. To date the college has achieved the following (it should be noted that the national lockdown has played a part in the following results):

During 2020-21 there was an annual reduction of 1,457,127 kWh when compared to 2019-20 and a total reduction of 3,480,039 kWh when compared to the 2017-18 base line data. This equates to a total energy reduction of 30% since 2017-18

Total energy use for 2017-18 = 11,696,868 kWh
Total energy use for 2018-19 = 10,779,392 kWh
Total energy use for 2019-20 = 9,673,956 kWh
Total energy use for 2020-21 = 8,216,829 kWh

During 2020-21 there was an annual reduction of 407 m³ when compared to 2019-20 and a total reduction of 9392 m³ when compared to the 2017-18 base line data. This equates to a total reduction in water use by 45% since 2017-18

Total water consumption 2017-18 = 20,766 m³
Total water consumption 2018-19 = 18,398 m³
Total water consumption 2019-20 = 11,781 m³
Total water consumption 2020-21 = 11,374 m³

Through the implementation of a new waste contract the college has achieved its target of 100% diversion from landfill. During 2020-21 the college recycled 24.1 % of the total waste produced with the remainder 75.9% sent to an energy from waste plant.

Landfill diversion 2017-18 = 86%
Landfill diversion 2018-19 = 89%
Landfill diversion 2019-20 = 95%
Landfill diversion 2020-21 = 100%

During 2020-21 there was an annual reduction of 516,358 kg when compared to 2019-20 and a total reduction of 1,153,238 kg when compared to the 2017-18 base line data. This equates to a total reduction in CO₂ by 28%

The total CO₂ in 2017-18 = 3,929,036 kg
The total CO₂ in 2018-19 = 3,797,527 kg
The total CO₂ in 2019-20 = 3,292,117 kg
The total CO₂ in 2020-21 = 2,775,798 kg

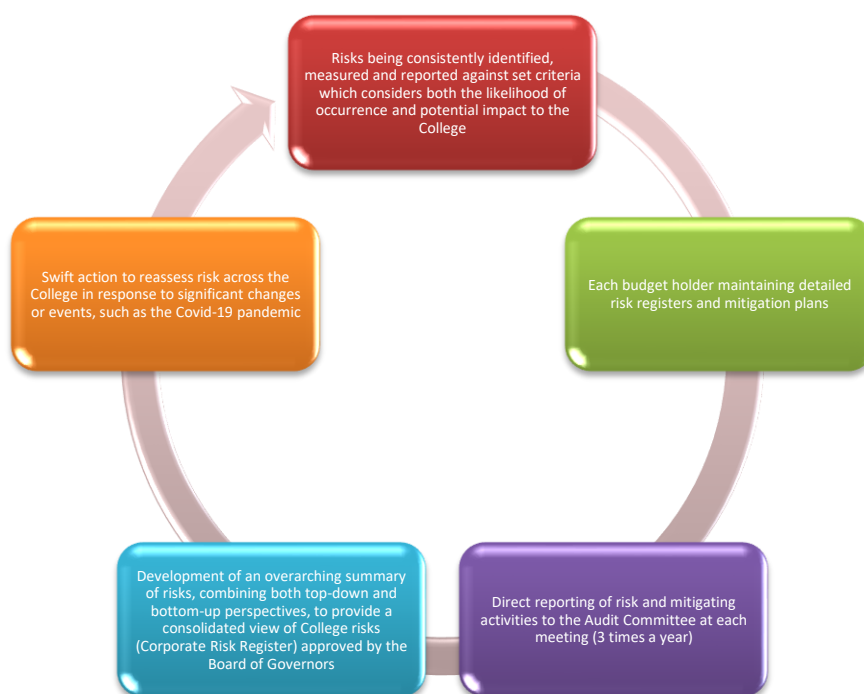
FUTURE UNCERTAINTIES & RISKS

Our approach to risk management is simple and practical. The Audit Committee, under delegated authority from the Board of Governors, is accountable for overseeing the effectiveness of our risk management policy and processes, including identification of the principal and emerging risks facing the College.

The Risk Management Policy is formally reviewed and revised regularly to ensure it remains fully aligned with the needs of the College and corporate governance responsibilities.

Our risk management process mirrors our operating model with each budget holder being responsible for the ongoing identification, assessment and management of their existing and emerging risks. The output of these assessments are ultimately aggregated to compile an overall corporate view of risk.

This process includes:



In light of the ongoing Covid-19 impact and in addition to the standard corporate risks included in our annual risk register, this process has identified a number of **emerging** Covid specific risks since the start of the pandemic. Two such risks were addressed during 2020/21, and one new emerging risk has been identified for 2021/22. Mitigating measures for all risks are monitored through our regular reporting to Board and Audit Committee.

RISK REMOVED 2020/21

Uncertainty over Government/Awarding Body plans for 2020/21 assessment, leading to learner and staff anxiety which may affect overall learner outcomes

Digital exclusion and a lack of access to appropriate digital resources for learners to support remote working will impact adversely on affected learners and ultimately learner outcomes

EMERGING RISK 2021/22

Failure to create a truly inclusive workplace impacts adversely on organisational effectiveness and reputation

This emerging risk is included in the College's Risk Register for 2021/22 and will be monitored, reported on and updated regularly throughout the year.

FUTURE PRIORITIES

The Covid-19 pandemic has not ended and its impact will be with us for some time to come. Keeping our learners and staff safe and ensuring that our learners continue to have the best possible experience is our top priority and this will include working closely with Welsh Government and Awarding Bodies with regard to 2021/22 examination arrangements.

We will however, continue to work on a range of additional priorities both internally and externally that will shape the future direction of the College, its range of services for learners, employers and communities and its relationships with partners and stakeholders including:

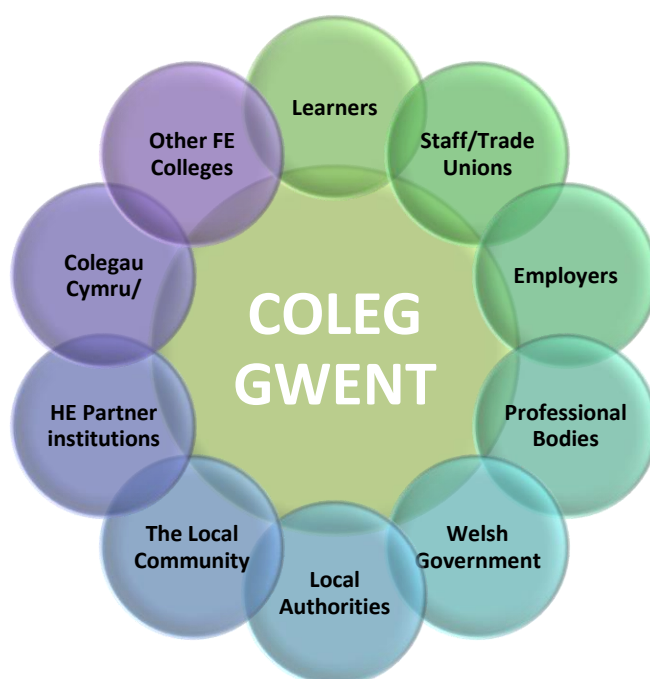
- This report has detailed the impact of the Covid-19 pandemic and how that has changed our approach to many aspects of life and work. It has impacted on all aspects of College operations and we will continue to review what has worked well in our new way of working. Our new Strategic Plan for 2021-26 will be published and communicated to staff and stakeholders during the Autumn and the supporting plans associated with the strategic aims will be finalised.
- The College partnership with Torfaen County Borough Council (TCBC) to deliver the Torfaen Learning Zone (TLZ) has come to fruition with the full opening of the new campus. Attention will now turn to building a strong working partnership with local schools to ensure learners' transition is supported and managed effectively.
- The Newport Knowledge Quarter partnership with Newport City Council continues, and the project is an important part of the future development plans for the city. The project is making steady progress and the College has entered into a Strategic Partnering Agreement for the delivery of the project through the Mutual Investment Model (MIM) funding route, in partnership with the Welsh Government.
- A further priority for 2021/22 is to develop the work we are committed to doing to further the cause of equality, diversity and inclusion in our College. This includes affiliation to the Black Further Education Leadership Group and the commitment to implement their ten-point anti-racism action plan.
- We continue to develop our relationships with employers and a priority moving forward is to continue to build on these relationships and focus on employer involvement through the newly launched employer pledge scheme. This will improve the learner experience, strengthening the links between curriculum and employability, with greater involvement of employers in curriculum design, learner experience and planning skills for the future.

We will continue to play a key role in influencing the skills agenda for the Cardiff Capital region. The Principal will continue to represent the sector in various regional panels and will ensure that the voice of the College is represented at regional level.

We also continue to play an active part in various Colegau Cymru networks, ensuring that good communications are maintained with Welsh Government officials. At a time when we anticipate major legislative reform of the Post-16 sector we continue to work to ensure that our voice is heard and is part of the process of shaping and influencing those changes.

STAKEHOLDER RELATIONSHIPS

The College has worked hard to establish productive relationships with stakeholders:



We recognise that engaging effectively with our stakeholders is crucial to our success. Effective engagement helps us to truly understand our stakeholders' needs and to align them with our organisational goals and strategy development. Throughout this report there are examples of our effective engagement with key partners and we pride ourselves on the development of productive relationships that benefit our learners.

**GOVERNING BODY'S STATEMENT ON THE COLLEGE'S REGULARITY, PROPRIETY AND
COMPLIANCE WITH WELSH GOVERNMENT TERMS AND CONDITIONS OF FUNDING.**

The Corporation has considered its responsibility to notify the Welsh Government of material irregularity, impropriety and non-compliance with Welsh Government terms and conditions of funding, under the Financial Memorandum and Conditions of Funding in place between the College and the Welsh Government. As part of our consideration we have had due regard to the requirements of the Financial Memorandum and Conditions of Funding.

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

Signature:	_____	Signature:	_____
Chair		Principal/Chief Executive	
Date:	_____	Date:	_____

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The purpose of this statement is to help the reader of the accounts understand how the principles of the UK Corporate Governance Code (in so far as it applies to the FE sector) have been applied. The College is committed to best practice in all aspects of corporate governance and operates with due regard to the principles of the UK Corporate Governance Code. The Corporation has also adopted and complied with the Code of Good Governance for Colleges in Wales. It reviews its performance against that Code annually. All Corporation business is conducted in accordance with the seven Principles of Public Life: selflessness; integrity; objectivity, accountability, openness, honesty and leadership.

In the opinion of the Governors, Coleg Gwent complies with all the provisions of the UK Corporate Governance Code in so far as they apply to the further education sector, and it has complied throughout the year ended 31 July 2021.

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

The Corporation Board

The members who served on the Corporation Board (The Board) during the year to 31 July 2021 are shown in the table on page 31.

It is the responsibility of the Board to apply independent judgement to issues of educational character, strategy, performance, resources and standards of conduct. The Board is provided with regular and timely information on the overall financial performance of the College, together with other relevant information such as performance against key performance indicators, quality issues, capital expenditure proposals and operational resources matters, including human resources, diversity & inclusion, health & safety and environmental issues. The Board met five times in 2020/21.

The Board conducts its business with the support of sub-committees each of which has Terms of Reference approved by the Board. During 2020/21, these committees were:

- Audit Committee
- Curriculum & Quality Committee
- Finance & Resources Committee
- Remuneration Committee
- Search & Governance Committee

Formal agendas, papers and reports for all meetings are supplied to Governors in a timely manner prior to all meetings and each committee provides the Board with a report on its activities following every meeting.

All Governors are able to undertake training in relation to their responsibilities and have access to the Governance Officer, who is responsible to the Corporation for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Governance Officer are the responsibility of the Board.

The Board has a strong and independent non-executive element and it considers that each of its non-executive members is independent from management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

There is clear division of responsibility in that the roles of the Chair and Principal/Chief Executive are separate. The Corporation's Instrument & Articles of Government (fully reviewed and updated during 2020/21) clearly identify responsibilities that may not be delegated and all Governors recognise the division between management and governance. The Board has approved a Schedule of Delegation which supports this by providing clarity and consistency to delegation of decision making.

Appointments to the Corporation

Approval of all new appointments to the Corporation are a matter for the Board as a whole. The Search & Governance Committee is responsible for the selection and recommendation for appointment of all new members and no appointment is approved by the Board without reference to the advice and recommendation of the Search & Governance Committee.

The Board is responsible for ensuring that appropriate training is provided to members, based on a variety of indicators, including regular review of Board skills profile by the Search & Governance Committee and responses to an annual self-assessment questionnaire. Training needs are also considered annually by each committee.

Other than the Principal/Chief Executive and three Student Members, Governors are appointed for a term of three years, but may be re-appointed to serve up to a maximum of three terms, or nine years. Student Governors each serve a one-year term of office which can be extended by one year. Re-appointment of members is a matter for the Board as a whole on the recommendation of the Search & Governance Committee. This recommendation is based on attendance, contribution to the work of the Board and the need to maintain an appropriate balance of skills, expertise and experience.

Board Diversity

The Board fully supports and is committed to, the college's aim to be an inclusive and diverse college where everyone can develop and grow in a dignified and safe environment. Furthermore, the Board acknowledges its role as a driver for diversity & inclusion and recognises the value a wide range of experience and viewpoints can add to the decision-making process.

Governor recruitment processes are continuously being reviewed to encourage applications from a more diverse range of candidates. During 2020/21 the Search & Governance Committee engaged with the HR Director to ensure that Governor recruitment reflects the College's Diversity Charter commitments. Membership of the College Equality, Diversity & Inclusion steering group includes a Governor and the Governance Officer.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Name	Date of Appointment/ Reappointment	Term of Office (Years)	Status	Committees served*	Overall Attendance in 2020/21
Mark Langshaw MBE Chair of Governors	01.08.2016 <i>Re-appointed</i> 01.08.2019	3	Independent	F,R,S	90%
Guy Lacey	01.08.2015	N/A	Principal/ Chief Executive	C,F,S	95%
Hilary Aldridge Vice Chair of Governors	01.04.2018 05.11.2020 <i>Resigned</i>	3	Independent	C (Chair),R,S	100%
Hamed Amiri	01.04.2018 30.05.2021 <i>Retired</i>	3	Independent	A	38%
Susan Ball Vice Chair of Governors (from 01.12.2020)	01.04.2018 <i>Re-appointed</i> 01.04.2021	3	Independent	R, S (Chair)	77%***
Anthony Basnett	01.01.2018 <i>Re-appointed</i> 01.01.2021	3	Independent	F (Chair)	100%
Elizabeth Brimble	01.06.2019	3	Independent	A to 31.05.21 C from 01.06.21	91%
Andrew Clark	24.02.2021	3	Independent	F	100%
Emma Davies	24.02.2021	3	Independent	A	100%
Gavin Evans	24.02.2021	to 31.07.22 **	Student (HE)	C	84%
Jamie Farr	24.02.2021	3	Independent	C	100%
Aaron Feist	01.01.2020 30.07.2021 <i>Retired</i>	to 31.07.21 **	Student (FE)	S	84%
Christopher Freegard	01.01.2020	3	Independent	F	92%
Megan Grace	01.01.2020 31.12.2021 <i>Retired</i>	1	Student (FE)	C	100%
Darragh Hanley-Crofts	01.08.2017 <i>Re-appointed</i> 01.08.2020	3	Independent	F to 31.05.21 A from 01.06.21	91%
Sian Hughes	01.10.2015 <i>Re-appointed</i> 01.10.2018	3	Staff (Business Support)	F	91%
Samantha Morgan	26.02.2020 30.01.21 <i>Resigned</i>	1+ **	Student (HE)	C	0%
Ray Morrison	01.08.2018 <i>Re-appointed</i> 01.08.2021	3	Independent	A to 31.05.21 S from 01.06.21	45%***
John Phelps	01.06.2019	3	Independent	C	100%
Matthew Preece	01.01.2020	3	Independent	C	82%
Wendy Rogers	01.08.2018 <i>Re-appointed</i> 01.08.2021	3	Staff (Teaching)	C	73%
Elizabeth Swaffield	01.06.2017 <i>Re-appointed</i> 01.06.2020	3	Independent	C (Chair)	91%
Martin Veale	01.04.2015 <i>Re-appointed</i> 01.05.2018 & 01.04.2021	3	Independent	A (Chair),R	100%

* A = Audit; C = Curriculum & Quality; F = Finance & Resources; R = Remuneration; S = Search & Governance

** To ensure ongoing learner representation during a period of ongoing disruption arising from the Covid-19 pandemic, some Student Governor appointments were extended

*** Two Governors work in the health & social care sector and their attendance was impacted by work pressures arising from COVID-19

External Members that served on the Corporation's committees in the period were:

Name	Date of Appointment (A)/ Re-appointment	Term of Office (Years)	Status	Committees served	Attendance in 2020/21
Paul Davenport	01.12.2015 <i>Re-appointed</i> 01.12.2018 31.05.2021 <i>Resigned</i>	3	Independent External	A	67%
Dorota Lee	01.06.2021	3	Independent External	A	100%
Gareth Watts	01.11.2015 <i>Re-appointed</i> 01.12.2018	3	Independent External	A	50%

CORPORATION COMMITTEES

Curriculum & Quality Committee

The Curriculum & Quality Committee monitors and oversees performance and key developments in all areas of curriculum and quality. This includes student recruitment and retention, assessment, attainment, curriculum planning, Learner Voice, Safeguarding and learner support across full-time, part-time, work-based and community provision.

The committee consists of nine members including the Teaching Staff Governor and two Student Governors (one FE and one HE). All meetings are attended by relevant members of the senior leadership team. The committee met four times during 2020/21.

Finance & Resources Committee

The Finance & Resources Committee monitors and oversees performance in relation to financial, human resource, ICT and estates matters. The committee also monitors progress on major capital projects.

The committee comprises seven members, including the Business Support Staff Governor and the Chair of the Corporation. Members of the Audit Committee cannot also serve on the Finance & Resources Committee. The committee met four times during 2020/21 and all meetings were attended by relevant members of the senior leadership team.

Remuneration Committee

This advisory committee comprises five independent Governors, including the Chair and Vice Chair. The committee usually meets just once a year to consider and make recommendations to the Board on, the salaries, terms and conditions and performance of the four senior post holders - the Principal, two Vice Principals and the Governance Officer.

Relevant information about the remuneration of the senior post holders is set out in Note 7 to the financial statements.

The committee met in November 2020 and the Board subsequently approved a pay award at its meeting in December 2020. In considering any senior postholder pay award the committee takes into consideration performance, relevant benchmarking data and any recent staff pay award.

Search & Governance Committee

The committee comprises six Governors (including one Student Governor) who advise and make recommendations to the Board on matters relating to its members, governance structure and processes. It oversees the recruitment process and advises the Board on the appointment or re-appointment of members. The recommendations of the committee must be taken into account by the Board when considering the approval of any appointment or re-appointment. The Search & Governance Committee also monitors attendance, diversity and skills data and appointment dates to advise on Corporation succession planning.

During 2020/21 the committee met five times and recommended the appointment of six new members. The HR Director was invited to attend the July 2021 meeting to advise on diversity & inclusion matters.

Audit Committee

The Audit Committee comprises four Governors and two external members of the Corporation. Membership excludes the Principal/Chief Executive and Chair of Governors. In addition, senior staff with significant financial responsibility and members of the Finance & Resources committee cannot serve on the Audit Committee. Membership also excludes Staff and Student Governors. The Principal/Chief Executive and Vice Principal (Resources & Planning) attend all meetings by invitation, along with the Director of Finance. The committee operates in accordance with written terms of reference approved by the Board which reflect the requirements of the Memorandum of Financial Understanding between Welsh Government and FE Colleges and the best practice set out in the Welsh Government FE Audit Code of Practice.

During 2020/21 membership of the committee was revised mid-year following recruitment of new Governors. This ensured that Governor skills and experience were utilised to the best benefit of the Corporation.

The Audit Committee meets a minimum of once per term and met four times in 2020/21. Attendance throughout the year was consistently good and overall attendance for the year was 83%:

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Member	17 Nov 20	9 Mar 21	11 May 21	6 Jul 21	Year	
M Veale	✓	✓	✓	✓	100%	
H Amiri	✓	-			50%	Ret. May 2021
E Brimble	✓	✓			100%	Left committee April 2021
P Davenport (Ext)	-	✓	✓		67%	Res. May 2021
E Davies			✓	✓	100%	Joined committee April 2021
C Freegard			✓	✓	100%	Joined committee April 2021
D Hanley-Crofts			✓	✓	100%	Joined committee April 2021
D Lee (Ext)				✓	100%	Appointed June 2021
R Morrison	✓	✓			100%	Left committee April 2021
G Watts (Ext)	✓	✓	-	-	50%	
Total attendees	5	5	5	5	20	
Possible attendees	6	6	6	6	24	
Attendance	83%	83%	83%	83%	83%	

Meetings of the Audit Committee provide a forum for reporting by the College's internal and external auditors and both sets of auditors have direct access to members of the committee. Private discussions (excluding College management and the Governance Officer) take place between the auditors and the committee as a minimum, annually. The committee also receives and considers reports from the Welsh Government as they affect the College's business.

The College's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan and report their findings to management and the Audit Committee. Management are responsible for the implementation of agreed audit recommendations and the College's internal auditors undertake periodic follow up reviews to ensure that all recommendations have been implemented.

The College has a robust risk management framework which is reviewed regularly by the Audit Committee. The Corporate Risk Register is approved by the Board annually and the Audit Committee reviews a risk update at each of its meetings.

The Audit Committee also advises the Corporation Board on the appointment of internal and external auditors and their remuneration for both audit and non-audit work. PwC was re-appointed as the College's external auditors on a three-year contract from 2017 and TIAA was awarded a two-year contract as internal auditors from August 2018 with options to extend the contract for a further 2 years. Each contract was awarded through an appropriate tender exercise. In 2020/21 both contracts were extend for a final year.

Internal Control

Scope of responsibility

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

The Board has delegated the day-to-day responsibility for maintaining a sound system of internal control to the Principal/Chief Executive as Accounting Officer. He must ensure that the system of control supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally

responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between Welsh Government and Coleg Gwent. He is also responsible for the timely reporting to the Corporation of 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 College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Coleg Gwent for the year ended 31 July 2021 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Board has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board is of the view that for the year ending 31 July 2021 there has been an appropriate, formal ongoing process for identifying, evaluating and managing the College's significant risks. This has included the ongoing and new, unprecedented risks that have arisen as a result of the Covid-19 pandemic.

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 Board and the Finance & Resources Committee of periodic and annual financial reports, which indicate the financial performance of the College and its component parts against forecasts
- Setting targets to measure financial and other performance
- A College Monitoring Group meets on a regular basis to monitor performance against Key Performance Indicators and agree remedial actions where necessary
- Clearly defined capital investment control guidelines
- The adoption of formal project management disciplines (where appropriate)
- Reports on progress in monitoring risk, based on the risk register, provided to the Audit Committee at each of its meetings

Coleg Gwent has an internal audit service, which operates in accordance with the requirements of the Welsh Government. The work of the internal audit service is informed by an analysis of the risks to which the institution is exposed, and the annual internal audit plan is based on this analysis. The analysis of risks and the internal audit plan are endorsed by the Board on the recommendation of the Audit Committee. The Internal Auditor provides the Board with an Annual Report on internal audit activity in the College. The report includes the internal auditor's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Review of effectiveness

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

- the work of the internal auditors
- the work of other members of the College's Corporate Management Team who have responsibility for the development and maintenance of the internal control framework
- comments made by the Institution's external auditors and Welsh Government auditors in their management letters and other reports.

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

The Corporate Management 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 Corporate Management Team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control and any response to recommendations made by the internal auditor. Audit Committee agendas include a regular item for consideration of risk and control. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. The Board carried out the annual assessment for 2020/21 by considering documentation from the Corporate Management Team, internal and external audit and the Governance Officer.

The Audit Committee provides an Annual Report to the Board detailing its work during the year which has informed its assurance statement to the Corporation on the effectiveness of the College Risk Management, Corporate Governance and Internal Control structures. In its report to the Board presented at the meeting on 7 December 2021, the Audit Committee confirmed its opinion that based on its own work and that of the audit services, it was content that Coleg Gwent's risk management, control and corporate governance processes, along with its internal systems, controls and checks, are effective and adequate to enable

the college to meet its objectives, as far as can be reasonably determined. The committee noted that such assurances can never be absolute.

Going concern

After making appropriate enquiries, the Corporation considers that the College 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.

Signature: _____
Chair of Governors

Signature: _____
Principal/Chief Executive

Date:

Date:

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

Within the terms and conditions of the Financial Memorandum and Conditions of Funding between the Welsh Government and the Corporation of the College, the Corporation, through its Accounting Officer, is required to prepare Financial Statements for each financial year in accordance with the 2015 *Statement of Recommended Practice - Accounting for Further and Higher Education*, and with the *College Accounts Direction 2019 to 2020* issued by Welsh Government, and which give a true and fair view of the state of affairs of the College and the result for that year.

In preparing the financial statements, the Corporation is required to:

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

The Corporation is also required to prepare a report which describes what it has done, what it is trying to do and how it is going about it, including the legal and administrative status of the College.

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

The maintenance and integrity of the College website is the responsibility of the Corporation of the College; 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 the Welsh Government are used only in accordance with the Financial Memorandum and Conditions of Funding with the Welsh Government and any other conditions that may be prescribed from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds to ensure they are used properly. In addition, members of the Corporation are

responsible for securing economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds from the Welsh Government are not put at risk.

Disclosure of information to auditors

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

Approved by order of the members of the Corporation on 7 December 2021 and signed on its behalf by:

Signature: _____
Chair of Governors

Date: _____

Independent auditors' report to the Corporation of Coleg Gwent (the "institution")

Report on the audit of the financial statements

Opinion

In our opinion, Coleg Gwent's group financial statements and institution financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and the institution's affairs as at 31 July 2021, and of the group's and institution's income and expenditure and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law);
- have been properly prepared in accordance with the requirements of the Statement of Recommended Practice – Accounting for Further and Higher Education; and
- have been properly prepared in accordance with the Accounts Direction issued by the Welsh Government.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise the Group and College Balance Sheets as at 31 July 2021; the Group and College Statement of Comprehensive Income, the Group and College Statement of changes in reserves and the Group Statement of cash flows for the year then ended; and the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 and institution's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and institution's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Corporation is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the Corporation for the financial statements

As explained more fully in the Statement of responsibilities of the members of the Corporation, the Corporation is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Corporation is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Corporation is responsible for assessing the group's and institution'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 intends to liquidate the group and institution or to cease operations, or has no realistic alternative but to do so.

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

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

Based on our understanding of the group /industry, we identified that the principal risks of non-compliance with laws and regulations related to UK health & safety and employment legislation together with the Financial Memorandum between the College and the Welsh Government, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Accounts Direction issued by the Welsh Government. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fraudulent transactions designed to overstate the financial performance and position of the group. Audit procedures performed included:

- Reviewing committee meeting minutes and holding discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Using computer based audit techniques to identify and test higher risk manual journals, in particular those having unusual account combinations;

- Reviewing the appropriateness of the assumptions used by the group in estimating the value of defined benefit pension scheme deficits; and
- Obtaining third party confirmations of all the group's banking and financing arrangements.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the institution's Corporation as a body in accordance with Article 18 of the institution's Articles of Government and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other Required Reporting

Opinions on other matters prescribed in the Further Education Audit Code of Practice 2015 issued by the Welsh Government

In our opinion, in all material respects:

- monies expended out of Welsh Government grants and other funds from whatever source administered by the institution for specific purposes have been properly applied to those purposes and, if appropriate, managed in compliance with all relevant legislation; and
- income has been applied in accordance with the financial memorandum with the Welsh Government.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
7 December 2021

Statement of Comprehensive Income for the year ended 31 July 2021

INCOME	Note	Group and College 2021 £'000	Group 2020 £'000	College 2020 £'000
WG grants	2	63,505	53,201	53,201
Tuition fees and education contracts	3	3,893	4,197	4,197
Other grants and contracts	4	2,277	2,168	2,168
Other income	5	2,095	3,403	3,403
Investment Income	6	3	52	52
Total Income		71,773	63,021	63,021
EXPENDITURE				
Staffing costs	7	46,374	42,296	42,296
Staff restructuring costs	7	154	63	63
Other operating expenses	8	18,989	14,172	14,293
Depreciation	10	4,919	5,029	5,029
Interest and other finance costs	9	937	1,012	1,012
Total Expenditure		71,373	62,572	62,693
Surplus before exceptional items		887	1,134	1,012
Accelerated depreciation Pontypool Campus		(552)	(1,059)	(1,059)
Release of DCG Pontypool Campus		219	437	437
Exceptional staff restructuring		(154)	(63)	(63)
Surplus before other gains and loses		400	449	327
Gain on disposal of assets		279	10	10
Surplus for the year		679	459	337
Actuarial gain in respect of pensions schemes	22	1,208	(13,100)	(13,100)
Total Comprehensive Income for the year (all unrestricted)		1,887	(12,641)	(12,763)

Statement of changes in reserves for the year ended 31 July 2021
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GROUP	Income and expenditure account £'000	Restricted Reserves £'000	Revaluation Reserve £'000	Total £'000
Balance at 1 August 2019	(18,558)	64	4,992	(13,502)
Surplus for the year	459	-	-	459
Other comprehensive income	(13,100)	-	-	(13,100)
Transfers between revaluation and income and expenditure reserves	62	-	(62)	-
Balance at 31 July 2020	(31,137)	64	4,930	(26,143)
Surplus for the year	679	-	-	679
Other comprehensive income	1,208	-	-	1,208
Transfers between revaluation and income and expenditure reserves	162	-	(162)	-
	2,049	-	(162)	1,887
Balance at 31 July 2021	(29,088)	64	4,768	(24,256)

COLLEGE	Income and expenditure account £'000	Restricted Reserves £'000	Revaluation Reserve £'000	Total £'000
Balance at 1 August 2019	(18,436)	64	4,992	(13,380)
Surplus for the year	337	-	-	459
Other comprehensive income	(13,100)	-	-	(13,100)
Transfers between revaluation and income and expenditure reserves	62	-	(62)	-
Balance at 31 July 2020	(31,137)	64	4,930	(26,143)
Surplus for the year	679	-	-	679
Other comprehensive income	1,208	-	-	1,208
Transfers between revaluation and income and expenditure reserves	162	-	(162)	-
	2,049	-	(162)	1,887
Balance at 31 July 2021	(29,088)	64	4,768	(24,256)

Balance Sheets as at 31 July 2021

	Note	Group & College 2021 £'000	Group 2020 £'000	College 2020 £'000
Non-current Assets				
Tangible fixed assets	10	83,473	60,416	60,416
Investments		2	2	2
Endowment assets	12	64	64	64
		83,539	60,482	60,482
Current Assets				
Stocks	13	2	3	3
Trade and other receivables	14	1,979	3,085	3,085
Cash and cash equivalents	19	24,047	14,862	14,862
		26,028	17,950	17,950
Less creditors - amounts falling due within one year	15	(14,526)	(8,811)	(8,811)
Net Current Assets		11,502	9,139	9,139
Total assets less current liabilities		95,041	69,621	69,621
Creditors - amounts falling due after more than one year	16	(55,735)	(35,939)	(35,939)
Net Assets before provisions		39,306	33,682	33,682
Provisions				
Defined benefit pension obligations	22	(60,719)	(56,982)	(56,982)
Other provisions	18	(2,843)	(2,843)	(2,843)
		(63,562)	(59,825)	(59,825)
Net Liabilities		(24,256)	(26,143)	(26,143)
Restricted reserves				
Income and expenditure reserve - endowment fund		64	64	64
Unrestricted Reserves				
Income and expenditure account		(29,088)	(31,137)	(31,137)
Revaluation reserve		4,768	4,930	4,930
Total reserves		(24,320)	(26,207)	(26,207)
Total reserves		(24,256)	(26,143)	(26,143)

The Financial Statements on pages 43 to 70 were approved by the Corporation on 7th December 2021 and were signed on its behalf by

.....
Mr M. Langshaw MBE
Chair

.....
Mr G O Lacey
Principal/Chief Executive

.....
Mrs Lynda Astell
Vice Principal

Statement of cash flows for the year ended 31 July 2021
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	2021 £'000	2020 £'000
<i>Cash flow from operating activities</i>		
Surplus for the year	679	459
<i>Adjustment for non-cash items</i>		
Depreciation	5,172	5,029
Decrease/(Increase) in stock	1	(1)
Decrease/(Increase)in debtors	1,105	(1,287)
Increase in creditors due within one year	3,777	476
Decrease in provisions	-	527
Pensions costs less contributions payable	4,138	2,442
Deferred capital grant release	(1,875)	(1,338)
<i>Adjustment for investing or financing activities</i>		
Investment income	(3)	(52)
Interest payable	937	1,012
Profit on sale of fixed assets	(269)	(10)
Net Cash flow generated from operating activities	<u>13,662</u>	<u>7,257</u>
<i>Cash flows generated from investing activities</i>		
Proceeds from sale of fixed assets	369	10
Investment income	3	52
Payments made to acquire fixed assets	(6,828)	(4,247)
Deferred grant received	2,601	550
Net cash flow used in investing activities	<u>(3,855)</u>	<u>(3,635)</u>
<i>Cash flows from financing activities</i>		
Interest paid	(130)	(147)
Repayment of amounts borrowed	(492)	(410)
Net cash flow from financing activities	<u>(622)</u>	<u>(557)</u>
Increase in cash and cash equivalents in the year	<u>9,185</u>	<u>3,065</u>
Cash and cash equivalents at the beginning of the year	14,862	11,797
Cash and cash equivalents at the end of the year	<u>24,047</u>	<u>14,862</u>

1. 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.

Basis of preparation

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

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

Basis of accounting

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

Basis of consolidation

Coleg Gwent Training Ltd has now ceased trading, the accounts for 20/21 therefore are not consolidated in accordance with FRS 102. The activities of the student union have not been consolidated because the College does not control those activities.

Going Concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Members Report. The financial position of the College, its cash flow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes. Unlike other organisations, the College’s financial position has not been materially affected by Covid-19 as Welsh Government has moved quickly to protect income and to support the sector.

The College currently has £3.6m of loans outstanding with bankers on terms negotiated at various dates. The College’s forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

Accordingly, the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Recognition of income

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 over which they are receivable and depend on the particular income stream involved. The final grant income is

normally determined with the conclusion of the year end reconciliation process with the funding body and the results of any funding audits.

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

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

Capital grant funding

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

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. 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.

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

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the financial year 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 other recognised gains and losses.

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

Short term Employment benefits

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

Enhanced Pensions

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

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Land and buildings

Freehold buildings are depreciated on a straight line basis over their expected useful lives as follows:

- Buildings acquired pre August 2002 - 25 years
- Buildings acquired post August 2002 - 50 years
- Mechanical and Electrical Infrastructure - 25 years
- Refurbishments - 10 years

Freehold land is not depreciated (unless subject to a long lease).

Freehold buildings are depreciated over their expected useful economic life to the College of between 25 and 50 years. The College has a policy of depreciating major modifications to buildings over the period of their useful economic life of between 25 and 50 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors and are released to the income and expenditure account over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

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.

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1993 on incorporation, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

Assets under construction

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July. 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 the SOCI in the financial year it is incurred, unless it increases the future benefits to the College, in which case it is capitalised and depreciated on the relevant basis.

Equipment

Equipment costing less than £5,000 per individual item is recognised as expenditure in the financial year of acquisition. All other equipment is capitalised at cost.

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

- | | |
|------------------------------------|----------|
| • technical equipment | 5 years |
| • motor vehicles | 5 years |
| • computer equipment | 4 years |
| • furniture, fixtures and fittings | 10 years |

Borrowing costs

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

Leased assets

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

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

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Assets held under

Finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

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

Investments in subsidiaries

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

Inventories

Inventories are stated at the lower of their cost (using the first in first out method) and net realisable value, being selling price less costs to complete and sell. Where necessary, provision is made for obsolete, slow-moving and defective items.

Cash and cash equivalents

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

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

Financial liabilities and equity

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

All loans, investments and short-term deposits held by the 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.

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 6.2% (last VAT claim) 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 financial year it arises.

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

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

Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

Other key sources of estimation uncertainty

- *Tangible fixed assets*

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

- *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 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. WELSH GOVERNMENT GRANTS

	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Recurrent Grants			
WG Recurrent Grant	48,944	45,977	45,977
Work Based Learning	1,170	1.150	1.150
Release of Deferred Capital Grants WG - buildings	129	129	129
Release of Deferred Capital Grants WG - equipment	793	436	436
Other specific grants	12,469	5,509	5,509
Total	63,505	53,201	53,201

During the 2020/21 financial year the College received £0.8m (2019/20: £0.9m) from the Welsh Government as earmarked Learner Support Funds (LSF). The funds were administered in accordance with the terms and conditions specified by the Welsh Government, and are

not recorded in the College's income and expenditure account. The detail of this grant is shown in Note 24.

3. TUITION FEES & EDUCATION CONTRACTS

	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Fees - Further Education	233	244	244
Fees - Higher Education	3,509	3,690	3,690
	<hr/>	<hr/>	<hr/>
Total tuition fees	3,742	3,934	3,934
LEA Contracts	151	263	263
	<hr/>	<hr/>	<hr/>
Total	3,893	4,197	4,197

4. OTHER GRANTS & CONTRACTS

	College 2021 £'000	Group 2020 £'000	College 2020 £'000
European Grants	2,277	2,168	2,168
	<hr/>	<hr/>	<hr/>
Total	2,277	2,168	2,168

5. OTHER INCOME

	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Catering	-	22	22
Other income generating activities	313	897	897
Release other deferred capital grants - non WG	954	1,202	1,202
Farming activities	6	18	18
Rental income	-	11	11
Miscellaneous income	822	1,253	1,253
	<hr/>	<hr/>	<hr/>
Total	2,095	3,403	3,403

6. INVESTMENT INCOME

The interest rate has significantly reduced in 20/21 mainly due to the COVID pandemic.

	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Bank interest receivable	<u>3</u>	<u>52</u>	<u>52</u>
Total	<u>3</u>	<u>52</u>	<u>52</u>

7. STAFFING COSTS**Numbers of staff**

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

	College 2021 No.	Group 2020 No.	College 2020 No.
Teaching staff	565	549	549
Non-teaching staff	<u>625</u>	<u>619</u>	<u>619</u>
Total	<u>1,190</u>	<u>1,168</u>	<u>1,168</u>

	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Staff costs for the above persons			
Wages and salaries	32,508	29,881	29,881
Social security costs	3,050	2,740	2,740
Other pension costs (inc. enhanced pensions, FRS 102 adjustment)	10,731	9,171	9,171
Movement in holiday pay	<u>85</u>	<u>504</u>	<u>504</u>
	46,374	42,296	42,296
Exceptional staff redundancy costs	<u>154</u>	<u>63</u>	<u>63</u>
	<u>46,528</u>	<u>42,359</u>	<u>42,359</u>

Note 7 Continued

Employment costs by employee type	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Teaching departments	24,823	22,309	22,309
Teaching support services	5,627	5,377	5,377
Administration and central services	10,925	10,727	10,727
Premises	532	499	499
Training and development	36	35	35
Exceptional staff redundancy costs	154	63	63
Enhanced pension provision movement	65	272	272
Apprenticeship levy	142	131	131
FRS102 charge in excess of contributions	4,138	2,442	2,442
Holiday pay accrual movement	86	504	504
Total	46,528	42,359	42,359

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Senior Leadership Team (SLT) which comprises of the Principal, Vice Principals and Directors.

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

The number of key management personnel and other staff who received annual emoluments, excluding pension contributions but including benefits in kind was:

	College 2021 No.	Group 2020 No.	College 2020 No.
The number of key management personnel including the Accounting Officer was:	13	12	12
Total	13	12	12

Note 7 Continued

	College 2021 No.	Group 2020 No.	College 2020 No.
The number of key management personnel including the Accounting Officer was:	13	12	12
Total	13	12	12

Key management personnel	College 2021 No.	Group 2020 No.	College 2020 No.
£55,001 to £60,000 per annum	2	1	1
£60,001 to £65,000 per annum	2	3	3
£65,001 to £70,000 per annum	3	2	2
£70,001 to £75,000 per annum	3	3	3
£100,001 to £105,000 per annum	-	2	2
£110,001 to £115,000 per annum	2	-	-
£145,001 to £150,000 per annum	-	-	-
£150,001 to £155,000 per annum	-	1	1
£165,001 to £170,000 per annum	1	-	-
Total	13	12	12

Key management personnel compensation is made up as follows:

	Coleg Gwent 2021 £'000	Group 2020 £'000	College 2020 £'000
Salaries	1,061	952	952
Pension contributions	218	223	223
Total Emoluments	1,279	1,175	1,175

The compensation above includes amounts payable to the Principal who is the accounting officer and who is also the highest paid member of staff. Their pay and remuneration is as follows:

Only one other member of staff was paid over 60k in the year and that was due to COVID overtime claims.

	College 2021 No.	Group 2020 No.	College 2020 No.
£60,001 to £65,000 per annum	1	-	-

Note 7 Continued

	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Salaries	167	153	153
Pension contributions	31	37	37
Total Emoluments	198	190	190

Compensation for loss of office paid to former key management personnel.

	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Contractual	-	21	21
Non-Contractual	-	19	19
Total	-	40	40

The above costs were approved by the Chair and Vice Chair of the Board of Governors.

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

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

	2021 £'000	2020 £'000
Principal's basic salary as a multiple of the median of all staff	5.26	5.06
Principal's total remuneration as a multiple of the median of all staff.	6.36	6.28

The 2021 figures are based on the Gender Pay Gap report for March 2021 and does not include agency staff. The College currently contracts out the cleaning and catering services of the College therefore these staffing costs are also omitted from the calculation.

8. OTHER OPERATING EXPENSES

	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Teaching department costs	2,633	795	795
Other support services	107	115	115
Administration and central services	3,940	2,639	2,639
General Education	2,196	1,979	1,979
Premises and maintenance costs	6,721	5,419	5,419
Franchise provision	1,120	1,070	1,070
Payment to Partners - European Fund	706	408	408
Payment to Partners - SPP	-	383	383
Catering operations	356	135	135
Usk Estates	16	17	17
Transport	871	930	930
Impairment of Coleg Gwent Training Ltd loan	-	-	122
Auditors' remuneration			
• Financial Statement Audit	45	40	40
• Internal Audit	39	30	30
• Other services provided by the financial statements 'auditors (All audit fees are gross of VAT)	33	6	6
Hire of assets under operating leases - non property assets	206	206	206
	18,989	14,172	14,293

9. INTEREST & OTHER FINANCE COSTS

	College	Group	College
	2021	2020	2020
	£'000	£'000	£'000
Banks loans, overdrafts and other loans	130	147	147
Pension finance costs (note 22)	807	865	865
	<u>937</u>	<u>1,012</u>	<u>1,012</u>

10. TANGIBLE FIXED ASSETS

Land and buildings were valued in 1993 by the District Valuer, Newport, on the basis of Open Market Value for the Existing Use, or in the case of specialised buildings, on the basis of Depreciated Replacement Cost, for incorporation within the balance sheet. The valuation, as at 1 April 1993, amounted to £29,885,000 of which £23,212,000 related to buildings and £6,673,000 related to land.

As inherited land and buildings were transferred from the Local Education Authority to the College under the terms of Further and Higher Education Act 1992 at £nil cost, if they had not been valued they would have been included in the financial statements at a historic cost of £nil. Should these assets be sold, the College would either have to surrender the sale proceeds to the Welsh Government or use them in accordance with the Financial Memorandum issued by the Welsh Government.

Donated land and buildings were valued on 21 July 2012 (Blaenau Gwent Learning Zone) and 27 August 2020 (Torfaen Learning Zone) by Cooke & Arkwright and have been depreciated during the year in line with the College's depreciation policy.

During the year the Torfaen Learning Zone was completed and transferred to the College by Torfaen County Borough Council on a long lease at nil cost. Accordingly, and as mentioned above, this acquisition has been treated as a donated asset - An asset valued at £21.5m has been added to fixed assets, with a corresponding credit made to deferred capital grants which is to be released to the income and expenditure account over the expected useful economic useful life of the related assets on a basis consistent with the College's depreciation policy.

Assets with a net book value of £6,718k (2019/20: £6,335k) have been funded with Welsh Government grants, and assets with a net book value of £413k (2019/20: £731k) have been funded with other grants. Should these assets be disposed of the proceeds may be returned to the relevant organisation.

Accelerated depreciation of £552k (2019/20 £1,059k) has been charged in relation to the Pontypool campus site, a corresponding deferred capital grant of £219k (2019/20 £437k) has also been released.

Note 10 - Tangible Fixed Assets Continued

	Land £'000	Buildings £'000	Fixtures and Fittings £'000	Assets in the course of construction £'000	Total £'000
Cost or valuation					
At 1 August 2020	6,307	79,748	24,055	3,514	113,624
Additions	900	14,420	6,180	6,828	28,328
Reclassifications	-	-	3,612	(3,612)	-
Disposals	(350)	(5,295)	(843)	(253)	(6,741)
<i>At 31 July 2021</i>	6,857	88,873	33,004	6,477	135,211
Depreciation					
At 1 August 2020	359	39,777	13,072	-	53,208
Charges for year	7	1,418	2,942	-	4,367
Accelerated depreciation	-	503	49	-	552
Eliminations in respect of disposals	-	(5,559)	(830)	-	(6,389)
<i>At 31 July 2021</i>	366	36,139	15,233	-	51,738
<i>Net Book Value at 31 July 2021</i>	6,491	52,734	17,771	6,477	83,473
<i>Net Book Value at 31 July 2020</i>	5,948	39,971	10,983	3,514	60,416

11. NON-CURRENT INVESTMENTS

Coleg Gwent Enterprises Ltd and Coleg Gwent Catering Ltd are dormant companies. The registered address for all subsidiaries is: - The Rhadyr, Usk, Monmouth, NP15 1XJ.

12. ENDOWMENT ASSETS

	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Cash Balances	64	64	64
Total	64	64	64

13. STOCKS

	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Refectory & bar stock	2	3	3
	<hr/>	<hr/>	<hr/>
Total	<u>2</u>	<u>3</u>	<u>3</u>

14. TRADE & OTHER RECEIVABLES

	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Amounts falling due within one year			
Trade receivables	146	441	441
Prepayments and accrued income	1,833	2,644	2,644
	<hr/>	<hr/>	<hr/>
Total	<u>1,979</u>	<u>3,085</u>	<u>3,085</u>

15. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Amounts falling due within one year			
Bank loans (refer to note 17)	346	410	410
Trade payables	906	1,095	1,095
Accruals and deferred income	5,254	4,154	4,154
Government grants received in advance	2,002	1,577	1,577
Grants in advance	<u>6,018</u>	<u>1,575</u>	<u>1,575</u>
Total	<u>14,526</u>	<u>8,811</u>	<u>8,811</u>

16. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Bank loans (refer to note 17)	3,207	3,635	3,635
Deferred income - government grants	<u>52,528</u>	<u>32,304</u>	<u>32,304</u>
Total	<u>55,735</u>	<u>35,939</u>	<u>35,939</u>

17. MATURITY OF DEBT - BANK LOANS & OVERDRAFTS

Bank loans are repayable as follows:

	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Bank loans due within one year	346	410	410
Between one and two years	389	427	427
Between two and five years	964	1,014	1,014
In five years or more	<u>1,854</u>	<u>2,194</u>	<u>2,194</u>
Total	<u>3,553</u>	<u>4,045</u>	<u>4,045</u>

The College has three fully drawn down facilities as follows:

Bank	Loan Amount £k	Security	Interest rate	Payment schedule
National Westminster	1,125	Newport Library	0.8% above LIBOR	96 quarterly instalments ending Aug 2028
National Westminster	1,800	Crosskeys Art Block	0.8% above LIBOR	96 quarterly instalments ending Aug 2028
Lloyds TSB	2,900	Unsecured	5.584%	92 quarterly instalments ending Jan 2034

18. OTHER PROVISIONS

	Group and College		
	Enhanced Pension Provision £'000	Holiday pay Provision £'000	Total £'000
At 1 August 2020	1,941	902	2,843
Released/utilised	(151)	-	(151)
Charge to SOCI account in period	<u>65</u>	<u>86</u>	<u>151</u>
Total	1,855	988	2,843

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

The principal assumptions for this calculation are;

	2021	2020
Price Inflation	2.6%	2.2%
Discount Rate	1.6%	1.3%

The holiday pay provision relates to short-term employee benefits afforded to all employees in the financial year but which are still outstanding at year end. These benefits relate to outstanding annual leave at 31 July 2021.

19. CASH & CASH EQUIVALENTS

	At 1 August 2020 £'000	Cash flows £'000	At 31 July 2021 £'000
Cash and cash equivalents	<u>14,862</u>	<u>9,185</u>	<u>24,047</u>
Total	<u>14,862</u>	<u>9,185</u>	<u>24,047</u>

20. CAPITAL & OTHER COMMITMENTS

	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Commitments contracted at 31 July	<u>2,005</u>	<u>1,182</u>	<u>1,182</u>
Total	<u>2,005</u>	<u>1,182</u>	<u>1,182</u>

21. LEASE OBLIGATIONS

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

	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Other (not land and buildings)			
Not later than one year	206	206	206
Later than one year and not later than five years	68	274	274
Total	<u>274</u>	<u>480</u>	<u>480</u>

22. DEFINED PENSION OBLIGATIONS

The College's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Torfaen Borough Council. Both are defined-benefit schemes.

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

Total Pension Cost for the year

	2021 £'000	2020 £'000
Teachers' Pension Scheme Contributions	4,217	3,726
NEST	-	-
Local Government Pension Scheme Contributions		
Contributions paid	2,309	2,732
Movement in accruals/LS adjustments	4	(1)
FRS 102 charge	4,138	2,442
Charge to Statement of Comprehensive Income	10,668	8,899
Enhanced Pension Charge to the Income and Expenditure Account	65	272
	<u>10,733</u>	<u>9,171</u>

The actual amount paid to LGPS for employer's contributions is £31 more than the actuary report this is due to timing differences.

Teachers' Pension Scheme (TPS)

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 and other educational establishments, including Colleges. 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 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

22 DEFINED BENEFIT PENSION OBLIGATIONS CONTINUED

The latest actuarial review of the TPS was carried out as at 31 March 2019. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £20 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 2018/19. DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2020/21 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 £4,217k (2020 £3,726k)

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Torfaen Unitary Authority. The total contributions made for the year ended 31 July 2021 were £3,098k, of which employer's contributions totalled £2,313k and employees' contributions totalled £785k. The agreed contribution rates for future years are 18.9% for employers and range from 5.5% to 12.5% for employees, depending on salary.

Principal Actuarial Assumptions

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

	At 31 July 2021	At 31 July 2020
	%	%
Rate of increase in salaries	3.15	2.5
Discount rate for scheme liabilities	1.6	1.4
Inflation assumption (CPI)	2.85	2.2
Commutation of Pensions to lump sums	50.0	50.0

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

	2021	2020
	%	%
Retiring today		
Males	20.7	20.6
Females	23.4	22.9
Retiring in 20 years		
Males	22.1	21.6
Females	25.4	24.6

22 - DEFINED PENSION OBLIGATIONS CONTINUED

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

	2021	2020
	£'000	£'000
Fair value of plan assets	89,058	71,739
Present value of plan liabilities	(149,777)	(128,721)
Net Pensions liability	(60,719)	(56,982)

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

	2021	2020
	£'000	£'000
Amounts included in staff costs		
Current service cost	6,420	5,444
Past service credit	-	(209)
Total	6,420	5,235

	2021	2020
	£'000	£'000
Amounts included in finance costs		
Net interest cost	(807)	(865)
Total	(807)	(865)

22 - DEFINED PENSION OBLIGATIONS CONTINUED

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

	2021 £'000	2020 £'000
Amount Recognised in Other Comprehensive Income		
Return on pension plan assets	(15,299)	3,305
Experience gains/(loss) arising on defined benefit obligations	(1,662)	(3,831)
Change in demographic assumptions	13,767	12,844
Changes in assumptions underlying the present value of plan liabilities	1,986	782
Amount Recognised in Other Comprehensive Income	(1,208)	13,100
Movement in net defined liability during year		
Net defined benefit liability in scheme at 1 August	(56,982)	(40,367)
Movement in year;		
Current service cost	(6,420)	(5,444)
Past service costs	-	209
Employer contributions	2,282	2,793
Effect of Business Combination	-	(194)
Net interest on the defined (liability)	(807)	(879)
Actuarial gain/(loss)	1,208	(13,100)
Net Defined benefit liability at 31 July	(60,719)	(56,982)
Asset and Liability Reconciliation		
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	(128,721)	(111,814)
Current service cost	(6,420)	(5,444)
Past service cost	-	209
Effect of Business Combination	-	(728)
Interest cost	(1,818)	(2,399)
Contribution by scheme participants	(785)	(733)
Benefits paid	2,058	1,983
Other experiences	1,662	3,831
Changes demographic assumptions	(1,986)	(12,844)
Changes in financial assumptions	(13,767)	(782)
Defined benefit obligations at the end of period	(149,777)	(128,721)
Fair value of plan assets at start of period	71,739	71,447
Interest on plan assets	1,011	1,520
Return on plan assets	15,299	(3,305)
Employer contribution	2,282	2,793
Contributions by scheme participants	785	733
Effect of Business Combination	-	534
Estimated benefits paid	(2,058)	(1,983)
Fair value of plan assets at end of period	89,058	71,739

22 - DEFINED PENSION OBLIGATIONS CONTINUED

Whilst an allowance for McCloud was made in last year's Results Schedule, no further adjustment has been made within this year's Result Schedule. The previous allowance within the balance sheet will simply be rolled forward and therefore included within the closing position at the Accounting Date. No explicit additional adjustment for McCloud has been added to the current service cost for 2020/21 (or the projected service cost for 2021/22).

23. RELATED PARTY TRANSACTIONS

The total expenses paid to or on behalf of the Governors during the year was £nil. (2020 £nil). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the College during the year (2020 nil)

24. AMOUNTS DISBURSED AS AGENT

	College 2021 £'000	College 2020 £'000
Balance brought forward	10	6
Funding body grants - discretionary learner support	949	872
Interest earned	0	2
	<u>959</u>	<u>880</u>
Disbursed to students	(788)	(860)
Administration costs	(0)	(10)
Balance as at 31 July, included in creditors	<u>171</u>	<u>10</u>

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.

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