



ADRODDIAD BLYNYDDOL A CHYFRIFON ANNUAL REPORT AND ACCOUNTS

2021 - 2022

Approved by the Board of Governors on 13 December 2022

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 2021/22:



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 2021/22

During 2021/22 it has been uplifting to see our campuses finally returning to the pre-pandemic buzz of College life. Our learners like to be in College and like to be in classrooms and workshops developing new skills and knowledge and we continue to support them in their programmes of study and more widely in terms of their wellbeing and extra-curricular activities. However, much as we strive to get back to 'normal' Covid-19 has continued to disrupt learning throughout 2021/22. Self-isolation rules coupled with the ongoing spread of the virus resulted in many learners having to self-isolate and study remotely. College staff were also affected which had an impact on direct delivery and learner support. A high proportion of delivery remained online because of this disruption and this inevitably had a negative impact on learner engagement, attendance and retention. Financial support from Welsh Government to assist with recovery of missed learning was welcome and used extensively across the college, helping learners to engage in some incredible activities and experiences and to mitigate the impact of the pandemic. Once again, our staff and learners continue to rise to the challenge and our Governing Body are proud to present their report and the audited financial statements for the year ended 31 July 2022. The financial statements are prepared in accordance with Financial Reporting Standard (FRS) 102, the Further and Higher Education Statement of Recommended practice (SORP) and the Welsh Government (WG) Accounts Direction.

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.

The college is fully committed to listening to learners to bring about quality improvement and the learner voice is an integral part of the college's quality strategy. Learners play an active role in college development.

Throughout the pandemic, the FE sector benefitted from good financial support from Welsh Government. The college directed this funding appropriately to ensure that learners were well supported both in terms of their main study programmes and wellbeing.

Our Strategic Plan is supported by a number of specific area strategies, each of which is actioned and closely and regularly monitored through a Strategic Implementation Plan. Monitoring is carried out through regular monthly Senior Leadership Meetings and through the Governing Body and its sub committees.

The College has an agreed set of Corporate Key Performance Indicators which measure success in the implementation of our strategic aspirations.

Public Benefit

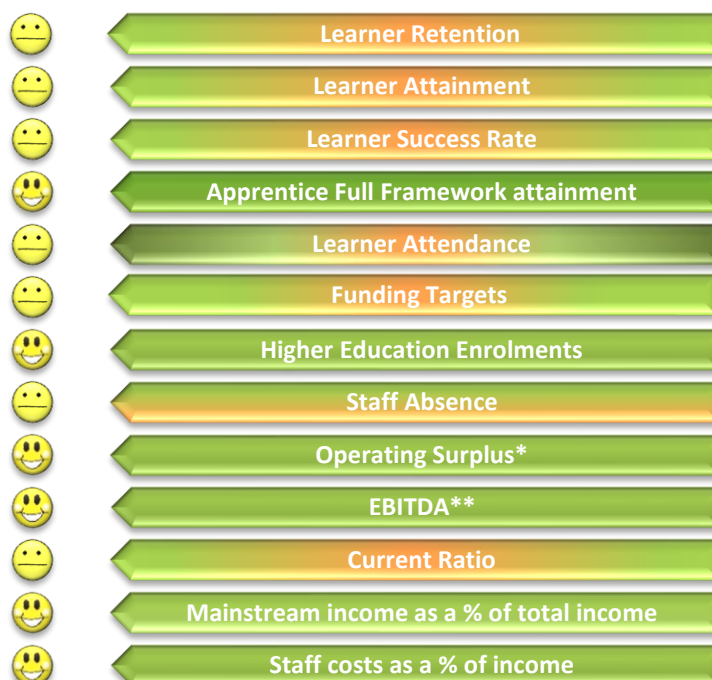
The College is an exempt charity and is regulated by the Welsh Government as Principal Regulator for all FE Corporations in Wales. The members of the Corporation, who are trustees of the charity, are disclosed on page 31. In setting and reviewing the College's strategic objectives the Corporation has 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 2021/22 was good. Several KPIs, whilst graded as 'Amber' due to being below target have been impacted by Covid and are in line with sector trends:



*surplus before exceptional items and non-cash pension costs

**earnings before interest, tax, depreciation and release of capital grants

Key areas of note are:

Performance in A Levels was pleasing. High grades (A*-A and A*-C) have remained high and are very positive compared to pre-pandemic levels.

Success rates on main qualifications declined compared to the previous year. This decline was consistent across both vocational and academic main qualifications and was equally spread across completion and attainment. For the first time, the decline affected all levels, including Level 3. This may be explained by more learners entering at Level 3 having achieved higher grades during the pandemic and possible grade inflation, but there is no concrete evidence to support this.

A reduction in learner engagement, attendance and outcomes is a trend that is noticed across the sector.

Apprenticeship performance has been a key priority for improvement for many years for the college and in 2020/21 full framework success reached 84%. This good performance has been sustained, with a forecast outturn of 81% for 2021/22 which is very pleasing and should result in the college remaining among the top performers in the consortium.

Learners on ACL (Adult Community Learning) programmes also performed well with 82% success rate, an improvement of 2% compared to the previous year.

Performance against our funding targets has been challenging with a shortfall against both full time and part time targets. This is however, also a trend that we are seeing across the sector with Welsh Government responding by adjusting the part-time clawback target for 21/22.

Staff Sickness absence continues to be impacted by Covid. The overall absence rate for 21/22 was 6.7% although 60% of all absences were Covid related.

Financial performance was good with Financial KPIs well above target in most areas.

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

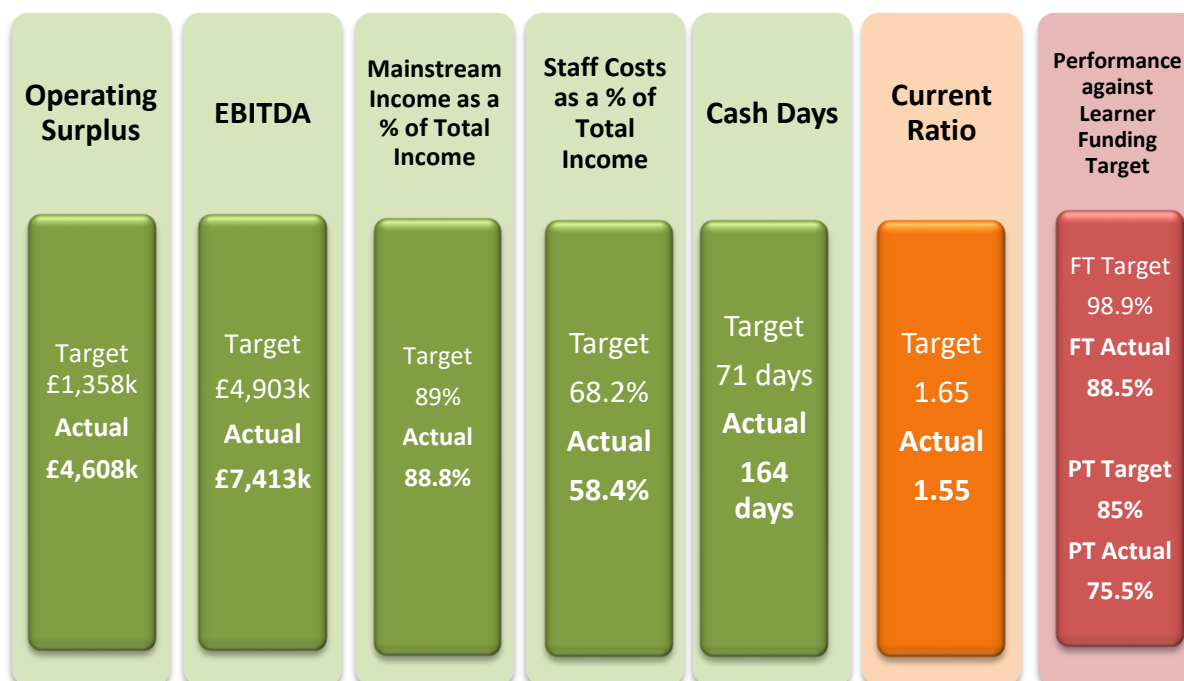
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OUR FINANCIAL PERFORMANCE

These financial statements reflect the results for the year ended 31 July 2022.

It should be noted that whilst the College remained part of a Group structure throughout 2021/22, 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 in 2020/21. 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 the Covid-19 pandemic and the emerging cost of living crisis, the College's performance against its financial KPIs for 2021/22 has remained very strong with a significantly higher than target operating surplus and EBITDA. Performance against learner targets has been

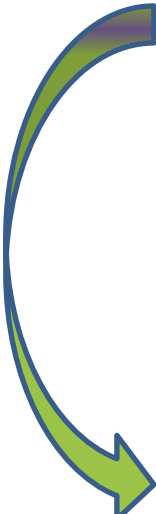


challenging and whilst this does seem to be a sector trend this is an area in which we are monitoring closely for the future.

It should also be noted that the financial KPIs generated for 2021/22 have been significantly distorted by the level of additional WG grants received and spent during the year.

For the year ended 31 July 2022 the College's internal management accounts report a **£4,608k 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

Reconciliation of Management Accounts to Statement of Comprehensive Income



	Actual 2021/22 £k	Actual 2020/21 £k
Operating surplus before non-cash pension costs and exceptional items	4,608	5,832
Less: Non-cash pension costs	(6,657)	(4,945)
Operating /(deficit) surplus before exceptional items	(2,049)	887
Accelerated depreciation Pontypool campus	-	(552)
Release of DCG Pontypool campus	-	219
Staff restructuring costs	(193)	(154)
Profit on disposal of assets	-	279
(Deficit)/Surplus for the year	(2,242)	679
Actuarial gain in respect of pension schemes	53,364	1,208
Total Comprehensive Income for the year	51,122	1,887

The operating surplus of £4,608k is a slight decrease on the £5,832k operating surplus reported in 2020/21, but still significantly above the target set for 2021/22. 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 continued impact of the Covid-19 pandemic through the financial year.

As a result of the continued impact of the global pandemic there remained a fair degree of financial uncertainty and volatility through the whole of 2021/22.

The College was fortunate to have most key income streams protected throughout the pandemic. Welsh Government continued with its commitment that full-time funding would continue as planned, and that the part-time clawback target would be reduced to 85% in order to accommodate the continuing effects of the pandemic on part-time provision.

Whilst we experienced significantly increased expenditure to meet the ongoing Covid-19 safety measures, most of these costs were addressed through the receipt and application of a range of additional WG grants awarded during the year.

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 £6,657K (2020/21 - £4,945K) 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	£5,624k	(20/21 £4,138k)
Pension finance costs	£1,033k	(20/21 £807k)

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.

Restructuring costs - a total of £193k of costs have been incurred in funding small scale organisational changes throughout the year.

Decreased 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 2021/22 there was a modest decrease on the holiday pay accrual of £124k, bringing the total accrual to £466k. The ongoing effects of the pandemic have continued to have an impact on the ability of staff to take their full annual leave entitlement, which in turn 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 November 2022.

Cash

The College's cash balance at 31 July 2022 was £32.4m (2021 - £24.0m). During the year the College invested £8.3m 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 grants, and slippage in the capital programme to 2022/23.

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 2021/22, a year in which many

pension schemes have seen significant improvements in their funding position primarily as a result of the sizeable increase in the discount rate applied to future liabilities.

As explained above, the surplus for the year includes non-cash costs of £6.7m (2021 - £4.9m) 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 decreased in the year by £46.7m to £14.0m (2021 - £60.7m).

This favourable movement is driven primarily the significant increase in the discount rate from 1.6% in 2021 to 3.5% in 2022, along with minor reductions in the inflation (CPI) and salary rate assumptions, all of which serve to decrease the value placed on future liabilities. The change in value of the underlying investments held in the fund over the year has been negligible and therefore has had little impact of the net deficit

The reduction in the pension deficit to £14.0m has had a significant impact on the College's balance sheet, creating positive reserves of £26.9m (a significant increase from a negative £24.3m in 2020/21). 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 possible that this will reverse at the next valuation given current economic and market conditions. The next valuation is due in December 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

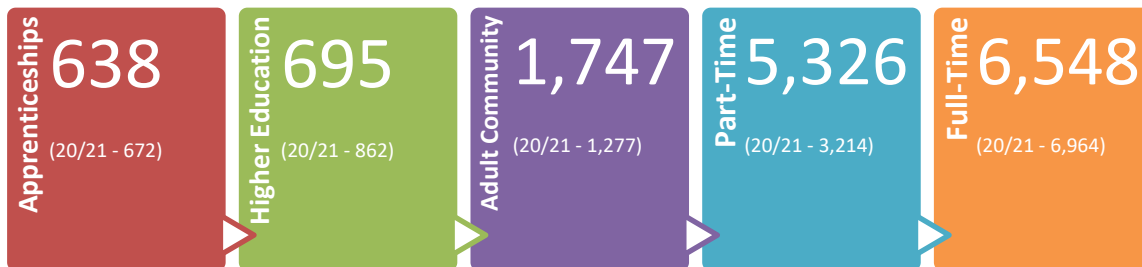
The College has standard 30-day payment terms with the majority of its suppliers and is in line with the requirement of the Late Payment of Commercial Debts (Interest) Act 1998. The supplier is made aware of these terms by issuing a copy of the College's terms and conditions with each purchase order.

The calculation of payment performance, as originally prescribed in the Accounts Direction, is based on the year-end creditor figure and at 31 July 2022 was 11 days (2021 - 9 days). The slight increase is primarily due to the modest increase in the level of year-end creditors, which in turn is due to timing of payments.

OUR LEARNERS

Learner Numbers

In 2021/22 Coleg Gwent was the College of choice for 14,954 learners (2020/21 - 12,989):



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 2021/22, 9.0% (20/21 - 8.8%) of our learners were from BME groups and 18.9% (20/21 - 17.6%) of learners declared themselves as having a disability and/or learning difficulty.

Males accounted for 47.3% (20/21 - 48.8%) of the College's learners in 2021/22.

The College serves a higher proportion of learners from areas of high deprivation compared to the most recently available sector average (64.0% against a sector average of 49%). However, this does vary across our campuses with a higher proportion of learners from areas of high deprivation at the Blaenau Gwent Learning Zone (BGLZ) compared to much lower numbers at our Usk campus.

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

Yet again, the pandemic had a significant impact on learning and learner outcomes coupled with significant changes in qualifications in Health and Care and in Construction. Learning throughout the academic year was disrupted by learners and staff having to self-isolate due to Covid, resulting in missed learning and a greater reliance on remote learning for many.

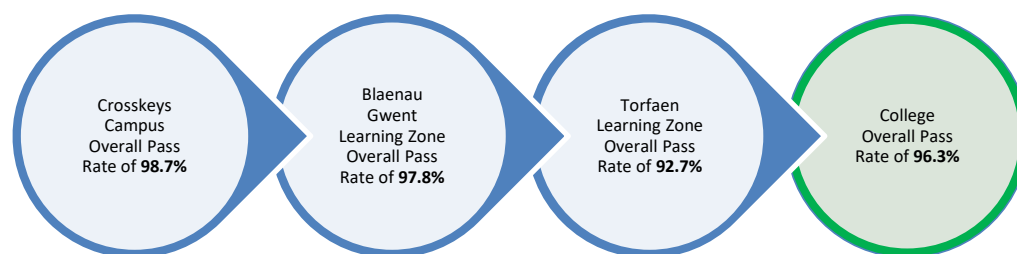
Vocational courses that rely on practical training and assessment were more disrupted by absence and were less able to move to remote learning. Courses that rely heavily on work placement, for example childcare, were disrupted due to placement providers not

allowing external placements on site and this was particularly acute in childcare settings and in some healthcare settings. External examinations for vocational programmes continued despite the disruption to learning and this did cause anxiety for some learners.

For Academic courses (AS, A, GCSE), providers were instructed that the summer series examinations would go ahead but that they should also plan for Teacher Assessed Grades in case examinations needed to be withdrawn at a later point due to further disruption from the pandemic. Teaching teams worked hard to make sure that plans were in place for both eventualities. Summer examinations did take place as planned. Understandably, this did cause higher levels of anxiety for some learners as this was the first time many of them had taken external examinations.

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 85.2% with overall A*-A grades at 32.6% which shows an upward trend compared to pre-pandemic.
- the BGLZ pass rate for grades A*- C was 80.5% with overall A*-A grades at a pleasing 26.0%.
- For the first year of a full two-year A Level programme being delivered at Torfaen Learning Zone, the A*-C pass rate was 72.2%, with A*-A overall 22.6%.
- 79 learners across the college achieved at least one A*, which is a five year upward trend.

GCSE Results

85.5% of our learners who followed a Maths GCSE programme of study gained a qualification (A* to G) with 19.6% gaining A* to C grades, a 3% improvement on the previous year.

93.1% of our learners who followed an English GCSE programme of study gained a qualification (A* to G) with 29.3% 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 2022 is 88%. This is similar to the same point last year though is likely to increase to around 91%. However, retention in 2021-22 was only 80% which remains well below historical trends and has impacted on success rates. Retention was affected most negatively in Health and Care, Construction where practical activity was disrupted by the pandemic and new qualifications had an adverse impact on learner engagement. Land Based also suffered from poor retention where an outbreak of cryptosporidium resulted in two months of remote learning, negatively affecting learner engagement.

Apprenticeships

The College is on track to attain a full framework success rate in Apprenticeships of 81%. This is a slight decline from 2020/21 but still represents a strong performance, placing the College among the best performing providers in the BWBL Consortium. This also demonstrates that the Apprenticeship Team has been largely successful in consolidating the improvements seen in 2020/21, resulting in continued good quality Apprenticeship delivery for learners and employers.

Funding Targets

Overall, the College achieved 88.31% of its Welsh Government full time allocation, and 75.56% of its part time target. Welsh Government reduced the clawback target to 85% for part time.

The impact of the pandemic, more vacancies for lower paid roles, cost of living increases and an increase demand for apprenticeships has negatively impacted on full time recruitment. The shortfall against the part time target was mainly due to both the under delivery in the GCSE resit programme, as a direct result of the under recruitment of full-time students and a shortfall in ACL recruitment as a continuing result of the pandemic.

CURRICULUM DEVELOPMENT

Following the introduction of the new Faculty structure in August 2019, the curriculum offer has become more consistent across the college, enabling learners to experience a similar high standard regardless of the campus of study. Curriculum strategies developed for each faculty have worked well to inform developments and the standard of resources has improved as a result.

Skills development remains a high priority with the provision of either the Welsh Baccalaureate or Agored Skills programme to all full-time learners, together with GCSE pathways where learners need to develop numeracy and literacy skills.

The new structure has enabled a more strategic and employer-led approach to managing the college's offer providing a clear line of sight for each curriculum area.

SKILLS COMPETITIONS

We encourage all our learners to participate in vocational skills competitions. Skills competitions are not only a great way of developing student's technical skills but also a great way to enhance the interpersonal skills needed for competition and for later employment and life

We have had great success in Skills Competition Wales 2022 with Coleg Gwent scooping 35 medals across 23 skill areas putting us 2nd across the Welsh leader board. Medals were achieved in a range of skill areas from software solutions for business to personal training, and from heavy vehicle to 3D game art. We are sector leading across the Hair and Beauty sector scooping Gold in beauty therapy (hands and face), beauty therapy practitioner, creative media make-up and Gold and Silver in hairdressing.

We are yet again a top 10 UK performing college at medalling at World Skills UK with 13 medals achieved across varying sectors. These results placed Coleg Gwent at the top of the Welsh leader board

Coleg Gwent is part of a 3-year pilot programme as a World Skills Centre of Excellence. We have four skills champions who support raising standards from competence to excellence. This includes all levels of learners and not just the competition elite and has received extremely positive feedback by all involved.

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 recently joined as another lead partner alongside ABUHB and all our five Local Authorities.

We have continued Employer Pledge sign-up by ABUHB and are working very closely with this key local employer in different ways e.g. to provide accommodation for vaccination services and other health related interventions. We are also continuing our very successful work placement programme which has resulted in a wide range of our level 3 students actively working in local hospital settings.

Our ILS Supported Internship programme (Pathway 4) continues to go from strength to strength with the second cohort now going to work at Nevill Hall hospital and more employers coming on board with this inclusive initiative for example USW.

We continue to undertake major curriculum development of FT courses in Wales for both H&SC and Childcare at levels 2 & 3; all of which contain a greater emphasis on bilingual learning and developing skills for work.

HOSPITALITY CATERING & TOURISM

We're continuing to plan for the opening of the 1917 building at Usk to establish sector-leading training opportunities for our learners in hospitality, catering and tourism.

We've secured Employer Pledge sign-up by key employers in the sector in this region, including The Celtic Manor Resort, Bryn Meadows Golf Hotel & Spa and more recently Tiny Rebel. We continue to be an active member of the Monmouthshire Food Partnership who are aiming to create a sustainable food network in our locality.

We are a continuing member of the UK-based Chef's Forum that allows our hospitality and catering students to benefit from directly engaging and working with current employers in this sector.

We are forging very strong links with both Cardiff Met University and The National Skills Academy for Food & Drink (Wales) to help promote careers in the food science and manufacturing industries.

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 equipemnt, 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

ACADEMIC

We launched our Business Academy at Torfaen Learning Zone, successfully securing employer pledges of work experience and employer involvement in curriculum design, to name but a few examples

Alongside our Business Academy, we achieved Gold, Silver and Bronze skills medals in Business and ICT in Skills Competition Wales, with Foundation Skills: IT software Solutions for Business making it through to the National Finals of Worldskills UK

Academic learners benefitted from a range of overseas vistis as part of the Turing project, including trips to Barcelona, Tenerife and Thailand. This was a fantastic opportunity for learners to gain experience of their vocational styudy area from around the globe

AWARDS & CELEBRATION

Coleg Gwent was a 2021/22 Beacon Commended College for "Engagement with Employers" in recognition of our work and engagement with health and the Anuerin Bevan University Health Board last academic year.

A group of our ILS students from Crosskeys Campus were the overall Welsh Team Programme winners in the Young Enterprise Wales 2022 Competition.

More than 400 learners, their families and staff celebrated their achievements at our annual awards evening at the International Convention Centre in Newport. This was our first physical celebration since 2019 and the first time we held a whole college celebration since establishing a faculty structure.

INVESTMENT IN OUR STAFF

When reviewing the last 12 months, much of our time and focus has been on supporting the transition of the College staff back onto Campus and establishing revised ways of working where beneficial. A core focus has been on identifying the needs of staff as they support learners back onto campus and addressing resourcing requirements to start the academic year with the right complement of staff.

Launching the Vision and Values of the College alongside the Code of Conduct has enabled the college to look ahead and inspire staff to feel part of the organisational objectives.

Wellbeing has been a significant challenge and we have reviewed the investment that we make with staff alongside the EWC and our HR resources.

Staff Engagement

The staff engagement survey was issued for a second year in June 2022 receiving a positive increase in participation rate. Participation this year was at 72% which was an increase to the previous year's 68% and is aligned to the sector expectations. The increase in participation shows a positive view that employees believe action will be taken based on their feedback within the survey hence the increase of voice. It then has the benefit of providing increased data which can be assessed and supported through a strategic review of the survey results.

However, the overall staff engagement score has reduced by 5% to 65% demonstrating the importance of the ongoing role in supporting staff as they adjust back to college life post pandemic. Core actions have been taken following the feedback from the 2021 survey and can be seen in the significant investments made in Wellbeing, Inclusion, Learning & Development and Contractual Management. Action plans are in place to respond to June 2022 survey results and will be shared with OUMT and all staff during internal communications.

The launch of the Vision and Values and strategic plans across the college will require ongoing embedding by the leadership team to increase engagement scores. OUMT meetings have reverted to a face-to-face setting in which we saw the launch of the strategic review and values.

Training & Continual Professional Development

A learning culture has been encouraged throughout the year within all departments, this has been comprised of workshops, inset day training, mandatory eLearning, knowledge sharing and team upskills.

The Inset programme for 2021/22 focussed on core areas of engagement. December focussed on Wellbeing with a practical workshop on building resilience in teams. July Inset had a 10 day programme of events including; financial wellbeing, planning for retirement, transgender inclusion in the workplace, microaggressions in the workplace and digital learning.

The Leadership Excellence programme delivered by John Garland continued to be delivered remotely with two cohorts successfully completing the management course which focussed on; delegation, accountability, coaching and setting clear objectives.

Digital training has been offered to all staff across the college. Sessions were offered on Staff Inset Days and focus was on supporting staff to adapt digital working practices across the college. Sessions are bespoke to colleague and departmental needs and a collaborative approach is used where appropriate. Development has been made into SharePoint as a staff intranet to aid staff communications and information sharing. Intensive one to one support has also been offered to those with need to develop their digital literacy.

Staff Pay & Remuneration

The college demonstrates value to its staff by reviewing pay and reward annually to ensure a competitive edge is maintained and the contributions of staff in the success of the college are recognised. The pay increases during 2021/22 were 1.75% across all five job families: Lecturers (MG1), Lecturers (Other MG Grades), Lecturers (UP Grades), Business Support and Management Spine.

The college also seeks to ensure fairness and transparency over the allocation of pay and the annual report on the Gender Pay Gap is one element of this. During 2021/22 we reported a mean gender pay gap of 6.73% and a median gender pay gap of 16.82%. Full details can be found at [gender-pay-gap-report-2021-EN.pdf \(coleggwent.ac.uk\)](https://www.coleggwent.ac.uk/gender-pay-gap-report-2021-EN.pdf).

Equality & Diversity

We have made progress against our existing strategic equality plan.

- The Diversity Steering group continued to meet and assess the actions that could be taken across the college.
- The college progressed its actions towards the 10-point plan for the Black FE leaders group.
- Investment was made into having a Diversity and Inclusion Manager position, which was successfully appointed at the end of the academic year.

The Diversity Steering group ran a series of events throughout the E, D & I calendar year and during LGBTQia+ focus month the below was in place;

- Stonewall Cymru Training - Introduction to Allyship
- Gender Awareness Training
- 'Wear Rainbow' engagement days for staff and learners
- LGBTQ+ Guest Speaker session with Live Q&A (Matt Lindley)
- Enhanced library resources that centred around LGBTQ+ literature
- Story sharing
- Pronoun pins for all staff lanyards

A key initiative for the year was to raise awareness and the following events were also celebrated and recognised;

- Internal trans day of visibility
- International Women's Day

- Holi - Hindu Festival of Colour
- Autism Awareness Month
- Ramadan
- Mental Health Awareness Month
- Eid
- International Day of People with Disabilities

Inset days in July 2022 focussed on aspects of inclusion,

- Transgender inclusion in the workplace - delivered by Inclusive Employers
- Microaggressions in the workplace - delivered by Inclusive Employers

Health & Wellbeing

The Wellbeing Action group has made progress towards its goals and published the Strategic Wellbeing Action Plan. The Code of Conduct was launched at the start of the academic year which supports the wellbeing priority 2 from the Wellbeing Strategic Plan.

A focus has been placed on the priority factors and monitoring the provision of services from within HR and includes;

- Monitoring of absence rates - Further investment has been made into resource to support the proactive approach to managing absence and establishing Wellbeing across the college. A new HR Officer was appointed at the end of the academic year to support management with consistent approaches to managing absence.
- Sickness absence data shows that this year's rate of absence is 6.7% which is a 2.6% increase on last year. The majority of absences were Covid-19 related and with Colds and Flu being the second contributing reason for absence, combined they accounted for approximately 60% of absences in 2021/22.
- Occupational health referrals - A new Occupational Health provider has been appointed to support the college with more focussed actions on wellbeing, a mental health referral unit, reporting to management and neurodiversity assessment support.
- EAP usage remains an important provision in place and data shows that staff are engaging in this and its regularly sign posted by HR.
- Stress risk assessments - new tracking and monitoring is set up in conjunction with the Unions to ensure that analysis is taking place of core trends to proactively address.
- Staff survey wellbeing specific results were reviewed and commitment to action was put in place by the senior leadership team. The overall wellbeing score of the college was 54% this year and this has decreased by 2% from 56% the previous year. However, staff engagement survey results increased by 1% in giving a positive response to 'I rarely feel overstressed about my work' and 'I usually have enough energy to overcome the challenges at work'. Working groups throughout the year

have been assigned with staff to review the employee voice around wellbeing further.

Key events supported by the Wellbeing Action group in the year included;

- Walk this May - walk for wellbeing
- Winter challenge - walk for wellbeing
- Breast cancer awareness day

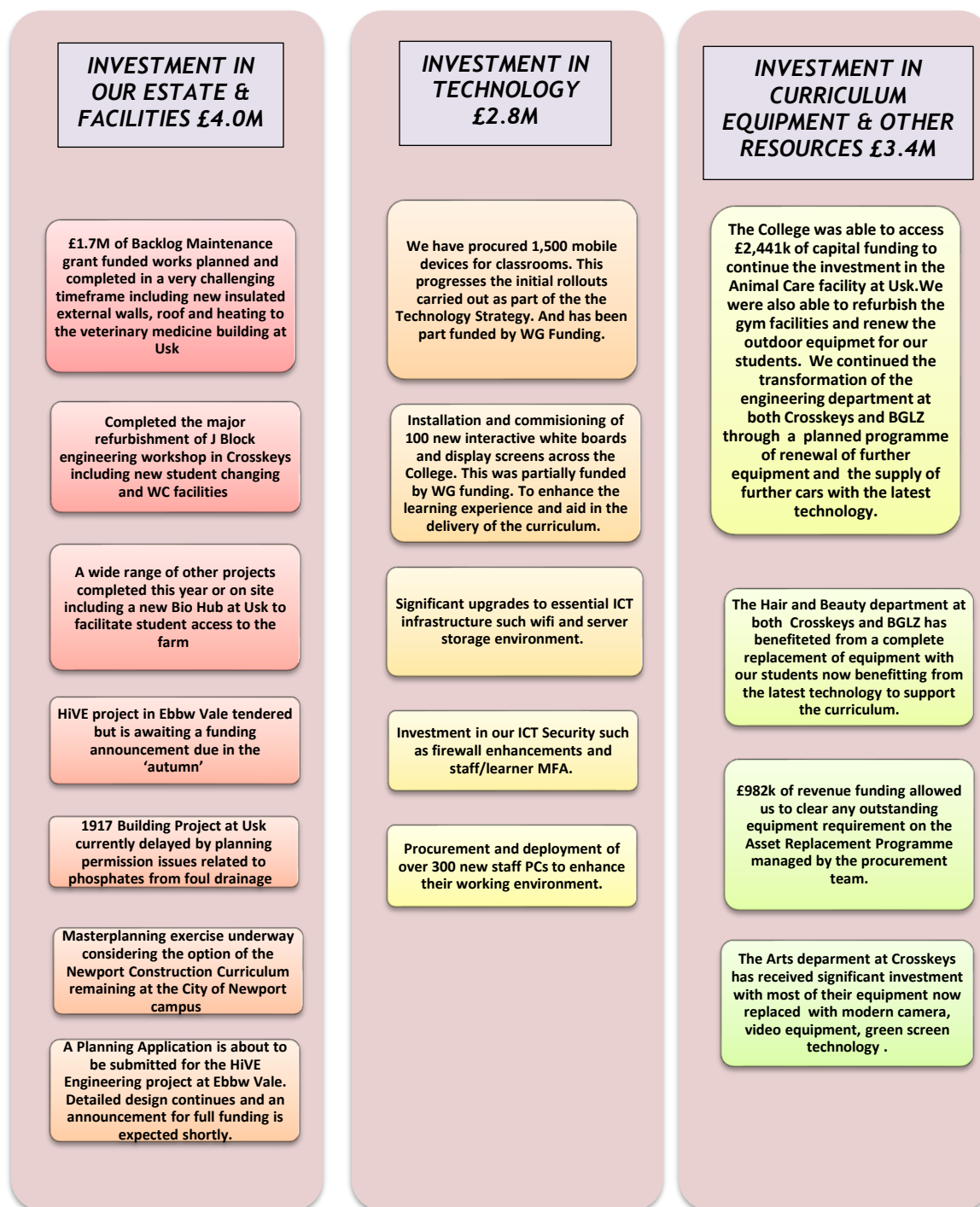
Inset days in December and July focussed on a range of aspects relating to wellbeing;

- Building Resilient Teams - delivered by WRAR
- Financial wellbeing - delivered by Planned Future
- Digital resources and accessibility - Hannah France

Further to the College's internal staff survey and the EWC Lecturer's Workload Survey, the college worked in partnership with our recognised Unions to hold a series of focus groups. These focus groups sought to understand any issues staff face when it comes to wellbeing and workloads. The college engaged with Robert (Rob) Noon to support in facilitating these focus groups. Rob has worked with the College previously and understands the sector, but also the structures and working practices internal to Coleg Gwent.

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 £10.2m in various projects as summarised in the chart below.



PARTNERSHIPS

Partnership working and stakeholder engagement continue to be important activities for the College to improve and expand our benefit to learners, employers and the community.

This year saw the College launch a major new initiative to build successful partnerships with employers. The Employer Partnership Pledge aims to strengthen industry links and boost engagement with employers to help meet regional skill priorities, support student outcomes and the local economy. Throughout the year a total of 14 employers have signed up to the Pledge. Our work with the Aneurin Bevan University Health Board earned the College a commendation in the Association of Colleges Beacon Awards for Engagement with Employers.

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. The predicted Apprenticeship outcomes for the College for 2021/22 are good and we have seen growth in our contract value this year.

The College works strategically with a number of higher education partners to offer university level courses in a growing range of subject areas. During 21/22 695 learners enrolled in a higher education course covering a range of courses. We also collaborate with universities, most notably the University of South Wales, on regional activity to benefit the local community and employers.

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. Most directly, we work with all five Local Authorities as part of the Gwent Adult Community Learning Partnership to offer courses to provide local access for communities to gain new skills and qualifications.

The College also continues to work with Newport City Council and the Welsh government to deliver the Newport Knowledge Quarter, a brand new campus in the heart of the city. The project is progressing well, with the first stage of the business case receiving ministerial approval and the outline planning application also recently being approved.

In Blaenau Gwent the College has continued working closely with the County Borough Council, the Tech Valleys programme, Welsh government and employers particularly to support the engineering and manufacturing sector. The creation of the HiVE facility in Ebbw Vale as a specialist engineering training and education centre, has moved forward, and we are looking to support the skills and training needs of Ciner Glass, as they construct a new plant at Rassau.

The College contributes to the Tech Valleys programme, 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 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. The Principal also sits on 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.

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 a wide-ranging group of FE, HE, Local Authority and third sector bodies that deliver skills and training.

HEALTH, SAFETY AND ENVIRONMENTAL PERFORMANCE

Health & Safety

During 2021/22 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.

Under the colleges Health & Safety management system a number of registers are maintained, these being the legislation register, non-conformance register and risk and opportunities register. All registers are reviewed annually by the Head of Health, Safety & Sustainability and monitored by the Health, Safety & Sustainability Committee which has a Board of Governor representation who regularly reports to the Board. The review ensures that legislative compliance and the significant health and safety hazards and 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 1 risk identified as high (Farm activities).



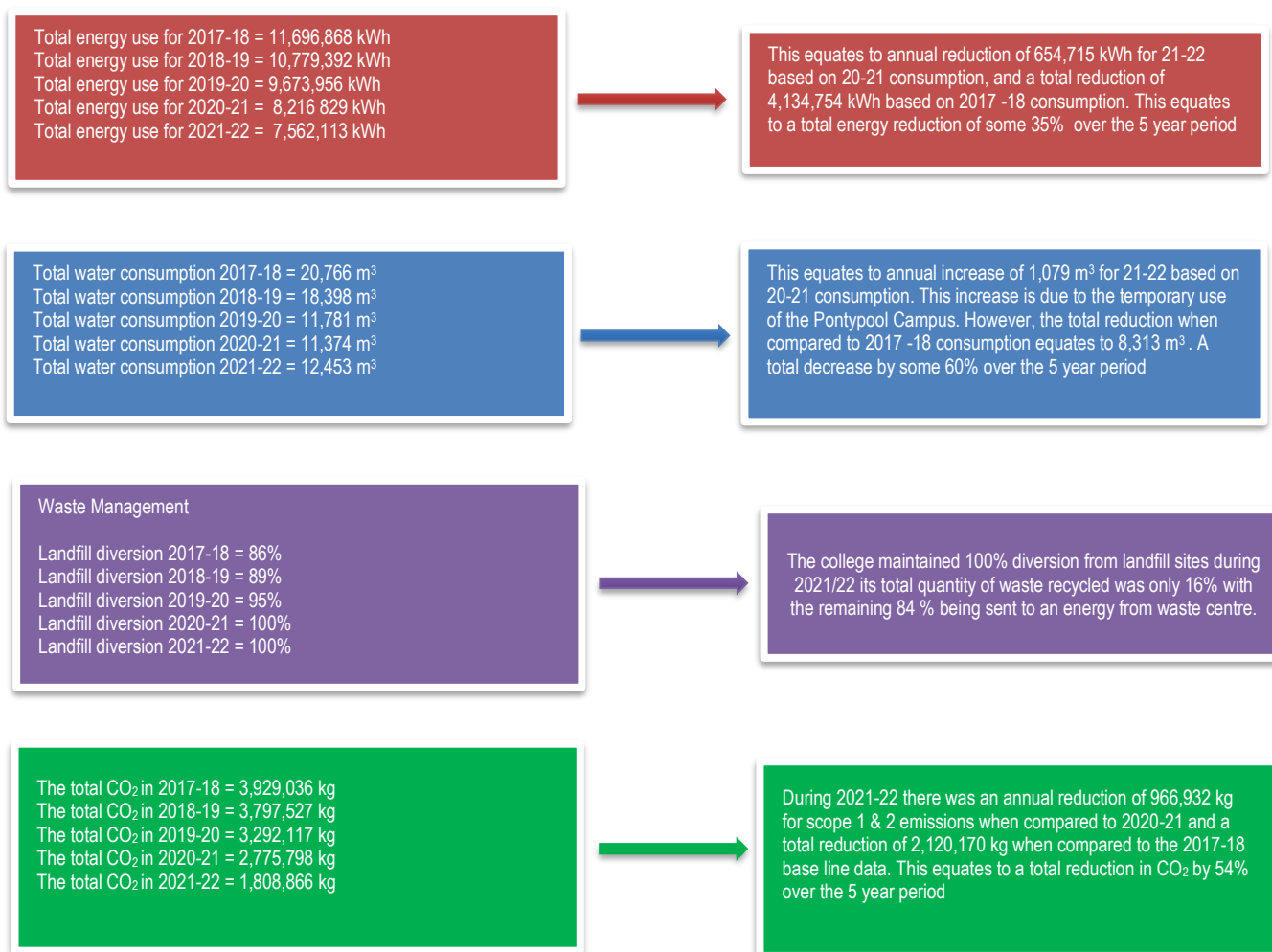
During 2021/22 the college were issued with an improvement notice by the HSE due to an outbreak of Cryptosporidium at the Usk Campus Farm. The Health & Safety team worked closely with the Landbased School and the farm tenants to ensure that robust and

comprehensive procedures were developed and implemented to prevent a reoccurrence of the incident. The revised procedures were agreed by the HSE and the case is now closed.

Environmental

During 2021/22 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 also met 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.



In addition to the above the college established a Carbon Reduction Task Group during 2021/22. The aim of the task group is to develop an action plan that will ensure that the college builds on the work completed over the last 5 years and works towards meeting the colleges legal duty to be Net Zero Carbon by 2050.

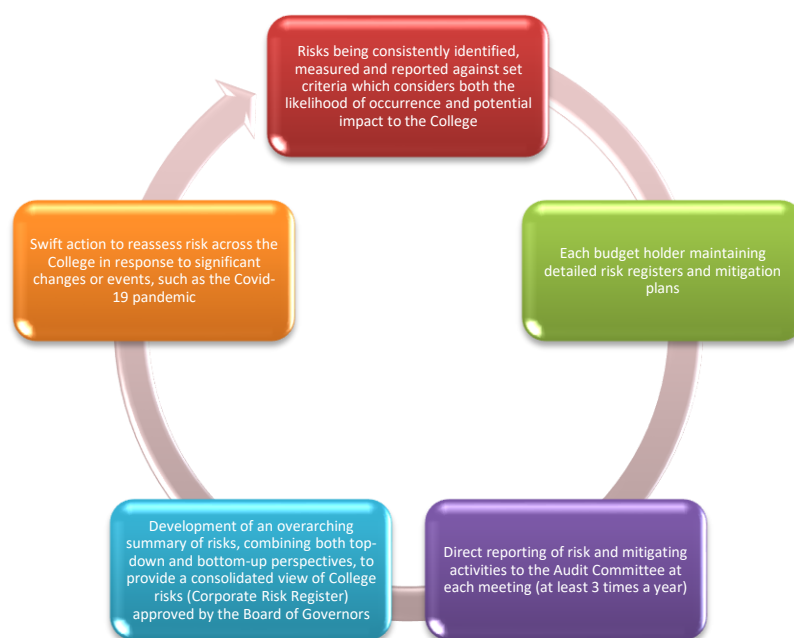
FUTURE UNCERTAINTIES & RISKS

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:



Following a review of our identified 21/22 Corporate Risks, the Board of Governors and the Senior Leadership Team have identified three additional emerging risks for 22/23:

Failure to implement a robust succession plan for key leadership roles results in organisational disruption and adversely impacts on our ability to achieve our strategic aspirations

Failure to prepare for and embrace Net Zero targets leads to regulatory failure, financial loss and reputational damage.

The withdrawal of general vocational qualifications causes disruption for learners with a potential adverse impact on learner recruitment

These, along with existing risks will be managed and monitored closely throughout 2022/23 including a continued emphasis on ensuring that the College meets its funding targets.

FUTURE PRIORITIES

Keeping our learners and staff safe and ensuring that our learners have the best possible experience continues to be our top priority.

We will work on a range of internal and external initiatives 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:

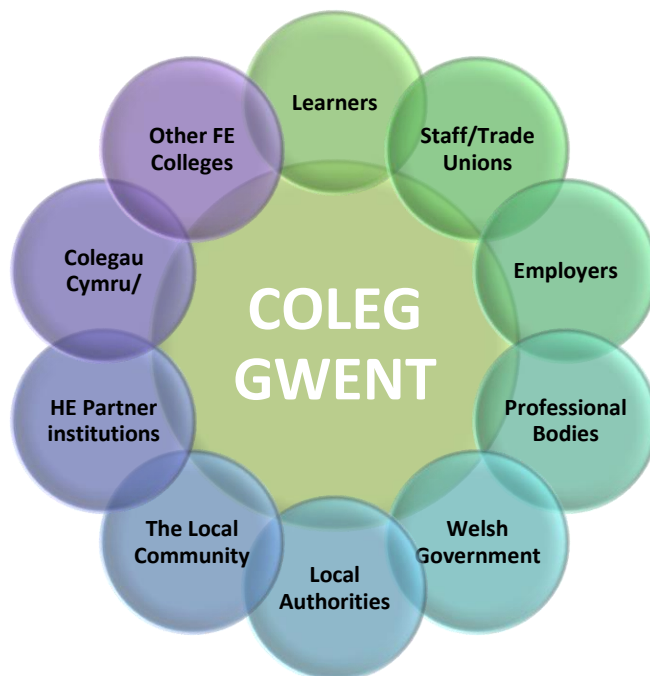
- We will continue to work towards achieving the aspirations set out in our new Strategic Plan for 2021-26 and in our supporting strategic documents.
- The Newport Knowledge Quarter partnership with Newport City Council continues, and the project is an important part of the future development plans for the city. The project continues to make 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. Inflationary pressures are currently impacting on future affordability but we continue to work with partners to maintain momentum and to ensure that the project progresses.
- A continued priority for 2022/23 is to keep developing the work we are doing to further the cause of equality, diversity and inclusion in our College. This includes working in partnership with a number of agencies to raise awareness across the College.
- 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 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.
- In 2022/23 we will continue our discussions with Welsh Government on performance against funding target and future funding methodology.
- Our commitment to the Welsh Governments' Net Zero Carbon targets will see our newly formed Carbon Reduction group unveil its road map to net zero and this will become a driving influence in all aspects of the College from curriculum delivery to how we develop our Estate.

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

As can be seen from the previous narrative 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. This report highlighted many examples of our effective engagement with key partners and we pride ourselves on the development of these productive relationships that ultimately 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

This statement is intended 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, a copy of which is provided to each Corporation Member on appointment. The Corporation reviews its performance against that Code annually. In addition, 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 2022.

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 (The Board) during the year to 31 July 2022 are shown in the table on page 31. There is a strong independent element and the Board is of the view 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 and all Governors recognise and understand the division between management and governance. The Corporation's Instrument & Articles of Government were fully reviewed and updated in May 2021 and clearly identify responsibilities that may not be delegated. Additionally, the Board has approved a Schedule of Delegation which supports this by providing clarity and consistency to the delegation of decision making.

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 and operational resources matters (this includes human resources, diversity & inclusion, cybersecurity and health, safety & environmental issues). Formal agendas and all meeting papers are provided to Governors in a timely manner prior to each meeting. The Board met five times in 2021/22.

The Board conducts its business with the support of sub-committees and has approved Terms of Reference for each of these. During 2021/22, these committees were:

- Audit Committee
- Curriculum & Quality Committee
- Finance & Resources Committee
- Governance & Membership Committee

- Remuneration Committee

Following each meeting individual committees provide the Board with a report outlining the business covered. The report also highlights any areas of concern and sets out decisions being recommended to the Board for approval. Draft minutes and relevant papers are also provided for information.

Appointments to the Corporation

Approval of all new appointments to the Corporation is a matter for the Board as a whole. No appointment may be approved by the Board without reference to the advice and recommendation of the Governance & Membership Committee. The committee is responsible for overseeing the recruitment and selection process and meets with all potential appointees prior to making its recommendation.

The Board is responsible for ensuring that appropriate training is provided to members, based on a variety of indicators, including a review of the Board skills profile by the Governance & Membership Committee and responses to an annual Governance 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. The Corporation is of the view that this length of term supports Governors to develop a sound understanding of the college. It also supports continuity of leadership whilst allowing for the regular introduction of new ideas and perspectives. Student Governors each serve a one-year term of office which can be extended by one year at the Corporation's discretion.

Re-appointment of members is a matter for the Board as a whole on the recommendation of the Governance & Membership Committee. The recommendation is based on a review of the contribution, commitment and attendance of the Governor, alongside the current membership and skills needs of the Corporation as a whole.

Board Diversity

The Corporation is fully 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.

The Board acknowledges its key role as a driver for diversity & inclusion in the College and recognises that having access to a range of different experiences and perspectives can strengthen the quality of the leadership it provides. The Governor recruitment processes is continuously reviewed and good progress has been made in refreshing and extending the reach of recruitment through the use of community and professional networks, personal contacts/networking and social media.

In 2021 under the Chair's leadership, the college demonstrated its commitment to diversity and inclusion by becoming one of the first two colleges in Wales to affiliate to the Black Leadership Group (BLG). Both the Chair and Vice Chair have actively engaged in the associated BLG induction and training programme. The college has an active Equality, Diversity & Inclusion Steering Group and membership of this includes a Governor and the Governance Officer.

Board Performance

The Board reviewed its governance structure and processes in 2018, following which the new committee structure was implemented. The Coleg Gwent Instrument & Articles of Government and Standing Orders are fully reviewed every three years. The last such review took place in May 2021. Additionally, the Terms of Reference for each of the committees that support the work of the Board are reviewed annually to ensure they remain current and reflect any College or sector changes that have taken place in year.

Governors completed an annual self-assessment of the performance of the Board and its committees. Each Governor also reflects on their own performance and development needs and has the opportunity to discuss these with the Chair. Outcomes from this process were reviewed by the Board in December 2021 and a number of actions were agreed to support ongoing improvement in governance.

All Governors have opportunity to undertake training and development in relation to their responsibilities. They have access to a range of guidance materials electronically and all complete mandatory online training on Safeguarding, the Prevent Duty and Equality & Diversity. Additionally, during 2021/22, Governors engaged in development activities relating to:

- Governance & Charity Trustee responsibilities
- Curriculum development
- Fraud prevention
- The ALN Act
- Whistleblowing
- Welsh labour market data.

Governors attended two Strategy Seminars during 2021/22. These provided opportunity to discuss future priorities, emerging risks and key capital projects. Governors are also encouraged to attend events across college to help develop their understanding. Opportunities to do so have been limited by the COVID-19 pandemic in the last few years, but during 2021/22 Governors were able to attend a range of events, exhibitions, competitions and awards events.

The Governance Officer

All Governors 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 Governance Officer holds the Chartered Governance Institute's Advanced Certificate in Corporate Governance. She engages annually in relevant training and in 2021/22 this included:

- | | |
|--------------------|---------------------------------------------------|
| • Board diversity | • Charity governance in the education sector |
| • Fraud prevention | • Martyn's Law (Protect Duty) implications |
| • Whistleblowing | • Cybersecurity and business continuity planning. |

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Name	Date of Appointment/ Reappointment	Term of Office (Years)	Status	Committees served*	Overall Attendance in 2021/22
Mark Langshaw MBE Chair of Governors	1.8.2016 1.8.19/1.8.22 <i>Re-apptd.</i>	3	Independent	F,G,R(Chair)	95%
Guy Lacey	1.8.2015	N/A	Principal/CE	C,F,G	85%
Susan Ball Vice Chair of Governors	1.4.2018 1.4.2021 <i>Re-apptd.</i>	3	Independent	G(Chair), R	75%
Anthony Basnett	01.01.2018 01.01.2021 <i>Re-apptd.</i>	3	Independent	F (Chair)	90%
Moawia Bin-Sufyan	01.01.2022	3	Independent	F	71%
Elizabeth Brimble	01.06.2019 01.06.2022 <i>Re-apptd.</i>	3	Independent	C	67%
Andrew Clark	24.02.2021	3	Independent	F	90%
Emma Davies	24.02.2021 01.02.22 <i>Resigned</i>	3	Independent	A	67%
Delyth Evans	10.10.22	3	Independent	C	N/A
Gavin Evans	24.02.2021 01.01.22 <i>Resigned</i>	to 31.07.22	Student (HE)	C	67%
Jamie Farr	24.02.2021	3	Independent	C	67%
Rhiannon Fowler	01.01.2022	3	Staff (Business Support)	F	86%
Christopher Freegard ¹	01.01.2020	3	Independent	F	100%
Bailjit Gill	01.06.2022	3	Independent	-	100%
Darragh Hanley-Crofts	01.08.2017 01.08.2020 <i>Re-apptd.</i> 31.07.22 <i>Resigned</i>	3	Independent	A	89%
Johnathan Hooper	01.01.2022	1	Student (FE)	C	67%
Sian Hughes	01.10.2015 01.10.2018 <i>Re-apptd.</i> 30.09.2021 <i>Retired</i>	3	Staff (Business Support)	F	100%
Sadique Maskeen	01.01.2022 25.08.2022 <i>Resigned</i>	3	Independent	C	14%
Roxy Moon-Hodson	01.08.2021 05.11.21 <i>Resigned</i>	1	Student (FE)	C	50%
Ray Morrison	01.08.2018 01.08.2021 <i>Re-apptd.</i>	3	Independent	G, R	92%
John Phelps	01.06.2019 01.06.2022 <i>Re-apptd.</i>	3	Independent	C	100%
Matthew Preece	01.01.2020	3	Independent	F	70%
Wendy Rogers	01.08.2018 01.08.2021 <i>Re-apptd.</i>	3	Staff (Teaching)	C	67%
Shannon Sheean	23.03.2022	to 31.07.2023	Student (FE)	G	50%
Elizabeth Swaffield	01.06.2017 01.06.2020 <i>Re-apptd.</i>	3	Independent	C (Chair)	78%
Martin Veale	01.04.2015 01.05.2018 <i>Re-apptd.</i> 01.04.2021 <i>Re-apptd.</i>	3	Independent	A (Chair), R	100%
Gareth Watts	10.10.22	3	Independent	F	N/A

* A = Audit; C = Curriculum & Quality; F = Finance & Resources; G = Governance & Membership; R = Remuneration

¹ C Freegard previously served as a Governor June 2009 to July 2017

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 2021/22
Dorota Lee	01.06.2021	3	Independent External	A	75%
Gareth Watts	01.11.2015 01.12.2018 <i>Re-apptd.</i> 01.12.2021 <i>Re-apptd.</i> 10.10.22 - <i>Appointed as a Governor</i>	3	Independent External	A	75%

CORPORATION COMMITTEES

Curriculum & Quality Committee

The Curriculum & Quality Committee monitors and oversees performance and key developments in areas including student recruitment and retention, assessment, attainment, curriculum planning, Learner Voice, Safeguarding and learner support across full-time, part-time, apprenticeship 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 2021-22.

Finance & Resources Committee

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

The committee comprises seven members, including the Business Support Staff Governor and the Chair of the Corporation. No members of the Audit Committee serve on the Finance & Resources Committee. The committee met five times during 2021/22 and all meetings were attended by relevant members of the senior leadership team.

Governance & Membership Committee

The committee comprises six Governors (including one Student Governor). It advises and makes recommendations to the Board on matters relating to its members, governance structure and processes. The committee 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 Governance & Membership Committee also advises the Board on succession planning and Governor development and monitors attendance, diversity and skills. The committee also monitors national and sector developments in governance and will play a key role in advising the Board in the 2022/23 academic year as the new Commission for Tertiary Education & Research is established.

During 2021/22 the Governance & Membership committee met six times and recommended the appointment of three new independent Governors and two Student Governors, as well as three re-appointments.

Remuneration Committee

This advisory committee comprises four independent Governors, including the Chair and Vice Chair. The committee usually meets 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 May 2022 and the Board subsequently approved a pay award at its meeting the same month. In considering the senior postholder pay award the committee takes into consideration performance, relevant benchmarking data and any recent staff pay award.

Audit Committee

The Audit Committee comprises four Governors and two external members of the Corporation. A number of committee members have direct experience and expertise in accounting, audit, internal control or risk management. Pending recruitment following a Governor resignation in February 2022, the committee operated with five members for the remainder of the academic year.

Membership of the Audit Committee excludes the Principal/Chief Executive and Chair of Governors. In addition, Staff and Student Governors, plus members of the Finance & Resources Committee cannot serve on the committee. 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. These Terms of Reference 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.

The Audit Committee meets a minimum of once per term and met four times in 2021/22. Overall attendance for the year was 86%:

Member	16/11/21	15/02/22	06/04/22	13/07/22		
M Veale	✓	✓	✓	✓	100%	
E Davies	-				0%	Resigned February 2022
C Freegard	✓	✓	✓	✓	100%	
D Hanley-Crofts	✓	✓	✓	✓	100%	
D Lee (Ext)	✓	✓	✓	-	75%	
G Watts (Ext)	-	✓	✓	✓	75%	
Total attendees	4	5	5	4		
Possible attendees	6	5	5	5		
Attendance %	67%	100%	100%	80%	86%	

Meetings of the Audit Committee provide a forum for reporting by the College's internal and external auditors. Both sets of auditors have direct access to members of the committee and 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 Audit Committee receives an update on progress in implementing audit recommendations at each meeting.

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. Governors engaged in discussions around emerging risks during a Strategy Seminar held in June 2022.

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 extended for a final year. A market testing exercise was carried out for both contracts in spring 2022. Subsequently, the Internal Audit contract was again awarded to TIAA for a period of three years. Having not received any tenders for the External Audit contract, the College invited PwC as the existing provider to submit a proposal outside of the Tender process (within public sector procurement guidelines). The Board subsequently approved a new contract appointing PwC as the College's External Auditors for a further three years.

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, 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 2022 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 2022 there has been an appropriate, formal ongoing process for identifying, evaluating and managing the College's significant risks. This included the unprecedented risks that arose as a result of the ongoing impact 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 Key Performance Indicators to measure financial and other performance
- A 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.

The Internal Audit service provided for the College by TIAA 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 Leadership Team who have responsibility for the development and maintenance of the internal control framework; and
- comments made by the College'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 Leadership Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within each department and reinforced by risk awareness training. The Corporate Leadership 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 2021/22 by considering documentation from the Corporate Leadership Team, internal and external audit, the Audit Committee and the Governance Officer.

The Audit Committee has provided an Annual Report to the Board detailing its work during the year. This informed its assurance statement to the Corporation on the effectiveness of the College Risk Management, Corporate Governance and Internal Control structures. In its report presented to the Board meeting on 13 December 2022, the Audit Committee confirmed its opinion that based on its own work and that of the audit services, it is 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 2019 *Statement of Recommended Practice - Accounting for Further and Higher Education*, and with the *College Accounts Direction* 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 13 December 2022 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 financial statements (the “financial statements”):

- give a true and fair view of the state of the institution’s affairs as at 31 July 2022, and of the institution’s income and expenditure and 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 Balance Sheet as at 31 July 2022; the Statement of Comprehensive Income, Statement of Changes in Reserves and the 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 qualified opinion.

Independence

We remained independent of the institution 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 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 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 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 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 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 institution/industry, we identified that the principal risks of non-compliance with laws and regulations related to health & safety and employment law together with the Financial Memorandum between the institution 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 institution. 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

December 2022

Statement of Comprehensive Income for the year ended 31 July 2022

INCOME	Note	College 2022 £'000	College 2021 £'000
WG grants	2	67,919	63,505
Tuition fees and education contracts	3	3,629	3,893
Other grants and contracts	4	2,594	2,277
Other income	5	2,340	2,095
Investment Income	6	11	3
Total Income		76,493	71,773
EXPENDITURE			
Staffing costs	7	50,275	46,374
Staff restructuring costs	7	193	154
Other operating expenses	8	21,811	18,989
Depreciation	10	5,299	4,919
Interest and other finance costs	9	1,157	937
Total Expenditure		78,735	71,373
(Deficit)/Surplus before exceptional items		(2,049)	887
Accelerated depreciation on Pontypool Campus		-	(552)
Release of DCG for Pontypool Campus		-	219
Staff restructuring costs		(193)	(154)
(Deficit)/Surplus before other gains and losses		(2,242)	400
Gain on disposal of assets		-	279
(Deficit)/Surplus for the year		(2,242)	679
Actuarial gain in respect of pensions schemes	22	53,364	1,208
Total Comprehensive Income for the year (all unrestricted)		51,122	1,887

Statement of changes in reserves for the year ended 31 July 2022

	Income and expenditure account £'000	Restricted Reserves £'000	Revaluation Reserve £'000	Total £'000
Balance at 1 August 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)	-
Balance at 31 July 2021	(29,088)	64	4,768	(24,256)
Deficit for the year	(2,242)	-	-	(2,242)
Other comprehensive income	53,364	-	-	53,364
Transfers between revaluation and income and expenditure reserves	16	-	(16)	-
	51,138	-	(16)	51,122
Balance at 31 July 2022	22,050	64	4,752	26,866

Balance Sheet as at 31 July 2022

	Note	College 2022 £'000	College 2021 £'000
Non-current Assets			
Tangible fixed assets	10	86,427	83,473
Investments		-	2
Endowment assets	12	<u>64</u>	<u>64</u>
		86,491	83,539
Current Assets			
Stocks	13	2	2
Trade and other receivables	14	2,813	1,979
Cash and cash equivalents	19	<u>32,397</u>	<u>24,047</u>
		35,212	26,028
Less creditors - amounts falling due within one year	15	<u>(22,734)</u>	<u>(14,526)</u>
Net Current Assets		12,478	11,502
Total assets less current liabilities		98,969	95,041
Creditors - amounts falling due after more than one year	16	<u>(55,700)</u>	<u>(55,735)</u>
Net Assets before provisions		43,269	39,306
Provisions			
Defined benefit pension obligations	22	(14,012)	(60,719)
Other provisions	18	<u>(2,391)</u>	<u>(2,843)</u>
		(16,403)	(63,562)
Net Assets/(Liability)		26,866	(24,256)
Restricted reserves			
Income and expenditure reserve - endowment fund		64	64
Unrestricted Reserves			
Income and expenditure account		22,050	(29,088)
Revaluation reserve		<u>4,752</u>	<u>4,768</u>
Total reserves		<u>26,802</u>	<u>(24,320)</u>
Total reserves		26,866	(24,256)

The Financial Statements on pages 46 to 69 were approved by the Corporation on 13 December 2022 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 2022

	2022 £'000	2021 £'000
<i>Cash flow from operating activities</i>		
(Deficit)/Surplus for the year	(2,242)	679
<i>Adjustment for non-cash items</i>		
Depreciation	5,299	5,172
Decrease/(Increase) in stock	-	1
(Increase)/decrease in debtors	(835)	1,105
Increase in creditors due within one year	8,209	3,777
Decrease in provisions	(451)	-
Pensions costs less contributions payable	5,624	4,138
Deferred capital grant release	(2,414)	(1,875)
<i>Adjustment for investing or financing activities</i>		
Investment income	(11)	(3)
Interest payable	1,157	937
Profit on sale of fixed assets	-	(269)
Investment received	2	-
Net Cash flow generated from operating activities	14,338	13,662
<i>Cash flows generated from investing activities</i>		
Proceeds from sale of fixed assets	13	369
Investment income	11	3
Payments made to acquire fixed assets	(8,267)	(6,828)
Deferred grant received	2,769	2,601
Net cash flow used in investing activities	(5,474)	(3,855)
<i>Cash flows from financing activities</i>		
Interest paid	(124)	(130)
Repayment of amounts borrowed	(390)	(492)
Net cash flow from financing activities	(514)	(622)
Increase in cash and cash equivalents in the year	8,350	9,185
Cash and cash equivalents at the beginning of the year	24,047	14,862
Cash and cash equivalents at the end of the year	32,397	24,047

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 ceased trading in June 2021, 20/21 accounts only are 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 £3.2m of loans (2021: £3.6m) 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 judgement:

- 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 2022. 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 2022 £'000	College 2021 £'000
Recurrent Grants		
WG Recurrent Grant	51,468	48,944
Work Based Learning	2,243	1,170
Release of Deferred Capital Grants WG - buildings	129	129
Release of Deferred Capital Grants WG - equipment	1,578	793
Other specific grants	<u>12,501</u>	<u>12,469</u>
Total	<u>67,919</u>	<u>63,505</u>

During the 2021/22 financial year the College received £1.0m (2020/21: £0.8m) 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 2022 £'000	College 2021 £'000
Fees - Further Education	291	233
Fees - Higher Education	3,191	3,509
	<hr/>	<hr/>
Total tuition fees	3,482	3,742
LEA Contracts	147	151
	<hr/>	<hr/>
Total	3,629	3,893
	<hr/> <hr/>	<hr/> <hr/>

4. OTHER GRANTS & CONTRACTS

	College 2022 £'000	College 2021 £'000
European Grants	2,594	2,277
	<hr/>	<hr/>
Total	2,594	2,277
	<hr/> <hr/>	<hr/> <hr/>

5. OTHER INCOME

	College 2022 £'000	College 2021 £'000
Catering	21	-
Other income generating activities	277	313
Release other deferred capital grants - non WG	707	954
Farming activities	4	6
Miscellaneous income	1,331	822
	<hr/>	<hr/>
Total	2,340	2,095
	<hr/> <hr/>	<hr/> <hr/>

6. INVESTMENT INCOME

	College 2022 £'000	College 2021 £'000
Bank interest receivable	11	3
	<hr/>	<hr/>
Total	11	3
	<hr/> <hr/>	<hr/> <hr/>

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 2022 No.	College 2021 No.	
Teaching staff	536	565	
Non-teaching staff	703	625	
Total	1,239	1,190	
	College 2022 £'000	College 2021 £'000	College 2020 £'000
Staff costs for the above persons			
Wages and salaries	34,700	32,508	
Social security costs	3,337	3,050	
Other pension costs (inc. enhanced pensions, FRS 102 adjustment)	12,362	10,731	
Movement in holiday pay	(124)	85	
	50,275	46,374	
Exceptional staff redundancy costs	193	154	
	50,468	46,528	

7 Staffing Costs (Continued)**Employment costs by employee type**

	College 2022 £'000	College 2021 £'000
Teaching departments	26,116	24,823
Teaching support services	6,456	5,627
Administration and central services	11,610	10,925
Premises	554	532
Training and development	64	36
Exceptional staff redundancy costs	193	154
Enhanced pension provision movement	(177)	65
Apprenticeship levy	152	142
FRS102 charge in excess of contributions	5,624	4,138
Holiday pay accrual movement	<u>(124)</u>	<u>86</u>
Total	<u>50,468</u>	<u>46,528</u>

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 2022 No.	College 2021 No.
The number of key management personnel including the Accounting Officer was:	13	13
Total	<u>13</u>	<u>13</u>

7 Staffing Costs (Continued)

Key management personnel	College 2022 No.	College 2021 No.
£55,001 to £60,000 per annum	-	2
£60,001 to £65,000 per annum	4	2
£65,001 to £70,000 per annum	2	3
£70,001 to £75,000 per annum	1	3
£75,001 to £80,000 per annum	3	-
£110,001 to £115,000 per annum	-	2
£115,001 to £120,000 per annum	2	-
£165,001 to £170,000 per annum	-	1
£170,001 to £175,000 per annum	1	-
Total	13	13

Key management personnel compensation is made up as follows:

	College 2022 £'000	College 2021 £'000
Salaries	1,089	1,061
Pension contributions	220	218
Total Emoluments	1,309	1,279

Only one other member of staff was paid over 60k in 2020/2021 and that was due to COVID overtime claims.

	College 2022 No.	College 2021 No.
£60,001 to £65,000 per annum	-	1

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:

	College 2022 £'000	College 2021 £'000
Salaries	173	167
Pension contributions	31	31
Total Emoluments	204	198

7 - Staffing Costs (Continued)

There is no compensation to key management personal in either year.

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

	2022 £'000	2021 £'000
Principal's basic salary as a multiple of the median of all staff	4.90	5.26
Principal's total remuneration as a multiple of the median of all staff.	6.13	6.36

The 2022 figures are based on the Gender Pay Gap report for March 2022 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 2022 £'000	College 2021 £'000
Teaching department costs	3,722	2,633
Other support services	135	107
Administration and central services	4,984	3,940
General Education	2,304	2,196
Premises and maintenance costs	6,794	6,721
Franchise provision	1,005	1,120
Payment to Partners - European Fund	1,195	706
Catering operations	358	356
Usk Estates	16	16
Transport	1,005	871

8 - Other Operating Expenses (Continued)**Auditors' remuneration**

• Financial Statement Audit	45	45
• Internal Audit	31	39
• Other services provided by the financial statements 'auditors'		
(All audit fees are gross of VAT)	11	33
Hire of assets under operating leases - non property assets	<u>206</u>	<u>206</u>
	<u>21,811</u>	<u>18,989</u>

9. INTEREST & OTHER FINANCE COSTS

	College	College
	2022	2021
	£'000	£'000
Banks loans, overdrafts and other loans	124	130
Pension finance costs (note 22)	<u>1,033</u>	<u>807</u>
	<u>1,157</u>	<u>937</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.

10 Tangible Fixed Assets (Continued)

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.

Assets with a net book value of £9,008k (2020/21: £6,718k) have been funded with Welsh Government grants, and assets with a net book value of £341k (2020/21: £413k) have been funded with other grants. Should these assets be disposed of the proceeds may be returned to the relevant organisation.

	Land £'000	Buildings £'000	Fixtures and Fittings £'000	Assets in the course of construction £'000	Total £'000
Cost or valuation					
At 1 August 2021	6,857	88,873	33,004	6,477	135,211
Additions	-	-	-	8,266	8,266
Reclassifications	-	-	5,051	(5,051)	-
Disposals	-	-	(16)	-	(16)
At 31 July 2022	6,857	88,873	38,039	9,692	143,461
Depreciation					
At 1 August 2021	366	36,139	15,233	-	51,738
Charges for year	12	1,394	3,893	-	5,299
Eliminations in respect of disposals	-	-	(3)	-	(3)
At 31 July 2022	378	37,533	19,123	-	57,034
Net Book Value at 31 July 2022	6,479	51,340	18,916	9,635	86,427
Net Book Value at 31 July 2021	6,491	52,734	17,771	6,477	83,473

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 1X

12. ENDOWMENT ASSETS

	College 2022 £'000	College 2021 £'000
Cash Balances	64	64
Total	64	64

13. STOCKS

	College 2022 £'000	College 2021 £'000
Refectory & bar stock	2	2
Total	2	2

14. TRADE & OTHER RECEIVABLES

	College 2022 £'000	College 2021 £'000
Amounts falling due within one year		
Trade receivables	354	146
Prepayments and accrued income	2,460	1,833
Total	2,814	1,979

15. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	College 2022 £'000	College 2021 £'000
Amounts falling due within one year		
Bank loans (refer to note 17)	389	346
Trade payables	235	906
Accruals and deferred income	8,328	5,254
Government grants received in advance - Deferred Capital Grants	2,685	2,002
Grants in advance	11,097	6,018
Total	22,734	14,526

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

	College 2022 £'000	College 2021 £'000
Bank loans (refer to note 17)	2,818	3,207
Deferred income - government grants	52,882	52,528
Total	55,700	55,735

17. MATURITY OF DEBT - BANK LOANS & OVERDRAFTS

Bank loans are repayable as follows:

	College 2022 £'000	College 2021 £'000
Bank loans due within one year	389	346
Between one and two years	302	389
Between two and five years	1,044	964
In five years or more	1,472	1,854
Total	3,207	3,553

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	Based on SONIA calculated daily	96 quarterly instalments ending Aug 2028
National Westminster	1,800	Crosskeys Art Block	Based on SONIA calculated daily	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		Total
	Enhanced Pension Provision £'000	Holiday pay Provision £'000	
At 1 August 2021	1,855	988	2,843
Utilised	(150)	-	(150)
Credit to SOCI account in period	<u>(177)</u>	<u>(124)</u>	<u>(301)</u>
Total	<u>1,528</u>	<u>864</u>	<u>2,392</u>

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;

	2022	2021
Price Inflation	2.9%	2.6%
Discount Rate	2.6%	1.6%

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 2022.

19. CASH & CASH EQUIVALENTS

	At 1 August 2021 £'000	Cash flows £'000	At 31 July 2022 £'000
Cash and cash equivalents	<u>24,047</u>	<u>8,350</u>	<u>32,397</u>
Total	<u>24,047</u>	<u>8,350</u>	<u>32,397</u>

20. CAPITAL & OTHER COMMITMENTS

	College 2022 £'000	College 2021 £'000
Commitments contracted at 31 July	<u>3,107</u>	<u>2,005</u>
Total	<u>3,107</u>	<u>2,005</u>

21. LEASE OBLIGATIONS

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

	College 2022 £'000	College 2021 £'000
Other (not land and buildings)		
Not later than one year	206	206
Later than one year and not later than five years	24	68
Total	<u>230</u>	<u>274</u>

22. DEFINED BENEFIT 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

		2022 £'000	2021 £'000
Teachers' Pension Scheme Contributions		4,445	4,217
Local Government Pension Scheme Contributions			
Contributions paid	2,526	2,309	
Movement in accruals/LS adjustments	(2)	4	
"FRS 102" charge	5,624	4,138	
Charge to Statement of Comprehensive Income		8,148	10,668
Enhanced Pension Charge to the Income and Expenditure Account		(177)	65
Total pensions charge		<u>12,416</u>	<u>10,733</u>

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.

22 DEFINED PENSION OBLIGATION (Continued)

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

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £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 £4,445k (2021 £4,217k)

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 2022 were £3,316k, of which employer's contributions totalled £2,470k and employees' contributions totalled £846k. 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 2022 by a qualified independent actuary.

	At 31 July 2022 %	At 31 July 2021 %
Rate of increase in salaries	3.05	3.15
Discount rate for scheme liabilities	3.50	1.6
Inflation assumption (CPI)	2.75	2.85
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:

	2022 %	2021 %
<i>Retiring today</i>		
Males	20.5	20.7
Females	23.2	23.4

22 DEFINED PENSION BENEFIT OBLIGATION (continued)	2022 %	2021 %
<i>Retiring in 20 years</i>		
Males	21.8	22.1
Females	25.1	25.4

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

	2022 £'000	2021 £'000
Fair value of plan assets	89,073	89,058
Present value of plan liabilities	(103,085)	(149,777)
Net Pensions liability	(14,012)	(60,719)

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

	2022 £'000	2021 £'000
Amounts included in staff costs		
Current service cost	8,098	6,420
Past service credit	52	-
Total	8,150	6,420
Amounts included in finance costs		
Net interest cost	(1,033)	(807)
Total	(1,033)	(807)

22 - DEFINED PENSION BENEFIT OBLIGATION (Continued)

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

	2022 £'000	2021 £'000
Amount Recognised in Other Comprehensive Income		
Return on pension plan assets	2,697	(15,299)
Experience gains/(loss) arising on defined benefit obligations	-	(1,662)
Change in demographic assumptions	(537)	1,986
Changes in assumptions underlying the present value of plan liabilities	(55,524)	13,767
Amount Recognised in Other Comprehensive Income	(53,364)	(1,208)
Movement in net defined liability during year		
Net defined benefit liability in scheme at 1 August	(60,719)	(56,982)
Movement in year;		
Current service cost	(8,098)	(6,420)
Past service costs	(52)	-
Employer contributions	2,526	2,282
Net interest on the defined (liability)	(1,033)	(807)
Actuarial gain/(loss)	53,364	1,208
Net Defined benefit liability at 31 July	(14,012)	(60,719)
Asset and Liability Reconciliation		
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	(149,777)	(128,721)
Current service cost	(8,098)	(6,420)
Past service cost	(52)	-
Interest cost	(2,467)	(1,818)
Contribution by scheme participants	(847)	(785)
Benefits paid	2,095	2,058
Other experiences	-	1,662
Changes demographic assumptions	537	(1,986)
Changes in financial assumptions	55,524	(13,767)
Defined benefit obligations at the end of period	(103,085)	(149,777)
Fair value of plan assets at start of period	89,058	71,739
Interest on plan assets	1,434	1,011
Return on plan assets	(2,697)	15,299
Employer contribution	2,526	2,282
Contributions by scheme participants	847	785
Estimated benefits paid	(2,095)	(2,058)
Fair value of plan assets at end of period	89,073	89,058

22 - DEFINED PENSION BENEFIT OBLIGATION(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 2021/22 (or the projected service cost for 2022/23).

23. RELATED PARTY TRANSACTIONS

The total expenses paid to or on behalf of the Governors during the year was £nil. (2021 £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 (2021 nil)

24. AMOUNTS DISBURSED AS AGENT

	College 2022 £'000	College 2021 £'000
Balance brought forward	171	10
Funding body grants - discretionary learner support	1,002	949
	<u>1,173</u>	<u>959</u>
Disbursed to students	(1,072)	(788)
Administration costs	(28)	(0)
Balance as at 31 July, included in creditors	<u>73</u>	<u>171</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.