



# ADRODDIAD BLYNYDDOL A CHYFRIFON

2022 - 2023

## ANNUAL REPORT AND ACCOUNTS

## 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 2022/23:



A full list of Governors is given on page 30 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 2022/23

Our Governing Body are proud to present their report and the audited financial statements for the year ended 31 July 2023. 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 and to date, the FE sector has benefitted from excellent 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 30. 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.

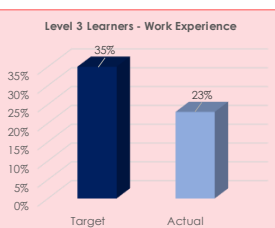
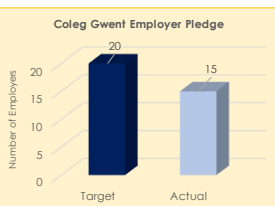
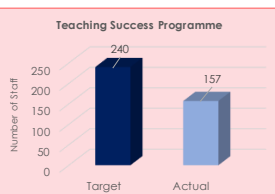
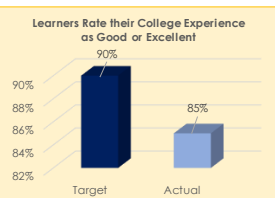
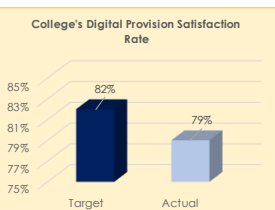
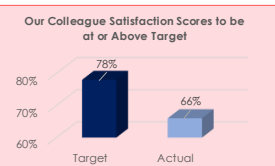
For the purposes of monitoring performance, the College has a number of agreed Key Performance Indicators (KPIs) which support the strategic priorities and objectives, and can be broadly broken down into learner, staff and financial performance KPIs.

In light of the continued challenges faced through the year, the College's overall performance against its KPIs for 2022/23 was good although there are areas which have been identified that require improvement. These are included in our Strategic Implementation Plans and will be regularly reviewed throughout the year.

A summary of KPIs is presented at each meeting of the Board. The visual on the next page summarises our out-turn position for 22/23 with further detail and narrative provided in the subsequent pages.

## KPIs Academic Year 2022/23

### Vision & Culture



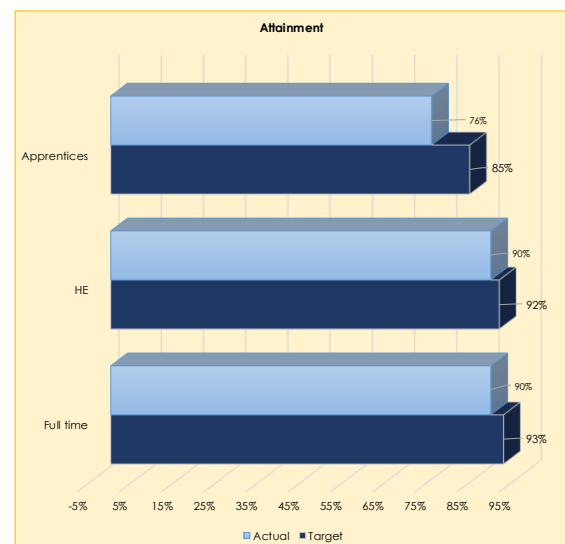
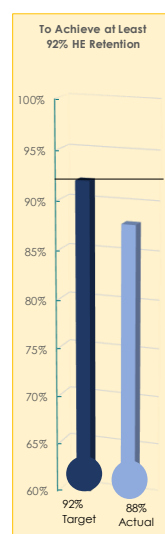
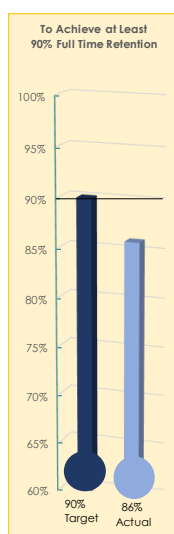
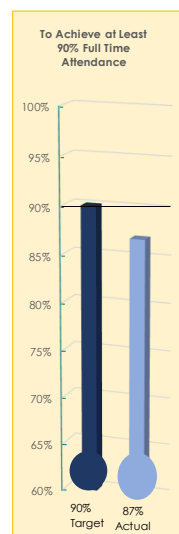
### Our Learner Performance

**All Learners Who Complete a GCSE Resit Programme Improve by at Least One Grade**

55% Actual  
75% Target

**All GCSE resit learners have baseline assessment within 4 weeks**

83% Actual  
85% Target



### Health, Safety & Sustainability

#### Reduce un-recycled waste E

75% Target  
82% Actual



#### Increase Waste Recycle (R) Rate

25% Target  
18% Actual



#### Volume of waste produced

333,161kg Target  
434,310kg Actual



#### CO2 Emissions

3,178,529kg Target  
1,990,210kg Actual



#### No. of Accidents/Year

<100 Target  
84 Actual



#### Colleague Absence Rate

<5% Target  
4.5% Actual

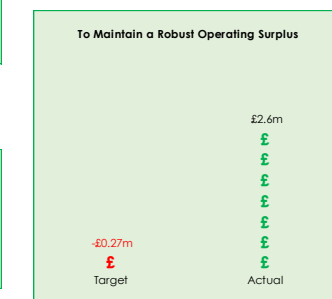
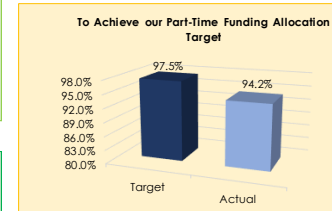
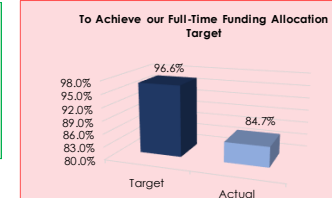
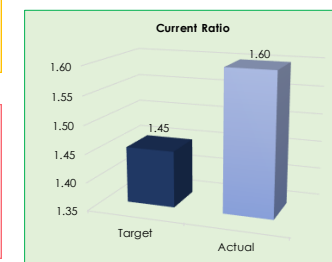
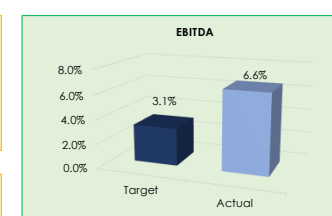


#### Achieve certification by December 2024

On track to achieve  
Target: To achieve



### Financial Performance



The narrative on pages 5 to 20 provides further detail behind our performance against our KPI targets which is included within the following key areas:

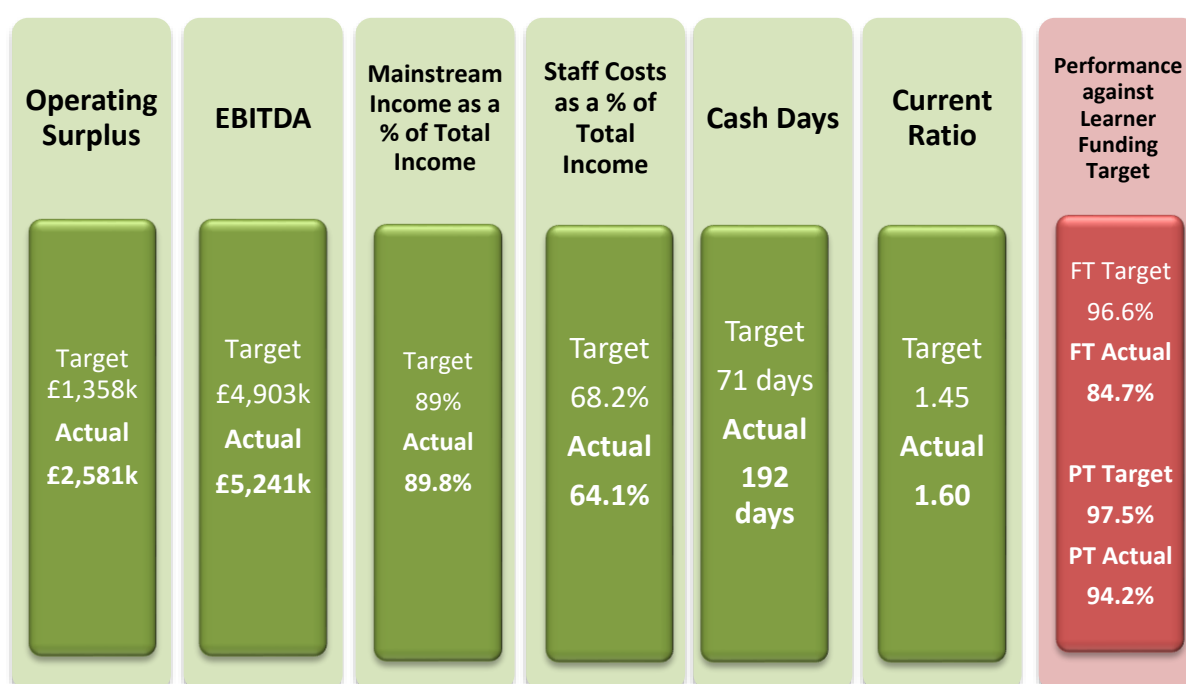
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## OUR FINANCIAL PERFORMANCE

These financial statements reflect the results for the year ended 31 July 2023.

It should be noted that whilst the College remained part of a Group structure throughout 2022/23, 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 soaring inflation, the College's performance against its financial KPIs for 2022/23 has remained very strong with a significantly higher than target



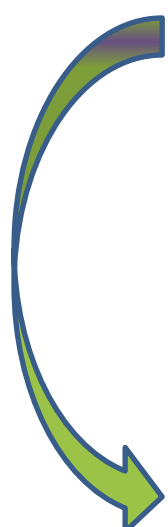
operating surplus and EBITDA. Performance against learner targets has been challenging and whilst this does seem to be a sector trend this is an area in which we must monitor closely for the future.

It should also be noted that as in the previous Covid impacted years the financial KPIs generated for 2022/23 have been distorted by the level of additional WG grants received and spent during the year.

For the year ended 31 July 2023 the College's internal management accounts report a **£2,581k operating surplus**. A reconciliation of this position to the Statement of Comprehensive Income (page 42) is set out in the table on the next page.



## Reconciliation of Management Accounts to Statement of Comprehensive Income



	Actual 2022/23 £k	Actual 2021/22 £k
<b>Operating surplus before non-cash pension costs and exceptional items</b>	<b>2,581</b>	<b>4,608</b>
Less: Non-cash pension costs	(2,133)	(6,657)
<b>Operating surplus/(deficit) before exceptional items</b>	<b>448</b>	<b>(2,049)</b>
Staff restructuring costs	(391)	(193)
Profit on disposal of assets	29	-
<b>Surplus/(Deficit) for the year</b>	<b>86</b>	<b>(2,242)</b>
Actuarial gain in respect of pension schemes	21,733	53,364
<b>Total Comprehensive Income for the year</b>	<b>21,819</b>	<b>51,122</b>

The operating surplus of £2,581k is a decrease on the £4,608k operating surplus reported in 2022/23, but still significantly above the target set for 2022/23. 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, particularly on full time recruitment trends and on the wellbeing and behaviours of learners.

The College was fortunate to have most key income streams protected throughout the pandemic and once again in 22/23 Welsh Government continued with its commitment to funding learner recovery through the provision of a number of grants which allowed the College to fund much needed additional support for our learners both in terms of teaching and learning and wellbeing and enrichment.

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 £2,133k (2021/22 - £6,657k) 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	£1,613k	(21/22	£5,624k)
Pension finance costs	£520k	(21/22	£1,033k)

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 £391k of costs (2022: £193k) 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 2022/23 there was another decrease on the holiday pay accrual of £197k, bringing the total accrual to £269k. The ongoing effects of the pandemic had previously had an impact on the ability of staff to take their full annual leave entitlement, driving up the amount of leave deferred to the following year and hence the holiday pay provision. As anticipated this has decreased over the past two years and this reduction will continue 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 is next review is due in November 2025.

### **Cash**

The College's cash balance at 31 July 2023 was £33.6m (2022 - £32.4m). During the year the College invested £6.8m (2022: £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 2023/24.

### **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 2022/23, when for the second year in succession 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 £2.1m (2022 - £6.7m) arising as a result of accounting for the LGPS in accordance with FRS102.

In addition, the LGPS pension surplus of £5.6m has now been recognised on the balance sheet as a non-current asset. The LGPS pension has previously been recognised as a provision (2022 - £14.0m).

This favourable movement is driven primarily by the significant increase in the discount rate for scheme liabilities from 3.5% in 2022 to 5.05% in 2023. The increase in value of the underlying investments held in the fund over the year of 5.3% has also had a positive impact on the pension valuation and the valuation as a surplus.

The clearance of the pension deficit and the generation of a pension surplus has had a significant impact on the College's balance sheet, increasing reserves by £21.8m to £48.7m (2022 - £26.9m). There is little that the College can do to influence movements in the pension position, other than changing the employer's contribution rate. A triennial valuation of the Scheme undertaken in 2022 resulted in an increase to the employer's contribution rate of 12.6% to 19.8%. The next valuation is due in 2025.

In considering the impact of these accounting requirements on the College's financial position it should be noted that pensions 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**

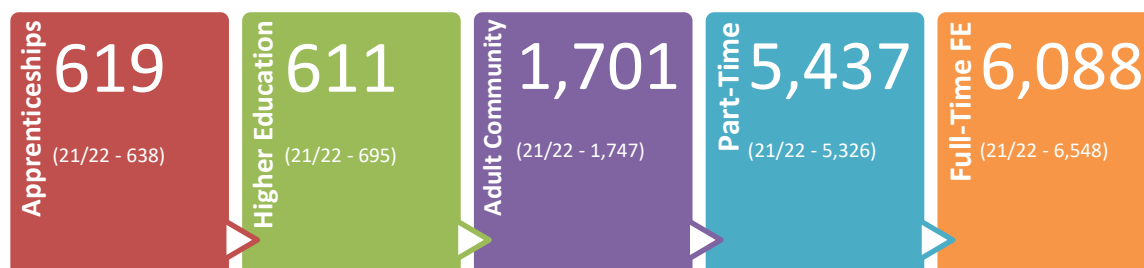
The College has standard 30-day payment terms with the majority of its suppliers and is in line with the requirement of the Late Payment of Commercial Debts (Interest) Act 1998. The supplier is made aware of these terms by issuing a copy of the College's terms and conditions with each purchase order.

The calculation of payment performance, as originally prescribed in the Accounts Direction, is based on the year-end creditor figure and at 31 July 2023 was 6 days (2022 - 11 days).

## OUR LEARNERS

### Learner Numbers

In 2022/23 Coleg Gwent was the College of choice for 14,456 learners (2021/22 - 14,954):



### 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 2022/23, 9.2% (21/22 - 9.0%) of our learners were from BME groups and 18.7% (21/22 - 18.9%) of learners declared themselves as having a disability and/or learning difficulty.

The number of males studying at the college remained unchanged at 47.3% (21/22 - 47.3%) of the College's learners in 2022/23.

The College serves a significant proportion of learners from areas of high deprivation compared to the most recently available sector average (54.0% 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 (62%) 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

The College was delighted to welcome learners back to in-person learning following a very disrupted period throughout the pandemic. It quickly became apparent that learners needed additional support to transition back into a social learning environment and the year was still challenging for many staff and learners as everyone transitioned back to college.

Using financial support for the sector from Welsh Government, the College planned and delivered a wide range of support activities with a particular focus on supporting learner wellbeing. Attendance, which has been widely reported in the pre-16 sector as being a key issue, influenced learner behaviour post-16 too and the college has remained committed to improving attendance and re-engaging people of all ages back into education.

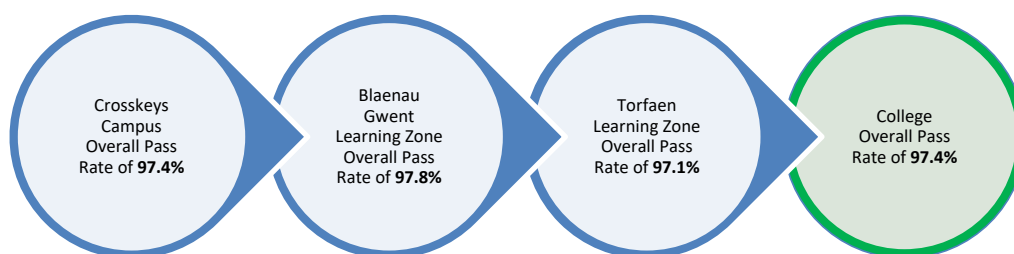
With the re-introduction of A Level exams, the College worked hard to provide sessions to support those suffering with exam anxiety. More than 1,400 learners entered around 3,400 exams across AS and A Level: a record high in learner numbers. Of these, 69 A Level learner

achieved 3 A\*-A grades and many learners progressed on to Russell Group or Oxbridge universities.

The College continues its successful delivery of Welsh Government's Personal Learning Accounts (PLA) which helps adults undertake industry-endorsed qualifications, enabling them to progress in their careers in key priority employment areas.

## A Levels Results

This year was the final year of transition to pre-pandemic assessment methods with overall outcomes across Wales declining towards pre-pandemic levels. Despite the reduction in the national comparator for A Levels, the College was delighted with an improvement to 97.4% from 96.3% in 2021/22. Especially pleasing was the number of A\*-A grades with a record number of learners achieving at least one A\* (60) and 69 learners achieving 3 A\*-A grades.



- the Crosskeys Campus pass rate for grades A\*-C was 73.8% with overall A\*-A grades at 23.6% which shows a sustained improvement compared to pre-pandemic levels.
- the BGLZ pass rate for grades A\*- C was 76.5% with overall A\*-A grades improving again at a pleasing 27.2% which is significantly higher than pre-pandemic levels.
- Torfaen Learning Zone achieved a significant increase in overall pass rates, with 71.1% A\*-C pass rate.

## GCSE Results

92% of our learners who followed a Maths GCSE programme of study gained a qualification (A\* to G) which is a 7% improvement on the previous year and is above the Wales national comparator. Of these, 18.4% achieved A\* to C grades.

For GCSE English, 97% of our learners achieved the qualification (A\* to G) which is again a significant improvement on the previous year and above the Wales national comparator. 28% gained A\* to C grades.

## Vocational Results

Overall attainment in all main qualifications as at 30 September 2023 is 89%. This is similar to the same point last year though is likely to increase to around 91%. Retention has improved from 83% in 2021/22 to 86% in 2022/23, though this remains lower than pre-pandemic years, where retention was around 89-90%.

We anticipate that by the data close, learners studying BTEC courses will achieve broadly in line with previous years with similar grade profiles.

Success rates were lowest in Healthcare and Childcare where new qualifications have continued to have a negative impact, and also in AAT where awarding body issues have affected outcomes across the whole sector. Success rates were highest in Landbased and in Art and Design where both retention and attainment has been very good.

### **Apprenticeships**

The success rate for Apprenticeships is not finalised until December each year, but the College is forecasting an outcome of 77% for 22/23. This is consistent with the final outcome for 21/22 and, although below the ambitious target the College has set itself, is average within our consortium, which is one of the higher performing consortia in Wales. The college has also experienced growth in its contract value to over £2.4m, with the priority now to sustain the level of provision, whilst improving the quality of outcomes.

### **Funding Targets**

Full-time recruitment across the sector in 2022/23 has again been a challenge for all colleges as we continue in our post-pandemic recovery. Overall, the College achieved 84.7% of its Welsh Government full time allocation. Part-time recruitment increased significantly compared to pandemic years and the college achieved 94.2% of its funding allocation resulting in it being one of the best performing colleges in the sector.

The 2022/23 year was another successful year for PLA (Personal Learning Accounts) with the college delivering more than £2.5m of activity.

There is much uncertainty across the post-16 sector with the impending establishment of the Commission for Education and Tertiary Research (CTER). Welsh Government is currently reviewing arrangements for how colleges are funded from 2024/25. Decisions on how future funding will be informed by previous recruitment, how funding values will be calculated and how different budget lines will be affected are still to be agreed though Welsh Government has been clear that budget reductions in one form or another will need to be made. The college is actively participating in this important review.

## **CURRICULUM DEVELOPMENT**

Our curriculum continues to develop to meet the needs of our stakeholders and of the communities we serve. The curriculum is broad, as one of a few post-16 providers to offer courses across every Subject Sector Area (SSA). Progression opportunities are an important part of our planning and development with pathways from Entry level to Higher Education, with a growing portfolio at Level 6.

Working with employers is a key priority for us, developing partnerships to help inform and improve the curriculum offer and its delivery. Aligning our curriculum offer to local and regional priorities is an important theme for each faculty, using labour market intelligence and the assignment of our Employer Engagement team to key employers.

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. Learners have



opportunities to develop their Welsh language skills and this forms an integral part of learning for priority subjects such as Health, Childcare, Public Services, Media.

Investment in resources continues to enable us to ensure a curriculum offer that is up to date and relevant, resulting in learners who have the skills to progress into employment. For example, we have an extensive fleet of electric vehicles in motorsport engineering, a sector leading composites lab, Cyber hubs and healthcare simulation suites, together with extensive animal care and equine facilities.

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## LEARNER ACHIEVEMENTS

Our girls Rugby Academy kept their crown for the third year running after winning 17-0 against Llandoverly College in the Welsh Rugby Union National Schools and Colleges U18 finals.

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We've had another very successful year in Skills Competitions Wales, proving to be the best in Wales and one of the best colleges in the UK for skills competitions. Medals were achieved in a range of skill areas from software solutions for business to personal training, and from plumbing to 3D game art. A total of 17 medals were achieved, 3 in Gold and 6 in Silver.

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Three of our talented learners were selected from hundreds of competitors to represent the United Kingdom in the Worldskills National Squad. These learners are wished the best of luck when they head off to Lyon in September 2024.

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Finally, in the Worldskills UK finals, eleven of our talented learners scooped Gold, Silver, Bronze and highly commended medals.

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## CURRICULUM DEVELOPMENT

Over the last year, we've worked with Professor Paul Edwards to launch a Medical Pathway Degree: the first of its kind in Wales. This course is a ground breaking move toward inclusivity and equal opportunity, affording learners the chance to study in this priority area.

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We're proud to be a Cyber First Gold College, working in partnership with leading employers including Admiral, Fujitsu and Thales. Employers help us shape and design the curriculum and provide valuable work related opportunities for our learners to help them get cutting edge experience in industry. This partnership working contributed to us being finalists in the prestigious AoC Beacon Awards 2022.

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Our ILS Supported Internship programme (Pathway 4) continues to go from strength to strength. Our ILS learners benefit from placements with a range of employers in health and catering to name just two disciplines. This has been a great success with many learners gaining employment as a result.

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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.

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We've continued to update our engineering facilities, extending our motorsport engineering curriculum with racing cars and adding to our electric vehicle fleet. Workshops have been completely refurbished and equipped with state of the art equipment.

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## LEARNING OPPORTUNITIES

We support an extensive range of enrichment activities and specifically, trips abroad to learn more about the industry in which the vocational area sits. Here are a few examples of our enrichment activities.

Our photography and media learners took a trip to the prestigious Cannes Film Festival as part of their valuable work experience programme.

Learners from Sport and Public Services at Blaenau Gwent Learning Zone embarked on a Global Citizenship Challenge working with disadvantaged communities in Nepal.

Creative Arts learners from our Crosskeys Campus had an amazing trip to Seoul in South Korea as part of an enrichment study tour with Challenges Abroad.

## AWARDS & CELEBRATION

Our Creative Arts team at Crosskeys Campus were honoured with the Silver Award for Further Education Team of the Year at the Pearson National Teaching Awards. They achieved against hundreds of UK entries and have now been shortlisted to win one of 16 Gold Awards.

As part of our celebration of diversity, we held an event as part of the UN Cultural Diversity Day on 26 May 2023, joined by members of the Race Equality Affinity Network and our own ED&I Steering Group.

As a sector leading college in Wales for the Duke of Edinburgh Award scheme, we were delighted to host HRH The Earl of Wessex for a day to celebrate and share good practice in a special challenge day. More than 50 young people joined in to participate in team building, first aid, orienteering and campaigning events.

## INVESTMENT IN OUR STAFF

When reviewing the last 12 months, much of our time and focus has been on continuing to embed revised ways of working where beneficial. A core focus has been on identifying the needs of staff as they continue to support our learners, recognising that the last three years have been particularly challenging to young people.

### Staff Engagement

The staff engagement survey was issued for a third year in June 2023, and we have seen a 1% increase in our staff engagement score which is now tracking at 66%. Core actions have been taken following the feedback from the 2022 survey and can be seen in the significant investments made in wellbeing, inclusion, learning & development and policy review. Action plans are now being created to respond to the June 2023 survey results and will be shared with all colleagues via a variety of communication channels.

### Training & Continual Professional Development

We have continued to foster a culture of learning and development, where life-long learning is promoted through our individual funding process and through the development of the CPD Hub, which offers resources and courses for all staff to utilise.

INSET days have evolved and Professional Learning Days (PLD) look to provide tailored Faculty and Department training, alongside All-Staff training days which focus on corporate learning and development priorities. PLD aim to offer a multi-faceted approach to learning and development, allowing staff to tailor the training days to ensure they get the most appropriate training for them, supporting individual, department, and organisational priorities.

The Leadership Excellence programme delivered by John Garland has resumed face to face delivery and successfully delivered Cohort 13 and 14. Supporting 23 managers in developing their skill and abilities to manage and lead effectively at the College.

The development and launch of our new digital induction has supported the successful onboarding of our new starters. Our induction process has been further enhanced through 'CLT Meet and Greet', Digital Induction, and our Anti-racism Phase 1 training.

### 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 2022/23 were in recognition of the cost-of-living pressures and the following increases were made:

- Real living wage was applied to points 20 (BS2) & points 21 (BS3).
- All staff received a 6.5% cost of living supplement.
- A further 1.5% of earnings from 1st August 2023 to 31st July 2023 was made as a one-off payment.

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 2022/23 we reported a mean gender pay gap of 6.75% and a median gender pay gap of 13.08%.

## Diversity & Inclusion

We have continued to drive a culture of inclusion and celebrate the diversity of our learners, colleagues, communities and stakeholders. Our hard work and effort in this area was recognised at the South Wales CIPD awards where the College was highly commended for the Best Diversity & Inclusion Initiative. Other achievements over the last 12 months include:

- The Strategic Equality Plan has been reviewed in its entirety and sets the vision for EDI at the College for the next 3 years.
- The EDI Steering Group continues to meet and is working towards expanding their breadth and scope. This has been showcased via a multitude of videos.
- Actions towards the BLG's Anti-Racism 10-point plan have been progressed. This includes 90% of all colleagues completing Anti-Racism Training.
- 6 new Staff Affinity Networks have been set up with over 180 members from across the College.
- 30+ spotlight stories have been shared that showcase a "one team" ethos and promotes EDI and wellbeing as a College priority.
- Launch of an Inclusive Language Toolkit.
- 32 EDI articles have been shared with all colleagues via the launch of the "Be You" campaign. This campaign focussed on embracing diversity and creating a safe space so everyone feels they can be their true selves whilst at work.

## Health & Wellbeing

Colleague health & wellbeing remains a priority at the College, and we continue to respond to staff survey feedback in relation to the Wellbeing indicators and colleague absence rates.

Actions over the last 12 months have included the following:

- Implementation of the wellbeing app - Headspace. This is available to all colleagues.
- Access to culturally sensitive mental health support for people from Black Asian and ethnic minority communities
- Providing colleagues with the opportunity to be a part of our 6 staff affinity networks.
- Providing a 3-session wellbeing programme that focuses on Financial Wellbeing and Personal Resilience.
- Improved signposting to the College's wellbeing offering.
- Completion of Wellbeing focus groups that considered the actions the College needs to take to tackle any wellbeing and workload concerns.

## INVESTMENT IN OUR ESTATE, TECHNOLOGY & PHYSICAL RESOURCES

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



## PARTNERSHIPS

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.

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. This year saw the number of employers signed up to the Pledge grow to 15, with a number of other employers expressing an interest to join. Our work on Cyber College Cymru, in partnership with Admiral, Fujitsu and Thales, earned the College a place in the final three of the Association of Colleges Beacon Awards for Excellence in Real World Learning.

The College delivers an Apprenticeship contract as part of the B-WBL Consortium, which is led by Pembrokeshire College. This arrangement continues to work well and the Consortium provides a lot of support for the College's Apprenticeship programme as well as facilitating the Welsh Government contract. The Apprenticeship outcomes for the College for 2022/23 are predicted to improve on 2021/22, and we have seen further 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 2022/23 595 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 has hit a number of key milestones in preparation for the start of the design process in 2023/24.

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, with both planning and funding secured. Construction will start on HiVE in September 2023.

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 continued to provide further value to the College, learners and local employers during their final year in 2022/23. The Inspire2Achieve projects, which were led by Local Authorities, involved a number of regional partners and supported learners that are most at risk of becoming NEET. The Upskilling@Work projects were led by Coleg Gwent and Coleg y Cymoedd, and were collaborations of FE partners in South East Wales and Powys. The College also chairs the regional ESF skills network and its successor group, which is a wide-ranging group of FE, HE, Local Authority and third sector bodies that deliver skills and training. Discussions have now progressed to focus on collaborative opportunities under the Shared Prosperity Fund.

## HEALTH, SAFETY AND ENVIRONMENTAL PERFORMANCE

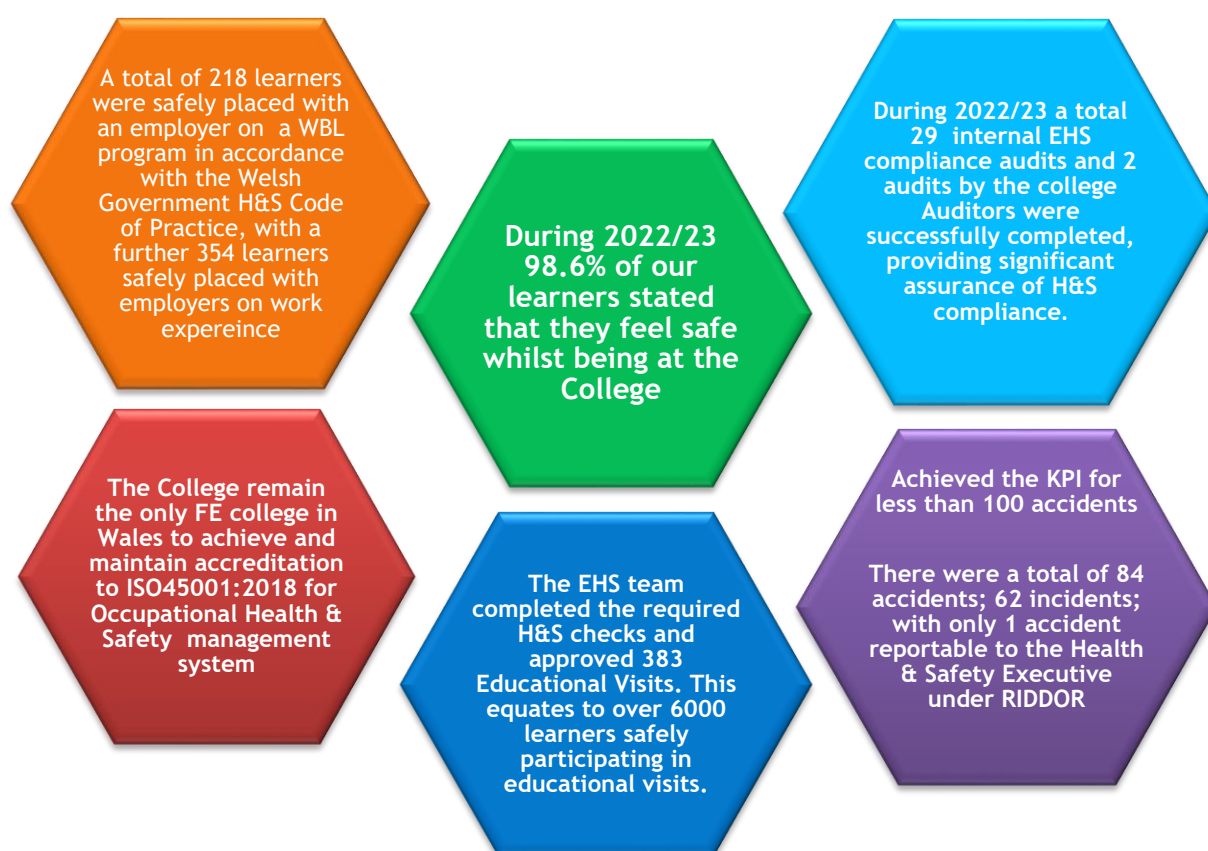
### *Health & Safety*

During 2022/23 the College continued to meet its aim of making year on year improvements in its health & safety (H&S) performance in doing so it achieved a number of key H&S goals, demonstrating the College's commitment to minimising risk and providing a safe environment for all staff and learners whilst ensuring legal compliance.

During 2022/23 the College successfully maintained its accreditation to ISO 45001:2018 (Occupational Health & Safety Management Standard). As a result the College remain the only Further Education College in Wales with accreditation to the standard. Under the College's Health & Safety management system a number of registers were maintained, these being the legislation register, non-conformance register and risk and opportunities register. All registers were reviewed and updated by the Associate Director for Health, Safety & Sustainability and monitored by the Health, Safety & Sustainability Committee. The review ensures that legislative compliance and the significant health and safety hazards and risks associated to the College are assessed, the control measures reviewed and appropriate action taken to reduce those risks.

The College currently has 44 significant Health & Safety risks, of which 25 have been assessed as low, 18 assessed as medium and 1 risk identified as high (Farm activities).

### *Key Health & Safety Achievements*



## Environmental & Sustainability

During 2022/23 the College developed and implemented a Net Zero Carbon roadmap. The roadmap contains a set of challenging but realistic targets and a set of 10 principles that will support the College in achieving its goal of being net zero carbon by 2050.

The total carbon footprint for 2022/23 equated to 2,788.34 tCO<sub>2e</sub> (21/22 = 2,931.39 tCO<sub>2e</sub>). This is a reduction by some 143.05 tCO<sub>2e</sub>. The following table provides a summary of the carbon footprint by scope and source activity.

Scope 1	
Emission Source	Tonnes CO <sub>2e</sub>
Natural Gas	1,059.62
Refrigerants, f-gas, VOC	0
Fleet Travel - Minibus	11.33
<b>Total</b>	<b>1,070.95</b>

Scope 2	
Emission Source	Tonnes CO <sub>2e</sub>
Electricity	707.34
District Heating	211.92
<b>Total</b>	<b>919.26</b>

Scope 3	
Emission Source	Tonnes CO <sub>2e</sub>
Waste Disposal & Treatment	8.86
Water Supply & Treatment	9.46
Grey Fleet - Business Travel	30.39
Well to Tank - GHG emissions	305.31
Electricity & heat- transmission and distribution losses	72.64
Short haul Flights - Travel	65.93
Long Haul Flight - Travel	239.61
Purchased Goods - Paper	65.93
<b>Total</b>	<b>798.13</b>

In addition to the above the college maintained its accreditation to ISO 14001:2015 for Environmental Management, and remain the only Further Education College in Wales to hold the standard.

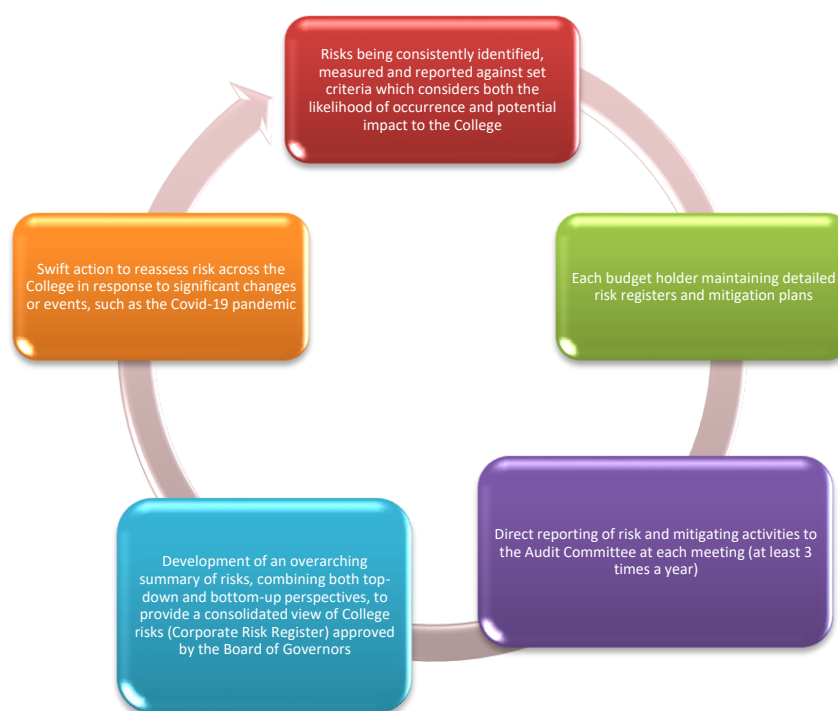
## FUTURE UNCERTAINTIES & RISKS

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 is ultimately aggregated to compile an overall corporate view of risk.

This process includes:



At a recent Strategy Seminar, the Board, along with SLT colleagues, participated in a group-based Risk Workshop exercise which asked each group to review the 22/23 Corporate risks, commenting on their continued relevance and risk rating. Groups were then also asked to suggest any further risks that may need to be added to the risk register.

The emerging key Corporate risks identified for 23/24 are listed on the next page.

These risks will be managed and monitored closely throughout 2023/24.

## Risks included on the 2023/24 Corporate Risk Register

13

Summary of Risks 23/24	
1	The ongoing impact of Covid-19 on learner and staff wellbeing adversely impacts on learner outcomes, financial health and reputation.
2	Failure to reach full-time learner LAP targets results in loss of income (in-year and future allocations) and adversely impacts on financial health.
3	The new PCET commission leads to a dilution of the FE voice and impacts adversely on funding, effective leadership and governance within FE.
4	Failure to develop a robust plan to deliver financial efficiencies adversely impacts on financial health, reputation and ability to raise funds for investment.
5	Industrial unrest/action as a result of not meeting union pay claims/workload agreement and other issues impacts on learner outcomes and leads to reputational damage.
6	Failure to comply with Health & Safety/Environmental/DDA legislation leads to financial penalty and reputational damage.
7	Increased risk from cyber security threats result in failure of the ICT infrastructure, preventing access to key college systems and affecting learner and staff performance and possibly reputation and financial health
8	Failure to fully meet the requirements of the General Data Protection Regulation (GDPR) may lead to financial penalty and reputational damage.
9	Failure to develop and comply with effective internal control procedures results in fraudulent activity leading to loss of monies/assets and damaged reputation.
10	Failure to develop, update and comply with safeguarding policies, particularly in the current digital climate leads to harm to learners and financial and/or reputational damage.
11	Failure to prepare to meet the legal requirements set out in the ALNET Act will increase the likelihood of the college being taken to educational tribunal resulting in financial costs and damage to reputation.
12	Failure to develop and create a diverse workplace which represents the communities we serve leads to adverse impact on organisational effectiveness and reputation.
13	The withdrawal of general vocational qualifications causes disruption for learners and a potential adverse impact on learner recruitment.
14	Failure to prepare for and embrace Net Zero targets leads to a regulatory failure, financial loss and reputational damage.
15	Failure to implement a robust succession plan for key Board and Leadership roles results in organisational disruption and adversely impacts on capacity and ability to meet our strategic aspirations.
16	Failure to address key strategic estate developments, particularly the NKQ, leads to reduction in learner numbers, learner outcomes, staff morale and reputation.

## 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.

We will continue to work towards achieving the aspirations set out in our Strategic Plan and in our supporting strategic documents.

Our commitment to developing and upskilling all staff continues and for 23/24 we have identified three key development themes:

- ‘When the Adults Change’ - promoting relational practice
- Equality, Diversity & Inclusion
- Cyber Awareness

We continue to develop our Social Partnership and having now involved all key members of the College Social Partnership in two dedicated development sessions we are confident that working in this way will bring about more cohesive and effective communications and decision making.

In 2023/24 we will continue our discussions with Welsh Government on performance against funding target and future funding methodology.

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. We have recently submitted a New Project Request (NPR) which now firmly places our project in the pipeline of MIM projects across Wales.

We will also pursue the redevelopment of our Crosskeys campus with a robust master planning exercise which will form the core of our 9 year Estate development plan for submission to Welsh Government.

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.

In preparation for the recently announced retirement of Guy Lacey, Principal/Chief Executive, the Board of Governors have agreed changes to the Corporate and Senior



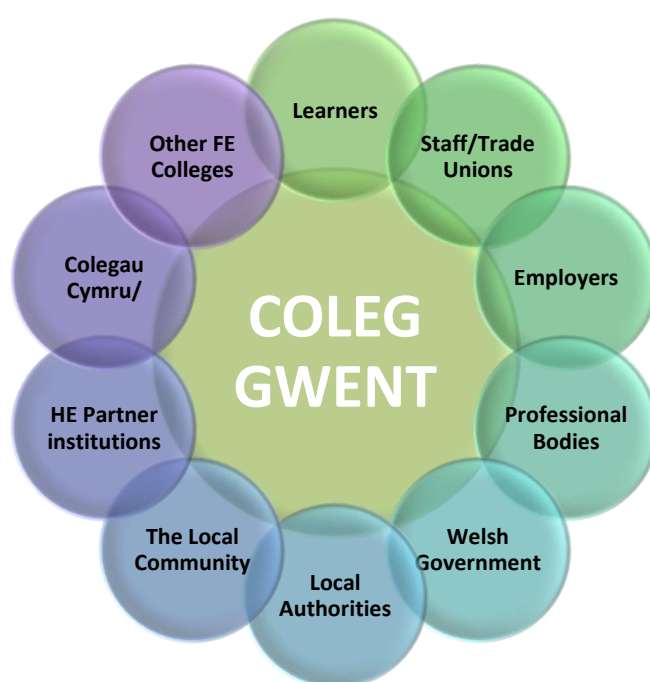
Leadership Teams aimed at increasing capacity at the senior level and creating a more robust leadership succession plan.

The Vice Principal Curriculum and Quality, will become Deputy Principal. In addition, we will be appointing a new Vice Principal who will be responsible for partnerships and the learner journey. This key role will help to ensure the College provides an outstanding learner and employer experience from the point of first contact until they finish their course.

The two Vice Principals and Deputy Principal will directly manage the Senior Leadership Team, which will also see some structure 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:**  
**Chair**

\_\_\_\_\_

**Signature:**  
**Principal/Chief Executive**

\_\_\_\_\_

## 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 compliance with the Code annually. In addition, all Governors annually sign to affirm their commitment to a Code of Conduct, Values and Behaviours. This document enshrines the seven Principles of Public Life: selflessness, integrity, objectivity, accountability, openness, honesty and leadership and provides guidance on the standards expected of them.

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 2023.

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 as Governors and External Members during the year to 31 July 2023 are shown in the table on pages 30 & 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 their governance role and that of college management. The Corporation's Instrument & Articles of Government were fully reviewed and updated in May 2021 and clearly identify responsibilities that may not be delegated, along with those specifically delegated to the Principal/Chief Executive. Additionally, the Board has approved a Schedule of Delegation which provides clarity and consistency to the delegation of some decision making to committees or where appropriate, the Corporate Leadership Team.

It is the responsibility of the Board to apply independent judgement to issues of educational character, financial sustainability, strategy, performance, resources and standards of conduct. The Board and its committees are provided with regular and timely information on the overall financial performance of the College, together with other relevant information such as Key Performance Indicators, quality issues, capital expenditure and operational resources matters (this includes human resources, diversity & inclusion, digital/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 four times in 2022/23.

The Board conducts its business with the support of sub-committees and has approved Terms of Reference for each of these. During 2022/23, these committees were:

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

Each committee provides the Board with a report outlining the business addressed at its most recent meeting. This report 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**

The appointment of new Governors and External Members is subject to approval by the Board based on the advice and recommendations of the Governance & Membership Committee. That committee is responsible for overseeing the recruitment and selection process and meets with all potential appointees prior to making its recommendations to the Board.

Other than the Principal/Chief Executive and three Student Governors, all members are appointed for a term of three years. They may be re-appointed to serve up to a maximum of three terms, or nine years. The Board is of the view that a maximum of 9 years' service enables Governors to develop a sound understanding of the college and provides continuity of leadership whilst supporting independence and the periodic introduction of new perspectives. Student Governors each serve a one-year term of office which can be extended at the Corporation's discretion. Student Governors may serve a maximum of three years.

Re-appointment of members is a matter for the Board as a whole on the recommendation of the Governance & Membership Committee. Re-appointment is not automatic and depends on a range of factors including a review of the contribution, commitment and attendance of the Governor, alongside the current priorities and skills needs of the Corporation as a whole at that time.

### **Board Diversity**

The Board is fully committed to its role in leading the College to become an inclusive and diverse community. The college aims to be somewhere where everyone is welcome and can be themselves in a respectful and supportive environment. During 2022/23, a Board Diversity Statement was introduced. This Statement acknowledges the need to lead by example by incorporating equality, diversity & inclusion considerations into everything the Board does and every decision it makes. The Board also believes that a more diverse range of Governors will introduce new perspectives and enhance the quality of discussion and decision-making. The Board Diversity Statement sets out a number of commitments in relation to this.

Governors complete mandatory training on Diversity matters. During 2022/23 they also joined college staff in becoming the first Further Education College in Wales to complete all-staff Anti-racism training facilitated by Race Council Cymru in response to Welsh Government's Anti-racist Wales Action Plan.

The Board receives regular assurance updates on ED&I and a Link Governor attends meetings of the College's ED&I Steering Group. The Governance Officer is also a member of the Steering Group and chairs the Enabled & Neurodivergent Staff Affinity Group. The Chair, Vice Chair and members of the Governance & Membership Committee joined the Link Governor at the June 2023 Steering Group meeting to present the Board Diversity Statement.

The Board's recruitment processes have been reviewed and updated. A new, more inclusive approach has already helped to attract a wider range of candidates. The Governance & Membership Committee oversees the recruitment process and regularly reviews and advises the Board on, its skills and diversity profile.

### **Board performance**

The Corporation Instrument & Articles of Government and Standing Orders are fully reviewed every three years. The last such review took place in May 2021 and included scrutiny by the College's legal advisors. Additionally, the Terms of Reference for each of the sub-committees reviewed annually to ensure they remain current and reflect any College or sector changes that have taken place in year.

The Board is committed to continuous improvement in governance. Governors complete an annual self-assessment of Board and committee performance. This process includes the opportunity for individual Governors to reflect on their own performance and development needs. One to one meetings with the Chair or Vice Chair provide an opportunity for individual Governors to discuss their performance and development needs. An analysis of governance self-assessment responses was reviewed by the Board in December 2022 and a number of action points were agreed. The information also informed the Governance section of the College Self-Assessment Report.

The Board carries out periodic reviews of the governance structure. A working group was formed in April 2023 to review the committee structure and Board processes. The working group considered in detail the extent to which the Board fulfils its legal responsibilities and where further improvements can be made. Benchmarking information on Board structures and processes at other colleges and across other sectors was also considered. The working group shared its conclusions and recommendations with the Board at a seminar held in September 2023 and a number of changes will be introduced throughout the 2023/24.

Under advice from the Governance & Membership Committee, the Board is responsible for ensuring that appropriate induction and development is provided to members. This is based on individuals' own assessment of their skills, a review of the Board skills profile as a whole and feedback gathered through the annual self-assessment questionnaire. Training needs are also considered annually by each committee.

All Governors have opportunity to undertake training and development in relation to their role and 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, Governors attended two Strategy Seminars during 2022/23 which included briefings and development opportunities around cybersecurity, educational character, funding & finance trends, learner recruitment trends and Key Performance Indicators. During the year Governors also engaged in Anti-racism training and participated in an online briefing by Welsh Government officials on developments relating to the implementation of the Commission for Tertiary Education & Research.

To further support their development, Governors are encouraged to take part in campus visits and to attend events across college. Following a two-year period where on-site visits were limited, Governors welcomed the opportunity in 2022/23 to engage with a range of stakeholder events covering Additional Learning Needs, Employer Engagement, Apprenticeships and Action Research in Further Education. Governors also attended exhibitions, performances and awards events throughout the year.

### **The Governance Officer**

All Governors have access to the Governance Officer, who advises the Board on process and is responsible 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 2022/23 this included:

- Safeguarding & Prevent
- Equality & Diversity
- Disability in the workplace
- Anti-racism
- Board diversity

The Governance Officer also participates in cross-college management training sessions and attends meetings of the Welsh FE Governance Network.

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Name	Date of Appointment/ Reappointment	Term of Office (Years)	Status	Committees served*	Attendance in 2022/23
Mark Langshaw MBE Chair of Governors	01.08.2016 01.08.2019 <i>Re-apptd.</i> 01.08.2022 <i>Re-apptd.</i>	3	Independent	F,G,R(Chair)	B-75% F - 100% G - 100% R - 100%
Guy Lacey	01.08.2015	N/A	Principal/ Chief Executive	C,F,G	B - 100% C - 50% F - 100% G - 80%
Susan Ball Vice Chair of Governors	01.04.2018 01.04.2021 <i>Re-apptd.</i>	3	Independent	G(Chair), R	B - 100% G - 80% R - 100%
Anthony Basnett	01.01.2018 01.01.2021 <i>Re-apptd.</i>	3	Independent	F (Chair)	B - 50% F - 100%
Moawia Bin-Sufyan	01.01.2022	3	Independent	F	B - 50% A - 67%
Elizabeth Brimble	01.06.2019 01.06.2022 <i>Re-apptd.</i>	3	Independent	C	B - 75% C - 100%
Andrew Clark	24.02.2021	3	Independent	F	B - 100% F - 100%
Delyth Evans	10.10.22	3	Independent	C	B - 100% C - 67%
Jamie Farr	24.02.2021	3	Independent	C	B - 25% C - 50%
Rhiannon Fowler	01.01.2022	3	Staff (Business Support)	F	B - 50% F - 100%
Eva Franklin	01.02.2023	1 Extended to 30.03.2024	Student (FE)	C	B - 67% C - 50%
Christopher Freegard <sup>1</sup>	01.01.2020 01.01.2023 <i>Re-apptd.</i>	3	Independent	A, G	B - 75% A - 100% G - 60%
Bailjit Gill	01.06.2022	3	Independent	F	B - 75% F - 75%
Johnathan Hooper	01.01.2022 31.12.2023 <i>Retired</i>	1	Student (HE)	C	B - 0 C - 0
Claire Lloyd	01.02.2023	1 Extended to 30.03.2024	Student (HE)	C	B - 67% C - 50%
Ray Morrison	01.08.2018 01.08.2021 <i>Re-apptd.</i>	3	Independent	G, R	B - 75% G - 100% R - 100%
John Phelps	01.06.2019 01.06.2022 <i>Re-apptd.</i>	3	Independent	A	B - 100% A - 100%
Matthew Preece	01.01.2020 01.01.2023 <i>Re-apptd.</i>	3	Independent	F	B - 75% C - 67%
Wendy Rogers	01.08.2018 01.08.2021 <i>Re-apptd.</i>	3	Staff (Teaching)	C	B - 50% C - 75%
Shannon Sheean	23.03.2022	to 31.07.2023	Student (FE)	G	B - 100% C - 25%
Elizabeth Swaffield	01.06.2017 01.06.2020 <i>Re-apptd.</i> 01.06.2023 <i>Re-apptd.</i>	3	Independent	C (Chair)	B - 50% C - 100%
Martin Veale	01.04.2015 01.05.2018 <i>Re-apptd.</i> 01.04.2021 <i>Re-apptd.</i>	3	Independent	A (Chair), R	B - 50% A - 100% R - 100%
Gareth Watts	10.10.2022 NB: Formerly External Member, Audit Committee	3	Independent	F	B - 50% F - 75%

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

<sup>1</sup> 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/ Re-appointment	Term of Office (Years)	Status	Committees served	Attendance in 2022/23
Rafiu Ajayi	01.04.2023	3	Independent External	A	100%
Farishna Chohan-Solanki	01.04.2023	3	Independent External	A	100%
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> 09.10.2023 <i>Apptd. As Governor</i>	3	Independent External	A	N/A

## CORPORATION COMMITTEES

### Curriculum & Quality Committee

The Curriculum & Quality Committee oversees performance and key developments in all areas relating to the quality of education and learner support and across full-time, part-time, apprenticeship and community provision. It monitors curriculum planning and delivery, as well as progress on implementation of the Teaching & Learning, Curriculum & Skills and Faculty Strategies. The committee also reviews regular updates on learner recruitment, retention, attendance, assessment and attainment. Other areas of oversight include learner involvement, Safeguarding and Additional Learning Needs.

The committee consists of ten members including the Teaching Staff Governor and all three Student Governors. All meetings are attended by relevant members of the senior leadership team. The committee met four times during 2022/23.

### Finance & Resources Committee

The Finance & Resources Committee advises the Board and monitors performance in relation to financial management, 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 four times during 2022/23 and all meetings were attended by relevant members of the senior leadership team.

## **Governance & Membership Committee**

The Governance & Membership Committee advises the Board on matters relating to Corporation membership including recruitment, performance management, Governor development and succession planning. The committee also advises the Board on its composition and wider governance matters including the implications of legislative changes and national consultations on FE governance. This includes monitoring progress in relation to the implementation of the new Commission on Tertiary Education & Research (CTER).

During 2022/23 the Governance & Membership committee met five times and recommended the appointment of two new independent Governors, two Student Governors and two External Members of the Audit Committee.

## **Remuneration Committee**

This advisory committee is chaired by Mr Langshaw as Chair of Governors and includes the Vice Chair and two other Independent Governors. The committee considers and makes 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 twice during 2022/23. Following the first meeting, a recommendation was made to the Board to implement an uplift to the Governance Officer's salary. This followed a detailed review of the role, supported by the college's Director of Human Resources. This recommendation was approved at the December 2022 Board meeting. All other considerations were held over pending final settlement of the Annual Staff Pay Award.

In considering Senior Post Holder pay, the committee takes into consideration performance, relevant benchmarking data and any recent sector staff pay award. Following the conclusion of national pay negotiations, the committee met again in June 2023 and a recommendation was made to apply an award to Senior Post Holders on the same basis as that being applied for all staff. This recommendation was approved by the Board at its meeting on 11 July 2023.

## **Audit Committee**

The Audit Committee comprises four Governors and three External Members. A number of committee members have direct experience and expertise in accounting, audit, internal control or risk management.

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 2022/23.

Overall attendance for the year was 96%:

Member	16/11/21	15/02/22	06/04/22	13/07/22	Attendance	
M Veale	✓	✓	✓	✓	100%	
S Ball	✓					Co-opted pending recruitment
M Bin-Sufyan		✓	x	✓	67%	
C Freegard	✓	✓	✓	✓	100%	
J Phelps		✓	✓	✓	100%	
R Ajayi			✓	✓	100%	
F Chohan-Solanki			✓	✓	100%	
D Lee (Ext)	✓	✓	✓	✓	100%	
G Watts (Ext)						Appointed as a Governor 10.10.23 & Changed committee
Total attendees	4	5	6	7		
Possible attendees	4	5	7	7		
Attendance %	100%	100%	86%	100%	96%	

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 Board engages discussion of key risks annually prior to approving the Corporate Risk Register and the Audit Committee reviews an update against the Register at each of its meetings. The Board also engages in regular discussion around key and emerging risks and is kept up to date with college and sector developments through regular reports from the Principal. Reports presented to the Board by management include an analysis of the risk level associated with the matter to be discussed.

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. Each contract was awarded through an appropriate tender exercise. Following the extension of both contracts in 2020/21, a market testing exercise was carried out in spring 2022. Subsequently, the Internal Audit contract was 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. Both contracts are next due for review in spring 2025.

## 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 2023 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 2023 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 Ltd. 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. This includes a progress update on the implementation of any recommendations made by the Internal Audit service. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. The Board carried out the annual assessment for 2022/23 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 12 December 2023, 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 GOVERNING BODY

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

Within the terms and conditions of the Financial Memorandum between the Welsh Government and the Governing Body of the College, the Governing Body, through its Accounting Officer, is required to prepare financial statements and an operating and financial review for each financial year in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education, the Accounts Direction for Further Education Colleges in Wales and the UK's Generally Accepted Accounting Principles, and which give a true and fair view of the state of affairs of the College and its surplus/deficit of income over expenditure for that period.

In preparing the financial statements, the Governing Body is required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess whether the 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 Governing Body is also required to prepare a Members' Report in accordance with paragraphs 3.23 to 3.27 of the FE and HE SORP, which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the College.

The Governing Body 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 relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011, and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

The Governing Body is responsible for the maintenance and integrity of its website(s); the work carried out by auditors does not involve consideration of these matters and, accordingly, 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 Governing Body are responsible for ensuring that expenditure and income are applied for the purposes intended by the Welsh Government 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, and any other public funds, are used only in accordance with the Financial Memorandum with the Welsh Government and any other conditions that may be prescribed from time to time by the Accounts Direction for Further Education Colleges in Wales 2022/23 Welsh Government Version 1.0 Page 11 of 16 or any other public funder. Members must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, Members of the Governing



## STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE GOVERNING BODY

Body 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 and other public bodies are not put at risk.

Approved by order of the members of the Governing Body on [date] and signed on its behalf by:

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**Mr M Langshaw MBE**  
**Chair of Governors**

## 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 2023, 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 2023; 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.

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## 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.

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## 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](http://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.

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#### Other Required Reporting

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##### 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 2023**

Statement of Comprehensive Income for the year ended 31 July 2023
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INCOME	Note	College 2023 £'000	College 2022 £'000
WG grants	2	71,020	67,919
Tuition fees and education contracts	3	3,357	3,629
Other grants and contracts	4	2,125	2,594
Other income	5	2,220	2,340
Investment income	6	357	11
<b>Total Income</b>		<b>79,079</b>	<b>76,493</b>
<b>EXPENDITURE</b>			
Staffing costs	7	50,645	50,275
Staff restructuring costs	7	391	193
Other operating expenses	8	21,065	21,811
Depreciation	10	6,253	5,299
Interest and other finance costs	9	668	1,157
<b>Total Expenditure</b>		<b>79,022</b>	<b>78,735</b>
<b>Surplus/(Deficit)before exceptional items</b>		<b>448</b>	<b>(2,049)</b>
Staff restructuring costs		391	193
<b>Surplus/(Deficit)before other gains and losses</b>		<b>57</b>	<b>(2,242)</b>
Gain on disposal of assets		29	-
<b>Surplus/(Deficit)for the year</b>		<b>86</b>	<b>(2,242)</b>
Actuarial gain in respect of pensions schemes	22	21,733	53,364
<b>Total Comprehensive Income for the year (all unrestricted)</b>		<b>21,819</b>	<b>51,122</b>

Statement of changes in reserves for the year ended 31 July 2023
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	Income and expenditure account £'000	Restricted Reserves £'000	Revaluation Reserve £'000	Total £'000
Balance at 1 August 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)	-
<b>Balance at 31 July 2022</b>	<b>22,050</b>	<b>64</b>	<b>4,752</b>	<b>26,866</b>
Surplus for the year	86	-	-	86
Other comprehensive income	21,733	-	-	21,733
	21,819	-	-	21,819
<b>Balance at 31 July 2023</b>	<b>43,869</b>	<b>64</b>	<b>4,752</b>	<b>48,685</b>

Balance Sheet as at 31 July 2023
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	Note	College 2023 £'000	College 2022 £'000
<b>Non-current Assets</b>			
Tangible fixed assets	10	86,962	86,427
Investments		-	-
Endowment assets	12	64	64
Defined Benefit Pension Surplus	22	5,588	-
		<u>92,614</u>	<u>86,491</u>
<b>Current Assets</b>			
Stocks	13	2	2
Trade and other receivables	14	2,913	2,813
Cash and cash equivalents	19	33,605	32,397
		<u>36,520</u>	<u>35,212</u>
Less creditors - amounts falling due within one year	15	(22,786)	(22,734)
<b>Net Current Assets</b>		<b>13,734</b>	<b>12,478</b>
<b>Total assets less current liabilities</b>		<b>106,348</b>	<b>98,969</b>
Creditors - amounts falling due after more than one year	16	(55,488)	(55,700)
<b>Net Assets before provisions</b>		<b>50,860</b>	<b>43,269</b>
<b>Provisions</b>			
Defined benefit pension obligations	22	-	(14,012)
Other provisions	18	(2,175)	(2,391)
		<u>3,413</u>	<u>(16,403)</u>
<b>Net Assets</b>		<b>48,685</b>	<b>26,866</b>
<b>Restricted reserves</b>			
Income and expenditure reserve - endowment fund		64	64
<b>Unrestricted Reserves</b>			
Income and expenditure account		43,869	22,050
Revaluation reserve		4,752	4,752
Total unrestricted reserves		<u>48,621</u>	<u>26,802</u>
<b>Total reserves</b>		<b>48,685</b>	<b>26,866</b>

The Financial Statements on pages 42 to 66 were approved by the Corporation on 12 December 2023 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 2023
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	2023 £'000	2022 £'000
<b><i>Cash flow from operating activities</i></b>		
Surplus/(Deficit) for the year before other gains and losses	86	(2,242)
<b><i>Adjustment for non-cash items</i></b>		
Depreciation	6,253	5,299
Increase in debtors	(98)	(835)
Increase in creditors due within one year	52	8,209
Decrease in provisions	(217)	(451)
Pensions costs less contributions payable	1,613	5,624
Deferred capital grant release	(2,994)	(2,414)
<b><i>Adjustment for investing or financing activities</i></b>		
Investment income	(357)	(11)
Interest payable	668	1,157
Investment received	-	2
<b>Net Cash flow generated from operating activities</b>	<b>5,006</b>	<b>14,338</b>
<b><i>Cash flows used investing activities</i></b>		
Result of sale of fixed assets	-	13
Investment income	357	11
Payments made to acquire fixed assets	(6,788)	(8,267)
Deferred grant received	3,084	2,769
<b>Net cash flow used in investing activities</b>	<b>(3,347)</b>	<b>(5,474)</b>
<b><i>Cash flows from financing activities</i></b>		
Interest paid	(148)	(124)
Repayment of amounts borrowed through loans	(303)	(390)
<b>Net cash flow from financing activities</b>	<b>(451)</b>	<b>(514)</b>
<b>Increase in cash and cash equivalents in the year</b>	<b>1,208</b>	<b>8,350</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>32,397</b>	<b>24,047</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>33,605</b>	<b>32,397</b>

## 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**

The College’s subsidiaries are set out in note 11, and all are currently dormant. 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

The College currently has £3.2m of loans (2022: £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. Where the value of pension assets are greater than the pension liability a pension surplus is recognised only

where there is certainty around the ability of the College to recover the surplus through reduced contributions in the future.

### **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 2022 has been used by the actuary in valuing the pensions liability at 31 July 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**2. WG GRANTS**

	College 2023 £'000	College 2022 £'000
<b>Recurrent Grants</b>		
WG Recurrent Grant	55,510	51,468
Work Based Learning	2,395	2,243
Release of Deferred Capital Grants WG - buildings	129	129
Release of Deferred Capital Grants WG - equipment	2,191	1,578
Other specific grants	<u>10,795</u>	<u>12,501</u>
<b>Total</b>	<b><u>71,020</u></b>	<b><u>67,919</u></b>

**2. WG GRANTS - (Continued)**

During the 2022/23 financial year the College received £1,222k (2021/22: £1,002k) 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 2023 £'000	College 2022 £'000
Fees - Further Education	567	291
Fees - Higher Education	2,652	3,191
	<hr/>	<hr/>
Total tuition fees	3,219	3,482
LEA Contracts	138	147
	<hr/>	<hr/>
<b>Total</b>	<b>3,357</b>	<b>3,629</b>
	<hr/>	<hr/>

**4. OTHER GRANTS & CONTRACTS**

	College 2023 £'000	College 2022 £'000
European Grants	2,125	2,594
	<hr/>	<hr/>
<b>Total</b>	<b>2,125</b>	<b>2,594</b>
	<hr/>	<hr/>

**5. OTHER INCOME**

	College 2023 £'000	College 2022 £'000
Catering	33	21
Other income generating activities	327	277
Release other deferred capital grants - non WG	674	707
Farming activities	1	4
Miscellaneous income	1,185	1,331
	<hr/>	<hr/>
<b>Total</b>	<b>2,220</b>	<b>2,340</b>
	<hr/>	<hr/>



**6. INVESTMENT INCOME**

	College 2023 £'000	College 2022 £'000
Bank interest receivable	<u>357</u>	<u>11</u>
<b>Total</b>	<b><u>357</u></b>	<b><u>11</u></b>

**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 2023 No.	College 2022 No.
Teaching staff	607	536
Non-teaching staff	<u>650</u>	<u>703</u>
<b>Total</b>	<b><u>1,257</u></b>	<b><u>1,239</u></b>

	College 2023 £'000	College 2022 £'000
<b>Staff costs for the above persons</b>		
Wages and salaries	37,797	34,700
Social security costs	3,736	3,337
Other pension costs (inc. enhanced pensions, FRS 102 adjustment)	9,309	12,362
Movement in holiday pay	<u>(197)</u>	<u>(124)</u>
	50,645	50,275
Exceptional staff redundancy costs	<u>391</u>	<u>193</u>
	<b><u>51,036</u></b>	<b><u>50,468</u></b>

**STAFFING COSTS - (Continued)****Employment costs by employee type**

	<b>College 2023 £'000</b>	<b>College 2022 £'000</b>
Teaching departments	28,350	26,116
Teaching support services	6,870	6,456
Administration and central services	13,279	11,610
Premises	624	554
Training and development	45	64
Exceptional staff redundancy costs	391	193
Enhanced pension provision movement	(102)	(177)
Apprenticeship levy	163	152
FRS102 charge in excess of contributions	1,613	5,624
Holiday pay accrual movement	<u>(197)</u>	<u>(124)</u>
<b>Total</b>	<b><u>51,036</u></b>	<b><u>50,468</u></b>

**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:

	<b>College 2023 No.</b>	<b>College 2022 No.</b>
The number of key management personnel including the Accounting Officer was:	14.47	13.00
<b>Total</b>	<b><u>14.47</u></b>	<b><u>13.00</u></b>

## STAFFING COSTS - (Continued)

Key management personnel	College 2023 No.	College 2022 No.
£60,001 to £65,000 per annum	-	4.00
£65,001 to £70,000 per annum	5.36	2.00
£70,001 to £75,000 per annum	1.42	1.00
£75,001 to £80,000 per annum	-	3.00
£80,001 to £85,000 per annum	4.69	-
£115,001 to £120,000 per annum	1.00	2.00
£120,001 to £125,000 per annum	1.00	-
£185,001 to £190,000 per annum	1.00	1.00
<b>Total</b>	<b>14.47</b>	<b>13.00</b>

Key management personnel compensation is made up as follows:

	College 2023 £'000	College 2022 £'000
Salaries	1,249	1,060
Car Allowance	22	22
Health Scheme	8	7
Pension contributions	260	220
<b>Total Emoluments</b>	<b>1,539</b>	<b>1,309</b>

In 22/23 there were 3 members of staff who earned over 60k that are not part of the senior leadership team. Two lecturers and one Head of Service.

	College 2023 No.	College 2022 No.
£60,001 to £65,000 per annum	3	-

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 are as follows:

	College 2023 £'000	College 2022 £'000
Salaries	186	173
Pension contributions	34	31
<b>Total Emoluments</b>	<b>220</b>	<b>204</b>

## STAFFING COSTS - (Continued)

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

	College 2023 £'000	College 2022 £'000
Compensation paid to former key management personnel	40	-
<b>Total</b>	<b>40</b>	<b>-</b>

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

	College 2023	College 2022
Principal's basic salary as a multiple of the median of all staff	4.88	4.90
Principal's total remuneration as a multiple of the median of all staff	6.12	6.13

The 2023 figures are based on the Gender Pay Gap report for March 2023 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 2023 £'000	College 2022 £'000
Teaching department costs	2,243	3,722
Other support services	143	135
Administration and central services	5,811	4,984
General Education	2,355	2,304
Premises and maintenance costs	6,215	6,794
Franchise provision	1,200	1,005
Payment to Partners - European Funding	715	1,195
Catering operations	435	358
Usk Estates	18	16
Transport	988	1,005
	<u>20,123</u>	<u>21,518</u>
Auditors' Remuneration - (All audit fees are gross of VAT)		
Financial Statement	46	43
Other Services	14	13
Internal Audit	57	31
Hire of assets under operational leases - non-property assets	825	206
	<u>21,065</u>	<u>21,811</u>

## 9. INTEREST & OTHER FINANCE COSTS

	College 2023 £'000	College 2022 £'000
Banks loans, overdrafts and other loans	148	124
Pension finance costs (note 22)	520	1,033
	<u>668</u>	<u>1,157</u>

## 10. TANGIBLE FIXED ASSETS

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

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

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

Assets with a net book value of £11,693k (2021/22: £9,008k) have been funded with Welsh Government grants, and assets with a net book value of £302k (2021/22: £341k) 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
<b>Cost or valuation</b>					
At 1 August 2022	6,857	88,873	38,039	9,692	143,461
Additions	-	-	-	6,788	6,788
Reclassifications	336	20	10,881	(11,237)	-
<b>At 31 July 2023</b>	<b>7,193</b>	<b>88,893</b>	<b>48,920</b>	<b>5,243</b>	<b>150,249</b>
<b>Accumulated Depreciation</b>					
At 1 August 2022	378	37,533	19,123	-	57,034
Charges for year	12	1,361	4,880	-	6,253
<b>At 31 July 2023</b>	<b>390</b>	<b>38,894</b>	<b>24,003</b>	<b>-</b>	<b>63,287</b>
<b>Net Book Value at 31 July 2023</b>	<b>6,803</b>	<b>49,999</b>	<b>24,917</b>	<b>5,243</b>	<b>86,962</b>
<b>Net Book Value at 31 July 2022</b>	<b>6,479</b>	<b>51,340</b>	<b>18,916</b>	<b>9,692</b>	<b>86,427</b>

## 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 2023 £'000	College 2022 £'000
Cash Balances	64	64
<b>Total</b>	<b>64</b>	<b>64</b>

## 13. STOCKS

	College 2023 £'000	College 2022 £'000
Refectory & bar stock	2	2
<b>Total</b>	<b>2</b>	<b>2</b>

## 14. TRADE & OTHER RECEIVABLES

	College 2023 £'000	College 2022 £'000
<b>Amounts falling due within one year</b>		
Trade receivables	460	353
Prepayments and accrued income	2,453	2,460
<b>Total</b>	<b>2,913</b>	<b>2,813</b>

## 15. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	College 2023 £'000	College 2022 £'000
<b>Amounts falling due within one year</b>		
Bank loans (refer to note 17)	302	389
Trade payables	531	235
Accruals and deferred income	7,533	8,328
Government grants received in advance - Deferred Capital	4,061	2,685
Grants in advance	10,359	11,097
<b>Total</b>	<b>22,786</b>	<b>22,734</b>

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

	College 2023 £'000	College 2022 £'000
Bank loans	2,515	2,818
Deferred income - government grants	52,973	52,882
	<hr/>	<hr/>
<b>Total</b>	<b>55,488</b>	<b>55,700</b>
	<hr/>	<hr/>

## 17. MATURITY OF DEBT - BANK LOANS & OVERDRAFTS

Bank loans are repayable as follows:

	College 2023 £'000	College 2022 £'000
Bank loans due within one year	303	389
Between one and two years	321	302
Between two and five years	1,085	1,044
In five years or more	1,109	1,472
	<hr/>	<hr/>
<b>Total</b>	<b>2,818</b>	<b>3,207</b>
	<hr/>	<hr/>

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

	Pontypool Closure Provision £'000	Other £'000	Enhanced Pension Provision £'000	Holiday pay provision £'000	Total £'000
At 1 August 2022	-	-	1,528	864	2,392
Released/ utilised	-	-	(151)	(197)	(348)
Charge to I+E account in period	184	50	(103)	-	131
<b>Total</b>	<b>184</b>	<b>50</b>	<b>1,274</b>	<b>667</b>	<b>2,175</b>

The Pontypool Closure Provision relates to the closure of the Pontypool Campus where the decision to close was taken in May 2023. The provision has been made for the remainder of the costs that will be charged in 24/25 financial year.

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;

	2023	2022
Price Inflation	2.8%	2.9%
Discount Rate	5%	3.3%

The holiday pay provision relates to short-term employee benefits afforded to all employees in the financial year but which are still outstanding at year end. These benefits relate to outstanding annual leave at 31 July 2023.

## 19. CASH & CASH EQUIVALENTS

	At 1 August 2022 £'000	Cash flows £'000	At 31 July 2023 £'000
Cash and cash equivalents	32,397	1,208	33,605
<b>Total</b>	<b>32,397</b>	<b>1,208</b>	<b>33,605</b>

## 20. CAPITAL & OTHER COMMITMENTS

	College 2023 £'000	College 2022 £'000
Commitments contracted at 31 July	3,195	3,107
<b>Total</b>	<b>3,195</b>	<b>3,107</b>

## 21. LEASE OBLIGATIONS

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

	College 2023 £'000	College 2022 £'000
<b>Other (not land and buildings)</b>		
Not later than one year	253	206
Later than one year and not later than five years	572	24
<b>Total</b>	<b>825</b>	<b>230</b>

## 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 2022.

### Total Pension Cost for the year

	2023 £'000	2022 £'000
Teachers' Pension Scheme Contributions	4,938	4,445
Local Government Pension Scheme Contributions		
Contributions paid	2,858	2,526
Movement in accruals/LS adjustments	2	(2)
"FRS 102" charge	1,613	5,624
Charge to Statement of Comprehensive Income	4,473	8,148
Enhanced Pension Credit to the Income and Expenditure Account	(102)	(177)
<b>Total pensions charge</b>	<b>9,309</b>	<b>12,416</b>

## **DEFINED BENEFIT PENSION OBLIGATIONS (CONTINUED)**

### **Teachers' Pension Scheme (TPS)**

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

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

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

Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan.

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

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department) in April 2019. The

valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

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 £4,938k (2022 £4,445k)

### **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 2023 were £3,803k, of which employer's contributions totalled £2,860k and employees' contributions totalled £943k. The agreed contribution rates for future years are 19.8% for employers and range from 5.5% to 12.5% for employees, depending on salary.

## DEFINED BENEFIT PENSION OBLIGATIONS (CONTINUED)

### Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2022, updated to 31 July 2023 by a qualified independent actuary.

	At 31 July 2023 %	At 31 July 2022 %
Rate of increase in salaries	3.50	3.05
Discount rate for scheme liabilities	5.05	3.50
Inflation assumption (CPI)	3.00	2.75
Commutation of Pensions to lump sums	65.0	50.0

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

	2023 %	2022 %
<b>Retiring today</b>		
Males	20.6	20.5
Females	23.4	23.2
<b>Retiring in 20 years</b>		
Males	21.3	21.8
Females	25.0	25.1

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

	2023 £'000	2022 £'000
Fair value of plan assets	93,785	89,073
Present value of plan liabilities	(88,197)	(103,085)
<b>Net Pensions Surplus / (Liability)</b>	<b>5,588</b>	<b>(14,012)</b>

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

	2023 £'000	2022 £'000
<b>Amounts included in staff costs</b>		
Current service cost	4,471	8,098
Past service credit	-	52
<b>Total</b>	<b>4,471</b>	<b>8,150</b>
<b>Amounts included in finance costs</b>		
Net interest cost	(520)	(1,033)
<b>Total</b>	<b>(520)</b>	<b>(1,033)</b>

## DEFINED BENEFIT PENSION OBLIGATIONS (CONTINUED)

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

	2023 £'000	2022 £'000
<b>Amount Recognised in Other Comprehensive Income</b>		
Return on pension plan assets	(734)	2,697
Experience gains arising on defined benefit obligations	10,872	-
Change in demographic assumptions	(26,824)	(537)
Changes in assumptions underlying the present value of plan liabilities	(5,047)	(55,524)
<b>Amount Recognised in Other Comprehensive Income</b>	<b>(21,733)</b>	<b>(53,364)</b>
<b>Movement in net defined liability during year</b>		
Net defined benefit liability in scheme at 1 August	(14,012)	(60,719)
Movement in year;		
Current service cost	(4,471)	(8,098)
Past service costs	-	(52)
Employer contributions	2,858	2,526
Net interest on the defined (liability)	(520)	(1,033)
Actuarial gain	21,733	53,364
<b>Net Defined benefit Surplus / (liability) at 31 July</b>	<b>5,588</b>	<b>(14,012)</b>
<b>Asset and Liability Reconciliation</b>		
<b>Changes in the present value of defined benefit obligations</b>		
Defined benefit obligations at start of period	(103,085)	(149,777)
Current service cost	(4,471)	(8,098)
Past service cost	-	(52)
Interest cost	(3,659)	(2,467)
Contribution by scheme participants	(943)	(847)
Benefits paid	2,463	2,095
Changes demographic assumptions	26,824	537
Changes in financial assumptions	5,047	55,524
Other experience	(10,373)	-
<b>Defined benefit obligations at the end of period</b>	<b>(88,197)</b>	<b>(103,085)</b>
<b>Fair value of plan assets at start of period</b>	<b>89,073</b>	<b>89,058</b>
Interest on plan assets	3,139	1,434
Return on plan assets	734	(2,697)
Employer contribution	2,858	2,526
Contributions by scheme participants	943	847
Other Experiences	(499)	-
Estimated benefits paid	(2,463)	(2,095)
<b>Fair value of plan assets at end of period</b>	<b>93,785</b>	<b>89,073</b>

## 23. RELATED PARTY TRANSACTIONS

The total expenses paid to or on behalf of the Governors during the year was £nil. (2022 £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 (2022 nil)

## 24. AMOUNTS DISBURSED AS AGENT

	College 2023 £'000	College 2022 £'000
Balance brought forward	73	171
Funding body grants - discretionary learner support	<u>1,221</u>	<u>1,002</u>
	<b>1,294</b>	<b>1,173</b>
 Disbursed to students	 (1,205)	 (1,072)
Administration costs	<u>(35)</u>	<u>(28)</u>
Balance as at 31 July, included in creditors	<u><b>54</b></u>	<u><b>73</b></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.