



**Coleg
Gwent**

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BLYNYDDOL A
CHYFRIFON
2023/24**

**ANNUAL
REPORT AND
ACCOUNTS
2023/24**

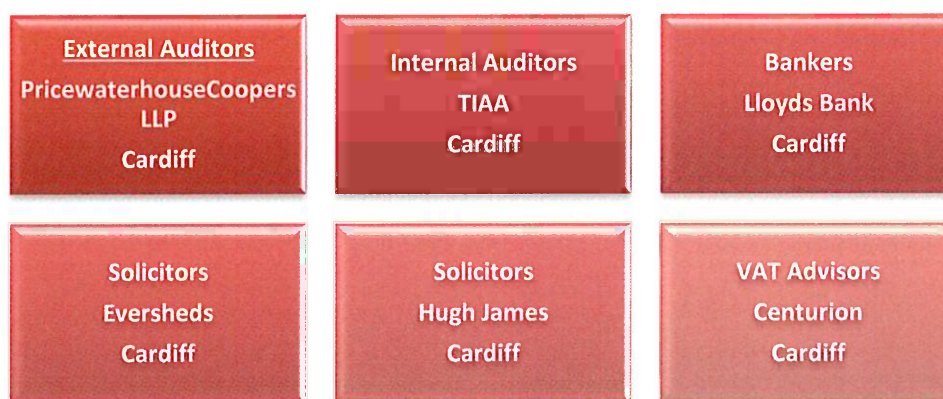
KEY MANAGERS, BOARD OF GOVERNORS AND PROFESSIONAL ADVISORS

Key Managers are defined as members of the Senior Leadership Team (SLT) and were represented as follows in 2023/24:



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 2023/24

Our Governing Body are proud to present their report and the audited financial statements for the year ended 31 July 2024. 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

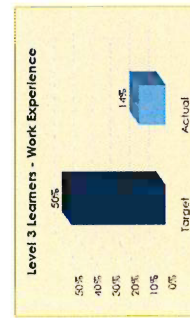
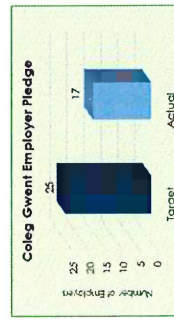
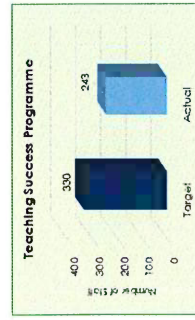
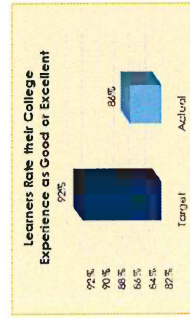
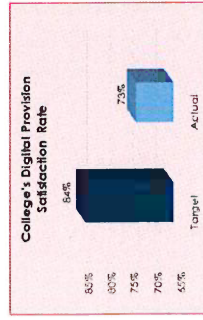
The delivery of public benefit is set out throughout this report of the Corporation and through the achievement of the College's key objectives and performance indicators.

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 2023/24 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 2023/24 with further detail and narrative provided in the subsequent pages.

Vision & Culture



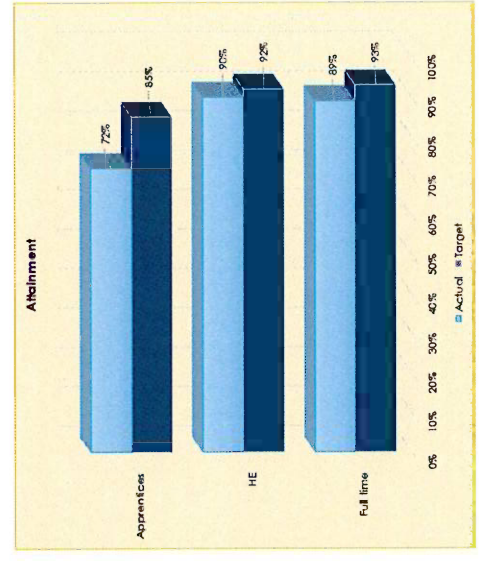
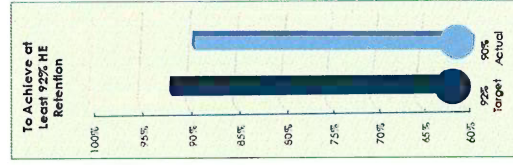
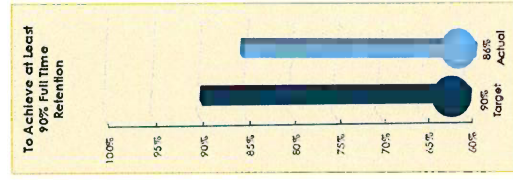
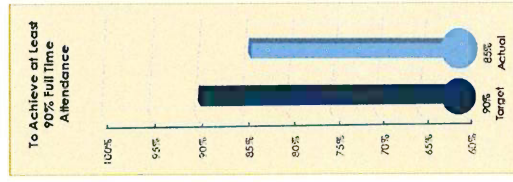
Our Learner Performance

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

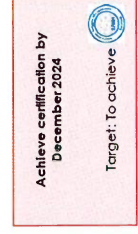
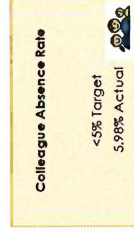
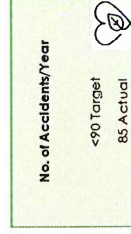
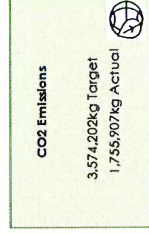
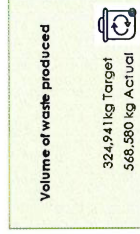
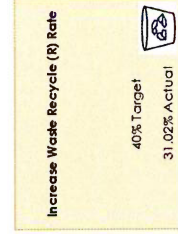
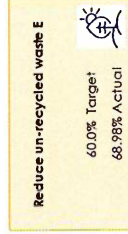
**49% Actual
80% Target**

All GCSE resit learners have baseline assessment within 4 weeks

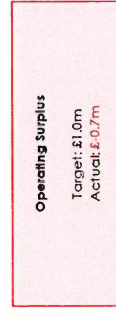
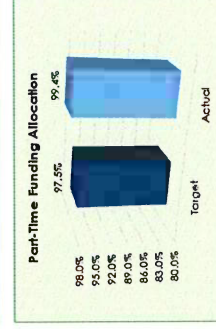
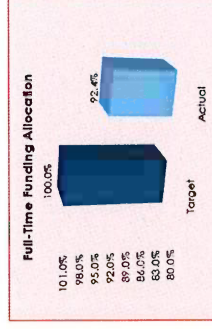
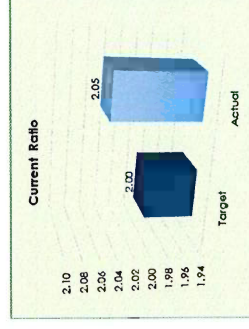
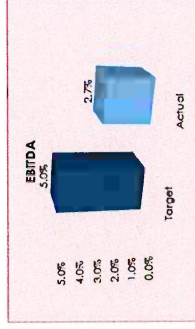
83% Actual
90% Target



Health, Safety & Sustainability



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:

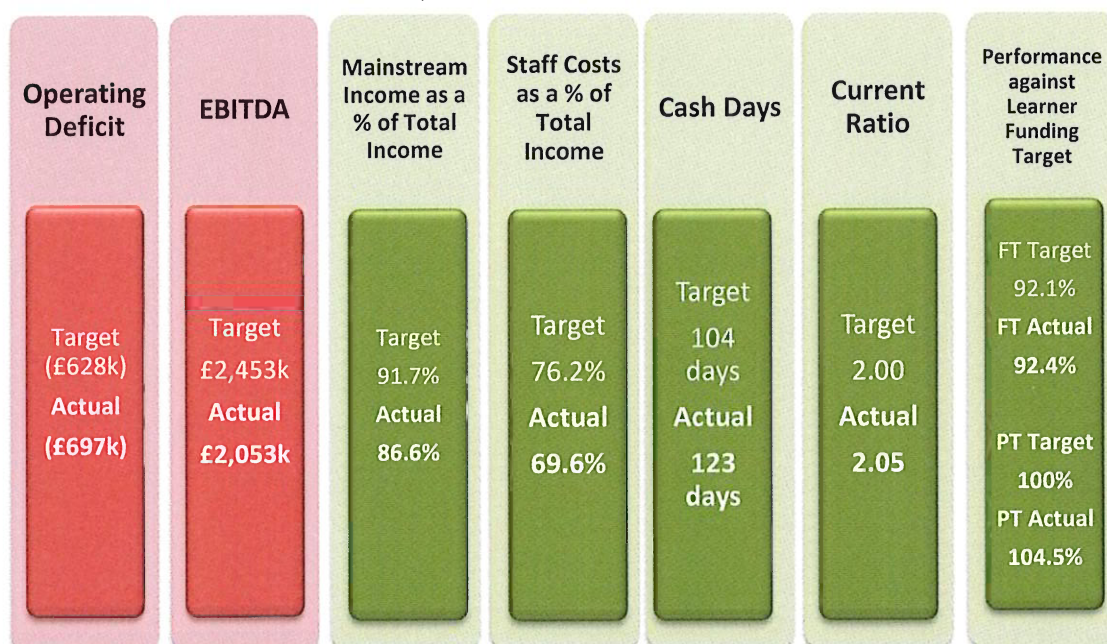
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OUR FINANCIAL PERFORMANCE

These financial statements reflect the results for the year ended 31 July 2024.

It should be noted that whilst the College remained part of a Group structure throughout 2023/24, there has been no activity within the subsidiary companies during this time.

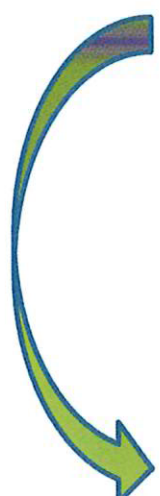
The financial performance for the year will, therefore, be discussed only in the context of the College throughout the report. In a year in which organisations have continued to struggle with the financial impact of decreasing, but still high, inflation, the College's performance against its financial KPIs for 2023/24 has been resilient with the operating surplus and EBITDA close to Budget. Performance against learner targets improved with the College achieving its internal targets. Full-time learner numbers increased by 347 and part-time learner numbers increased by 299.



It should also be noted that as in the previous Covid impacted years the financial KPIs generated for 2023/24 have been distorted by the level of additional WG grants received and spent during the year.

For the year ended 31 July 2024 the College's internal management accounts report a **£697k operating deficit**. 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 2023/24 £k	Actual 2022/23 £k
Operating (deficit)/surplus before non-cash pension costs and exceptional items	(697)	2,581
Less: Non-cash pension costs	628	(2,133)
Operating (deficit)/surplus before exceptional items	(69)	448
Staff restructuring costs	(1,007)	(391)
Profit on disposal of assets	3	29
(Deficit)/Surplus for the year	(1,073)	86
Actuarial gain in respect of pension schemes	8,128	21,733
Total Comprehensive Income for the year	7,055	21,819

The operating deficit of £697k is a decrease on the £2,581k operating surplus reported in 2022/23, but still significantly above the target set for 2023/24. 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, it continued to feel the 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. Once again in 23/24 Welsh Government continued with its commitment to funding learner recovery through the provision of a number of grants. This 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 credits of £628k (2022/23 - costs of £2,133k) 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 (below)/in excess of contributions	(£345k)	(22/23	£1,613k)
Pension finance (credits)/costs	(£283k)	(22/23	£520k)

The credits 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.

Staff Restructuring costs - a total of £1,007k of costs (2023: £391k) have been incurred in funding exceptional redundancies during the year.

Increased holiday pay accrual - accounting standards require the College to consider the cost of outstanding holiday entitlement held by staff at the year-end as an accrual. Each year the College encourages all staff to book their annual leave through the College's

electronic booking system. At the end of the year any unused leave is costed using each staff members daily pay rate and the total accrued in the annual financial statements.

During 2023/24 there was an increase in the holiday pay accrual of £21k, bringing the total accrual to £688k. This reflects a return to more regularised working patterns after the pandemic.

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's next review is due in November 2025.

Cash

The College's cash balance at 31 July 2024 was £6.4m (2023 - £33.6m). During the year the College invested £3.1m (2023: £6.8m) in capital resources for the benefit of learners and staff, detail of which can be seen later in the report. It also placed £21m in short-term deposit funds with UK banks, maturing in September 2024, October 2024, January 2025 and April 2025, in accordance with its Treasury Management policy. The other contributory factor to the decrease in the year end cash balance was the utilisation of previously unspent WG grants.

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 or assets 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. For the third successive year, in 2023/24 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 credits of £628k (2023 costs of - £2,133k) arising as a result of accounting for the LGPS in accordance with FRS102.

In addition, the LGPS pension surplus of £14.2m has been recognised on the balance sheet as a non-current asset. The LGPS pension was also recognised as an asset in 2022/23 (2023 - £5.6m). Please refer to Page 51 where the rationale for recognising the pension surplus is detailed in the notes relating to significant judgements.

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 and currently 5.00% in 2024. 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 generation of a pension surplus has had a positive impact on the College's balance sheet, increasing reserves by £7.1m to £55.8m (2023 - £48.7m). 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 set by LGPS scheme rules.

Payment Performance

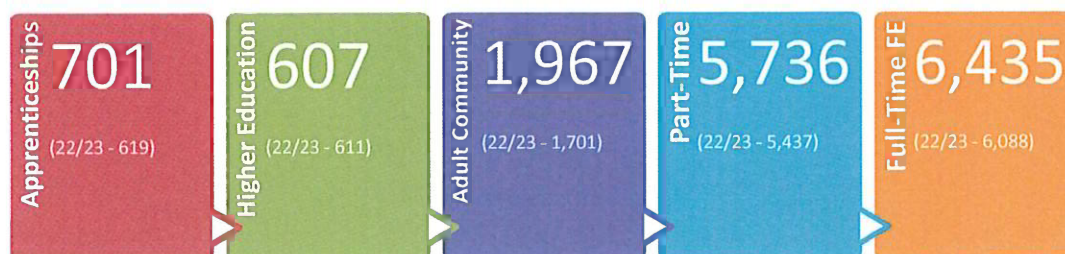
The College has standard 30-day payment terms with the majority of its suppliers and is in line with the requirement of the Late Payment of Commercial Debts (Interest) Act 1998. The supplier is made aware of these terms by issuing a copy of the College's terms and conditions with each purchase order.

The calculation of payment performance, as originally prescribed in the Accounts Direction, is based on the year-end creditor figure and at 31 July 2024 was 1 days (2023 - 6 days).

OUR LEARNERS

Learner Numbers

In 2023/24 Coleg Gwent was the College of choice for 15,446 learners (2022/23 - 14,456):



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 2023/24, 9.4% (22/23 - 9.2%) of our learners were from BME groups and 18.5% (22/23 - 18.7%) of learners declared themselves as having a disability and/or learning difficulty.

The number of males studying at the college increased very slightly at 47.6% (22/23 - 47.3%) of the College's learners in 2023/24.

The College serves a significant proportion of learners from areas of high deprivation compared to the most recently available sector average (52.9% 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 (64.8%) 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 is very proud of the achievements of its learners as activity returns to pre-pandemic levels. Once again, it is difficult to confidently benchmark performance though the college uses internal benchmarking to help evaluate where improvements are being made.

Learners feedback through questionnaires and learner forums that they are very satisfied with their experience in college. All learners state that they feel safe in college which is pleasing given the rollout of the college's 'Ready, Respectful, Safe' initiative this academic year.

Full-time learner recruitment has started to recover and the college recruited approximately 360 additional full-time learners in 2023/24. Learner attendance remained

challenging across the whole of the education sector and many learners are still reporting high levels of anxiety as a result of the pandemic. A wide range of additional support has been utilised throughout the year with additional financial support available from Welsh Government to help provide this.

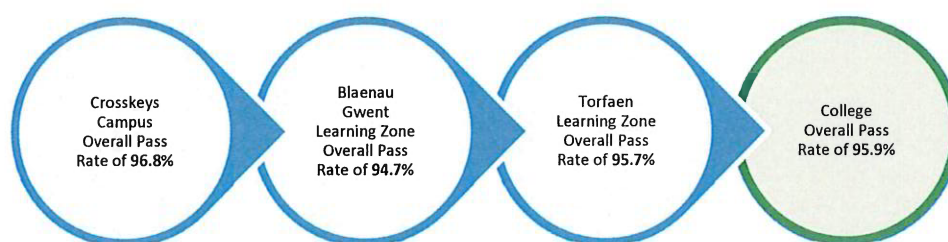
This year saw the final step towards parity with pre-pandemic outcomes in A Levels, with all mitigations lifted and consequently, a decline in national benchmarked outcomes.

More than 5,000 full-time learners studied vocational qualifications and a further 1,400 learners entered around 3,200 exams across AS and A Level. Of these, 19 A Level subjects achieved 100% pass rate and many learners progressed on to Russell Group or Oxbridge universities.

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

A Levels Results

This year saw a return to pre-pandemic assessment methods and grading with overall outcomes across Wales returning to pre-pandemic levels. A Level outcomes were 96% with the number of learners achieving A*-A grades at 18%.



The pass rate in the Advanced Skills Challenges (A Level equivalent) was 94%, which is very pleasing given the high number of entries (over 900).

GCSE Results

91% of our learners who followed a Maths GCSE programme of study gained a qualification (A* to G) which is a similar to the previous year. Of these, 19.9% achieved A* to C grades, an increase on the previous year which is very pleasing against a backdrop of declining grades nationally.

For GCSE English, 97% of our learners achieved the qualification (A* to G) which is again an improvement on the previous year and above the Wales national comparator. 18% gained A* to C grades.

Vocational Results

Overall attainment in all main qualifications as at 19 September 2024 is 88%. This is similar to the same point last year though is likely to increase to around 91%. Retention has maintained at 86%, though this remains lower than pre-pandemic years, where retention was around 89-90%. This remains an area of priority.

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

Apprenticeships

The success rate for Apprenticeships is not finalised until December each year, but the College is forecasting an outcome of 75% for 23/24. This is consistent with the final outcomes for recent years and, although below the ambitious target the College has set itself, is likely to be above the Wales average. The college contract value has also remained steady, with the focus primarily on improving the quality of outcomes.

Funding Targets

Full-time recruitment across the sector has started to recover as we continue in our post-pandemic recovery. Overall, the College achieved 92.1% of its Welsh Government full time allocation which is a significant improvement compared to the previous year. Part-time recruitment increased significantly compared to pandemic years and the college achieved around 98% of its funding allocation.

The 2023/24 year was another successful year for PLA (Personal Learning Accounts) with the college delivering more than £2.6m of activity.

There remains some uncertainty across the post-16 sector with the establishment of Medr as to the future funding model for FE. Funding allocations for 2024/25 have reduced significantly for many colleges which is challenging especially in a climate of increasing costs and high inflation. This comes at a time when learner recruitment now appears to be growing, against a back drop of declining funding due to the three-year average model. The college is actively contributing to discussions within the sector to help manage this position.

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 new Advanced Skills Challenges 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.

LEARNER ACHIEVEMENTS

Our girls Rugby Academy kept their crown yet again, for the fourth year in a row, of the WRU Urdd Welsh 7s. Truly unbeatable.

We've had another very successful year in WorldSkills UK. We're very proud of our learners, 11 of whom made it to the finals and a total of four won medals including gold and silver. This reaffirms our position in the top ten colleges across the UK for skills training finishing a very impressive 4th overall.

We shared an amazing evening with Sam Warburton to celebrate our annual Learner Awards Ceremony to honour inspiring learners and their dedication and achievements throughout the academic year.

CURRICULUM DEVELOPMENT

We're delighted with the progress of the new HiVE facility in Ebbw Vale which is due to be fully operational for the academic year 2025. This sector-leading facility will provide cutting-edge training and education in robotics, advanced materials and manufacturing, and digital and enabling technologies.

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.

In a celebration of culinary excellence, last month, our level 2 and level 3 professional cookery learners joined The Lord Mayor of Cardiff, Councilor Bablin Molik, and 100 esteemed guests, at the latest lunch to celebrate the launch of the Chef's Forum book, The Chefs' Knowledge

In a ground-breaking move toward inclusivity and equal opportunity, we joined forces with Agored Cymru and Professor Paul Edwards to offer students from less advantaged backgrounds an opportunity to study an Access to Medicine course.

The course, which prepares students for a Medical Pathway Degree is the first of its kind in Wales.

LEARNER ENRICHMENT

ILS learners from Crosskeys Campus flew to France, participated in workshops and activities to enhance their communication skills and confidence, and became experts in the Paris underground transport system.

Our animal care learners from Usk Campus spent two weeks in India as part of a global citizenship programme where they had the opportunity to visit a Leopard safari and Elephant sanctuary.

Learners studying engineering at BGLZ spent two weeks in Turkey at the Ciner Glass factory, experiencing a modern state of the art facility, and were able to explore Istanbul for a weekend.

AWARDS & CELEBRATION

Engineering lecturer, Alexis Dabee-Saltmarsh, was awarded a Silver Award for Further Education Lecturer of the Year in the Pearson National Teaching Awards. Alexis was nominated from thousands of nominees which is a remarkable achievement.

We're delighted to have been recognised again by the Quality Assurance Agency for Higher Education (QAA) for our high academic standards. QAA gave praise across all UK academic requirements with no identified areas for improvement or development.

As the lead for the Greater Gwent Adult Learning Partnership, the partnership received a glowing commendation following a review conducted by Estyn, Wales' education inspectorate.

INVESTMENT IN OUR STAFF

Over the last 12 months we have continued to embed our People Strategy and improve our colleague experience. We have made significant strides forwards in Learning and Development, Diversity and Inclusion, in addition to Health & Wellbeing. We have also worked closely with Union colleagues in developing a Social Partnership approach which has been supported with policy review and development.

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.

Our 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.

Significant investments have been made in improving our learning and development offer and enhancing the monitoring and tracking of course completion, particularly for all mandatory training. This was delivered through the launch of the College's new Learning Management System (LMS).

Our efforts in the Learning & Development field were also recognised at the South Wales CIPD awards where we were 'highly commended' for the best Learning & Development Initiative.

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 increase during 2023/24 were in recognition of the cost-of-living pressures and all staff received an increase of 5%, and all pay grades are above the Real Living Wage.

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 2023/24 we reported a mean gender pay gap of 7.01% and a median gender pay gap of 14.66%.

Diversity & Inclusion

We have continued to drive a culture of inclusion and celebrate the diversity of our learners, colleagues, communities and stakeholders. Our achievements over the last 12 months include:

- The launch of the "Embrace Diversity" campaign to ensure diversity features in all aspects of working practice and college experience.

- The successful delivery of our winter celebration; Frost Fest. Diversity and Inclusion was a core theme of the celebration and a footfall of 300 attendees was achieved.
- Our staff affinity networks (over 200 members) continue to meet and are working collaboratively towards key awareness days and celebrations on our college EDI calendar.
- Anti-Racism was recognised as a corporate learning priority for the College and the roll out of anti-racism training for all staff continued.
- The implementation of 'Inclusive Resourcing' via the Guaranteed interview scheme for ethnicity to help increase the number of employees from diverse backgrounds.

Health & Wellbeing

Colleague health & wellbeing also 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:

- The delivery of suicide awareness training for managers.
- The delivery of menopause awareness training.
- The introduction of staff health checks for all colleagues across campuses.
- Continued use and promotion of the wellbeing app - Headspace. This is available to all colleagues and learners.
- Continued access to culturally sensitive mental health support for people from Black Asian and ethnic minority communities through the CCAWs service.
- Providing colleagues with the opportunity to be a part of our 6 staff affinity networks.

Trade union facility time

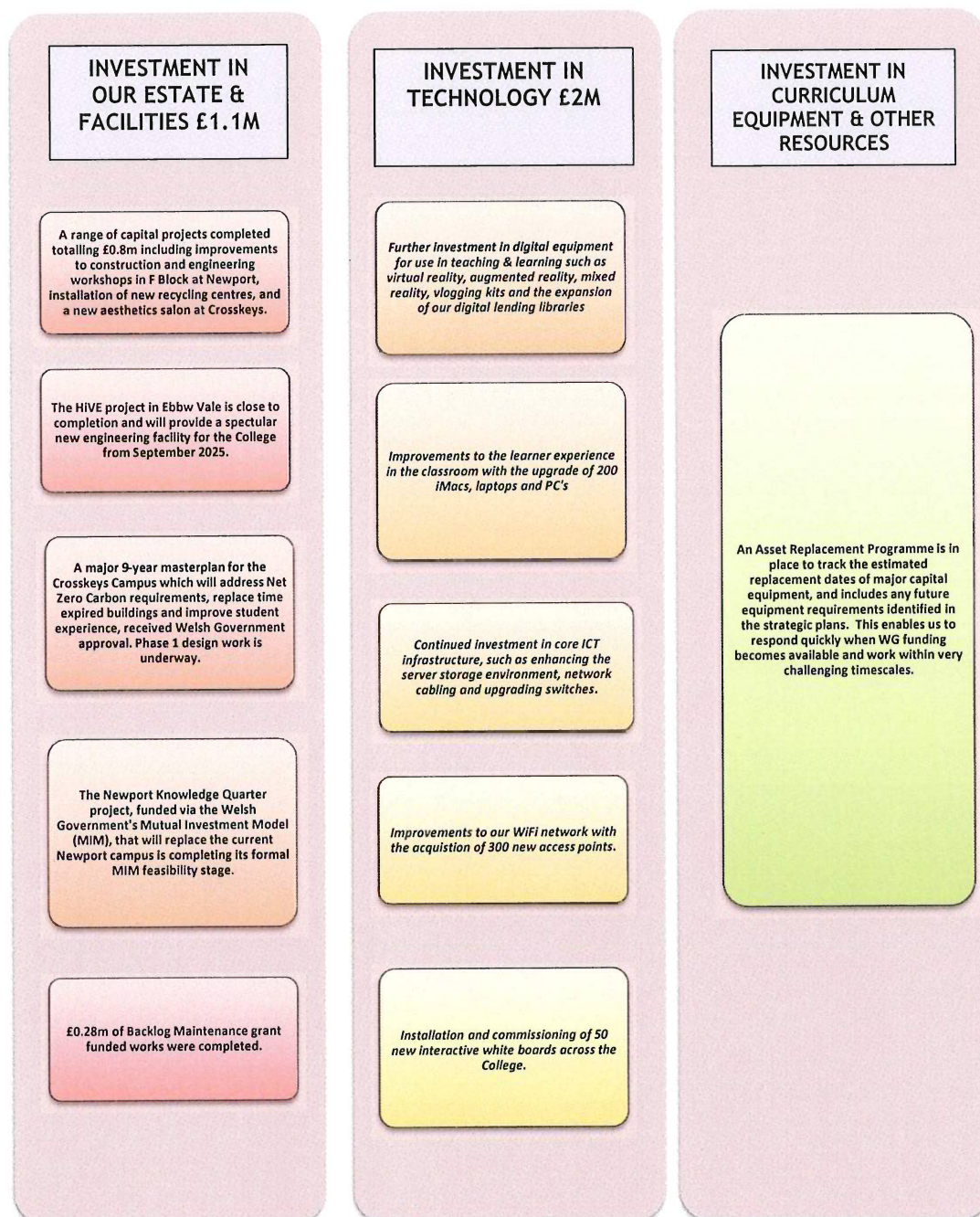
The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the college to publish information on facility time arrangements for trade union officials at the college.

Average number of employees	1,248
FTE employee number	888
Percentage of time	Number of employees
1-50%	10
51-99%	2

	£000
Total cost of facility time	111
Total pay bill (excluding restructuring)	29,646
Percentage of total bill spent on facility time	0.37%
Time spent on paid trade union activities as a percentage of total paid facility time	66%

INVESTMENT IN OUR ESTATE, TECHNOLOGY & PHYSICAL RESOURCES

We 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 capital grants when they became available. In total we invested £3.1m 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 17, with a number of other employers expressing an interest to join. Through the Pledge, employers have been involved in a range of activities that support learning and work-related experiences across the faculties.

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 2023/24 are predicted to be comparable to those of 22/23.

The College works strategically with a number of higher education partners to offer university level courses in a growing range of subject areas. During 2023/25 600 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.

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 commenced this year, and the building will be handed over during the second half of 24/25 to prepare for the delivery of a full curriculum in 25/26.

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 Deputy Principal 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 continued 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

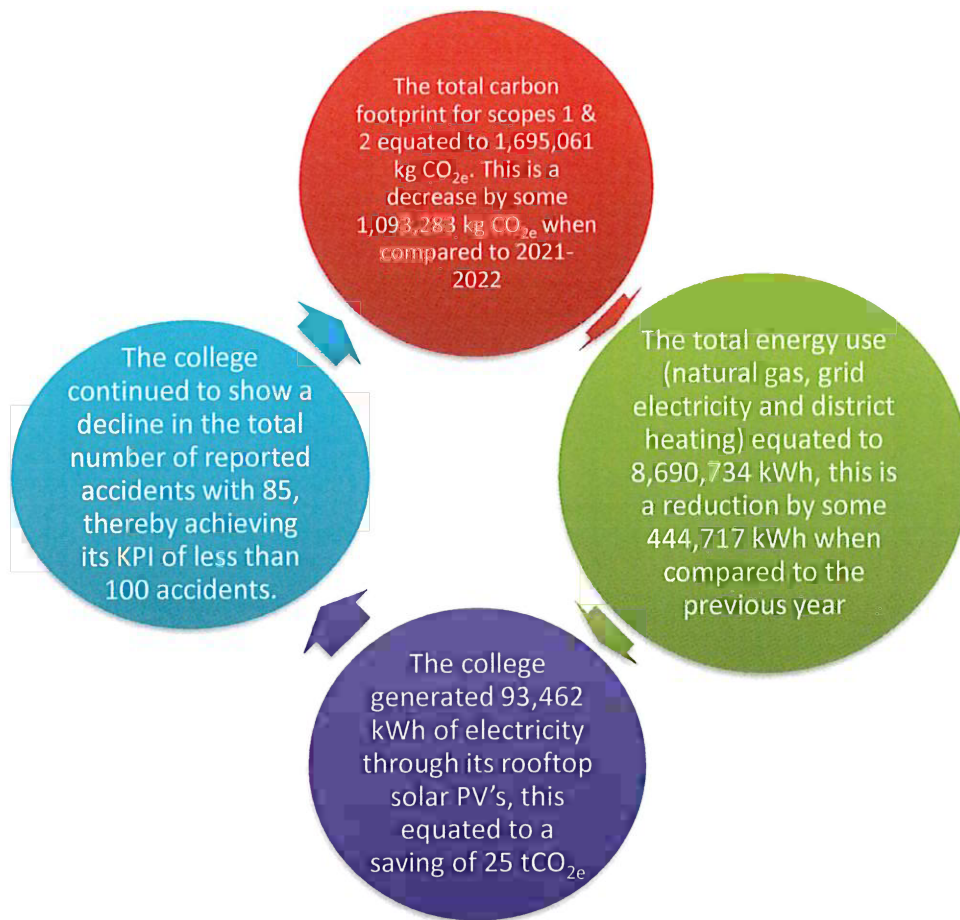
advisory body to the Cardiff Capital Region Cabinet, and is responsible for advising on matters of economic policy development.

HEALTH, SAFETY AND ENVIRONMENTAL PERFORMANCE

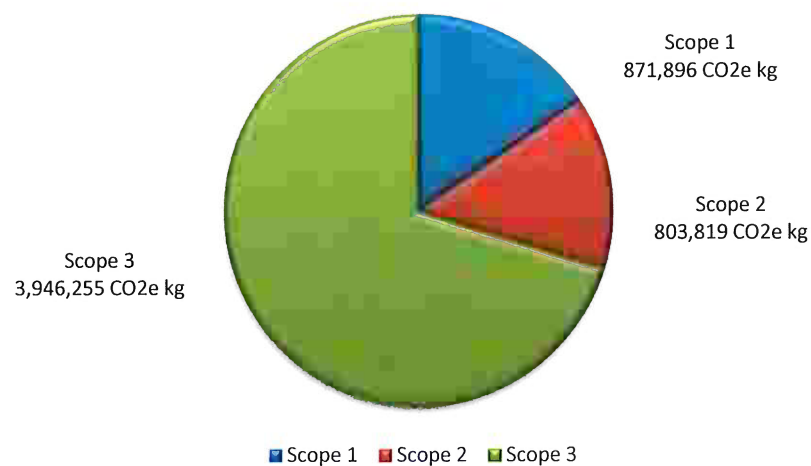
During 2023/24 the College continued to meet its aim of making year on year improvements in its health, safety and environmental performance and in doing so achieved a number of key goals that demonstrate the College's commitment to minimising risk, providing a safe learning environment and achieving net zero carbon by 2050.

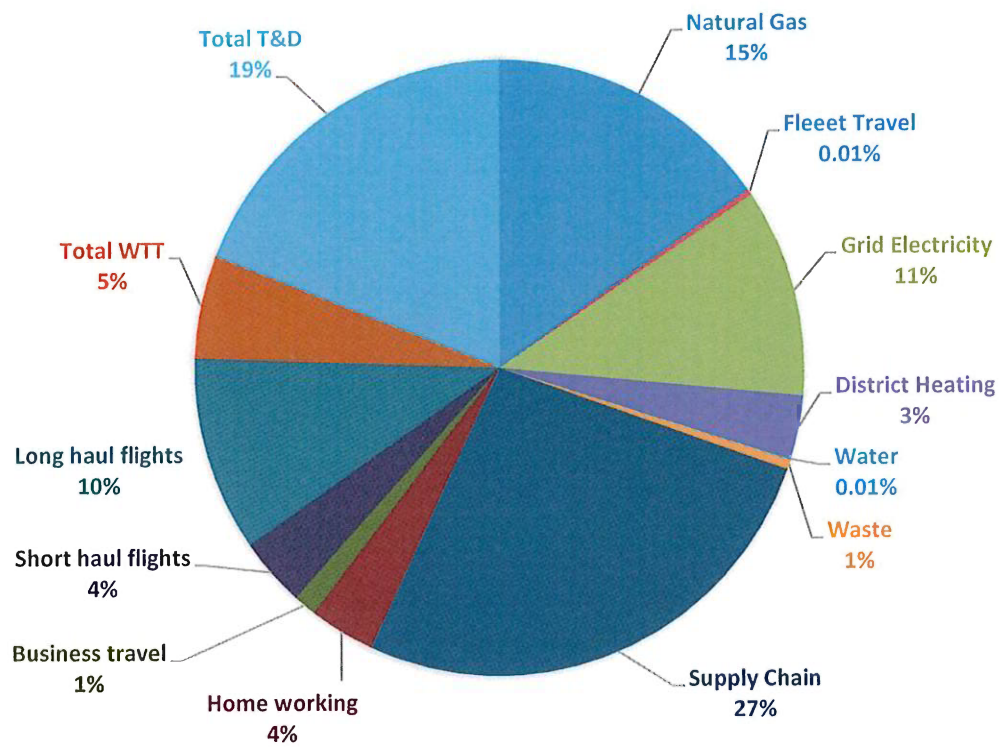
During 2023/24 the College successfully maintained its accreditation to both ISO 45001 (Occupational Health & Safety Management Standard) and ISO 14001 (Environmental Management). As a result, the college remains the only Further Education College in Wales with accreditation to both standards. The management standards help provide assurance of legislative compliance and the risks associated with the College are assessed, the control measures reviewed and appropriate action taken to reduce those risks.

Key Achievements



Total Carbon Emissions (2023 -2024)



Total CO₂e emission as percentage

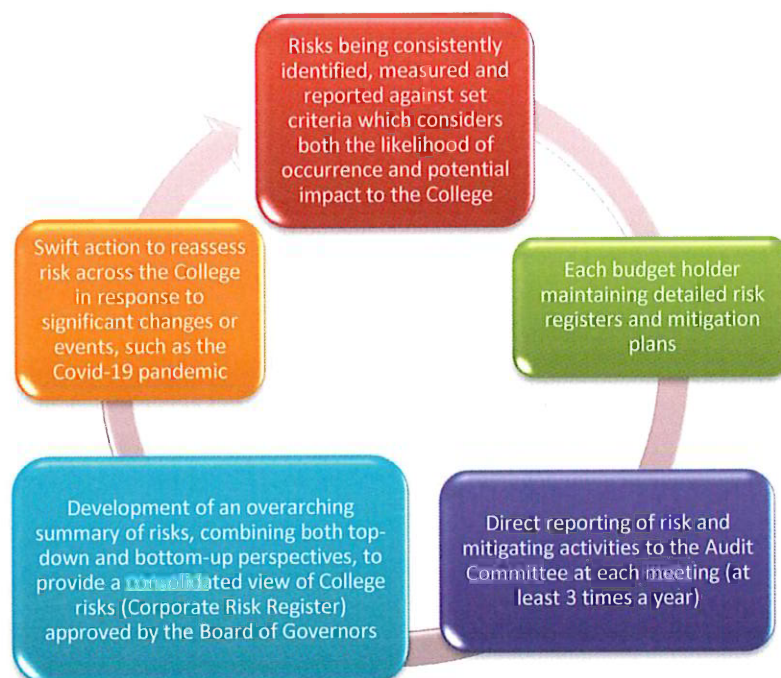
FUTURE UNCERTAINTIES & RISKS

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:



The key Corporate risks that were managed and monitored during 23/24 are listed on the next page.

These risks will continue to be managed and monitored closely throughout 2024/25.

Risks included on the 2024/25 Corporate Risk Register

Summary of Risks 24/25	
1	Failure to ensure a Safe and Inclusive college leads to harm to learners/staff, impacts recruitment and leads to financial and/or reputational damage
2	Failure to comply with Health & Safety/Net Zero/DDA legislation leads to financial penalty and reputational damage
3	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
4	Failure to fully meet the requirements of the General Data Protection Regulation (GDPR) may lead to financial penalty and reputational damage
5	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
6	Failure to develop and comply with effective internal control procedures results in fraudulent activity leading to loss of monies/assets and damaged reputation
7	Failure to address the worsening learner outcome profile adversely impacts on financial health, reputation and ability to raise funds for investment
8	Failure to develop a robust plan to deliver financial efficiencies adversely impacts on financial health, reputation and ability to raise funds for investment
9	Failure to maintain learner funding targets results in loss of income (in-year and future allocations) and adversely impacts on financial health.
10	Failure to progress key strategic estate developments, particularly the Crosskeys Redevelopment and the NKQ, leads to reduction in learner numbers, learner outcomes, staff morale and reputation
11	The creation of Medr and ongoing uncertainty around how the commission will operate in practice impacts adversely on funding and decision making
12	Uncertainty around future changes to general vocational qualifications causes disruption for learners and a potential adverse impact on learner recruitment.

FUTURE PRIORITIES

Keeping our learners and staff safe and ensuring that our learners have the best possible experience continues to be our top priority. Our identified risks for 24/25 (see previous page) go some way to confirming our remaining priorities as they continue to be closely linked to our strategic priorities.

Our aspiration to provide modern, innovative and inspirational learning environments across the communities we serve has not diminished and we are progressing our ambitious development programmes for the Newport Knowledge Quarter; the redevelopment of our Crosskeys campus and the collaboration with Blaenau Gwent County Borough Council through the Techvalleys programme to build a state-of-the-art Engineering facility - the HiVE in Ebbw Vale.

We recognise that maintaining sound financial health and sustainable reserves is critical for our investment plans and following funding cuts in recent years have embarked on a three-year action plan to drive greater financial efficiency through the organisation. We are working closely with our trade union colleagues in Social Partnership on our proposals to maintain and improve financial health and are committed to the social partnership model as a means of encouraging meaningful and beneficial engagement with staff.

In addition to acting to maintain healthy level of cash reserves, we are focussing effort on improving our learner outcomes

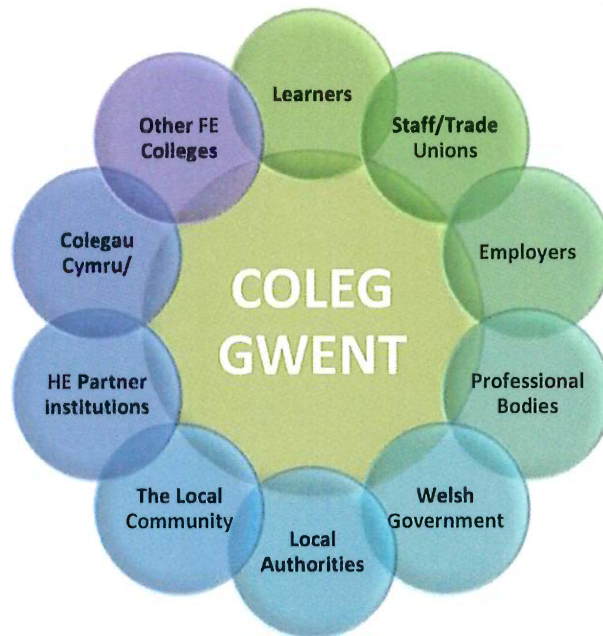
Provisional learner outcomes for 2023/24 have remained stable when compared to 2022/23. This is disappointing as outcomes generally need to improve and recovery post-Covid has been slow. There are a number of actions in place to address this in 2024/25 as part of a whole college improvement plan. This includes a clear focus on assessment and teaching strategies supported by the Quality team, and new approach to Quality Review Boards and sharper attention to data on attendance as an early indicator of learner disengagement.

Our current Strategic Plan runs to 2026 so a further priority for us in the year ahead will be to work with staff, governors and key stakeholders on a new and ambitious Strategic Plan for the College, building on our current successes and our future aspirations. In the meantime, we will continue to 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.

Our crosscutting themes around inclusion and relational practice continues and our commitment to these and to “Ready, Respectful, Safe” as the overarching motto underpinning our core values will continue.

STAKEHOLDER RELATIONSHIPS

As can be seen from the previous narrative, the College has worked hard to establish productive relationships with stakeholders:



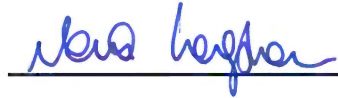
We recognise that engaging effectively with our stakeholders is crucial to our success. Effective engagement helps us to truly understand our stakeholders' needs and to align them with our organisational goals and strategy development. This report highlighted many examples of our effective engagement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

CORPORATION'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

A handwritten signature in blue ink, appearing to read 'N. G. Hughes', written over a horizontal line.

Signature:
Principal/Chief Executive

A handwritten signature in blue ink, appearing to read 'Nicola Caud', written over a horizontal line.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

This statement is intended to support the reader of the accounts to 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 annually reviews its compliance with the Code of Good Governance for Colleges in Wales. A copy of the Code of Good Governance is provided to each Corporation Member on appointment. In the opinion of the Board, 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 2024.

The Board has approved its own Corporation Code of Conduct, Values & Behaviours and each Member of the Corporation annually affirms their commitment to abide by the standards set out in it. The Code of Conduct references relevant statutory and regulatory guidance and enshrines the seven Principles of Public Life: selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

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 in relation to this appear elsewhere in this Annual Report.

The Corporation Board

The individuals who served as Governors and External Members during the year to 31 July 2024 are listed in the table on pages 30 and 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 Members recognise and understand the division between their governance role and the responsibilities of college management. The Corporation's Instrument & Articles of Government were fully reviewed and updated in July 2024 and clearly identify responsibilities that may not be delegated, along with those specifically delegated to the Principal/Chief Executive. Where appropriate, the Board has delegated some decisions to its committees or the Corporate Leadership Team. A Schedule of Delegation has been approved to ensure clarity and consistency to all such delegation.

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 data, 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 five times during the 2023/24 academic year.

To support the effective discharge of its responsibilities, the Board operates with five sub-committees, each of which has clear Terms of Reference that are reviewed and approved annually by the Board. These committees are:

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

Each committee reports to the Board on the matters addressed at its most recent meeting. These reports set out the committee's recommendations on decisions requiring Board approval and any other matters the committee feels require escalation to the Board for consideration. A supplementary report summarises all other discussions at the committee meeting. 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 a recommendation 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 is appropriate and enables Members to develop a sound understanding of the college. This length of terms also provides continuity of leadership, whilst allowing for the periodic introduction of new perspectives and supporting independence.

Re-appointment of Members is a matter for the Board as a whole, on the recommendation of the Governance & Membership Committee. Re-appointment at the end of each 3-year term of office 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.

Student Governors are each appointed for a one-year term of office. This can be extended at the Corporation's discretion and subject to such an extension, or re-election, Student Governors may serve a maximum of three years.

The Board is also responsible for the appointment of Senior Post Holders. In October 2023, the Principal/Chief Executive, Guy Lacey announced that he would retire in September 2024. Following a rigorous recruitment exercise supported by an independent HR advisor, the Board appointed Ms Nicola Gamlin as the new Principal/Chief Executive of the College with effect from 9 September 2024. Following Ms Gamlin's appointment and a restructure of the Corporate Leadership Team, two further recruitment exercises led to the Board making two further appointments. Mr Dan Coles was appointed to a new role of Vice Principal (Partnerships & Learner Journey), and Mr Mark Jones was appointed to replace Ms Gamlin as Vice Principal (Curriculum & Quality).

Board Diversity

The Board is fully committed to its role in leading the College to become an inclusive and diverse community. It aspires for the college to be a respectful and supportive environment where everyone is welcome and can be themselves. A Board Diversity & Inclusion Statement has been approved. This acknowledges the importance of leading by example through appointing a diverse range of Members to the Corporation and incorporating equality, diversity & inclusion considerations into all discussions and decisions. The Board Diversity Statement sets out a number of commitments in relation to this and performance against these commitments is reviewed annually. The Board receives regular assurance updates on ED&I and a Link Governor attends meetings of the College's ED&I Steering Group.

The Board's recruitment processes are regularly reviewed and updated. The Governance & Membership Committee oversees the recruitment process and regularly reviews and advises the Board on its skills and diversity profile. Governors complete mandatory training on Diversity matters and they joined college staff in completing Anti-racism training in response to Welsh Government's Anti-racist Wales Action Plan.

Board performance

The Corporation Instrument & Articles of Government and Standing Orders are fully reviewed every three years. The last such review took place in July 2024. Additionally, the Terms of Reference for each of the sub-committees are 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 meet with the Chair or Vice Chair and to discuss their own performance and development needs. An analysis of governance self-assessment responses was reviewed by the Governance & Membership Committee in April 2024 and then subsequently, by the Board at its meeting in May 2024, following which action points for development were agreed. An analysis of responses informs the Governance section of the College Self-Assessment Report.

The Board carries out periodic reviews of the college's governance structure. The last such review was undertaken in April 2023 and considered in detail the extent to which the Board fulfils its legal responsibilities and reviewed benchmarking information on Board structures and processes at other colleges and across other sectors. Following this review, a number of changes were made during 2023/24 to the way in which Board and committee meetings are structured.

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. A development briefing is incorporated into the agenda for each Board meeting and topics during 2023/24 included Safeguarding & Learner Wellbeing; Higher Education; Strategic Equality Plan and Adult Community Learning. Additionally, Members attended three Strategy Seminars during 2023/24 which included development activities around Marketing, Estates Developments, Risk, Funding & Financial Planning and Curriculum Development. During the year Governors also engaged in online sessions delivered by Colegau Cymru. To further support their development, Governors are encouraged to take part in campus visits and to attend college events. During the year, Governors have engaged in a wide range of exhibitions, performances, awards and employer events across college.

The Governance Officer

All Governors have access to the Governance Officer, who advises the Board on process and procedure and ensures that the Board complies with all applicable legal and regulatory requirements in the conduct of its business. The appointment, evaluation, remuneration and removal of the Governance Officer are the responsibility of the Board as a whole.

The Governance Officer holds the Chartered Governance Institute's Advanced Certificate in Corporate Governance. She engages annually in relevant training and in 2023/24 this included:

- Safeguarding & Prevent
- Equality & Diversity
- Disability in the workplace
- Anti-racism
- Anti-fraud, Bribery & Corruption

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

Governors and External Members who served during the year to 31 July 2024

Name	Date of Appointment/ Reappointment	Term of Office (Years)	Status	Committees served*	Attendance in 2023/24
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 - 100% F - 75% G - 83% R - 100%
Guy Lacey	01.08.2015 06.09.2024 <i>Retired</i>	N/A	Principal/ Chief Executive	C,F,G	B - 100% C - 75% F - 100% G - 100%
Nicola Gamlin	09.09.2024	N/A	Principal/Chief Executive	C, F, G	N/A
Susan Ball Vice Chair of Governors	01.04.2018 01.04.2021 <i>Re-apptd.</i> 01.04.2024 <i>Re-apptd.</i>	3	Independent	G(Chair), R A (co-opted_	B - 80% G - 100% R - 100% A-100%
Anthony Basnett	01.01.2018 01.01.2021 <i>Re-apptd.</i>	3	Independent	F (Chair)	B - 80% F - 100%
Moawia Bin-Sufyan	01.01.2022	3	Independent	A	B - 60% A - 100%
Elizabeth Brimble	01.06.2019 01.06.2022 <i>Re-apptd.</i>	3	Independent	C	B - 80% C - 75%
Andrew Clark	24.02.2021 23.02.24 <i>Re-apptd.</i>	3	Independent	F	B - 80% F - 75%
Joshua Davies	22.05.24	1	Student (FE)	C	B - 0% C - 100%
Delyth Evans	10.10.22	3	Independent	C	B - 60% C - 100%
Jamie Farr	24.02.2021 23.02.2024 <i>Retired</i>	3	Independent	C	B - 50% C - 50%
Rhiannon Fowler	01.01.2022 31.07.2024 <i>Resigned</i>	3	Staff (Business Support)	F	B - 80% F - 67%
Eva Franklin	01.02.2023 30.03.2024 <i>Retired</i>	1 Extended to 30.03.2024	Student (FE)	C	B - 33% C - 0%
Christopher Freegard ¹	01.01.2020 01.01.2023 <i>Re-apptd.</i>	3	Independent	A (Chair), G	B - 80% A - 100% G - 100%
Bailjit Gill	01.06.2022	3	Independent	F	B - 60% F - 75%
Joe Horne	01.08.2023	1	Student (FE)	C	B - 60% C - 75%
Claire Lloyd	01.02.2023 31.12.2023 <i>Resigned</i>	1	Student (HE)	C	B - 0% C - 0%
Ray Morrison	01.08.2018 01.08.2021 <i>Re-apptd.</i> 31.07.2024 <i>Retired</i>	3	Independent	G, R	B - 40% G - 67% R - 100%
John Phelps	01.06.2019 01.06.2022 <i>Re-apptd.</i>	3	Independent	A	B - 80% A - 100%
Matthew Preece	01.01.2020 01.01.2023 <i>Re-apptd.</i>	3	Independent	F	B - 100% C - 50%
Timothy Rathbone	01.04.2024	3	Independent	F	B - 100% F - 100%
Maria Retter	24.07.24	3	Staff (Teaching)	C	Appointed at last Board meeting of 23/24 (in attendance)
Josephine Rogers	01.08.2024	1	Student (FE)	C	N/A
Wendy Rogers ²	01.08.2018 01.08.2021 <i>Re-apptd.</i> 30.07.2024 <i>Retired</i>	3	Staff (Teaching)	C	B - 0% C - 0%
Elizabeth Swaffield	01.06.2017 01.06.2020 <i>Re-apptd.</i>	3	Independent	C (Chair)	B - 60% C - 100%

	01.06.2023 <i>Re-apptd.</i>				
Martin Veale	01.04.2015 01.05.2018 <i>Re-apptd.</i> 01.04.2021 <i>Re-apptd.</i> 30.03.2024 <i>Retired</i>	3	Independent	A (Chair), R	B - 67% A - 50% R - 100%
Gareth Watts	10.10.2022	3	Independent	F	B - 60% F - 50%
* B = Board; A = Audit; C = Curriculum & Quality; F = Finance & Resources; G = Governance & Membership; R = Remuneration ¹ C Freegard previously served as a Governor June 2009 to July 2017 ² W Rogers (Staff Governor) - Long-term sick absence throughout 23/24 & retired 31.07.24. Replaced by M Retter					

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 2023/24
Rafiu Ajayi	01.04.2023 31.05.2024 <i>Resigned</i>	3	Independent External	A	100%
Farishna Chohan-Solanki	01.04.2023	3	Independent External	A	100%
Dorota Lee	01.06.2021 31.05.2024 <i>Retired</i>	3	Independent External	A	100%

Corporation appointments since 31 July 2024

Name	Date of Appointment/ Re-appointment	Term of Office (Years)	Status
Richard Brown	23.10.24	3	Independent External Member of Audit Committee
Nicola Gamlin	07.09.24	N/A	Principal/ Chief Executive
Huw Watkins	10.12.24	1	Student (HE)
Joanne Weaver	10.12.24	3	Staff (Business Support)

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, Additional Learning Needs and Marketing.

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 Corporate and Senior Leadership Teams. The committee met four times during 2023/24.

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 2023/24 and all meetings were attended by relevant members of the Corporate and Senior Leadership Teams.

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 Medr, the new Commission for Tertiary Education & Research.

During 2023/24 the Governance & Membership committee met six times and recommended the appointment of one new independent Governor, two Student Governors and one Teaching Staff Governor. The committee also recommended the re-appointment of two independent Governors.

Remuneration Committee

This advisory committee is comprised of four independent Governors, including the Corporation Chair who also chairs the committee. The Remuneration Committee considers and makes recommendations to the Board on, the salaries, terms and conditions and performance of the five Senior Post Holders (the Principal, three 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.

In considering Senior Post Holder pay, the committee takes into consideration performance, relevant benchmarking data and any recent sector staff pay award. The committee met on 5 December 2023 following conclusion of the national staff pay negotiations. Following the meeting, 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 12 December 2023.

Audit Committee

The Audit Committee comprises four Governors and a minimum of two 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 of the committee 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 2023/24.

Overall attendance for the year was 96%:

Member	28/11/23	05/03/24	07/05/24	02/07/24		
M Veale (Chair)	X	✓			50%	Retired April 2024
C Freegard (Chair)	✓	✓	✓	✓	100%	Chair w.e.f. April 2024
S Ball			✓	✓	100%	Co-opted pending recruitment
M Bin-Sufyan	✓	✓	✓	✓	100%	
J Phelps	✓	✓	✓	✓	100%	
R Ajayi	✓	✓	✓		100%	Resigned May 2024
F Chohan-Solanki	✓	✓	✓	✓	100%	
D Lee (Co-opted)	✓	✓	✓		100%	Retired May 2024
Total attendees	6	7	7	5		
Possible attendees	7	7	7	5		
Attendance %	86%	100%	100%	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 the Audit Committee. Management is 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 in discussion of key risks as a minimum, annually prior to approving the Corporate Risk Register. The Audit Committee then reviews an update against each risk area identified in 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/Chief Executive. Reports presented to the Board by management include an analysis of the risk level and implications 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. Both contracts have been awarded through an appropriate tender exercise. The last such market testing exercise was carried out in spring 2022 at which time, the Internal Audit contract was awarded to TIAA for a period of three years. PwC was appointed as the college's External Auditors, also for a period of three years. Both contracts are next due for review in early 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, the Board recognises that 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. The Principal/Chief Executive ensures that the system of control continues to support the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which they are personally responsible, in accordance with the responsibilities assigned to them in the Financial Memorandum between Welsh Government and Coleg Gwent. The Principal/Chief Executive is also responsible for ensuring 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 2024 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 2024 there has been an appropriate, formal ongoing process for identifying, evaluating and managing the College's significant risks.

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 its activity in the College. This 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. Their 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/Chief Executive has been advised on the implications of the result of their 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 2023/24 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 10 December 2024, 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:- Nida Hoghan
Chair of Governors

Signature:- Nicola Carl
Principal/Chief Executive

Date:- 10.12.2024

Date:- 10.12.2024.

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

Within the terms and conditions of the Financial Memorandum between the Welsh Government and the Corporation of the College, the Corporation, 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 Corporation is required to:

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

The Corporation is also required to prepare a 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.

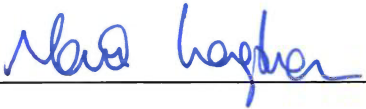
The Corporation is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the College and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation including the Further and Higher 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 Corporation 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 Corporation 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. 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 Corporation are responsible for securing economical, efficient and effective management of the College's resources and expenditure so that the benefits that should be derived from the

application of public funds from the Welsh Government and other public bodies are not put at risk.

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

A handwritten signature in blue ink, appearing to read 'M Langshaw', is written over a horizontal line.

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 2024, 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 2024; the Statement of Comprehensive Income, Statement of Changes in Reserves and the Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the Corporation for the financial statements

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

In preparing the financial statements, the Corporation is responsible for assessing the institution's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Corporation either intends to liquidate the institution or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the institution/industry, we identified that the principal risks of non-compliance with laws and regulations related to health & safety and employment law together with the Financial Memorandum between the institution and the Welsh Government, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact

on the financial statements such as the Accounts Direction issued by the Welsh Government. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fraudulent transactions designed to overstate the financial performance and position of the institution. Audit procedures performed included:

- Reviewing committee meeting minutes and holding discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Using computer based audit techniques to identify and test higher risk journals, in particular those having unusual account combinations;
- Reviewing the appropriateness of the assumptions used by the institution in estimating the value of defined benefit pension scheme liabilities; and
- Obtaining third party confirmations of all the institution's banking and financing arrangements.

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

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

Use of this report

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

Other Required Reporting

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

In our opinion, in all material respects:

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

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff

December 2024

Statement of Comprehensive Income for the year ended 31 July 2024

INCOME	Note	2024 £'000	2023 £'000
WG grants	2	71,256	71,020
Tuition fees and education contracts	3	3,498	3,357
Other grants and contracts	4	305	2,125
Other income	5	3,322	2,220
Investment income	6	1,272	357
Total Income		79,653	79,079
EXPENDITURE			
Staffing costs	7	52,777	50,645
Staff restructuring costs	7	1,007	391
Other operating expenses	8	19,913	21,065
Depreciation	10	6,875	6,253
Interest and other finance costs	9	157	668
Total Expenditure		80,729	79,022
(Deficit)/Surplus before exceptional items		(69)	448
Staff restructuring costs		1,007	391
(Deficit)/Surplus before other gains and losses		(1,076)	57
Gain on disposal of assets		3	29
(Deficit)/Surplus for the year		(1,073)	86
Actuarial gain in respect of pensions schemes	22	8,128	21,733
Total Comprehensive Income for the year (all unrestricted)		7,055	21,819

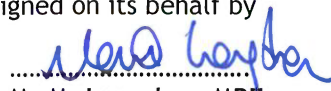
Statement of changes in reserves for the year ended 31 July 2024
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	Income and expenditure account £'000	Restricted Reserves £'000	Revaluation Reserve £'000	Total £'000
Balance at 1 August 2022	22,050	64	4,752	26,866
Surplus for the year	86	-	-	86
Other comprehensive income	21,733	-	-	21,733
Balance at 31 July 2023	43,869	64	4,752	48,685
Deficit for the year	(1,073)	-	-	(1,073)
Other comprehensive income	8,128	-	-	8,128
	7,055	-	-	7,055
Balance at 31 July 2024	50,924	64	4,752	55,740

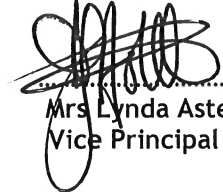
Balance Sheet as at 31 July 2024

	Note	College 2024 £'000	College 2023 £'000
Non-current Assets			
Tangible fixed assets	10	83,167	86,962
Endowment assets	12	64	64
Defined Benefit Pension Surplus	22	14,345	5,588
		<u>97,576</u>	<u>92,614</u>
Current Assets			
Stocks	13	2	2
Trade and other receivables	14	1,962	2,913
Short term demand deposits	14	21,000	-
Cash and cash equivalents	19	6,462	33,605
		<u>29,426</u>	<u>36,520</u>
Less creditors - amounts falling due within one year	15	(14,353)	(22,786)
Net Current Assets		<u>15,073</u>	<u>13,734</u>
Total assets less current liabilities		<u>112,649</u>	<u>106,348</u>
Creditors - amounts falling due after more than one year	16	(54,824)	(55,488)
Net Assets before provisions		<u>57,825</u>	<u>50,860</u>
Provisions			
Defined benefit pension obligations	22	-	-
Other provisions	18	(2,085)	(2,175)
		<u>(2,085)</u>	<u>(2,175)</u>
Net Assets		<u><u>55,740</u></u>	<u><u>48,685</u></u>
Restricted reserves			
Income and expenditure reserve - endowment fund		64	64
Unrestricted Reserves			
Income and expenditure account		50,924	43,869
Revaluation reserve		4,752	4,752
Total unrestricted reserves		<u>55,676</u>	<u>48,621</u>
Total reserves		<u>55,740</u>	<u>48,685</u>

The Financial Statements on pages 42 to 66 were approved by the Corporation on 10 December 2024 and were signed on its behalf by


 Mr M. Langshaw MBE
 Chair


 Ms N Gamlin
 Principal/Chief Executive


 Mrs Lynda Astell
 Vice Principal

Statement of cash flows for the year ended 31 July 2024

	2024 £'000	2023 £'000
<i>Cash flow from operating activities</i>		
(Deficit)/Surplus for the year before other gains and losses	(1,076)	86
<i>Adjustment for non-cash items</i>		
Depreciation	6,875	6,253
Decrease/(Increase) in debtors	951	(98)
Increase/(Decrease) in creditors due within one year	(8,433)	139
Increase/(Decrease) in provisions	(90)	(217)
Pensions costs less contributions payable	(345)	1,613
Deferred capital grant release	(3,293)	(2,994)
<i>Adjustment for investing or financing activities</i>		
Investment income	(1,272)	(357)
Interest payable	157	668
(Profit) on sale of fixed assets	(3)	-
Net Cash flow generated from operating activities	(6,529)	5,093
<i>Cash flows used for investing activities</i>		
Result of sale of fixed assets	3	-
Investment income	989	357
Payments to short term demand deposits	(21,000)	-
Payments made to acquire fixed assets	(3,096)	(6,788)
Deferred grant received	2,950	3,084
Net cash flow used in investing activities	(20,154)	(3,347)
<i>Cash flows from financing activities</i>		
Interest paid	(157)	(148)
Repayment of amounts borrowed through loans	(303)	(389)
Net cash flow from financing activities	(460)	(537)
(Decrease)/increase in cash and cash equivalents in the year	(27,143)	1,208
Cash and cash equivalents at the beginning of the year	33,605	32,397
Cash and cash equivalents at the end of the year	6,462	33,605

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 with £1 of share capital. The activities of the student union have not been consolidated because the College does not control those activities. As such, the consolidated and parent company balance sheet of the Corporation are the same.

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 £2.5m of loans (2023: £2.8m) 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. The actuary's Asset Ceiling Report at 31 July 2024 forecasts a reduction in the projected service cost and states that the economic benefit available as a reduction in future contributions is greater than the net surplus position within the scheme. As a result the surplus has been recognised in full as at 31 July 2024.

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 surplus or deficit benefit 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 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 surplus. 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 pension at 31 July 2024. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension surplus.

- Recognition of pension surplus

In considering the plan surplus associated with the pension scheme, the college has recognised a surplus as it is satisfied it will receive future reductions in service costs as a result of the net surplus position. FRS102 does not provide any guidance on whether future minimum contributions should be factored into the surplus assessment and the college has chosen not to consider such contributions. If such future contributions were included in the assessment, this would result in no surplus being recognised in either 2024 or 2023.

2. WG GRANTS

	2024	2023
	£'000	£'000
Recurrent Grants		
WG Recurrent Grant	57,053	55,510
Work Based Learning	2,247	2,395
Release of Deferred Capital Grants WG - buildings	129	129
Release of Deferred Capital Grants WG - equipment	2,525	2,191
Other specific grants	9,302	10,795
Total	<u>71,256</u>	<u>71,020</u>

During the 2023/24 financial year the College received £1,140k (2022/23: £1,222k) 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

	2024	2023
	£'000	£'000
Fees - Further Education	595	567
Fees - Higher Education	2,703	2,652
Total tuition fees	<u>3,298</u>	<u>3,219</u>
LEA Contracts	200	138
Total	<u>3,498</u>	<u>3,357</u>

4. OTHER GRANTS & CONTRACTS

	2024	2023
	£'000	£'000
European Grants	305	2,125
Total	<u>305</u>	<u>2,125</u>

5. OTHER INCOME

	2024 £'000	2023 £'000
Catering	40	33
Other income generating activities	879	327
Release other deferred capital grants - non WG	639	674
Miscellaneous income	1,764	1,186
Total	<u>3,322</u>	<u>2,220</u>

6. INVESTMENT INCOME

	2024 £'000	2023 £'000
Bank interest receivable	<u>989</u>	<u>357</u>
Total	<u>989</u>	<u>357</u>

7. STAFFING COSTS**Numbers of staff**

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

	2024 No.	2023 No.
Teaching staff	584	591
Non-teaching staff	664	645
Total	<u>1,248</u>	<u>1,237</u>

	2024 £'000	2023 £'000
Staff costs for the above persons		
Wages and salaries	40,242	37,797
Social security costs	3,956	3,736
Other pension costs (inc. enhanced pensions, FRS 102 adjustment)	8,558	9,309
Movement in holiday pay	<u>21</u>	<u>(197)</u>
	52,777	50,645
Exceptional staff redundancy costs	<u>1,007</u>	<u>391</u>
	<u>53,784</u>	<u>51,036</u>

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

	2024 £'000	2023 £'000
Teaching departments	29,893	28,350
Teaching support services	7,373	6,870
Administration and central services	14,835	13,279
Premises	660	624
Training and development	57	45
Exceptional staff redundancy costs	1,007	391
Enhanced pension provision movement	99	(102)
Apprenticeship levy	184	163
FRS102 (credit in short of)/charge in excess of contributions	(345)	1,613
Holiday pay accrual movement	21	(197)
Total	<u>53,784</u>	<u>51,036</u>

Key management personnel

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

	2024 No.	2023 No.
The number of key management personnel including the Accounting Officer was:	13.33	14.47
Total	<u>13.33</u>	<u>14.47</u>

STAFFING COSTS - (Continued)

Key management personnel

	2024	2023
	No.	No.
£65,001 to £70,000 per annum	0.58	5.36
£70,001 to £75,000 per annum	1.66	1.42
£75,001 to £80,000 per annum	0.34	-
£80,001 to £85,000 per annum	7.00	4.69
£85,001 to £90,000 per annum	0.75	-
£115,001 to £120,000 per annum	-	1.00
£120,001 to £125,000 per annum	1.00	1.00
£125,001 to £130,000 per annum	1.00	-
£185,001 to £190,000 per annum	-	1.00
£185,001 to £190,000 per annum	1.00	-
Total	13.33	14.47

Key management personnel compensation is made up as follows:

	2024	2023
	£'000	£'000
Salaries	1,255	1,249
Car Allowance	18	22
Health Scheme	8	8
Pension contributions	281	260
Total Emoluments	1,562	1,539

In 23/24 there were 32 members of staff who earned over 60k that are not part of the senior leadership team. This included 27 Heads of School and 3 Associate Directors.

	2024	2023
	No.	No.
£60,001 to £65,000 per annum	27	3
£65,001 to £70,000 per annum	1	-
£70,001 to £75,000 per annum	4	-

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:

	2024	2023
	£'000	£'000
Salaries	191	186
Pension contributions	38	34
Total Emoluments	229	220

STAFFING COSTS - (Continued)

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

	2024 £'000	2023 £'000
Compensation paid to former key management personnel	-	40
Total	-	40

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

	2024	2023
Principal's basic salary as a multiple of the median of all staff	4.46	4.88
Principal's total remuneration as a multiple of the median of all staff	4.71	6.12

The 2024 figures are based on the Gender Pay Gap report for March 2024 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.

Severance payments

Severance payments in the year totalled £1,007k (2023: £391k). The value of contractual payments was £728k and the value of non-contractual payments was £279k. All severance payments were approved by the Board.

The College paid 42 severance payments in the year, disclosed in the following bands:

£0 - £25,000	25
£25,001 - £50,000	13
£50,001 - £75,000	2
£75,001 - £100,000	2

Included in staff restructuring costs are special severance payments totalling £279k. Individually the payments were: £31, £472, £821, £1,272, £2,606, £2,606, £2,617, £2,814, £3,592, £4,401, £4,401, £4,443, £4,733, £4,733, £4,733, £4,733, £5,212, £5,212, £5,212, £5,212, £5,661, £5,661, £5,661,

£6,185, £6,495, £6,495, £7,163, £7,345, £8,147, £9,129, £9,466, £9,466, £9,466, £9,466, £12,345, £19,557, £20,000, £23,695, £27,306.

8. OTHER OPERATING EXPENSES

	2024 £'000	2023 £'000
Teaching department costs	1,142	2,243
Other support services	117	143
Administration and central services	5,826	5,811
General Education	2,191	2,355
Premises and maintenance costs	7,001	6,215
Franchise provision	1,199	1,200
Payment to Partners - European Funding	270	715
Catering operations	256	435
Usk Estates	13	18
Transport	956	988
	<u>18,971</u>	<u>20,123</u>
Auditors' Remuneration - (All audit fees are gross of VAT)		
Financial Statement	46	46
Other Services	14	14
Internal Audit	57	57
Hire of assets under operational leases - non-property assets	825	825
	<u>19,913</u>	<u>21,065</u>

9. INTEREST & OTHER FINANCE COSTS

	2024 £'000	2023 £'000
Banks loans, overdrafts and other loans	157	148
Pension finance costs (note 22)	-	520
	<u>157</u>	<u>668</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.

	Freehold and Long Leasehold Land £'000	Buildings £'000	Fixtures and Fittings £'000	Assets in the course of construction £'000	Total £'000
Cost or valuation					
At 1 August 2023	7,193	88,893	48,920	5,243	150,249
Additions	-	-	-	3,096	3,096
Disposals	-	-	(35)		(35)
Reclassifications	-	-	5,943	(5,943)	-
At 31 July 2024	7,193	88,893	54,828	2,396	153,310
Accumulated Depreciation					
At 1 August 2023	390	38,894	24,003	-	63,287
Charges for year	12	1,354	5,509	-	6,875
Disposals	-	-	(19)	-	(19)
At 31 July 2024	402	40,248	29,493	-	70,143
Net Book Value at 31 July 2024	6,791	48,645	25,335	2,396	83,167
Net Book Value at 31 July 2023	6,803	49,999	24,917	5,243	86,962

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

	2024 £'000	2023 £'000
Cash Balances	64	64
Total	64	64

13. STOCKS

	2024 £'000	2023 £'000
Refectory & bar stock	2	2
Total	2	2

14. TRADE & OTHER RECEIVABLES

	2024 £'000	2023 £'000
Amounts falling due within one year		
Trade receivables	496	460
Short term demand deposits	21,000	-
Prepayments and accrued income	1,466	2,453
Total	22,962	2,913

The College has made payments into short term demand deposit accounts. These are held with UK banks and are invested in line with the College's Treasury Management policy. The total of these short-term deposits is £21,000k. £5,000k is set to mature on 19/09/2024, £3,000k on 28/10/2024, £8,000k on 16/01/2025 and £5,000k on 30/04/2025.

15. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024 £'000	2023 £'000
Amounts falling due within one year		
Bank loans (refer to note 17)	321	302
Trade payables	72	454
Accruals and deferred income	7,176	7,533
Government grants received in advance - Deferred Capital	3,220	4,061
Other Grants in advance	3,564	10,359
Total	14,353	22,786

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

	2024 £'000	2023 £'000
Bank loans	2,194	2,515
Deferred income - government grants	52,630	52,973
Total	54,824	55,488

17. MATURITY OF DEBT - BANK LOANS & OVERDRAFTS

Bank loans are repayable as follows:

	2024 £'000	2023 £'000
Bank loans due within one year	321	303
Between one and two years	341	321
Between two and five years	972	1,085
In five years or more	881	1,109
Total	2,515	2,818

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 2023	184	50	1,274	667	2,175
Created/(Utilised) in year	-	(50)	(61)	21	(90)
Charge to I+E account / (released)	-	-	-	-	-
Total	184	-	1,213	688	2,085

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 the 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;

	2024	2023
Price Inflation	2.8%	2.8%
Discount Rate	4.8%	5%

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 2024.

19. CASH & CASH EQUIVALENTS

	At 1 August 2023 £'000	Cash flows £'000	At 31 July 2024 £'000
Cash and cash equivalents	33,605	(27,143)	6,462

20. CAPITAL & OTHER COMMITMENTS

	2024 £'000	2023 £'000
Commitments contracted at 31 July	2,309	3,195
Total	2,309	3,195

21. LEASE OBLIGATIONS

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

	2024 £'000	2023 £'000
Other (not land and buildings)		
Not later than one year	308	253
Later than one year and not later than five years	1,106	572
More than five years	15	-
Total	1,429	825

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 2020 and of the LGPS 31 March 2022.

Total Pension Cost for the year

	2024 £'000	2023 £'000
Teachers' Pension Scheme Contributions	5,568	4,938
Local Government Pension Scheme Contributions		
Contributions paid	3,258	2,858
Movement in accruals/LS adjustments	8	2
"FRS 102" (credit)/charge	(345)	1,613
Charge to Statement of Comprehensive Income	2,921	4,473
Enhanced Pension charge / (credit) to the Income and Expenditure Account	98	(102)
Total pensions charge	<u>8,587</u>	<u>9,309</u>

Teachers' Pension Scheme (TPS)

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

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

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

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

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

The latest actuarial review of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department for Education (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 28.68% 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.

DEFINED BENEFIT PENSION OBLIGATIONS (CONTINUED)

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 £5,568k (2023 £4,938k)

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 2024 were £4,283k, of which employer's contributions totalled £3,266k and employees' contributions totalled £1,017k. 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.

Virgin Media Limited legal case

A High Court legal ruling in June 2023 (Virgin Media Limited v NTL Pension Trustees II Limited) decided that certain benefit rule amendments between 1997 and 2016 for contracted-out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. While the ruling only applied to the specific pension scheme in question, as for GMP equalisation if the ruling stands it will form part of case law and will be applied across other pension schemes. The judgement was subject to appeal heard on 25 June 2024 but this was unsuccessful.

The impact of the Virgin Media judgement on the Local Government Pension Scheme is being investigated by HM Treasury and guidance is expected in due course.

Principal Actuarial Assumptions

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

	At 31 July 2024 %	At 31 July 2023 %
Rate of increase in salaries	3.25	3.50
Discount rate for scheme liabilities	5.00	5.05
Inflation assumption (CPI)	2.75	3.00

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

	2024 %	2023 %
Retiring today		
Males	20.6	20.6
Females	23.4	23.4
Retiring in 20 years		
Males	21.2	21.3
Females	25.0	25.0

DEFINED BENEFIT PENSION OBLIGATIONS (CONTINUED)

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

	2024	2023
	£'000	£'000
Fair value of plan assets	106,867	93,785
Present value of plan liabilities	(92,509)	(88,197)
Net Pensions Surplus / (Liability)	14,358	5,588

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

	2024	2023
	£'000	£'000
Amounts included in staff costs		
Current service cost	2,913	4,471
Total	2,913	4,471

	2024	2023
	£'000	£'000
Amounts included in finance income/cost		
Net interest income/(cost)	283	(520)
Total	283	(520)

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

	2024	2023
	£'000	£'000
Amount Recognised in Other Comprehensive Income		
Return on pension plan assets	(6,900)	(734)
Experience gains arising on defined benefit obligations	2,748	10,872
Change in financial assumptions	(3,790)	(26,824)
Changes in assumptions underlying the present value of plan liabilities	(186)	(5,047)
Amount Recognised in Other Comprehensive Income	(8,128)	(21,733)
Movement in net defined liability during year		
Net defined benefit liability in scheme at 1 August	5,589	(14,012)
Movement in year;		
Current service cost	(2,913)	(4,471)
Employer contributions	3,258	2,858
Net interest on the defined asset/(liability)	283	(520)
Actuarial gain	8,128	21,733
Net Defined benefit Surplus at 31 July	14,345	5,588

DEFINED BENEFIT PENSION OBLIGATIONS (CONTINUED)

Asset and Liability Reconciliation

Changes in the present value of defined benefit obligations

Defined benefit obligations at start of period	(88,197)	(103,085)
Current service cost	(2,913)	(4,471)
Interest cost	(4,488)	(3,659)
Contribution by scheme participants	(1,017)	(943)
Benefits paid	2,865	2,463
Changes financial assumptions	3,790	26,824
Changes in demographic assumptions	186	5,047
Other experience	(2,748)	(10,373)
Defined benefit obligations at the end of period	<u>(92,522)</u>	<u>(88,197)</u>

Fair value of plan assets at start of period	93,786	89,073
Interest on plan assets	4,771	3,139
Return on plan assets	6,900	734
Employer contribution	3,258	2,858
Contributions by scheme participants	1,017	943
Other Experiences	-	(499)
Benefits paid	(2,865)	(2,463)
Fair value of plan assets at end of period	<u>106,867</u>	<u>93,785</u>

23. RELATED PARTY TRANSACTIONS

The total expenses paid to or on behalf of the Governors during the year was £745.00. (2023 £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 (2023 £nil).

24. AMOUNTS DISBURSED AS AGENT

	2024 £'000	2023 £'000
Balance brought forward	54	73
Funding body grants - discretionary learner support	1,140	1,221
	<u>1,194</u>	<u>1,294</u>
Disbursed to students	(1,158)	(1,205)
Administration costs	(34)	(35)
Balance as at 31 July, included in creditors	<u>2</u>	<u>54</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.