



Report and Financial Statements

Year ended 31 July 2023

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Report of the Governing Body

NATURE, OBJECTIVES AND STRATEGIES:

The governing body present their annual report, together with the audited financial statements and auditors' report for Coleg y Cymoedd for the year ended 31 July 2023.

Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting the operations of Coleg y Cymoedd. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011. Coleg y Cymoedd was created in August 2013 following the merger of Coleg Morgannwg and Ystrad Mynach College.

Mission, Vision and Core Values

Mission

Governors, learners, staff, and managers reviewed the College's mission during 2018/19 and in July 2019 adopted a revised mission statement as follows:

Our Mission is your Future Success

Vision

To be recognised as an excellent college by learners, staff, business and communities.

Core Values

Our core values are that:

- We focus on learners
- We strive for high performance
- We value and invest in all people
- We seek continuous improvement
- We are aspirational, we listen and collaborate
- We develop strong and effective partnerships

During 2022/2023 a consultation was carried out with governors, learners, staff and managers. From 4 July 2023, the college adopted a new three-year strategic plan with the following mission, vision, purpose and core values:

Our mission

Together we create your future success.

Our vision

Our vision is to be recognised as an exceptional college.

Our purpose

To transform lives through learning.

Core Values

- Authentic
- Supportive
- People-centred
- Inclusive
- Responsible
- Empowered

Report of the Governing Body**Public Benefit**

Coleg y Cymoedd is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Welsh Government, (herein WG). The members of the Corporation Board, who are trustees of the charity, are disclosed on pages 20 to 21.

In setting and reviewing the College's strategic objectives, the Corporation Board has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary 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 social exclusion
- Good outcomes and progression rates for students
- Strong learner support systems
- Links with employers, industry, commerce, and higher education.

Implementation of the Strategic Plan for 2019-23

The Strategic Plan for Coleg y Cymoedd runs for a three-year period from 2019 - 2022, which was approved by the Corporation Board July 2019. As a result of the Principal's retirement on 1st September 2022, the Corporation Board decided to extend the current strategic plan by one academic year (2022/23) to give the new Principal and Chief Executive Officer the opportunity to contribute and lead on the development of the next 3 year strategic plan 2023-2026.

The strategic plan (extended to 2019-2023) contained eight strategic aims and within each aim, a set of objectives are developed for each academic year. Objectives were assigned to a member of the Strategic Leadership Team (SLT). Progress was monitored at SLT meetings, shared with all managers at the College Management Team (CMT) meetings and reported to the various Corporation Committees and to the full Corporation Board via the Register of Strategic Risk (RSR). This is formulated based on not achieving the agreed objectives and the progress to mitigate this is recorded in the Register. Sections of the Register were reported to the various corporation committees – e.g., objectives pertaining to curriculum matters are discussed at the Curriculum & Quality Committee. The full RSR is reported to both the Audit Committee and to the Corporation Board. The plans are reviewed and updated each year. The College's eight strategic aims (2019-23) are listed below with an indication of progress against the strategic objectives which were set for 2022/23.

Aim 1 – To provide learners with the most effective information, advice and guidance which leads to successful recruitment and then progression to employment or higher studies.

There were three objectives set for 2022/23. All three objectives were achieved. Two objectives will continue into 23/24.

Objective	Status
1.1 Evaluate and improve the recruitment, transition, admissions and enrolment processes to ensure the college communicates effectively with prospective learners and enrolls its target number of learners.	Achieved and ongoing Monthly reviews ongoing. Changes to Open Events planned and to be implemented from Summer term '23 and throughout 23/24. Review of ways of communicating with learners (and their influencers) throughout application and enrolment cycle underway, with some improvements being trialled in this cycle.

Objective	Status
1.2 Evaluate and improve processes to ensure effective information, advice and guidance given to new and progressing learners.	Achieved and ongoing Review of ways of communicating with learners (and their influencers) throughout application and enrolment cycle underway, with some improvements being trialled in this cycle.
1.3 Evaluate the skills level of all eligible learners within 6 weeks of enrolment.	Achieved 96% of full-time learners assessed via WEST.

Aim 2 – To provide learners with a curriculum that is relevant and responsive to their needs, and which develops their future aspirations.

There were three objectives set for 2022/23. All three objectives were achieved.

Objective	Status
2.1 Review and plan the curriculum for DfES funded and Higher Education courses	Achieved The plan was completed for 23/24, with reviews taking place throughout the academic year.
2.2 Ensure literacy, numeracy & digital skills are embedded in the curriculum and are a key focus for INSET, CPD and quality weeks.	Achieved Tutorial resources completed and published on Staff SharePoint. A reviewed Skills Strategy was devised and presented to SLT, outlining an embedded and discreet approach to skills across the curriculum. A digital skills audit was undertaken by all teaching staff. Digital CPD has been available to all staff via the Digital Champions.
2.3 Plan opportunities for all full-time learners to complete enterprise, entrepreneurship activities and work-related activities, developing their employability skills ensuring that these opportunities are being planned and recorded.	Achieved The Futures@cymoedd team have worked collaboratively with vocational areas to provide support for learners including skills competitions, TaffLab and What Next? events. An increased number of learners entered Inspiring Skills and other vocational skills competitions. One learner progressed to the long list of the World Skills British team for 23/24. The Employment Bureau has met all WG targets, including supporting 20% of FT learners with employability skills, delivering a careers fayre (FutureFest) and engaging learners in master classes in priority areas.

Aim 3 – To deliver excellent teaching, learning and support which challenges all learners to achieve their maximum potential.

There were five objectives set for 2022/23. All five have been achieved.

Objective	Status
3.1 Implement a range of action research projects in relation to teaching, learning and support. Developing innovation, collaboration and sharing good practice amongst staff teams.	Achieved All schools progressing in the 'Effective Teaching & Learning project'. 160 Peer learning applications and activities undertaken across all curriculum areas. Research outcomes were shared in the college LearnFest during July 2023. Journal publication research by the Assistant Principal Teaching and Learning (Teaching & Learning programme impact, leadership, retention) is ongoing.

Objective	Status
3.2 Implement a coherent support programme of universal learning provision for all learners to reach their maximum potential.	Achieved ULP provision has been reviewed and a new team structure will be implemented from September 2023. Content of ULP sessions has also been reviewed for the new academic year.
3.3 Implement the requirements of the Additional Learning Needs (ALN) Code for Wales 2021 to ensure that all learners with an ALN are supported to reach their maximum potential.	Achieved ALNET Implementation plan and Readiness Audits have been reviewed and shared with Colegau Cymru. All targets set last year have been achieved. An audit on ALN provision was carried out by TIAA and resulted in substantial assurance. The ALN team now includes IDP Coordinators who will ensure the college is compliant with the Code from September 2023.
3.4 Evaluate and improve the wellbeing support services offered to all learners. (To include ACEs, safeguarding, digital wellbeing, behaviour and relationships.)	Achieved A review of the wellbeing provision has been completed, including seeking learners' views through surveys and focus groups. The Wellbeing & Safeguarding teams complete impact reports each month, that are compiled into termly reports by the Head of Wellbeing & Safeguarding. The Wellbeing Group have met regularly throughout the year, with sub-groups meeting to complete specific actions. The Terms of Reference for this group has been reviewed and the action plan has been updated. The college is making excellent progress towards becoming a trauma-informed college and has representatives from across the college (academic and business support) who have been trained to deliver training to their teams in the new academic year.
3.5 Assess and improve approaches to blended learning and ensure it is integrated into teaching, learning and support.	Achieved. Mechanisms were put into place to support staff's digital learning (e.g. digital advocates course, Digital Advocate community, Teaching Learning Coach support and digital champions). 28 peer learning activities were linked to Technology Enhanced Learning.

Aim 4 – To inspire a culture which encourages continuous quality improvement.

There were four objectives set for 2022/23. All four have been achieved.

Objective	Status
4.1 Monitor and review the progress made by each school against their QIAP.	Achieved Progress made against QIAPs has been monitored throughout the academic year via the Quality Boards.

Objective	Status
4.2 Ensure the areas of focus during quality weeks are pertinent to each school and functional area.	Achieved Quality weeks 2 and 3 took place as scheduled. A total of 170 learning observations were completed this academic year, and 24 teaching staff were referred for support. A different approach was adopted this year for learner walks with feedback gathered from 840 learners about college facilities and topics such as safeguarding and prevent. Members of our governing body also participated in the process. Summary reports for each quality week have been presented at C&Q committee, Academic Board, and CMT.
4.3 Ensure learner outcomes are consistent and perform strongly when measured against comparable data from across the sector.	Achieved Recently published Consistent Performance Measures data for 21/22 shows that our overall outcomes were above the national average. Predictions for 22/23 indicate continued strong performance.
4.4 Cultivate an environment of reflective practice and higher performance across all areas of the college.	Achieved. Evidenced throughout the year through a range of monitoring activities.

Aim 5 – To be a leading sustainable college promoting a better environment for future generations 22/23

There were five objectives set for 2022/23. Three objectives were achieved, and progress was made against two.

Objective	Status
5.1 Gather views on sustainability to establish net zero targets	Achieved Staff and learner views were gathered via surveys and focus groups. A sustainability group was established to continue gathering views and to co-create a sustainability strategy.
5.2 Develop and deliver carbon literacy training to staff and learners	Progress made A partnership was developed with Cynnal Cymru to co-design and deliver bespoke carbon literacy training to staff and learners. This will be completed in 23/24. Nearly all level 3 learners completed the Welsh Government Net Carbon Zero e-learning modules.
5.3 Plan an estates strategy in line with net zero targets including targets for energy, waste and travel reduction	Achieved Estates Strategy is planned and drafted with targets for reaching Net Carbon Zero. Strategy to be finalised in Sept 23.
5.4 Work with partners to establish a sustainable supply chain. (Examples to include sustainable food options, a fossil fuel divestment plan and a local biodiversity plan.)	Achieved Catering tender process completed with focus and weighted questions on sustainability.

Objective	Status
5.5 Measure the college carbon footprint using existing data. Develop a plan to measure Scope 3 emissions.	Progress made Scope 1 and 2 carbon footprint measured and shared with sustainability group. Scope 3 measurements are ongoing. Project Management consultants to carry out a scoping exercise to assist the college in measuring and minimising carbon footprint.

Aim 6 – To develop a governance and leadership approach which provides an ethos of ongoing challenge and guidance, which develops trust, transparency, and respect.

There were five objectives set for 2022/23. All five objectives were achieved.

Objective	Status
6.1 Provide clarity about the future direction of the college, through a consultation process with learners, staff, governors and key stakeholders about the 2022/23 objectives. Publish the strategic objectives, monitor progress and provide regular updates. Produce an Annual Stakeholder Report for 2022.	Achieved Strategic objectives published and the reports from the first and second monitoring point shared on student and staff life. The annual stakeholder report was published in January 2023. The Strategic Plan 2023-2026 was approved by Governors in July 2023 following extensive consultation with learners, staff, managers, governors and external stakeholders.
6.2 Ensure that the range and mix of governors enhance, assist and support the development of the college	Achieved The search committee has taken steps to recruit new governors to ensure that the range and mix of governors enhance, assist and support the development of the college.
6.3 Encourage participation in decision making through consultation with learners, staff and other stakeholders	Achieved. Overall, there was a 75% response rate to staff engagement survey. Weekly meetings were held with the joint trade unions. In addition, a social partnership group met regularly to monitor the 22/23 Action Plan. There was a high response rate to learners' surveys, exceeding the 70% target set. Learners were actively involved in cross college groups such as the Academic Board. Two learners engaged positively as Student Governors throughout the year. Learners, staff and other stakeholders participated in consultations to co-construct the Strategic Plan 2023-2026.
6.4 Develop capabilities of teaching and business support staff to positively impact the future direction of the college.	Achieved. Effective practice and High-Performance Environment research project continued in business support areas such as People and Culture and Finance. Approx. 40 staff from curriculum and business completed the Aspiring Leaders programme. The college management team completed the first year of an Effective Leadership Programme. Due to the positive feedback received, this will continue into a second year in 23/24.

Objective	Status
6.5 Ensure that performance development reviews (PDRs) focus on developing individuals to ensure high performance and provide support identified in the review.	Achieved A new PDR process was developed and piloted with a small number of management staff. This process, using the iTrent platform, will be rolled out college-wide in 2023/2024.

Aim 7 – To be recognised as an excellent college for collaboration and partnership working. Meeting local, regional, national, and international needs and priorities.

There were five objectives set for 2022/23. All five objectives were achieved.

Objective	Status
7.1 Maintain excellent partnerships with business relationships providing an all-college approach to seeking views of employers and meeting their needs.	Achieved Partnerships have continued to expand across Business International Services and the wider college. The introduction of the Knowledge Transfer Fund and Personal Learning Account (PLA) funding has enabled the college to establish key partnerships. Views of employers are captured via Work Based Learning surveys.
7.2 Ensure that BIS maximise commercial opportunities. Achieving allocated contracts and identifying new opportunities.	Achieved Commercial income has not achieved budget target. However, growth in PLA and WBL has exceeded overall income, ensuring a positive overall contribution to college finances in excess of £4m.
7.3. Ensure all new learners are offered 100% born digital provision across WBL, including sub-contracted programmes.	Achieved. All WBL and subcontracted provision is 100% born digital
7.4 Evaluate the opportunities for funded and international work maximising new WG and UK Government funding streams	Achieved. The BIS department was fully engaged in all international funded provision. The Principal took part in the Global Wales visit to Canada. The Vice Principal Curriculum and Quality participated in an Erasmus visit to Austria, exploring vocational training approaches.
7.5 Lead and participate in local, regional and national initiatives / groups to ensure the college gathers appropriate LMI to inform curriculum design and is seen as a key influencer; to include representation at: CBI, Treforest Growth, CBC, FSB, RSP, Curriculum Boards, Strategic WBL group, Coleg Cymraeg Cenedlaethol and local network groups.	Achieved BIS and SLT members engage in various external stakeholder groups and networks. We are recognised for our contributions and have strong relationships at all levels.

Aim 8 – To deploy all the resources of the college, in a considered, responsible, and sustainable manner in support of the mission, vision and core values.

There were eight objectives set for 2022/23. All eight objectives were achieved.

Objective	Status
8.1 Ensure that a continual and consistent commitment to cost management is evidenced, to ensure value for money and to safeguard the financial health of the college.	Achieved Management accounts were reviewed in CMT and OMT. Regular monitoring meetings with Principal, VP/COO and Dir of Finance took place throughout the year. Accounts were reviewed in Resources committee and Corporation Board.
8.2 Continue to grow and develop income streams (not core funded) across BIS. To include £4.4m WBL contract, £900k PLA programme and re-establish commercial income to £850k with the aim to exceed targets.	Achieved (as overall income has exceeded target by £2.5 million) The WBL and PLA contract has grown significantly in 2022/23, this has contributed to the college overall performance. WBL saw an in-year growth to £5.6m and PLA grew to £2.2m. Contribution was £4m and £804k respectively. The commercial income target was reduced in-year to £651k, which was not reached. This is partly due to on-going Covid recovery in local business, a rise in cost of living and the increase in PLA delivery, reducing the number of businesses requested fully costed training.
8.3 Ensure that all investments in capital, equipment, and staffing are planned, monitored and evaluated using appropriate data and responsibly support the strategic plan. The details of this commitment should be articulated to college management, governors and external bodies.	Achieved Business planning completed across all campuses and plans developed to ensure the maximum positive impact on the learning environment and experience. Significant work including the Band B work at YM campus and the Sports Centre at Nantgarw was completed by July 2023. Significant investment made in digital infrastructure, and this will be fully deployed in 23/24. A review of staffing was undertaken, followed by a targeted voluntary redundancy exercise. Nineteen members of staff accepted voluntary redundancy and left the college in July 2023.
8.4 Ensure that the audit needs of the college are planned, managed and reported in a timely fashion to the college management and governors and that all related compliance responsibilities are met.	Achieved External audit of accounts completed in Dec 2022. All internal audits took place as planned by the end of July 2023.
8.5 Assess the current and future IT and digital needs and ways of improving service delivery across all areas of the college.	Achieved The Digital Strategy (Call to action - Digital 2030) was submitted to Welsh Government. Additional capital funding was received and spent meeting Welsh Government criteria and college priority needs.
8.6 Develop the use of digital technologies to enhance the College's internal and external communication strategy.	Achieved Teams is used routinely by staff and learners to communicate.

Objective	Status
8.7 Continue to embed the Welsh Language Standards across college services and operations.	Achieved High levels of compliance across the college evidenced via self-assessment and spot checks.
8.8 Continue to develop organisational resilience by anticipating, preparing for, responding and adapting to incremental change and sudden disruptions. Ensure our environment is safe & secure in terms of cyber attacks (To include: CTER, COVID-19 & Cyber Security)	Achieved Ransomware simulation exercise undertaken by SLT, Directors and IT Services in June 2023.

Strategic Plan for 2023/2026

Between January - May 2023, the strategic leadership team consulted with governors, learners, staff and key external stakeholders to develop a new strategic plan. Our vision is to be recognised as an exceptional college.

The strategic plan for 2023-2026 contains eight aims:

Strategic theme	Strategic aim
Educate our learners.	1. Ensure all our learners have the experience, knowledge and skills to succeed in life.
Work in collaboration and partnership.	2. Develop a skilled workforce to improve the experience, knowledge, skills, and future prospects of learners and our people.
Effectively engage and communicate.	3. Include all our stakeholders in helping us shape and achieve our vision.
Focus on innovation, impact and improvement.	4. Nurture a culture of innovation and impact evaluation which leads to continuous improvement.
Value, lead and inspire.	5. Demonstrate a leadership approach which fosters inclusion and empowerment and develops adaptability, trust and responsibility.
Be digitally confident and safe.	6. Empower our stakeholders to use technology safely, responsibly and with purpose.
Make responsible and sustainable decisions.	7: Deploy all of the resources of the college, in a considered, responsible and sustainable manner, promoting a greener and more equitable environment for future generations.
Achieve purposeful growth.	8: Improve our curriculum and commercial offers to achieve purposeful growth.

Report of the Governing Body

The College's financial objectives for 2023/24 are:

- 7.1 Adopt a consistent approach to financial sustainability by maintaining a culture of cost awareness and control.
- 7.2 Develop a sustainable and transparent procurement strategy.
- 7.3 Adopt robust and more sustainable decision-making processes.
- 7.4 Maintain organisational resilience by managing risk.
- 7.5 Develop and test a commercial strategy to maximise opportunities to grow and develop current and new income streams across the college.
- 7.6 Ensure that our full and part time further and higher education curriculum offer supports responsive growth in learner recruitment.
- 7.7 Maximise the delivery of high-quality alternative programmes from other funding streams.
- 7.8 Prioritise capital projects that will enable purposeful growth and efficiency in curriculum or commercial delivery.

Performance indicators – Finance team

A series of performance indicators have been agreed to monitor the successful implementation of the strategic aims and in relation to financial planning, these are shown in the table below:

	2022/2023 £'000	2021/2022 £'000
Surplus/(deficit) before other gains and losses	1,422	(995)
Net cash inflow from operating activities	1,787	6,150
Total net assets / (liabilities)	47,276	32,264
Days net liquid assets to total expenditure	102.7	121.1
Current ratio	1.82	1.79
WG grant as % of total income	92.97%	93.05%
EBITDA (earnings before interest, tax, depreciation, and amortisation) and before non-cash defined benefit obligations	4,333	4,168

The College is required to complete the annual Finance Record for the WG.

FINANCIAL POSITION – Finance team**Financial results**

2022/23 was the tenth year of operations for Coleg y Cymoedd, following the merger in August 2013 of Coleg Morgannwg and Ystrad Mynach College.

The College's income and expenditure for the year is summarised below:

	Actual 2022/2023 £'000	Actual 2021/2022 £'000
Income	58,088	57,524
Expenditure	56,664	58,519
Surplus/(deficit) before other gains and losses	1,422	(995)
Total Comprehensive Income/(expense) for the year	15,012	24,109
Surplus before other gains and losses (excluding FRS102 pension charges) *	3,032	2,859
Surplus (as * above) as % of income	5.2%	5.0%

The College generated a surplus before other gains and losses in the year of £1,422k (2021/22: deficit £995k), with total comprehensive income of £15,012k (2021/22: £24,109k). This large movement on total comprehensive income for the year is due primarily to the actuarial gains in respect of pension schemes in 2022/23 of £13,590k (2021/22: £25,100k).

Report of the Governing Body

The College has a surplus on its Income and Expenditure reserve of £42,769k (2022: £27,710k) and cash and short-term investment balances of £15,944k (2022: £19,443k). The accumulated reserves have increased in the last year due to a decrease in the defined benefit pension obligation of £11,980k. Cash and short-term investments have decreased during the year because of expenditure on the Sports Centre of Excellence project, which started in 2019/20 and the refurbishment projects at Ystrad Mynach, which is part of the WG 21st Century Schools Band B Project.

Tangible fixed asset additions during the year amounted to £7,246k. This was split between assets under construction of £6,554k and equipment purchases of £692k. Assets under construction consist of the Sports Centre at Nantgarw.

The College had net assets of £47,276k at 31 July 2023, up from £32,264k at 31 July 2022. The main reasons for this increase is the reduction in the defined benefit pension obligations of £11,980k.

EBITDA has increased slightly from £4,333k in 2021/22 to £4,391k in 2022/23. EBITDA looks at an organisation's profitability from its core operations before the impact of debt and non-cash items (such as depreciation and FRS 102 pension charges).

The College has significant reliance on the WG for its principal funding source, largely from recurrent grants. In 2022/23 the WG provided 92.97% (2021/22: 93.05%) of the College's total income.

Impact on the College's results of pension costs

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 requires the College to account for the cost of its commitment to the Local Government Pension Scheme (LGPS) in respect of its business support staff. Accordingly, the charges to the income and expenditure account and the liabilities shown on the balance sheet are impacted by changes in actuarial assumptions and market movements in respect of the assets held by the pension scheme – both of which are outside the control of the College. The surplus for the year includes non-cash costs of £1,610k (net interest cost of £370k, current/past service costs of £3,330k less employer contributions of £2,090k) (2022: £1,850k) arising because of accounting for the LGPS in accordance with FRS 102. The LGPS provision recognised on the balance sheet has decreased in the year by £11,980k to a nil position (2022: decrease of £21,250k), turning it into a theoretical net asset for the first time. No asset has however been recognised as the asset ceiling calculation, which limits the amount of any asset to be recognised was determined to be nil. In considering the impact of these accounting requirements on the College's financial position it should be noted that pension liabilities are, by their nature, long term obligations and that in meeting these obligations the College makes the level of employer contributions to the pension scheme recommended by an independent qualified actuary.

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.

All borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum with the WG.

Cash flows and Liquidity

At £1,787k (2022: £6,150k), net cash flow from operating activities is quite strong. The net cash flow resulted from the management of resources.

The size of the College's total borrowing and its approach to interest rates has been calculated to ensure a reasonable cushion between the cost of servicing debt and operating cash flow.

Liquidity as measured by the Current Ratio increased to 1.82 in 2022/23 compared to 1.79 in 2021/22 and is comparable with the Welsh average, which is 1.79 according to WG statistics for 2020/21. The Days of Net Liquid Assets Ratio reveals 102.7 days compared to 121.1 days in 2021/22. The sector average for 2020/21 was 128 days. Cash flow remains healthy but has decreased over the last year due to expenditure on the Sports Centre of Excellence project and Band B works at Ystrad Mynach.

Report of the Governing Body

Reserves Policy

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support the College's core activities. As at the balance sheet date the Income and Expenditure reserve stands at £42,769k (2022: £27,710k). It is the Corporation's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.

Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting year 1 August 2022 to 31 July 2023, the College paid 93.67% of its invoices within 30 days (2022: 95.68%). The College incurred no interest charges in respect of late payments for this period.

Events after the end of the reporting period

Details of post balance sheet events are included in notes to the financial statements (Note 23).

Learner Numbers

In 2022/23 the College provided opportunities for over 13,000 learners, including:

- 4,486 learners on full-time courses
- 2,886 learners on a part-time day basis
- 717 learners on a part time evening basis
- 3,780 learners on a distance learning basis
- 1,500 apprentices

2022/23 – the College's performance and Learner Achievements

2022/23 proved to be a difficult year for staff and learners due to the cost-of-living crisis and the long term impact of the COVID-19 pandemic. Both factors had an impact on learner attendance which at 85% is 2% lower in 2022/23 compared to 87% in 2021/22. Additional resources were deployed to support learners. These were effective in improving the college performance:

- The completion rate for main qualifications improved by 2% from 86% in 2021/22 to 88% in 2022/23.
- The attainment rate for main qualifications improved by 2% from 89% in 2021/22 to 91% in 2022/23.
- The successful completion rate for main qualifications improved by 3% from 78% in 2021/22 to 81% in 2022/23.
- The learner survey was positive about teaching and learning including the following:
 - 96% of learners stated that the development of their literacy and numeracy and digital skills were supported by their tutors.
 - 97% stated that they were made aware of the college's digital services and facilities (e.g., Moodle, Office365, WIFI 'Eduroam', computer access, using own devices).
 - 98% of learners stated that their tutor uses a range of digital technologies and Apps (eg moodle, Office365, onenote, onedrive, Forms).
 - 95% stated that their lessons were varied and interesting.
 - 98% stated that their course tutor is supportive and helpful.
 - 97% stated that their course tutor communicates in a way that they understand.
 - 98% stated that the teaching on their course was good.
 - 96% stated that they were learning at the right pace.
 - 95% stated that they knew when assessments would be taking place on their course and that assessment expectations had been made clear to them.

Report of the Governing Body

Learner Outcome Results

	Main qualifications				
	2018/19	2019/20	2020/21	2021/22	2022/23 unverified
Completion	90%	93%	87%	86%	88%
Attainment	94%	93%	93%	89%	92%
Successful completion	85%	86%	81%	77%	81%

Figure 1.1

	All qualifications				
	2018/19	2019/20	2020/21	2021/22	2022/23
Completion	93%	90%	88%	87%	89%
Attainment	94%	92%	92%	89%	91%
Successful completion	88%	83%	81%	77%	81%

Figure 1.2

Figures 1.1 and 1.2 show our completion, attainment, and successful completion rates for main qualifications and all qualifications for the last five academic years. The baseline year of 2018/19 was the last academic year before the onset of the Covid-19 pandemic. We are pleased that the learner outcomes have improved following the drop in learner outcomes during the COVID-19 pandemic.

Key achievements in 2023/23

The main achievements of the college during the academic year include:

- successfully securing a Defence Employer Recognition Scheme Gold Award, the highest badge of honour to recognise the positive role that an employer can play in supporting the Armed Forces community.
- Scholar's Restaurant at the Ystrad Mynach campus was named as Cookery School of the Year in the Food Awards Wales 2023.
- Mali Leese and Jack Morris were Welsh finalists in this year's Chef's Forum Student Pastry Chef of the Year competition.
- Ruben Duggan was named as young plumber of the year in UK and third best in Europe at international Awards ceremony
- Emma Hughes received the 'outstanding commitment to study' award at this year's Agored Cymru Access to Higher Education Learner of the Year awards.
- We became the first college in Wales to have achieved the Talented Athlete Scholars Scheme (TASS) Dual Career Accreditation.
- Through INSET activities 600 staff completed activities to update and enhance their individual and vocational skills with a key emphasis on preparing staff for the new ALN Act.
- A research-based approach to Effective Teaching and Learning Programme which has been peer reviewed and published.

Report of the Governing Body

Partnerships

The College is committed to supporting employers and communities across South East Wales:

- The College works closely with local authorities and schools to host the Seren Project, a specific scheme for more able and talented learners.
- In the field of Sport, the College has also developed effective partnerships with the Welsh Rugby Union, Cardiff Rugby, the Football Association of Wales, and Wales Rugby League to offer pathways into professional sport.
- In the creative industries, learners work extensively with Screen Alliance Wales, Bad Wolf studios and other major media and creative organisations.
- The College has a longstanding partnership with GE Aviation and has more recently developed a partnership with Caerdav.
- The College has developed strong links with the rail sector including Transport for Wales, Protech and Intertrain.

Principal risks and uncertainties

Based on the strategic plan, the Corporation Board undertakes a comprehensive review of the risks to which the College is exposed. Through the development of a Register of Strategic Risks (RSR), they identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The RSR identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

The internal controls are then implemented and each year an appraisal of the RSR will review its effectiveness and progress against risk mitigation actions. In addition to reviewing the RSR four times a year at Corporation Board and three times a year at the Audit Committee, each specialist Corporation committee looks at the risks relating to their area and how they are being managed. All Corporation committees also consider any risks which may arise as a result of a new area of work being undertaken or a change to the circumstances affecting the college (funding, competition etc.) by the College and these would be added to the RSR as appropriate.

Outlined below is a description of the principal risk factors that may affect the College. Not all factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

1. UK Economy

In August 2023, the Bank of England reported:

- Twelve-month CPI inflation fell from 8.7% in May to 4.6% in November. CPI inflation remains well above the 2% target. It is expected to fall significantly further by the end of the year, accounted for by lower energy, and to a lesser degree, food and core goods price inflation. Services price inflation, however, is projected to remain elevated at close to its current rate in the near term.
- The labour market remains tight but there are some indications that it is loosening. The unemployment rate rose to 4.0% in the three months to May, somewhat higher than expected and the vacancies to unemployment ratio has continued to fall, although the latter still remains above historical averages. Annual private sector regular pay growth increased to 7.7% in the three months to May, materially above expectations.

2. Government policy

Several Government policy decisions will impact upon the college. These include:

- The introduction of the Commission for Tertiary Education and Research (CTER).
- The continuing state of flux in work-based learning contracts.
- Insufficient funding to replace the loss of European funding.
- Public sector pay pressures. The College welcomes pay parity with the school sector, but it remains concerned that funding rates may not rise accordingly to meet these costs.

Report of the Governing Body

3. Pandemic - COVID-19

The risks faced by the College in relation to the Covid-19 pandemic can be summarised into three broad categories:

- Risks to the health, safety and wellbeing of staff, learners, and visitors.
- Risks to the College's ability to effectively continue activities and achieve positive outcomes for its learners and communities.
- Risks to the ongoing financial health and resilience.

In formulating its approach to the above risks, the College ensured that the Welsh Government guidance (and where appropriate, UK Government, Health and Safety Executive and any other applicable regulations/guidance) is adhered to; this informed the risk assessments and safe operating practices on each campus, which were consulted on with recognised trade unions and made available for staff to review on the staff intranet.

4. Future funding from Welsh Government / CTER

Whilst the FE sector has been protected through the period of the pandemic it is fearful that there may be funding cuts in future years which makes future investment planning more difficult and riskier. This risk is mitigated by increasing commercial income to reduce reliance on public funding and regular dialogue with officials from WG. The College is committed to growing and developing alternative income streams wherever such opportunities arise. Despite COVID-19, the College was able to increase its commercial activities through Personal Learning Accounts.

5. Maintain adequate funding of pension liabilities.

Although the Local Government Pension Scheme is showing as a nil asset on the college balance sheet in 2022/2023, due to the volatile nature (based on actuarial assumptions), this can change to a deficit in future years.

Future Prospects

The college has responded impressively to the pandemic and the cost-of-living crisis. It will undoubtedly face further ongoing challenges in all aspects of its operation. A continued open and collaborative approach to the changes that we will have to make to thrive is key and so far, this approach is paying off, with regular staff feedback being positive about the approach we are taking, and equally importantly, the support we are trying to give to our staff and learners mental health and wellbeing.

RESOURCES**Tangible**

The College has various resources that it can deploy in pursuit of its strategic objectives. Tangible resources include four campuses, a new Sports Centre under construction in Nantgarw (approx. £7.2m) and £18.0m held in current assets. Included in current assets is £13.9m held in short term deposits and £2.0m in other investments, which it plans to use for capital investment in the Sports Centre.

Financial

The College has net assets of £47,276k and long-term debt of £3,898k.

People

The College employs 705 staff (expressed as full-time equivalents), of whom 323 are teaching staff.

Ongoing and planned investments

The College continues to invest in facilities to enhance the learner experience and recruit and retain more learners. On the Rhondda campus, further refurbishment took place to upgrade a variety of learning spaces, toilets, and staff offices. At Ystrad Mynach, a new teaching spaces for brickwork and painting and decorating was opened in November 2022. At Nantgarw, the new sports facility was opened in August 2023.

Report of the Governing Body

Reputation

The College is continuing to maintain its good reputation through active involvement in regional, local, and national issues, and through its continual improvement in its quality profile. The investment levels of recent years are seen as an indicator of ambition for both our learners and the communities that we serve, and the willingness of the College to commit its time and staffing to key initiatives is appreciated. The College continues to contribute to the wider economy through its membership of the CBI Wales Council and the membership (and host & chair) of the Caerphilly Business Club. It has also seen a significant increase in training and apprenticeship opportunities associated with the rail industry, and the specialist rail facilities at Nantgarw which means that the College is well-placed to support the changes to the transport infrastructure in Wales.

Going Concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Strategic 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 £4,378k of loans outstanding with financial institutions and WG (both secured and unsecured) on terms negotiated in 2012, 2016 and 2018. The terms of the existing agreements are for up to another 13 years, with £479k being payable next year. The College's forecasts and financial projections (which include monthly management accounts, WG 3 year forecasts and a rolling 12 month cash flow forecast), which are primarily based on known and committed grants, indicate that it will be able to operate within this existing facility and covenants for the foreseeable future. The college has planned for the loss of EU funding over the past 2 years. Whilst there is still continuing uncertainty around the delivery of the Shared Prosperity Fund and Multiply, the college is working with both Caerphilly County Borough Council and Rhondda Cynon Taf to secure funding.

Inflation is having a significant impact on the Welsh Government budget. They estimate that the budget for 2024/25 will be worth £900 million less. The impact of this means that funding for education across Wales is under significant pressure and may be reduced in 2024/25. The college continues to work with Colleges Wales to articulate the challenges faced post pandemic, by the cost-of-living crisis, to ensure a flexible approach to supporting the FE sector from Welsh Government in its future budget. The college will seek an increase in the unit rate to absorb inflationary costs and any staff pay award.

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.

Stakeholders

Coleg y Cymoedd has many stakeholders, including:

- Its current, future, and past students.
- Its staff and their trade unions. The main trade unions of which Coleg y Cymoedd staff are members are GMB, NEU, UCU and UNISON.
- Welsh Government
- The employers it works with.
- Its partner schools and universities.
- Local authorities and local partnerships.
- The wider College community.
- Professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them through a variety of activities.

Report of the Governing Body

Equality, Diversity & Inclusion

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in each protected characteristic group, including ethnicity, gender, sexual orientation, disability, gender identity, religion or belief, marital status, age and pregnancy/maternity and we strive vigorously to remove conditions which place people at a disadvantage. The College publishes an Annual Equality Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010. These are published on the college portal, along with the College's Equality and Diversity Policy. We are committed to measuring the impact of new and existing policies, practices, and procedures on all equality groups by conducting appropriate impact assessments to ensure they are fair to all groups of people and do not impact adversely on them in any way. To this end, the College has a continuous programme of reviewing policies, procedures, and practices in place.

The College's Equality and Diversity committee continues to meet termly to monitor the actions of the strategic equality plan and to ensure that the equality and diversity agenda is progressed. The committee monitors the membership regularly to ensure it is fully representative of all staff groups, including academic, business support staff and managers, across all campuses.

During 2022/23, the committee members continued to promote an inclusive and equitable ethos throughout the College, via targeted campaigns using Teams and social media. The college remained affiliated to the Black Leadership Group, working closely with them to develop the college Anti-Racist Action Plan. This was co-constructed with staff, managers and governors. The college made clear their commitment of zero tolerance to racism by signing the Race Council Cymru Zero Racism Pledge.

In March 2023, the College reported a mean Gender Pay Gap of 10%, against a benchmark of 22.2% for UK Education, and 8% for all industries in Wales. We continue to monitor the causes which have resulted in this gender pay gap and develop actions which are intended to reduce this. We will continue to monitor our gender pay gap profile on an annual basis.

For the first time in March 2023, the college published a disability mean pay gap (-12.3%) and a mean ethnicity pay gap (-30.6%). These negative disability and ethnicity pay gaps are very encouraging, however some employees have not yet declared their ethnicity or whether they have a disability, which may impact the data moving forward. We will continue to monitor this on an annual basis.

Sustainability

We are committed to fostering sustainability at the core of all our practices. This commitment extends to both our staff and learners, as their perspectives are invaluable in shaping our sustainability efforts.

The college sustainability strategy 'Every Day Every Decision' outlines our commitment to achieving the ambitious target of net carbon zero by 2030. We will do this by ensuring we have carbon-literate colleague and student populations who are confident to challenge decisions and to find new ways to get things done. Our estates strategy aligns to this, detailing how we will become a less wasteful and more efficient organisation by setting ourselves stretching targets.

As part of our response to a sustainable approach in all aspects of the organisation, a new strategic leadership role was created. The Assistant Principal Sustainable Futures position was designed to respond to post-pandemic changes locally, regionally, nationally, and internationally. The main purpose was to be the strategic lead for sustainable development, ensuring that learners have an effective mix of knowledge, skills and attributes so that they are more likely to gain employment and be successful in their chosen occupation and career path which benefits themselves, the workforce, the community and the economy.

Staff and Learner Involvement

The College places a strong emphasis on effective communication with both its staff and learners. When individuals have a say in the decisions that affect them, they are more likely to feel a sense of ownership and responsibility toward the outcomes. Involving staff and learners fosters a shared commitment to the success of the college and a sense of being valued contributes to its growth.

Report of the Governing Body

The strategic leadership team seek views via regular surveys, focus groups and the interactive Live Q & A sessions. Staff and learners were invited to co-construct the college strategic plan, the social partnership action plan and the anti-racist college plan. High levels of engagement were evidenced during these processes, which was mirrored in the participation of many staff and learner representatives in cross-college groups.

The College encourages staff and learner involvement through membership of formal committees and other cross College groups. These committees include the Governing Body, Academic Board, Learner Parliaments, Committees covering health, safety and wellbeing, sustainability and a range of other specialist groups.

Professional advisers**Bankers:**

Lloyds Bank
St William House
Tresillian Terrace
Cardiff
CF10 5BH

Santander UK plc
9 Queen Street
Cardiff
CF10 2UD

HSBC
1st Floor
1 Callaghan Square
Cardiff
CF10 5BT

Financial Statements Independent Auditors:

Mazars LLP
90 Victoria Street
Bristol
BS1 6DP

Internal Auditors:

TIAA Ltd
53 – 55 Gosport Business Centre
Aerodrome Road
Gosport
Hampshire
PO13 0FQ

Solicitors:

Capital Law
Capital Building
Tyndall Street
Cardiff
CF10 4AZ

Disclosure of information to auditors

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

Approved by order of the members of the Corporation on 18 December 2023 and signed on its behalf by:



P Smart
Chair of Governors

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 Governing Body 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; 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 Board 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 Welsh Government or any other public funder. Members of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and to ensure they are used properly. In addition, Members of the Corporation are responsible for securing economical, efficient, and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds from the Welsh Government and other public bodies are not put at risk.

Approved by order of the Members of the Corporation on 18 December 2023 and signed on its behalf by:



P Smart
Chair of Governors

Statement of Corporate Governance and Internal Control

Governance Statement

The following statement is provided to enable readers of the annual report and financial statements of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2022 to 31 July 2023 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

- i. In accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty, and leadership).
- ii. In full accordance with the guidance to Colleges from ColegauCymru / Colleges Wales in The Code of Good Governance for Colleges in Wales ("the Code").

In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2023. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for Colleges in Wales issued by ColegauCymru / Colleges Wales in 2016, which it formally adopted on 21 March 2016.

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

The members who served on the Corporation during the year 2022/23 were as listed in the table below.

NAME	STATUS OF APPOINTMENT	DATE APPOINTED/ RE-APPOINTED/ DATE OF RESIGNATION	COMMITTEES SERVED	ATTENDANCE 22/23	
				Board	Comm
G Ashman	Member	01/08/2023 Appointed	Resources	N/A	N/A
N Bayford (Corporation Chair to 31/08/2022)	Member	01/08/13 Appointed 01/08/15 Re-appointed 01/08/2019 Re-appointed 31/07/2023 End of appointment	Resources Remuneration (Chair to 31/08/2022) Search (Chair to 31/08/2022) Selection (Chair to 31/08/2022)	3/4	2/3 N/A N/A N/A
L Bolderson (Vice Chair Audit to 27/03/2022)	Member	22/03/21 Appointed 27/03/2023 Resigned	Audit	1/2	1/2
G Davies	Member (RCT local authority)	01/08/2021 Appointed 21/09/2023 Resigned	Curriculum & Quality	2/4	2/3
T Dancovici	Staff Member	20/06/19 Appointed 19/06/2023 End of appointment	Curriculum & Quality	2/3	2/3
S Davies (Vice-Chair Resources to 31/08/2022, Corporation Vice-Chair from 01/09/2022)	Member	01/10/18 Appointed 29/09/2022 Re-appointed	Resources Selection Remuneration Search Curriculum & Quality (from 27/03/2023)	4/4	3/3 4/4 4/4 4/7 0/1
R Dehaghani	Member	01/08/2022 Appointed	Resources	2/4	2/3
A Diplock (Chair Resources from 01/09/2022)	Member	01/09/17 Appointed 01/08/21 Re-appointed	Resources Search Remuneration Selection	4/4	3/3 7/7 4/4 4/4
R Edmunds	Member (Caerphilly local authority)	26/09/22 Appointed	Curriculum & Quality	3/3	2/3
R Evans (Vice-Chair Curriculum & Quality to 31/08/2022, Chair	Member	01/06/18 Appointed Co- opted member	Curriculum & Quality Selection Remuneration	4/4	2/3 4/4 4/4

Curriculum & Quality from 01/09/2022)		01/10/18 Appointed full member 30/09/2022 Re-appointed	Search		4/7
C Eynon	Student Member	01/08/2023 Appointed	Curriculum & Quality	N/A	N/A
R Fullylove	Staff Member	27/11/19 Appointed 27/11/2023 End of appointment	Resources	2/4	2/3
R Grant	Student Member	01/08/2022 Appointed 31/07/2023 End of appointment	Curriculum & Quality	4/4	3/3
M Harding (Chair Curriculum & Quality to 31/08/2022, Vice-Chair Curriculum & Quality from 14/11/2022, Vice-Chair Audit from 12 June 2023)	Member	01/08/13 Appointed 01/08/16 Re-appointed 01/08/20 Re-appointed	Curriculum & Quality Audit	3/4	3/3 2/3
C James	Student Member	01/08/2023 Appointed	Curriculum & Quality	N/A	N/A
M Lippard	Member	01/08/13 Appointed 01/08/16 Re-appointed 30/03/20 Re-appointed	Audit	4/4	3/3
J Morgan (Principal from 01/09/2022)	Principal	01/09/2022 Appointed	Resources Curriculum & Quality Search Selection	4/4	3/3 3/3 7/7 4/4
K Owen	Member (RCT local authority)	25/09/2023 Appointed	Curriculum & Quality	N/A	N/A
K Phillips (Principal to 31/08/2022)	Principal	01/01/19 Appointed 31/08/2022 Retired	N/A	N/A	N/A
G Reynolds	Member	19/12/2022 Appointed	Audit	1/2	2/2
L Simonov	Student Member	26/09/22 Appointed 31/07/2023 End of appointment	Curriculum & Quality	4/4	2/3
Dr P Smart (Corporation Vice-Chair to 31/08/2022, Corporation Chair from 01/09/2022, Resources Chair to 31/08/2022)	Member	01/08/13 Appointed 01/08/15 Re-appointed 01/08/19 Re-appointed 01/08/2023 Re-appointed (confirmed 13/12/2021)	Resources Search Remuneration Selection	4/4	3/3 6/7 4/4 4/4
C Thomas (Resources Vice-Chair from 01/09/2022)	Member	01/11/16 Appointed 01/10/20 Re-appointed	Resources	2/4	3/3
P Thomas	Staff Member	20/06/2023 Appointed	Curriculum & Quality	0/1	N/A
L Wakefield	Member	26/09/22 Appointed	Audit	2/3	3/3
M Watts	Staff Member	27/11/2023 Appointed	Resources	N/A	N/A
C Wheatstone	Member	01/08/2023 Appointed	Audit	N/A	N/A
P Wright (Audit Vice-Chair to 13/06/2022, Audit Chair from 13/06/2022)	Member	25/04/18 Appointed 25/04/2022 Re-appointed	Audit Search	4/4	3/3 7/7
Committee Co-opted					
G Davies	Co-opted Member	01/08/2022 Appointed	Curriculum & Quality	N/A	3/3
J Dunn	Co-opted Member	01/08/2022 Appointed	Audit	N/A	1/3
J Hunt	Co-opted Member	01/08/2023 Appointed	Resources	N/A	N/A
P Janes	Co-opted Member	01/08/2023 Appointed	Resources	N/A	N/A
K Owen	Co-opted Member	01/08/2023 Appointed 25/09/2023 moved to full membership	Curriculum & Quality	N/A	N/A
Governance Officer to the Corporation: J Owen					

Statement of Corporate Governance and Internal Control

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

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

The Corporation conducts its business through several committees. Each committee has terms of reference which have been approved by the Corporation. These committees are Resources, Audit, Search, Selection, Remuneration and Curriculum and Quality. In addition, the Corporation complies with the College's Code of Conduct for Governors, Code of Ethics and Standing Orders. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Governance Officer to the Corporation at:

Coleg y Cymoedd
Heol Y Coleg
Nantgarw
Rhondda Cynon Taff
CF15 7QY

The Governance Officer to the Corporation maintains a register of financial and personal interests of the Governors. The register is available for inspection at the above address.

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

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

The Corporation has a strong and independent non-executive element, and no individual or group dominates its decision-making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

There is a clear division of responsibility in that the roles of the Chair and Accounting Officer are separate.

Appointments to the Corporation

Any new appointments to the Corporation are a matter for consideration of the Corporation as a whole. The Corporation has a Search Committee, which is responsible for the selection and nomination of any new member for the Corporation's consideration. Appointments were made as per the table above throughout the academic year. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding four years but may be appointed for a second term of four years to a maximum of eight years. In exceptional circumstances, or when a period of continuity is required, a further term beyond eight years may be considered, up to a maximum of one further term only. Re-appointment beyond two terms may also be considered if they have special skills that would otherwise be difficult to find or their level of governance expertise is required to balance the relative inexperience of a number of new members.

Corporation Committees

There are six committees of the Corporation. These committees are formally constituted with terms of reference, and, except for the Remuneration Committee, Selection Committee and Search Committee, all meet a minimum of three times a year.

Statement of Corporate Governance and Internal ControlResources Committee

The Resources Committee combines Finance, Infrastructure and People & Culture areas of the college. Particular attention is given to monthly management accounts, re-forecasts, and the annual budget. It examines the Strategic Plan and monitors financial performance accordingly. It also considers the College's Estates Strategy. In addition, the committee considers all policy aspects of human resources including the management of health and safety of learners, staff, and the public.

Audit Committee

The Audit Committee requires a minimum of three members of the Corporation. The Principal/ Accounting Officer is not a member of this Committee, and it does not contain any member who is a member of the Resources Committee. The Committee meets every term. There were 3 meetings during the 2022/23 academic year. It provides the forum for reporting by the College's internal and external auditors who always have the right of access to the Committee for independent discussion without the presence of management.

The Audit Committee is the main forum for examining the College's systems of control and advises the Corporation accordingly. The internal auditors monitor the systems of internal control, risk management and governance processes in accordance with an agreed internal audit plan and reports its findings to both management and the Committee. Management is responsible for the implementation of agreed audit recommendations and the Committee monitors progress on the implementation of agreed actions, including a periodic follow up by the internal auditors. It is also responsible for value for money exercises. To assist the Committee, members who are able to provide valuable expertise to the College may also be co-opted. The Committee receives reports from the Corporation's internal and external auditors as well as WG audit/ compliance service and Wales Audit Office.

The members of the Audit Committee for the 2022/23 academic year and their attendance is shown below:

Committee Member	Meetings attended (22/23)
Peter Wright	3/3
Mark Harding	2/3
Lee Bolderson (to 27 March 2023)	1/2
Lynne Wakefield	3/3
Margaret Lippard	3/3
James Dunn (co-opted)	1/3
Gareth Reynolds (from 19/12/2022)	2/2

Curriculum and Quality Committee

The Curriculum and Quality Committee has responsibility for the academic affairs of the College and monitors the work of the Academic Board, which is the main internal mechanism for the determination of general academic policy, strategy, and priorities. It provides advice to the Corporation on the educational character and mission of the College.

Search Committee

The Search Committee is responsible for advising the Corporation on the appointment of new members to the Corporation and to its committees. It is also the governance committee within the Corporation and takes responsibility for reviewing the performance of the Corporation Board and other associated matters.

Selection Committee

The Selection Committee is responsible for the recruitment, selection and interviewing of any senior post-holder and the Governance Officer, recommending their appointment, and starting salary.

Statement of Corporate Governance and Internal Control

Remuneration Committee

The Remuneration Committee has the responsibility of determining the level of remuneration for senior post-holders and the Governance Officer. The senior post-holders are the Principal/ Accounting Officer and Vice Principals.

Details of remuneration for the year ended 31 July 2023 is set out in note 8 to the financial statements.

College Committees & Meetings

In addition to the Strategic Leadership Team (SLT) that meets every three weeks, the College Management Team (CMT) also meets every six weeks and an Operational Management Team (OMT), comprising the SLT together with the Directors of Finance, Infrastructure, Digital Strategy & Innovation and People & Culture also has two meetings per term. The SLT and CMT receive regular reports on enrolment statistics and trends, with performance against targets providing the basis of the strategic plan. At CMT, in Principal updates and in the Principal's reports to the Corporation Board meetings, progress against the three key indicators of outcomes, finances and recruitment are reported. The CMT and the OMT receive regular reports on the management accounts, the OMT focusses on all aspects of finance, estates, people & culture, and digital developments. These groups act as both a provider of vital information to the Corporation and its committees and ensures that the policies of the Corporation are implemented, and risk assessed.

The College has three committees that meet each term. The Health, Safety and Wellbeing Committee advises the Strategic Leadership Team and the Corporation, through the Resources Committee, on all aspects of health, safety and wellbeing so helping to minimise risks within the College. It submits an annual report to the Corporation via the Resources Committee. The Equality and Diversity Committee advises the Strategic Leadership Team and the Corporation, through the Resources Committee, on all aspects of equality, diversity, and inclusion. It submits an annual report to the Resources Committee. The Compliance Committee advises the Strategic Leadership Team and the Corporation, through the Audit Committee, on compliance issues such as the Welsh language standards, information security and data protection.

The Academic Board of the College is another forum that assists the Corporation by concentrating on the academic provision to maintain the highest quality. It meets three times a year. It submits an annual report to the Corporation via the Curriculum and Quality Committee.

Internal Control***Scope of responsibility***

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of 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 Coleg y Cymoedd and the WG. The principal is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively, and economically. The system of internal control has been in place in the College for the year ended 31 July 2023 and up to the date of approval of the annual report and financial statements.

Statement of Corporate Governance and Internal Control

Capacity to handle risk

The Corporation 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 Corporation is of the view that there is a formal ongoing process for identifying, evaluating, and managing the College's significant risks that has been in place for the year ended 31 July 2023 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Corporation.

The risk and control framework

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

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

The College has an internal audit service, which operates in accordance with the requirements of the Welsh Government Further Education Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. At minimum, annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls, and governance processes.

Statement from the Audit Committee

The Audit Committee provides an annual report to the Board detailing its work during the year which has informed its assurance statement to the Corporation on the effectiveness of the college risk management, governance and internal controls.

In its report to the Board presented at the meeting on 18 December 2023, the Audit Committee confirmed its opinion that:

“Based on the evidence of the work undertaken by the Internal and External Auditors and the College's senior staff, the Committee is of the opinion that the College has satisfactory and effective arrangements in place for risk management, internal control, and governance.”

Review of effectiveness

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

- the work of the internal auditors.
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework; and
- comments made by the College's financial statements auditors in their management letters and other reports.

Statement of Corporate Governance and Internal Control

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

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

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

Training

As part of their annual declarations, members are invited to make suggestions about additional training needs either collectively or individually. Training is then offered throughout the academic year based on these suggestions and the needs of the College/ Corporation at the time.

During the 2022/23 academic year, Governors were invited to partake in the following training sessions and events (internal and external):

New Governor induction training	5 September 2022 (online for all new starters) 10 October 2022 (online for all new starters) 25 January 2022 (online for all new starters)
New Governor induction training – Audit Committee	28 November 2022 (online for new starters to the Audit Committee)
Black Leadership Group (BLG) – annual conference	21 March 2023 (online via BLG)
Commission for Tertiary Education and Research training	23 March 2023 (online via Colegau Cymru)
Staff awards	27 March 2023 (in-person Aberdare)
Black Leadership Group (BLG) training	20 April 2023 (in-person Nantgarw) 21 April 2023 (in-person Nantgarw)
Learner awards	20 June 2023 (in person Nantgarw)

All training and events were available to all members and the Governance Officer, other than the BLG sessions as these were limited in numbers and focused on key persons on the Board.

The Governance Officer also attends regular Wales FE Clerks meetings as well as reviewing any relevant correspondence, publications or other relevant information as and when the time requires.

Annual self-assessment: Code of Good Governance

The Corporation currently undertakes an annual assessment of effectiveness against the Code and a member, the Principal and Governance Officer are assigned responsibility for leading the review. The Search Committee completed its initial review in May 2023 and the findings were presented to the Corporation at the meeting on 3 July 2023. The Corporation was satisfied that it was effective in its work and that all obligations were either partially or fully met. All actions from the previous year had been completed satisfactorily.

Statement of Corporate Governance and Internal Control

Going Concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Strategic 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 £4,378k of loans outstanding with financial institutions and WG (both secured and unsecured) on terms negotiated in 2012, 2016 and 2018. The terms of the existing agreements are for up to another 13 years, with £479k being payable next year. The College's forecasts and financial projections (which include monthly management accounts, WG 3 year forecasts and a rolling 12 month cash flow forecast), which are primarily based on known and committed grants, indicate that it will be able to operate within this existing facility and covenants for the foreseeable future. The college has planned for the loss of EU funding over the past 2 years. Whilst there is still continuing uncertainty around the delivery of the Shared Prosperity Fund and Multiply, the college is in continued discussions with local authorities.

Inflation is having a significant impact on the Welsh Government budget. They estimate that the budget for 2024/25 will be worth £900 million less. The impact of this means that funding for education across Wales is under significant pressure and may be reduced in 2024/25. The college continues to work with Colleges Wales to articulate the challenges faced post pandemic, by the cost of living crisis, to ensure a flexible approach to supporting the FE sector from Welsh Government in its future budget. The college will seek an increase in the unit rate to absorb inflationary costs and any staff pay award.

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.

Approved by order of the Members of the Corporation on 18 December 2023 and signed on its behalf by:



P Smart
Chair of Governors



J Morgan
Principal/Accounting Officer

Statement of Regularity, Propriety and Compliance

As accounting officer, I confirm that the college has had due regard to the requirements of grant funding agreements and contracts with the Welsh Government and has considered its responsibility to notify the Welsh Government of material irregularity, impropriety and non-compliance with terms and conditions of funding.

I confirm on behalf of the college that after due enquiry, and to the best of my knowledge, I am able to identify any material irregular or improper use of funds by the college, or material non-compliance with the terms and conditions of funding, under the college's grant funding agreements and contracts with the Welsh Government, or any other public funder.

I 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.

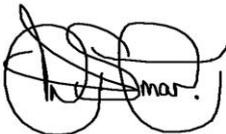
Signed on 18 December 2023 by:



J Morgan
Principal/Accounting Officer

Statement of the chair of governors on behalf of the college, I confirm that the accounting officer has discussed their statement of regularity, propriety and compliance with the board and that I am content that it is materially accurate.

Signed on 18 December 2023 by:



P Smart
Chair of Governors

Independent auditor's report to the Members of Coleg y Cymoedd

Opinion

We have audited the financial statements of Coleg y Cymoedd for the year ended 31 July 2023 which comprise the Statement of Comprehensive Income and expenditure, Statement of Changes in Reserves, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice: Accounting for Further and Higher Education.

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2023 and of the College's surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the College's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the Governing Body with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Report of the Governing body, other than the financial statements and our auditor's report thereon. The Governing body are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Further Education Audit Code of Practice issued by the Welsh Government requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- the information given in the report of the Members of the Governing body, including the operating and financial review and statement of corporate governance, is inconsistent with the financial statements; and
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Governing body

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 19, the Governing body is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members 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 Governing body is responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governing body either intends to liquidate the College or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the College and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: compliance with the Welsh Government funding agreements, the Estyn regulatory framework, safeguarding, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the College is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the College which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as pension legislation.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition (which we pinpointed to the cut-off assertion, and significant one-off or unusual transactions).

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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 auditor's report.

Other Required Reporting

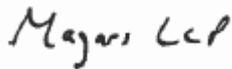
Opinion on other matters prescribed in the Further Education Audit Code of Practice 2015 issued by the Welsh Government

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.

Use of the audit report

This report is made solely to the Governing body as a body in accordance with the College's Articles of Government. Our audit work has been undertaken so that we might state to the Governing body those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the Governing body as a body for our audit work, for this report, or for the opinions we have formed.



Richard Bott (Senior Statutory Auditor) for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor
90 Victoria Street
Redcliffe
Bristol
BS1 6DP

20th December 2023

Statement of Comprehensive Income and Expenditure for the year ended 31 July 2023

	Notes	2022/23 £'000	2021/22 £'000
INCOME			
Funding body grants	2	54,007	53,528
Tuition fees and education contracts	3	1,438	1,378
Other grants and contracts	4	628	961
Other income	5	1,617	1,589
Investment income	6	398	68
Total income		58,088	57,524
EXPENDITURE			
Staff costs	7	36,786	35,293
Other operating expenses	9	15,673	18,949
Depreciation	12	3,705	3,595
Interest and other finance costs	10	502	682
Total expenditure		56,666	58,519
Surplus/(Deficit) before other gains and losses		1,422	(995)
Profit on disposal of assets		-	4
Surplus/(Deficit) for the year		1,422	(991)
Actuarial gain in respect of pension schemes		13,590	25,100
Total Comprehensive Income for the year		15,012	24,109
Represented by:			
Unrestricted comprehensive income		15,012	24,109
		15,012	24,109

Statement of Changes in Reserves for the year ended 31 July 2023

	Income and Expenditure Account £'000	Revaluation Reserve £'000	Total Unrestricted Reserves £'000
Balance as at 1st August 2021	3,556	4,601	8,157
Deficit for the year	(991)	-	(991)
Other comprehensive income	25,100	-	25,100
Adjustment re: Pension	(2)	-	(2)
Transfers between revaluation and income and expenditure reserves	47	(47)	-
Total comprehensive income for the year	24,154	(47)	24,107
Balance at 31st July 2022	27,710	4,554	32,264
Surplus for the year	1,422	-	1,422
Other comprehensive income	13,590	-	13,590
Transfers between revaluation and income and expenditure reserves	47	(47)	-
Total comprehensive income for the year	15,059	(47)	15,012
Balance as at 31st July 2023	42,769	4,507	47,276

Balance Sheet as at 31 July 2023

	Note	2022/23 £'000	2021/22 £'000
Non-current assets			
Tangible fixed assets	12	97,235	93,694
		97,235	93,694
Current assets			
Trade and other receivables	13	2,148	1,695
Investments	14	2,000	4,000
Cash and cash equivalents	19	13,944	15,443
		18,092	21,138
Creditors - amounts falling due within one year	15	(9,916)	(11,832)
Net current assets		8,176	9,306
Total assets less current liabilities		105,411	103,000
Creditors - amounts falling due after more than one year	16	(56,908)	(57,647)
Provisions			
Defined benefit pension obligation	18	-	(11,980)
Other provisions	18	(1,227)	(1,109)
TOTAL NET ASSETS / (LIABILITIES)		47,276	32,264
Unrestricted Reserves			
Income and expenditure account		42,769	27,710
Revaluation reserve		4,507	4,554
TOTAL UNRESTRICTED RESERVES		47,276	32,264

The financial statements on pages 32 to 56 were approved and authorised for issue by the Corporation on 18 December 2023 and were signed on its behalf on that date by:



P Smart
Chair of Governors



J Morgan
Principal/Accounting Officer

Statement of Cash Flows FOR THE YEAR ENDED 31 July 2023

	Note	2022/23 £'000	2021/22 £'000
Cash flow from operating activities			
Surplus / (Deficit) for the year		1,422	(991)
Adjustment for non-cash items			
Depreciation		3,705	3,595
(Increase) / decrease in debtors		(414)	47
Increase / (decrease) in creditors due within one year		(1,983)	1,374
Increase / (decrease) increase in provisions		118	(249)
Pensions costs less contributions payable		1,240	3,300
Pension finance cost		370	550
Deferred capital grants released to income		(2,405)	(2,259)
Adjustment for investing or financing activities			
Investment income receivable		(398)	(68)
Interest payable		132	132
Profit on sale of fixed assets		-	(4)
Other items		-	723
Net cash flow from operating activities		1,787	6,150
Cash flows from investing activities			
Proceeds from sale of fixed assets		-	3
Investment income received		360	55
Withdrawals / (New) deposits		2,000	(4,000)
Payments made to acquire fixed assets		(7,246)	(6,645)
Deferred capital grants received		2,191	6,467
		(2,695)	(4,119)
Cash flows from financing activities			
Interest paid		(133)	(133)
Repayments of amounts borrowed		(458)	(461)
		(591)	(594)
(Decrease) / increase in cash and cash equivalents in the year	19	(1,499)	1,437
Cash and cash equivalents at beginning of the year		15,443	14,006
Cash and cash equivalents at end of the year		13,944	15,443

Notes to the Financial Statements**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 *WG College Accounts Direction for 2022 to 2023* 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 for fixed assets.

Going Concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Strategic 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 £4,378k of loans outstanding with financial institutions and WG (both secured and unsecured) on terms negotiated in 2012, 2016 and 2018. The terms of the existing agreements are for up to another 13 years, with £479k being payable next year. The College’s forecasts and financial projections (which include monthly management accounts, WG 3 year forecasts and a rolling 12 month cash flow forecast), which are primarily based on known and committed grants, indicate that it will be able to operate within this existing facility and covenants for the foreseeable future. The college has planned for the loss of EU funding over the past 2 years. Whilst there is still continuing uncertainty around the delivery of the Shared Prosperity Fund and Multiply, the college is in continued discussions with local authorities.

Inflation is having a significant impact on the Welsh Government budget. They estimate that the budget for 2024/25 will be worth £900 million less. The impact of this means that funding for education across Wales is under significant pressure and may be reduced in 2024/25. The college continues to work with Colleges Wales to articulate the challenges faced post pandemic, by the cost of living crisis, to ensure a flexible approach to supporting the FE sector from Welsh Government in its future budget. The college will seek an increase in the unit rate to absorb inflationary costs and any staff pay award.

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**Revenue grant funding**

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits.

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

Notes to the Financial Statements (continued)

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

Grants 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

All capital grants, except for capital grants relating to land, 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. All capital grants relating to land, 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.

European income

European funds are included as income during the period in which they are received, unless it is known with reasonable certainty that the monies will be forthcoming, and, in such cases, the income is included in the period in which it is earned.

Other income

Other income is recognised when the institution 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.

Fundamental items

Where items of income or expenditure arise that are material in size or nature, these are shown separately on the face of the income and expenditure account. This is to ensure the reader has appropriate information to understand the financial performance of the College. Such items include the funding and associated costs of staff redundancies and other large, non-recurring expenditures.

Agency arrangements

FCF: The College acts as an agent in the collection and payment of certain discretionary support funds. Related payments received from the WG and subsequent disbursements to students are excluded from the income and expenditure of the College and are shown separately in note 26, except for the 3 per cent of the grant received which is available to the College to cover administration costs relating to the grant. The College employs one member of staff dedicated to the administration of Financial Contingency Fund applications and payments.

ESF: The College is a lead partner in a consortium to deliver two ESF projects. Income claimed from the Wales European Funding Office (WEFO) and payable to consortium partners has been excluded from these financial statements. More information is included in note 4.

Accounting for post-employment benefits

Post-employment benefits to employees of the College are 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.

Notes to the Financial Statements (continued)**Teachers' Pension Scheme (TPS)**

The TPS is an unfunded scheme. Contributions to the TPS are calculated 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 based on valuations using a prospective benefit method.

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

Rhondda Cynon Taff Local Government Pension Scheme (RCT LGPS)

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 the 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 period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

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

Short-term Employment benefits

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

Enhanced pensions

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

Non-current assets – Tangible Fixed Assets

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

The College capitalises assets at cost, this is defined as: the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Land and buildings

Land and buildings inherited from the Local Education Authority on incorporation are stated in the balance sheet at valuation based on depreciated replacement cost, as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis.

Building improvements made since incorporation are included in the balance sheet at cost. Freehold land is not depreciated as it is considered to have an infinite useful life. Freehold buildings are depreciated on a straight-line basis over their expected useful economic lives to the College, which is normally between 10 and 60 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic lives.

Notes to the Financial Statements (continued)

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. Any capital grants received in respect of land are credited to a deferred income account within creditors, and are released to the income and expenditure account when all performance related conditions are met. The deferred income is allocated between creditors due within one year and those due after more than one year.

On adoption of FRS 102, the College followed the transitional provision to revert the value of land and buildings back to historic cost. The College has decided not to adopt a policy of revaluation 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 income and expenditure in the period in which 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 £1,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost. However, if the cost of an item is less than £1,000, it may still be possible to capitalise the expenditure, as part of a grouped asset, in certain circumstances e.g. as part of a new build project.

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

- Plant and machinery 10 years on a straight-line basis
- Furniture, fixtures, and fittings 10 years on a straight-line basis
- Equipment 5 years on a straight-line basis
- Computer hardware 3 years on a straight-line basis
- Motor vehicles 4 years on a straight-line basis

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

Impairment review

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Comprehensive Income and Expenditure.

Borrowing costs

Where long-term debt is obtained for construction of a building, the College has adopted a policy of capitalising finance costs (interest on long-term debt). This will be applied consistently to all tangible fixed assets where finance costs can be directly attributable to the construction.

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure. Any lease premiums or incentives relating to leases signed after 1st August 2014 are spread over the minimum lease term. The College has taken advantage of the transitional exemptions in FRS 102 and has retained the policy of spreading lease premiums and incentives to the date of the first market rent review for leases signed before 1st August 2014.

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

Notes to the Financial Statements (continued)

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.

Inventories

Inventories are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow-moving, and defective stocks.

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 Instruments

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 be subsequently measured at amortised cost, however the College has calculated that the difference between the historical cost and amortised cost is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

Maintenance of premises

The cost of routine corrective maintenance is charged to the income and expenditure account in the period in which it is incurred.

Foreign currency translation

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial year with all resulting exchange differences being taken to income in the period in which they arise.

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 a minor element of 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.

Notes to the Financial Statements (continued)**Provisions and contingent liabilities**

Provisions are recognised when

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

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

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

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

Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

Other key sources of estimation uncertainty**Tangible fixed assets**

Tangible fixed assets, other than investment properties, 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 several factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on several factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed on 31 March 2022 to value the pensions liability on 31 July 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Any asset is recognised only to the extent of the amount of any asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of reductions in future contributions to the plan and, for an ongoing scheme is normally the "Net present value of future service cost less present value of future employer contributions over the future lifetime of the employer (infinite)".

Notes to the Financial Statements (continued)

2. Funding body grants

	2022/23 £'000	2021/22 £'000
Core Recurrent funding	36,565	33,992
Other recurrent funding	7,394	7,079
Covid related funding	2,227	5,501
Release of WG capital grants	2,137	1,969
Work-based learning	5,684	4,987
Total	54,007	53,528

3. Tuition Fees and Education Contracts

	2022/23 £'000	2021/22 £'000
EU (including home) tuition fees	210	328
HE fees	871	770
Examination fees and expenses (non-EU community)	15	32
Total fees paid by or on behalf of individual students	1,096	1,130

Education contracts

Higher Education income	309	174
Other contracts (including Local Education Authority)	33	74
Total	1,438	1,378

4. Other Grants and Contracts

	2022/23 £'000	2021/22 £'000
European Commission grants	484	782
Other grants and contracts	144	179
Total	628	961

The College is the lead partner in a consortium to deliver two ESF Priority 2 operations called Upskilling @ Work Specific Objective 1 and Upskilling @ Work Specific Objective 2 and a member of a consortium who deliver Inspire to Achieve (I2A). The income in European funds above includes that earned by the College in its capacity both as a provider and as the consortium lead. All other income claimed from Wales European Funding Office (WEFO) and payable to consortium partners has been excluded from these financial statements. Total income claimed in the year under this arrangement and the related payments to partners was as follows:

	2022/23 £'000	2021/22 £'000
Income received from WEFO	1,240	1,216
Payments to other Partners	(757)	(433)
	(331)	(636)
College Expenses	(331)	(636)
Total	152	147

Notes to the Financial Statements (continued)

5. Other Income

	2022/23 £'000	2021/22 £'000
Catering	-	-
Releases from deferred capital grants (non-WG)	268	279
Other income-generating activities	466	385
Other income	883	925
Total	1,617	1,589

6. Investment Income

	2022/23 £'000	2021/22 £'000
Interest receivable	398	68
Total	398	68

7. Staff Costs

The average number of persons (including key management personnel) employed by the College during the year, together with their costs was:

	2022/23		2021/22	
	Average No.	£'000	Average No. Restated	£'000
Teaching and learning departments	366	18,654	367	17,511
Teaching and learning support services	146	5,455	154	4,983
Other support services	141	4,314	113	2,777
Administration and central services	132	5,319	130	5,449
General education expenditure	4	180	4	158
Premises	22	963	23	880
Other income generating activities	13	394	9	336
Sub-Total	824	35,279	800	32,094
Staff restructuring		362		43
Enhanced pension credit/(charge)		(95)		(144)
FRS102 pension top-up charge (note 24)		1,240		3,300
Total		36,786		35,293

Staff costs

	2022/23 £'000	2021/22 £'000
Wages and salaries	26,846	24,464
Social security costs	2,861	2,584
Other pension costs	6,717	8,202
Payroll sub total	36,424	35,250
Restructuring costs* - Contractual	312	43
- Non-contractual	50	-
Total staff costs	36,786	35,293

*During the year, a voluntary restructuring exercise took place, resulting in a release of 19 (2022: 1) member(s) of staff at a cost of £362k (2022: £43k).

A pay award of 6.5% (plus 1.5% non-consolidated) for all staff was approved by the Corporation with effect from 1 August 2022. A pay award of 1.75% for all staff was approved by the Corporation with effect from 1 August 2021.

Notes to the Financial Statements (continued)

The college had two salary sacrifice schemes in place during the year - Cycle to work scheme and Childcare Voucher Scheme, both of which are available to all staff.

8. 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 Strategic Leadership Team, which comprises the Principal/Accounting Officer, Vice Principals and Assistant Principals.

Emoluments of key management personnel, Principal/Accounting Officer, and other higher paid staff

	2022/23 No.	2022/23 FTE No.	2021/22 No.	2021/22 FTE No.
The number of key management personnel including the Principal/Accounting Officer was:	9	6.5	7	7.0

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

	Key Management Personnel		Other Higher Paid Staff	
	2022/23 FTE	2020/21 FTE	2022/23 FTE	2021/22 FTE
£60,001 to £65,000	-	-	7.58	9.00
£65,001 to £70,000	-	4.00	-	-
£70,001 to £75,000	4.25	-	4.25	-
£90,001 to £95,000	0.25	2.00	0.25	-
£95,001 to £100,000	1.00	-	1.00	-
£145,001 to £150,000	0.08	-	0.08	-
£150,001 to £155,000	0.92	1.00	0.92	-
Total	6.50	7.00	14.08	9.00

Key management personnel emoluments are made up as follows:

	2022/23 £	2021/22 £
Basic salaries	657,752	613,016
Benefits in kind	4,805	7,333
	<u>662,557</u>	<u>620,349</u>
Pension contributions	135,286	133,979
Total key management personnel emoluments	<u>797,843</u>	<u>754,328</u>

The above emoluments include amounts payable to the Principal/Accounting Officer (who is also the highest-paid officer) of:

	Principal 1 (1 month) 2022/23 £	Principal 2 (11 months) 2022/23 £	2021/22 £
	Basic salary	12,924	139,201
Benefits in kind	205	2,061	2,434
	<u>13,129</u>	<u>141,262</u>	<u>150,679</u>
Pension contributions	2,347	32,963	28,166
Total emoluments	<u>15,476</u>	<u>174,225</u>	<u>178,845</u>

Notes to the Financial Statements (continued)

The pension contributions in respect of seven of the nine senior post-holders are in respect of employer's contributions to the Teachers' Pension Scheme, with the remaining senior post-holder contributing to the Local Government Pension Scheme. All contributions are paid at the same rate as for other employees.

The remuneration package of key management staff, including the Principal and Vice Principals, is subject to annual review by the Remuneration Committee of the governing body, who, being mindful of the Code of Good Governance for Colleges in Wales 2016, justify the remuneration after consideration of the following:

- The performance of both the College and individuals.
- Any recommended pay increase for all staff as advised by WG.
- Benchmarking data, which can include information from other Colleges, Association of Colleges (AOC) or similar.

The Principal, Vice Principals and Assistant Principals received the same pay award as all other College staff.

No members of the key management personnel took advantage of the College's cycle to work salary sacrifice scheme in 2022/23 or 2021/22.

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

	2022/23	2021/22
Principal's basic salary as a multiple of the median of all staff *	4.84	4.99
Principal's total remuneration as a multiple of the median of all staff #	5.08	4.83

* Principal's basic salary divided by the median basic pay of all other College employees (all on a full-time equivalent basis).

Principal's total emoluments divided by the median pay of all other College employees (all on a full-time equivalent basis).

In these calculations all employees monthly FTE salary and employer pension contributions were amalgamated into an annual FTE salary (both with and without employer's pension contributions), sorted by amount and the median found. Agency workers paid by invoice were excluded from this calculation.

Compensation for loss of office paid to former key management personnel

No amounts of compensation were paid to the Principal/Accounting Officer and any key management personnel in respect of loss of office during 2022/23 or 2021/22.

The members of the Corporation (other than the Principal/Accounting Officer and staff members) did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties. The amount of travel expenses paid and the number of governors this relates to are shown below:

	2022/23 No. of Governors	2022/23 £	2021/22 No. of Governors	2021/22 £
Travel expenses	7	860	2	275

Notes to the Financial Statements (continued)

9. Other Operating Expenses

	2022/23 £'000	2021/22 £'000
Teaching costs	3,350	3,585
Non – teaching costs	6,371	7,163
Premises costs	5,952	8,201
Total	15,673	18,949

	2022/23 £'000	2021/22 £'000
Other operating expenses include:		
External auditors' remuneration		
- Financial statements audit	53	46
- Other services provided by the financial statements auditors	5	12
Internal auditors' remuneration	24	24
Profit on disposal of non-current assets	-	(4)
Hire of assets operating leases	8	29

10. Interest and Other Finance Costs

	2022/23 £'000	2021/22 £'000
On bank loans, overdrafts, and other loans	132	132
	132	132
Net interest on defined pension liability (Note 24)	370	550
Total	502	682

11. Taxation

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

Notes to the Financial Statements (continued)

12. Tangible Fixed Assets

	Freehold land and buildings £'000	Assets under construction £'000	Equipment £'000	Total £'000
Cost or valuation				
At 1 August 2022	112,983	5,383	11,753	130,119
Additions	-	6,554	692	7,246
Transfers	4,807	(4,821)	14	-
Disposals	-	-	-	-
At 31 July 2023	117,790	7,116	12,459	137,365
Accumulated depreciation				
At 1 August 2022	(26,960)	-	(9,465)	(36,425)
Disposals	-	-	-	-
Charge for the year	(2,764)	-	(941)	(3,705)
At 31 July 2023	(29,724)	-	(10,406)	(40,130)
Net book value at 31 July 2023	88,066	7,116	2,053	97,235
Net book value at 31 July 2022	86,023	5,383	2,288	93,694
Inherited	4,507	-	-	4,507
Financed by capital grant	54,476	1,694	1,015	57,185
Other	29,083	5,422	1,038	35,543
Net book value at 31 July 2023	88,066	7,116	2,053	97,235

13. Trade and other Receivables

	2022/23 £'000	2021/22 £'000
Trade receivables	268	223
Prepayments and accrued income	1,880	1,472
	2,148	1,695

14. Investments

	2022/23 £'000	2021/22 £'000
Investments	2,000	4,000

15. Creditors - Amounts Falling Due Within One Year

	2022/23 £'000	2021/22 £'000
Loans – WG	223	219
Non-WG	256	263
Trade payables	2,200	1,578
Other taxation and social security	968	615
Accruals and deferred income - WG	824	2,072
Non-WG *	3,087	4,797
Deferred income – capital grants - WG	2,093	2,020
Non-WG	265	268
	9,916	11,832

Notes to the Financial Statements (continued)

* Accruals and deferred income (non-WG) include an amount of £1,316k (2022: £1,338k) in respect of accrued holiday pay.

16. Creditors - Amounts Falling Due After More Than One Year

	2022/23	2021/22
	£'000	£'000
Loans - WG	2,900	3,111
Non-WG	998	1,242
Deferred income – capital grants – WG	44,822	44,841
Non-WG	8,188	8,453
	56,908	57,647

17. Maturity of Debt**Loans**

Loans are repayable as follows:

	2022/23	2021/22
	£'000	£'000
In one year or less	479	482
Between one and two years	473	472
Between two and five years	1,376	1,375
In five years or more	2,049	2,506
	4,377	4,835

The Lloyds bank loan at 3.58%, repayable by quarterly instalments falling due between 1 August 2012 and 31 December 2027 totalling £3m, is secured against the TELC campus.

The Salix Finance Ltd loan is interest-free and repayable by half-yearly instalments falling due between 1 October 2017 and 1 April 2025 totalling £22k and is unsecured.

The WG financial transaction at 2.4%, repayable in quarterly instalments falling due between 1 June 2016 and 1 March 2036 totalling £4.5m, is secured on the new Aberdare Campus.

The HSBC bank loan of £700k is repayable monthly from January 2019 to December 2028, at a rate of 2.25% and is secured against the Construction Workshop at Ystrad Mynach campus.

18. Provisions

	Defined benefit pension obligations	Enhanced Pensions	Other	Total
	£'000	£'000	£'000	£'000
At 1 August 2022	11,980	1,109	-	13,089
Utilised in Year	-	60	-	60
(Reduction) / increase in provision in year	(11,980)	(259)	317	(11,922)
At 31 July 2023	-	910	317	1,227

Defined benefit obligations relate to the assets / (liabilities) under the College's membership of the Local Government Pension Scheme. Further details are given in note 24.

The enhanced pension's provision relates to the cost of staff who have already left the College's employment. This provision has been recalculated in accordance with guidance issued by the AOC (Association of College) and WG.

Notes to the Financial Statements (continued)

19. Analysis of changes in net debt

	At 1 August 2022 £'000	Cash flows £'000	Other non- cash changes £'000	At 31 July 2023 £'000
Cash and cash equivalents				
Cash	9,343	(499)		8,844
Cash equivalents	6,100	(1,000)		5,100
Investments	4,000	(2,000)		2,000
	19,443	(3,499)	-	15,944
Borrowings				
Debt due within one year	(482)	457	(454)	(479)
Debt due after one year	(4,353)	-	454	(3,899)
	(4,835)	457	-	(4,378)
Total	14,608	(3,042)	-	11,566

Cash equivalents include £5.1m (2022: £6.1m) deposited in instant access and 35-day notice accounts.

20. Capital and other Commitments

	2022/23 £'000	2021/22 £'000
Commitments contracted for at 31 July	707	6,488
Authorised but not contracted at 31 July	-	100

Capital and other commitments contracted for at 31 July 2023 relate to the Sports Centre of Excellence build £40k, Rhondda new lift works £134k and outstanding orders at year-end £533k.

21. Lease obligations

At 31 July 2023 and 2022 the College had minimum lease payments under non-cancellable operating leases as follows:

	2022/23 £'000	2021/22 £'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	32	32
Later than one year and not later than five years	129	129
Later than five years	73	105
	234	266
Other		
Not later than one year	9	11
Later than one year and not later than five years	19	18
Later than five years	-	-
	28	29

Notes to the Financial Statements (continued)

22. Contingencies

There are no contingent assets or liabilities at the end of the reporting period (2021/22: none).

23. Events after the end of the reporting period

There are no events after the reporting period.

24. Defined benefit obligations

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Rhondda Cynon Taff County Borough Council. Both are multi-employer defined benefit plans.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was at 31 March 2016 and the LGPS at 31 March 2022.

	2022/23 £'000	2021/22 £'000
Teachers' Pension Scheme: contributions	3,484	3,244
Local Government Pension Scheme:		
Contributions paid	2,088	1,802
FRS 102 (28) charge	1,240	3,300
Charge to the Statement of Comprehensive Income	<u>6,812</u>	<u>8,346</u>
Enhanced pension (credit) / charge to Statement of Comprehensive Income	<u>(95)</u>	<u>(144)</u>
Total pension cost for year within staff costs	<u>6,717</u>	<u>8,202</u>

There were no outstanding or prepaid contributions at the beginning or the end of the financial year relating to the Local Government Pension Scheme, but there were £380k of contributions outstanding at the beginning of the year and £523k of contributions outstanding at the end of the financial year regarding the Teachers' Pension Scheme.

Teachers' Pension Scheme

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

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

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

Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined contribution plan. The College has set out above the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

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

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

Notes to the Financial Statements (continued)

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

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). The WG paid a teacher pension employer contribution grant to cover the additional costs during the 2019/20 financial year and the unit rate of recurrent funding was increased in 2020/21 to cover these additional costs going forward.

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 £3,484k (2022: £3,244k).

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Rhondda Cynon Taff County Borough Council (RCTCBC). The total contributions made for the year ended 31 July 2023 were £4,023k (2022: £5,692k), of which employer's contributions totalled £3,328k (2022: £5,102k) and employees' contributions totalled £695k (2022: £590k). The agreed contribution rates for future years are 19.2% from April 2023 for employers and range from 5.5% to 12.5% for employees, depending on salary.

Introduction

The disclosures below relate to the funded liabilities within the Rhondda Cynon Taff Pension Fund (the "Fund") which is part of the Local Government Pension Scheme (the "LGPS").

The LGPS is a funded defined benefit plan with benefits earned up to 31 March 2014 being linked to final salary. Benefits after 31 March 2014 are based on a Career Average Revalued Earning scheme. Details of the benefits earned over the period covered by this disclosure are set out in 'The Local Government Pension Scheme Regulations 2013' (as amended) and 'The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014' (as amended).

Funding / Governance Arrangements of the LGPS

The funded nature of the LGPS requires participating employers and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets. Information on the framework for calculating contributions to be paid is set out in 'The Local Government Pension Scheme Regulations 2013' and the Fund's Funding Strategy Statement. The last actuarial valuation was at 31 March 2022 and the contributions to be paid until 31 March 2026 resulting from that valuation are set out in the Fund's Rates and Adjustment Certificate.

The Fund Administering Authority, Rhondda Cynon Taf County Borough Council, is responsible for the governance of the Fund.

Assets

The assets allocated to the Employer in the Fund are notional and are assumed to be invested in line with the investments of the Fund for the purposes of calculating the return over the accounting period. The Fund holds a sizeable proportion of its assets in liquid investments. As a consequence, there will be no significant restriction on realising assets if a large payment is required to be paid from the Fund in relation to an employer's liabilities. The assets are invested in a diversified spread of investments and the approximate split of assets for the Fund as a whole (based on data supplied by the Fund Administering Authority) is shown in the disclosures.

The Fund Administering Authority may invest a small proportion of the Fund's investments in the assets of some of the employers participating in the Fund if it forms part of their balanced investment strategy.

Notes to the Financial Statements (continued)**Risks associated with the Fund in relation to accounting****Asset volatility**

The liabilities used for accounting purposes are calculated using a discount rate set with reference to corporate bond yields at the accounting date. If assets underperform this yield will create a deficit in the accounts. The Fund holds a sizeable proportion of growth assets which, while expected to outperform corporate bonds in the long term, creates volatility and risk in the short term in relation to the accounting figures.

Changes in Bond Yield

A decrease in corporate bond yields will increase the value placed on the liabilities for accounting purposes although this will be marginally offset by the increase in the assets as a result (to the extent the Fund invests in corporate bonds).

Inflation Risk

Most of the pension liabilities are linked to either pay or price inflation. Higher inflation expectations will lead to a higher liability value. The assets are not perfectly correlated with inflation meaning that an increase in inflation will increase the deficit.

Life expectancy

Most of the Fund's obligations are to provide benefits for the life of the member following retirement, so increases in life expectancy will result in an increase in the liabilities.

Exiting employers

Employers who leave the Fund (or their guarantor) may have to make an exit payment to meet any shortfall in assets against their pension liabilities. If the Employer (or guarantor) is not able to meet this exit payment the liability may in certain circumstances fall on other employers in the Fund. Further the assets at exit in respect of 'orphan liabilities' may, in retrospect, not be sufficient to meet the liabilities. This risk may fall on other employers. 'Orphan liabilities' are currently a small proportion of the overall liabilities in the Fund.

General Comments regarding the Accounting Period**2022 Actuarial Valuation**

These results allow for the 2022 Actuarial Valuation of the Fund. The effect of allowing for this is shown in the 'Liability gains/(losses) arising during the period' and the 'Asset gains/(losses) arising during the period' and is reflected in the balance sheet position. The Current Service Cost has also been updated to reflect the employer's membership data as at the 2022 valuation.

Asset Returns

Asset returns over the accounting period have been higher than expected. This has led to a gain on assets over the accounting period and an improvement in the balance sheet position before allowance for the 2022 Actuarial Valuation.

Financial Assumptions

There has been a change to the financial assumptions over the period. The discount rate has increased by 1.6%. This has resulted in a more positive balance sheet position than if the financial assumptions at the start of the period had been used. The impact of this change is recognised in Other Comprehensive Income.

Demographic Assumptions

There has been a change to the demographic assumptions at this accounting date to align them to the assumptions used in the 2022 actuarial valuation of the Fund. These are best estimate assumptions based on the latest analysis of the Fund's membership. In addition, we have updated the mortality projection model to CMI_2022. Further information is included within the Assumptions Advice.

Allowance for experience over the accounting period

We have allowed for the following experience over the accounting period (charged to Other Comprehensive Income):

Notes to the Financial Statements (continued)

Item	Description
Updated valuation	The assets, defined benefit obligation and Current Service Cost have been calculated based on the data and results of the 2022 triennial actuarial valuation (as set out above).
CPI inflation	The defined benefit obligation has been adjusted to allow for actual CPI inflation being higher (or lower) than assumed, resulting in higher (or lower) increases to pensions in payment, revaluation of deferred pensions and increases to active pension accounts. Over this accounting period the adjustment is based on actual CPI inflation of 6.8% between 31 August 2022 and 30 June 2023.
Salary increases	The defined benefit obligation has been adjusted to allow for salary increases of 7.0% p.a. in line with the average settlement for 2022 under the National Joint Council negotiations. This impacts the value of active members' liabilities that remain linked to final salary.

We have not allowed for any other items of experience over the accounting period unless otherwise stated in this schedule.

Comments Specific to Coleg y Cymoedd**Net Pension Asset this year**

The FRS 102 balance sheet is showing a net pensions asset before consideration of a surplus restriction under paragraph 28 of FRS 102.

Paragraph 28 states that "An entity shall recognise a plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan".

We have undertaken calculations to check if the net pensions asset can be recognised in full. Our calculations are based on the data in the table below.

Data used	
Employer's surplus recognition policy	In line with accounting guidance
Open or Closed to new entrants	Open

Comments on the results of our calculations

The Employer is open to new entrants and our tests show that the Employer is able to recognise the surplus in full at this accounting date. This is because the Employer can gain an economic benefit from payments of reduced contributions below the cost of the expected FRS 102 service costs in the future. Note that in undertaking this assessment we have assumed the Employer would be able to cease making contributions to the Fund at the accounting date, because the FRS 102 standard does not require us to consider a minimum funding requirement.

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

Key assumptions

	31 July 2023	31 July 2022	31 July 2021
Discount rate	5.0%	3.4%	1.7%
CPI inflation	2.6%	2.6%	2.6%
Pension increases	2.6%	2.6%	2.6%
Pension accounts revaluation rate	2.6%	2.6%	2.6%
Salary increases	3.85%	3.85%	3.85%

Notes to the Financial Statements (continued)

Mortality assumption

The mortality assumptions are based on actual mortality experiences of members within the Fund based on analysis carried out as part of the 2022 actuarial valuation and allow for expected future mortality improvements. Sample life expectancies at age 65 in normal health resulting from these mortality assumptions are shown below.

	31 July 2023 No.	31 July 2022 No.
Males		
Pensioner Member aged 65 at accounting date	21.0	21.6
Active Member aged 45 at accounting date	22.2	22.6
Female		
Pensioner Member aged 65 at accounting date	23.7	23.9
Active Member aged 45 at accounting date	25.1	25.4

Asset allocation

	Value at 31 July 2023		Value at 31 July 2022	
	%	£'000	%	£'000
Equities	70.3%	48,290	67.5%	45,570
Property	7.1%	4,880	7.3%	4,930
Government bonds	9.7%	6,660	11.6%	7,830
Corporate bonds	11.9%	8,180	12.7%	8,570
Cash	0.1%	70	0.6%	400
Other	0.9%	620	0.3%	200
Total	100.0%	68,700	100.0	67,500

Reconciliation of funded status to balance sheet

	Value as at 31 July 2023 £'000	Value as at 31 July 2022 £'000
Fair value of assets	68,700	67,500
Present value of funded defined benefit obligation	(64,280)	(79,480)
Restriction on recognising asset due to asset ceiling *	(4,420)	-
Asset/(Liability) recognised on the balance sheet	-	(11,980)

*As at 31 July 2023, the actuarial reports were indicating a notional surplus on the College's share of the LGPS pension scheme of £4.42m.

Under FRS 102 (28.22) a plan surplus should only be recognised as a defined benefit plan asset to the extent that an entity is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. At the same time, where an entity wishes to recognise an asset because management consider that the entity will be able to recover the surplus through reduced contributions in the future, FRS 102 refers to the IFRIC 14/IAS 19 for the principles of measurement. This sets out that the net defined asset is the surplus, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of reductions in future contributions to the plan. This economic accounting benefit is normally taken for an ongoing scheme as the "Net present value of future service cost less present value of future employer contributions over the future lifetime of the employer (infinite).

For the College, whilst there was a notional plan surplus of £4.42m, the asset ceiling determined as above was nil. Therefore no asset has been recognised.

The split of the liabilities at the last valuation between the various categories of members is as follows:

Active members:	51%
Deferred Members:	18%
Pensioners:	31%

Notes to the Financial Statements (continued)

Amounts recognised in income statement

	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Operating cost		
Current service cost	3,330	5,110
Past service cost	-	40
	3,330	5,150
Financing cost		
Interest on net defined benefit liability	370	550
	3,700	5,700
Pension expense recognised in income statement		
Allowance for administration expenses included in Current Service Cost	50	50

Amounts recognised in comprehensive income

	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Asset (losses) arising during the year	(1,940)	(8,580)
Liability gains arising during the year		33,680
Actuarial gains due to changes in financial assumptions	22,980	
Actuarial gains due to demographic assumptions	1,050	
Actuarial losses due to liability experience	(4,080)	
Total amount recognised in other comprehensive income	18,010	25,100

Changes to the present value of the defined benefit obligation

	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Opening defined benefit obligation	79,480	107,100
Current service cost	3,330	5,110
Interest expense on defined benefit obligation	2,680	1,810
Contributions by participants	700	610
Actuarial gains / (losses) on liabilities	-	(33,680)
Actuarial gains due to changes in financial assumptions	(22,980)	-
Actuarial gains due to demographic assumptions	(1,050)	-
Actuarial losses due to liability experience	4,080	-
Net benefits paid out	(1,960)	(1,510)
Past service cost	-	40
Closing defined benefit obligation	64,280	79,480

Changes to the fair value of assets

	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Opening fair value of assets	67,500	73,870
Interest income on assets	2,310	1,260
Remeasurement (losses) on assets	(1,940)	(8,580)
Contributions by the employer	2,090	1,850
Contributions by participants	700	610
Net benefits paid out	(1,960)	(1,510)
Closing fair value of assets	68,700	67,500

Notes to the Financial Statements (continued)

Actual return on assets

	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Interest income on assets	2,310	1,260
(Loss) on assets	(1,940)	(8,580)
Actual return on assets	370	(7,320)

25. Related Party Transactions

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

The College supports the seven principles of public life set out by the Nolan Committee. In this respect the College believes that the principle of openness leads to a requirement for the disclosure of transactions not required by FRS 8. There were no transactions identified which should be disclosed under the principle of openness.

26. Financial Contingency Fund

	Year ended 31 July 2023 £	Year ended 31 July 2022 £
Balance brought forward	17,975	119,407
WG grant	847,121	725,044
Interest earned	2,804	198
	867,900	844,649
Disbursed to students		
Childcare	210,789	278,630
Books and equipment	50,295	76,092
Tuition, exam, and registration fees	180	18,343
Transport	279,122	227,396
Other (includes lunch vouchers)	240,630	202,393
Total disbursed to students	781,016	802,854
Administration costs	25,414	21,751
Bank charges	2,044	2,069
Total disbursements	808,474	826,674
Balance unspent at 31 July	59,426	17,975

Financial Contingency Fund grants are available solely for students. In the majority of instances, the College acts only as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the income and expenditure account.