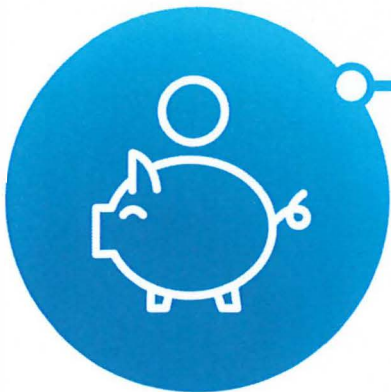




REPORT AND FINANCIAL STATEMENTS

For the year ended
31 July 2023



Key Management Personnel, Board of Governors and Professional Advisers

Key management personnel

Key management personnel are defined as the College Senior Post Holders and were represented by the following in 2022/23:

Yanina Williams, Chief Executive, Accounting Officer
Steve Jackson, Chief Operating Officer and Deputy Chief Executive
Sue Price, Principal and Deputy Chief Executive
Cath Sullivan, Deputy Chief Executive People Experiences and Culture

Board of Governors

A full list of Governors is given on pages 23 and 24 of these financial statements.

Ms Bethan Lloyd-Jones acted as Governance Officer and Clerk to the Governing Body during the year following her retirement on the 22nd June 2022. Ms Lloyd-Jones continued to support the Board on a part-time basis until the 31st December 2022 when a new Officer was appointed. Ms Sian Clark started in post on the 1st January 2023.

Professional advisers

Financial statements and funding data auditors:

The audit business of Haines Watts Birmingham LLP was acquired by Cooper Parry Group Limited on 14 November 2023. Haines Watts Birmingham LLP has resigned as auditor and Cooper Parry Group Limited has been appointed in its place

Cooper Parry Group Limited
Cubo Birmingham
Office 401, 4th Floor
Two Chamberlain Square
Birmingham
B3 3AX

Internal auditors:

Wylie & Bisset LLP
168 Bath Street
Glasgow
G1 4TP

Bankers:

Lloyds Bank
1st Floor, 5 St Paul's Square
Old Hall Street
Liverpool
L3 9SJ

Solicitors:

Weightmans LLP
100 Old Hall Street
Liverpool
L3 9QJ

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Report of the Governing Body

NATURE, OBJECTIVES AND STRATEGIES:

The members present their report and the audited financial statements 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 Coleg Cambria. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

Vision

Our Inspirational Vision of the Future:

"Exceeding expectations through education, innovation and inspiration"

Values

At Coleg Cambria, colleagues have created a shared set of values that are explicit in how we want to be treated to develop our culture.

Our values are:



Public benefit

The College is an exempt charity and is regulated by the Welsh Government as Principal Regulator for all FE Corporations in Wales. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 23 and 24.

In setting and reviewing the College's strategic objectives, the Governing Body 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
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce

The delivery of public benefit is set out in this report of the Governing Body.

Implementation of Strategic Plan

Our Strategic Plan - "Coleg Cambria Strategic Plan 2020 – 2025" was approved by the Governing Body for the period 1 August 2020 to 31 July 2025. The plan succinctly sets our ambition in terms of our commitments, our culture and strategic aims. Progress on the plan and its associated annual operating plans is regularly scrutinised by the Board.

Strategic Aims

Our strategic aims provide us with a set of key areas which will focus the direction we take over the next few years. Each aim represents what is fundamentally important to the college and helps all staff work towards shared goals.

- National: Ensure that the college maximises the opportunities of being a key educational provider in Wales, supporting its language and culture and responding to national policies innovatively and collaboratively.
- Financial: Maintain a robust and sustainable financial position to meet strategic aims by managing efficiently, effectively and responsively.
- Local Communities: Proud to be at the heart of our communities, actively engaging with them to ensure we continually meet their needs, supporting them to thrive and strengthen.
- Curriculum: To meet local, regional and national skills priorities through an innovative, industry led, highly responsive curriculum offer, meeting the needs of learners, employers and partners. To raise aspirations for all, ensuring high levels of attainment that enables everyone to achieve their potential.
- Employer Engagement: To provide wrap around service to employers locally, regionally and nationally that exceeds their needs and those of their workforce. Expanding our offer to positively impact on the future economies, whilst embedding meaningful and enriching work experience into our curriculum offer.
- People Centred: Ensure that the college is a remarkable place to work and learn so that all our people have the opportunity to live their best lives, supported by a trusting culture of getting good work done with maximum flexibility and minimum constraints, by collaboratively developing appropriate and effective working practices and processes.
- Estates: Create a sustainable and inspirational estate that meets the college's business needs and fulfils the local communities' aspirations.
- Quality: Excellent personalised student experience which leads to consistently high levels of student success and supports progression and future aspirations.
- Sustainability: Improve our environmental performance and fundamentally change the way we operate to become a sustainable low carbon organisation that is a recognised leader for sustainability across teaching and learning and college operations.

Financial Objectives

The College's overall financial objective is to ensure financial health and probity by managing efficiently, effectively and responsively. The College's Financial Strategy is a critical component in successfully addressing the College's strategic aims. The College's financial objectives are:

- to achieve a year on year EBITDA which achieves in excess of 5% of total income.
- to pursue alternative sources of funding, on a selective basis, consistent with the College's core competencies and the need for a financial contribution to the College's overall finances.
- to generate sufficient levels of income to support the asset base of the College.
- to further improve the College's short term liquidity.
- to fund continued capital investment.

Performance Indicators

The College uses a range of key performance indicators to monitor financial performance. In addition, national benchmark data is used where available

Results for 2022/23 are as follows:

KPI Category	Performance Indicator	2022/23 Target	2022/23 Actual
Performance	EBITDA as % of Total Income	>/=5.0%	9.07%
Performance	Adjusted operating surplus as a % of adjusted income	>/=1%	5.02%
Performance	Pay as a % of Total Income (excl. FRS 102)	<64%	63.29%
Performance	Pay as a % of Total Income (incl. Sub-Contractors) excl. FRS102	<65%	65.29%
Performance	Non Recurrent FE grant Income as % of Total Income	>40%	44.86%
Solvency	Adjusted Cash Days in Hand	>60	137.10
Solvency	Adjusted Current Ratio	>/=1.60	2.81
Solvency	Cash Generation	>/=5%	7.79%
Reinvestment	Capital programme expenditure as % of total Income	>/=5%	8.74%
Gearing	Borrowing as a % of total income	<20%	9.53%

An annual self-assessment of the college's financial health is undertaken alongside the updating of the financial strategy and the financial forecasts. The college's financial health categorisation is assessed as 'Outstanding'.

FINANCIAL POSITION**Financial results**

The College generated an EBITDA in the year of £7,615,000 (compared to an EBITDA of £9,357,000 in 2021/22), with total income of £83,918,000, (2021/22 – £81,624,000).

The financial performance of the College in 2022/2023 is summarised below:

	2022/23
	£'000
Income	83,918
Deduct: Expenditure	82,219
Surplus/(deficit) for the year	1,699
Staffing : FRS102 Pension Costs	1,590
Interest : FRS102 Pension Costs	862
Restructuring Costs	59
Depreciation	5,122

Interest Payable	589
Release of Deferred Capital Grants	(1,978)
Other Interest Receivable	(328)
EBITDA	7,615
EBITDA as % of Total Income	9.07%

Geopolitical issues which emerged earlier in 2022 contributed to a cost of living crisis, which has resulted in a significant increase in consumable costs, fuel and energy. Additional funding received from the Welsh Government has offset some of the impact of the increase in consumables costs. The College was in the final year of a fixed price energy deal during 2022/23 and therefore the increase in energy prices had no impact during this financial year.

The cash balances (including short-term deposits) as at 31st July 2023 stood at £31,521,000 (compared with £25,335,000 as at 31 July 2022). The College Financial Strategy plans to accumulate reserves and cash balances in order to create a contingency fund for reinvestment in the future.

Tangible fixed asset additions during the year amounted to £7,335,000. This was split between land and buildings of £5,816,000 (assets in the course of construction) and equipment of £1,519,000.

The Local Government Pension Scheme liability has decreased during the year by £22.483m. The actuarial assumptions, compared to the assumptions adopted at the end of the previous year reflect the following position:

The risk that the impact of the pandemic and geopolitical issues will affect economic factors such as the valuation of assets, currency markets, interest rates and inflation rates remains high. Since these factors are used to inform the IAS actuarial calculations in respect of both assets and liabilities, this may have an impact on the calculation of the pension deficit in the future.

Financial strategy

The College recognises that it is operating in an environment of challenging public finances and low economic growth, therefore the need for stable and prudent financial planning is crucial in ensuring it can deliver its strategic and operating plans. The Colleges' Financial Strategy focuses on:

- **Financial reporting**

The development and monitoring of the Financial Strategy is critical to the ability of the College to maintain solvency, generate sufficient funds to ensure the financing of ongoing activity and to make funds available for investment. An appropriate reporting system is required to monitor the implementation of the Financial Strategy. The College will:

Present a termly report that reviews the financial position and comments on the impact of the results and forecast on the Financial Strategy. The report will contain:

- an Income and Expenditure Account, including commentary on performance to date against the original budget and a forecast of the outturn for the financial year;
- a balance Sheet; and
- a 12 month rolling Cash Flow Forecast.

The Governing Body will also assess the three financial returns submitted by the College each year:

- audited financial statements,
- a financial forecast and financial strategy covering the Strategic Plan,
- the mid-year return.

We continuously improve financial management by producing management accounts each month, incorporating an income and expenditure account, balance sheet, 12-month rolling cash-flow forecast, capital expenditure, financial performance indicators, staffing information and funding information (including plans).

This formal reporting of progress will provide an appropriate framework to monitor the implementation of the Financial Strategy.

- **Financial viability**

The College will ensure financial health by managing effectively, efficiently and responsively. The College will employ robust planning, monitoring and risk management techniques to ensure financial viability.

The level of EBITDA has been determined as the minimum necessary to support future operations and future investment plans, whilst at the same time providing sufficient flexibility to cope with envisaged risk management contingency planning.

The College will target a year on year EBITDA which achieves in excess of 5% of total income. However, for the 2023/24 financial year Governors have approved a reduction to equal to or greater than 3%. EBITDA is a measure of the operating profitability of the College, and is a good proxy of the cash generation capacity.

- **Stewardship & resource deployment**

The College will ensure its resources are deployed effectively, efficiently and economically to maintain financial health and support the delivery of a high quality learner experience. The College will:

- maintain an effective budgetary control and reporting system that tightly controls all costs,
- ensure a resource allocation process that looks to enhancing front-line service delivery standards,
- ensure that strategic priorities are fully integrated into the budget cycle,
- maintain an effective inventory system to ensure effective control of all assets,
- prepare monthly management accounts, setting out actual expenditure, a profiled forecast and variances.

- **Liquidity**

The College recognises the critical importance of effectively managing its liquid assets and will maintain a positive cash flow position throughout the year to enable the payment of operating expenses. The College will:

- ensure cash flow projections are produced on a monthly basis throughout the year identifying any potential deficiencies in the cash position,
- target a year on year cash inflow from operating activities,
- maintain a balance of cash in hand at a level not less than 60 days expenditure,
- ensure that appropriate arrangements are in place to secure external funding were necessary in order to safeguard financial liquidity in a planned and systematic manner,
- invest surplus funds in accordance with the College's Treasury Management Policy, which aims to maximise the return whilst limiting the risk.

- **Capital investment**

A detailed capital programme, including planned levels of expenditure and proposed sources of funding, will be presented to the Governing Body with the financial forecasts. The Financial Strategy will aim to maintain average annual College capital programme expenditure as 5% of total annual income. This will ensure that investment in the College estates and development of technologies is sufficient to sustain the achievement of the College's strategic aims.

- **Innovation and flexibility**

The College will seek alternative sources of income to reduce its dependence on Welsh Government grant income. The College will:

- aim to maximise all other income ensuring that a minimum of 40% of total annual income is obtained from non-recurrent FE grant sources,
- increase activities such as full-cost recovery, HE funding, International fees, Shared Prosperity Fund and other projects,
- maximise the use of the College estate and facilities to generate additional income streams.

This broadening of the College's income core avoids significant potential operational reaction and disruption due to over dependency on specific funding changes.

- **Propriety**

The College will comply effectively with all statutory and mandatory financial reporting and procedural requirements. Financial compliance processes and systems will continue to be embedded within the College and financial advice and guidance systems will be further developed and improved.

- **Value for money**

The College recognises its responsibility to achieve value for money (VFM) from all its activities and is committed to the pursuit of economy, efficiency and effectiveness as part of its Financial Strategy. To achieve good VFM, the College will:

- undertake VFM studies on key areas of activity,
- benchmark the College's activities against other similar organisations where appropriate,
- promote a culture of continuous improvement,
- demonstrate actively to both internal and external observers that the achievement of VFM is sought in all activities undertaken,
- ensure that all staff recognise their continuing obligation to seek VFM for the College as part of their routine activities.

- **Investment**

Through its Treasury Management Policy, the College will utilise its resources to obtain the best return in the short, medium and long term. The College will ensure that it uses the facilities available to it to:

- maximise returns, against agreed risk profiles,
- minimise financing costs and on-going commitments,
- retain adequate cash reserves, at a level of not less than 60 days trading activity.

- **Compliance**

The College will comply effectively with all statutory and mandatory financial reporting and procedural requirements. Financial compliance processes and systems will continue to be embedded within the College and financial advice and guidance systems will be further developed and improved.

- **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.

- **Cash flows and liquidity**

For 2022/23 the College had a positive operating cash inflow of £6,540k (2021/22 £8,968k). This reasonably strong performance resulted from the management of liquid 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 total cost of servicing debt and operating cash flow. During the year this margin was comfortably exceeded.

- **Reserves Policy**

The College 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 £77,011k (2022 £51,193k). It is the Corporation's intention to increase reserves over the life of the strategic plan through the generation of annual operating profitability.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Delivery Learner numbers

In 2022/23 the College allocation for Further Education mainstream provision (inclusive of all recognised uplifts) amounted to £44,706,636 (2021/22 £42,817,945).

In 2022/23, the College provided opportunities for:

- 5,900 learners on full-time courses
- 5,000+ learners studying on a part-time basis
- 475 learners on higher education courses
- 1,000+ school pupils aged 14-19 on part-time learning links
- 1,450 Welsh for Adults learners

Curriculum developments

The curriculum at Coleg Cambria continues to develop to meet the needs of stakeholders which include the key priorities set out by the Welsh Government. The College develops its curriculum plans to ensure it meets local and regional priorities through the use of detailed labour market intelligence including working closely with the North Wales Economic Ambition Board and Regional Skills Partnership to identify requirements for today and into the future.

Coleg Cambria has a strong focus on supporting learners to gain entry into occupations and industries that are available as opportunities in the coming years, as well as strong partnerships with industry and Universities. These partnerships are also being used to develop progression opportunities into vocationally relevant HE programmes to support economic priorities and needs of our learners and to respond to regional developments.

The College offers access to a full breadth of provision. It provides a wide range of programmes for year 10 and 11 pupils as part of school links programmes and supports local secondary schools to offer GCSE and vocational pathways that would otherwise be inaccessible. The College continues to work in partnership with the local Welsh medium schools to further develop opportunities for learners to access vocational education through the medium of Welsh as well as developing its own curriculum delivery to expand bilingual opportunities.

Learners are offered appropriate opportunities to progress their Welsh language skills, including learning, assessment and informal use of Welsh. Digital inequalities and the barriers for vulnerable learners are considered in the planning and delivery of learning. Learning materials and online delivery tools have been prepared, with the ability to switch online fully/partially as required.

The College continues to work towards its strategy of developing Centres of Excellence and for Coleg Cambria this means centralising provision to one site where we can invest in outstanding physical provision. This can include new and future technologies, provide excellent teaching and learning, develop links to employers for work and research, support a wide and aspirational curriculum, provide Welsh Language integration throughout, and develop international links such as World Skills success and respond to local and national future skills requirements.

Work is underway and progressing well for our new Health Care and Therapies Hub at the Yale site and a new Agricultural Hub at Llysfasi which will be completed during 2024.

We continue to develop our programmes to meet the needs of learners with learning difficulties, expanding the range of neuro specific sector programmes for learners on the autistic spectrum.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 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. During the accounting period 1 August 2022 to 31 July 2023, the average day's credit taken was 17 days (20 days 2021/22) and 95% of invoices were paid within 30 days. The College incurred no interest charges in respect of late payment for this period.

Welsh language and Welsh medium/bilingual provision

Coleg Cambria is proud to be a bilingual College. The Welsh Language has an official language status in Wales, and as such, it is treated as English's equal. The College follows the standards set by the Welsh Language Commissioner. These standards are a set of legal requirements that aim to improve the bilingual service that the people of Wales can expect to receive from Coleg Cambria. The standards clearly set out what our responsibilities are in terms of providing bilingual services and are divided into the following categories:

- service delivery
- policy making
- operational
- record keeping

The college publishes a Compliance Notice and an Annual Report "The Welsh Language Standards Annual Report", on our website.

Sustainability

The College has signed up to the Welsh Government's Sustainability Charter to demonstrate commitment to promoting and delivering wellbeing through decisions and operations by:

- ensuring that all decisions promote long term, sustainable wellbeing of people (including employees) and communities, and do not promote short term fixes that will continue to lock us into unsustainable patterns and lifestyles;
- ensuring that all decisions take full account of, and where possible fully integrate, the various social, economic and environmental outcomes that are being sought; and
- engaging with, and involving, the people and communities that will be affected by these decisions, so that working in partnership for sustainable development becomes part and parcel of the way we work.

The College is committed to working towards carbon net zero by 2030 in line with the Welsh Government's ambitions for a carbon neutral Wales.

This is consistent with the obligations on the College to embed Education for Sustainable Development and Global Citizenship within the curriculum and the college's activities.

Streamlined Energy and Carbon Reporting (SECR)

Coleg Cambria remains committed to reducing the environmental impacts of our operations and we set objectives and goals in order to improve our environmental performance. We will review our performance against these objectives and goals. This report sets out initial performance benchmarks and actions underway to monitor and improve the environmental impacts of our operations.

Progress to date

Measures taken to improve energy efficiency have been set out below. To date the College has achieved the following improvements and initiatives:

LED lighting

We have successfully replaced most light fittings with LED's. The installation of LED lighting across all five sites will generate a reduction of between 50% - 65% in electricity used for lighting in future years across all College sites.

We have also championed "turnoff" campaigns at weekends and over holiday periods to reduce electricity usage.

Heating improvements

Additional work to the heating system has been undertaken to improve the heating in colder areas of the Deeside site where there was previously a need for a significant number of portable electric heaters. This should result in a reduction in electricity usage in future years.

Solar panels

There are currently over 1,200 Solar PV Panels and Solar Thermal Panels across the five sites, generating 16% of the college's overall electrical usage. We are currently assessing the feasibility of increasing solar panelling at one of our main sites in Wrexham (Yale).

Rainwater harvesting

The College currently harvests rainwater on the following sites:

- Deeside - D6 building
- Deeside - Learning Core
- Northop - Learning Zone

- Northop - Small animal Care

The systems in use collect rainwater, which we use for toilet flushing facilities; this reduces our demand on mains tariff water and our carbon footprint. This represents approximately 21% of the total water usage.

Energy monitoring

The college invests in remote monitoring of energy usage of gas, electricity and water. This has provided information to allow data analysis of usage, and for immediate action to be taken to prevent water loss in the event of a leak.

Other heating sources

Air source heating technologies have been installed across all five sites including Yale, Bersham Road, Deeside, Llysfasi and Northop. The site at Northop also has a ground source heating system installed in the Learning Zone building. We have also upgraded hot water systems, improved the heat exchanger plant to reduce dependence on gas-powered sources, replaced failing pipework, and associated lagging to improve efficiency of heat transfer.

Reducing car journeys

The College operates a car-sharing list and staff are encouraged to share car journeys to work and between sites. This will be further promoted over the next academic year. We also promote the use of MS Teams, Google Meet and other video conferencing platforms as an alternative to cross-campus travel.

College vehicles

The College has invested in an electric vehicle to transport the internal mail between all our sites. This will help to reduce mileage of petrol/diesel vehicles going forward.

EV charging

The college provides EV charging at all its five sites for staff, learner and visitor usage. Charging is via an app, which users download, and the College collects the costs of the energy from the relevant company.

Cycle to work scheme

The college offers a salary sacrifice cycle to work scheme, which is open to all staff. The cycle to work scheme is part of the Governments Green Transport Plan, which aims to cut congestion on the roads, improve the health of the nation and have a positive impact on the environment.

Environmental / biodiversity projects

The College has created a new woodland at our Northop site with 400 trees planted in November 2021 with another 400 ordered and due to be planted in November 2023.

Bee Friendly Areas

The College holds 'Bee friendly' accreditation status. During the year additional wildflower areas at the front of Deeside site and at Bersham Road, were created. The College participated in "No mow May" across its sites and a number of rare bee orchids were found on the Deeside and Northop sites.

Sustainability Group

The College has a sustainability group which meets on a termly basis. The group has produced an action plan, which is regularly reviewed and monitored and covers a number of learner initiatives.

The College has a Student Officer role for the Environment (Environmental Officer) which is recruited annually. The Student Officer is responsible for working with other Rights Officers and help to coordinate environmental, ecological and sustainability activities and groups across all campuses. The Student Officer may also be invited to take part in relevant termly advisory groups as a representative of Students.

Goals for 2023/24

The college has recruited a sustainability specialist on a 12 month fixed term contract to ensure that we continue on our journey to improve sustainability, biodiversity and carbon reduction.

We are progressing two new capital build projects at our Yale and Llysfasi sites. The Llysfasi project will be our first Carbon Neutral Building. Yale (Phase 2) commenced the building stage at the beginning of September 2022 with a planned construction period of 92 weeks. Our Llysfasi project has completed its enabling works stage with a planned construction start date of autumn 2023. Both projects have been designed to achieve the BREEAM 'excellent' rating.

We have received a report from the Welsh Government (The Energy Service) on energy use of College buildings with recommendations on becoming carbon neutral by 2030. This report will help us to formulate a carbon neutral plan, which will be developed based on the report. We are looking at the feasibility of additional solar panels and air source heat pump on the Yale campus.

The College is a member of the Crescent Purchasing Consortium (CPC), which is an FE sector owned procurement consortium focused on embedding sustainable and ethical procurement in all that they do. They do this by implementing policies and strategies that demonstrate their commitment to instilling sustainability into the procurement activities and services they offer to their members.

Coleg Cambria is committed to bid and make use of any grant funding made available by Welsh Government in the future.

Energy Use

The consumption data for 2022/23 is as follows:

2022/23	Bersham Road	Deeside	Llyfasi	Northop	Yale	TOTAL
Electricity	331,777	2,008,984	418,281	321,282	1,362,751	4,443,075
Gas	470,196	2,611,069		426,821	1,894,127	5,402,213
Heating Oil			244,787			244,787
LPG			145,438			145,438
Solar PV	22,408	63,106	8,067	50,563	134,910	279,054
	824,381	4,683,159	816,573	798,666	3,391,788	10,514,567
Exported Solar PV			-2,274			-2,274
Total Consumed KWH	824,381	4,683,159	814,299	798,666	3,391,788	10,512,293

The following table details the College's energy consumption for the 2021/22 financial year, for comparison purposes:

2021/22	Bersham Road	Deeside	Llyfasi	Northop	Yale	TOTAL
Electricity	362,631	1,985,540	492,498	442,988	1,514,995	4,798,652
Gas	508,786	3,047,312		675,399	1,942,487	6,173,984
Heating Oil	-	-	771,021	-	-	771,021
LPG	-	-	179,684			179,684
Solar PV	21,693	67,993	9,039	60,775	132,082	291,582
	893,110	5,100,845	1,452,242	1,179,162	3,589,564	12,214,923
Exported Solar PV			-3,407			-3,407
Total Consumed KWH	893,110	5,100,845	1,448,835	1,179,162	3,589,564	12,211,516

Based on the tables above it is evident that during the year, we have significantly reduced our energy consumption across all sites/fuel types by a total of 1,669,223 Kilowatt Hours (KWH). This is in line with our plan to reduce energy consumption over the next few years for financial and sustainability purposes.

Transport

In 2022/23 staff travelled 472,022 miles(344,940 2021/22) on college business using their own vehicles, an increase in mileage of 127,082 miles when compared with the previous year. This is an increase in mileage travelled compared with the previous year and can be explained by part of the previous year being affected by COVID-19 restrictions.

College minibuses and other vehicles travelled a further 84,798 miles (74,800 in 2021/22). The College hired a number of vehicles during the year, which has been measured using litres of fuel used. The College owned two electric vehicles during the year and mileage for these totalled 7,505 miles (8,366 in 2021/22). Electric vehicle consumption is excluded from our transport Co2 emissions (t) as this is already included in our electricity consumption in Scope 1.

Transport equates to the following CO2 emissions:

	Co2 emissions (t)
Business travel in employee owned vehicles	125.33 (97.85 2021/22)
Owned transport	31.15 (27.61 2021/22)
Hire vehicles	3.45 (5.59 2021/22)

We now have EV charging stations on all of our five sites having installed additional EV chargers at our Bersham Road, Yale and Northop sites over the past twelve months.

SECR reporting for College Corporations

The following table summarises the College's annual UK energy use (in KWh) relating to gas, purchased electricity, transport fuel and the associated greenhouse gas emissions (in tonnes of carbon dioxide equivalent, CO2e)

Coleg Cambria annual UK energy use for the period 1 August to 31 July	2022/23	2021/22
Energy consumption used to calculate emissions (kWh)	10,704,201	12,662,630
Energy consumption break down (kWh) (optional):		
Gas	5,402,213	6,173,984
Electricity	4,443,075	4,798,652
Transport fuel	582,133	451,114
Heating Oil	244,787	771,021
LPG	145,438	179,684
Solar PV	276,780	288,175
Scope 1 emissions in metric tonnes CO2e		
Gas consumption	972	1,111
Heating Oil	245	771

LPG	145	180
Owned transport	31	28
Total scope 1	1,394	2,090
Scope 2 emissions in metric tonnes CO2e		
Purchased electricity	977	984
Scope 3 emissions in metric tonnes CO2e		
Business travel in employee-owned vehicles	131	103
Total gross emissions in metric tonnes CO2e	2,502	3,177
Intensity ratio		
Tonnes CO2e per member of staff	1.75	2.32

When comparing 2022/23 with our first year of disclosure (2021/22) we can confirm the following:

The College's intensity ratio (measured as tonnes CO2e per member of staff) has improved from 2.32 to 1.75. This is mostly due to a reduction in our energy consumption between 2021/22 and 2022/23. Business mileage has increased between the two years and this is probably due to 2021/22 being partly post COVID where travel was still being kept to a minimum and most meetings being held via Google/Teams. Travel has therefore increased to pre pandemic levels but this is something we can focus on and monitor during 2023/24.

The College is committed to disposing of materials in an environmentally sensitive manner and encouraging the reuse and recycling of waste materials where possible. We are encouraging departments to consider the waste they are disposing off, and how it can be recycled and/or reused.

We have followed the Streamlined energy and carbon reporting guidance for college corporations (updated January 2023). We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2023 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per staff member, the recommended ratio for the sector. The ratio for 2022/23 has reduced when compared to 2021/22 from 2.32 to 1.75 tonnes CO2e per member of staff. These results compare favourably with results from the sector for the previous year, which range from 1.62 to 5.64 CO2e per staff member.

Capital developments

The Sustainable Communities for Learning Programme through Welsh Government represents the largest strategic investment in the Educational infrastructure for over 50 years. The Band B Programme began in April 2019 and will run until 2024. The aims of the Programme are to reduce the number of poor condition schools/colleges and ensure there is the right size estate in the right location, which is used efficiently and effectively.

The College has progressed a number of projects through the programme. The Health Care & Therapies Academy on the Yale site and the Sustainability Agriculture project at Llysfasi are both progressing well and will be completed during 2024.

The estate strategy (2014-2023) provides a long-term framework for developing and managing the estate in a sustainable way to meet the College's business needs. The quality of the learning environment and continuously moving towards an estate that provides an inspirational learning environment is increasingly more important in a competitive market. The continued investment in providing buildings and infrastructure of the highest quality will ensure the College has the capacity to meet current and future needs with flexibility to adapt to future change and external initiatives. Demographic projections also forecast that there will be an increase in the potential number of full time learners between 2023 and 2025.

RESOURCES

The College has various resources that it can deploy in pursuit of its strategic objectives.

Financial

The College has £153.3 million of total assets less current liabilities, which includes a strong cash reserve.

People

The College employs over 1,420 people on academic, support, hourly paid and management contracts.

Reputation

The College has an excellent reputation locally and nationally. Maintaining a quality brand is essential for the College's success at attracting students and external relationships.

PRINCIPAL RISKS AND UNCERTAINTIES

The College has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management, which is designed to protect the College's assets and reputation.

Based on the strategic plan, the Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions, which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Risk Management Group will also consider any risks, which may arise as a result of a new area of work being undertaken by the College.

A Risk Register is maintained at College level, which is reviewed, termly by the Audit & Risk Committee and more frequently where necessary. The Risk Register 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 long term effects of the COVID-19 pandemic and geopolitical issues will continue to have an impact on the College's operations into 2023/24 and beyond, through the direct impact on staff and students and the knock on effect to local jobs and businesses. The more recent cost of living crisis which has impacted energy prices, fuel and consumable costs as well as rising inflation and interest rates are all risks which the College as well as its staff and students will need to navigate over the next academic and financial year. The College has considered these risks in its risk register, and operational and financial plans, and continues to adapt to meet the changing requirements of students, businesses and the local community in recovering from the impact of the pandemic and the global cost of living crisis.

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

Strategic risks

The following is a list of the Colleges' high-level strategic risks:

- Failure to maintain good and effective governance.
- Failure to respond and comply with key legislation, welsh language and national policies.
- Failure to maintain financial health and viability of College.

- Failure to recruit students and meet funding allocation targets.
- Severe business disruption and inability to protect College Assets.
- Failure to engage and meet the needs of local communities.
- Failure to provide outstanding individual support to enhance student experience.
- Failure to provide consistently high quality teaching, training and assessment.
- Failure to provide a curriculum offer which is attractive and meets the needs of learners, employers and external organisations.
- Failure to effectively manage new business, commercial opportunities and contracts.
- Failure to implement a trusting, inclusive culture that values and benefits all staff and maximises their contribution.
- Failure to provide a comprehensive support structure that safeguards children and vulnerable adults.
- Failure to implement the Estates Strategy and provide appropriate accommodation.
- Failure to secure and maintain information and systems.
- Failure to ensure effective quality systems to drive improvements, meet external quality thresholds and ensure learners complete courses, progress and achieve their full potential.
- Failure to operate as a sustainable low carbon organisation.

STAKEHOLDER RELATIONSHIPS

Coleg Cambria will continue to play a leading role in developing collaborative approaches that add value for learners. The College will continue to work in close collaboration with local partners in order to further develop local provision in terms of overall quality, improved responsiveness to local needs and effective sharing of accommodation.

The College recognises the importance of relationships with stakeholders and engages in regular communication with them through the College Internet site and through meetings. The College has many stakeholders, these include:

- Students
- Staff
- Welsh Government
- Funding Bodies
- Local employers (with specific links)
- Local Authorities
- Government Offices
- The local community
- Other FE/HE institutions
- Trade Unions

Trade Union Facility Time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
11	10.5

Percentage of time spent on facility time

Percentage of time (%)	Number of employees
0	0
1-50	11
51-99	0
100	0

Percentage of pay bill spent on facility time

Total cost of facility time	£53,792
Total pay bill	£52,017,554
Percentage of the total pay bill spent on facility time <i>(total cost of facility time / total pay bill) * 100</i>	0.10%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time <i>(total hours spent on paid trade union activities by relevant union officials during the relevant period / total paid facility time hours) x 100</i>	100%
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Equality and diversity

At Coleg Cambria we understand the importance of actively working towards making our college the most inclusive, equal and supportive place for everyone. We work closely with our diverse community of learners, staff and stakeholders to ensure that Coleg Cambria is inclusive for all of us. Our Equality and Diversity Coordinator is available to support both staff and learners in anything they need to ensure they have what they need to thrive during their time at the College.

We are committed to constantly improving our services to be inclusive to everyone. We expect that every member of the Coleg Cambria community to both be treated with respect, and to treat others with respect.

Our Equality and Diversity Charter lays out our approach to promoting inclusivity at Cambria:

- Reflect the diverse communities we serve
- Respect and celebrate all backgrounds and cultures
- Zero tolerance for bullying and harassment
- Treat everyone equally and fairly
- Ensure learning is accessible to all
- Challenge prejudice

The college has a Strategic Equality Plan 2020-2024 which lays out our equality objectives to improve inclusion at the college. We update on this plan annually through our Annual Equality Report. This ensures compliance with the Equality Act 2010.

The college also has a short term Two Year Action Plan which scopes out our 'New Phase for Equality and Diversity' and strives towards our goal of being 'The Most Inclusive College in Wales by 2024'.

We undertake Equality Impact Assessments on all our new policies and procedures, and these are published with the policies. Equality Impact Assessments are also undertaken for existing policies and procedures.

We have also created an Anti-Racism Action Plan, which oversees our plan to become an anti-racist organisation.

The College is a 'Disability Confident' employer and has committed to the principles and objectives of the Disability Confident Standard. The College considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion, which, as far as possible, provide identical opportunities to those of non-disabled employees.

Disability statement

The College seeks to achieve the objectives set down in the Equality Act 2010 and makes significant investment in specialist teaching and support staff in order to support learners with learning difficulties and disabilities. The College has done this in the following ways:

- a) As part of its estate strategy the College updated its access audit.
- b) There is a list of specialist equipment, which the College can make available for use by students and a range of assistive technology is available in the learning resource centres.
- c) The admissions policy for all students is described in the College's Admission procedures. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- d) The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- e) Specialist programmes are described in College prospectuses and achievements and destinations are recorded and published in the standard College format.
- f) Counselling and welfare services are detailed in the College student handbook, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

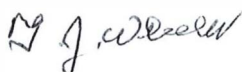
Disclosure of information to auditors

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

Auditors

The audit business of Haines Watts Birmingham LLP was acquired by Cooper Parry Group Limited on 14 November 2023. Haines Watts Birmingham LLP has resigned as auditor and Cooper Parry Group Limited has been appointed in its place.

Approved by order of the members of the Corporation on 13 December 2023 and signed on its behalf by:



Professor Timothy Wheeler
Chair of Governors

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts 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 is committed to exhibiting best practice in all aspects of corporate governance and endeavours to conduct its business:

- i. In full 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 Colleges Wales in The Code of Good Governance for Colleges in Wales 2016;
- iii. In full accordance with the Coleg Cambria's Values as detailed in the Strategic Plan 2023/25;
- iv. Having due regard to the UK Corporate Governance Code 2018 in so far as it is applicable to the further education sector.

This report describes the manner in which the College has applied the principles set out in the UK Corporate Governance Code 2018 ('The Code') issued by the Financial Reporting Council (FRC). Its purpose is to help the reader of the accounts understand how the principles have been applied. 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 the opinion of the governors, Coleg Cambria complies with all the provisions of the Code in so far as they apply to the Further Education Sector and it has complied throughout the year ended 31 July 2023.

Coleg Cambria is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Governors, who are also the Trustees for the purpose of the Charities Act 2011, confirm that in setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and that the required statements appear elsewhere in these financial statements.

The Corporation

The composition of Coleg Cambria's Corporation Board during the period ending 31 July 2023 and up to the date of signing the financial statements is set out on pages 23 and 24 alongside a record of Board attendance. 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, staffing and other matters such as health and safety and environmental issues. The Corporation met five times during the year to conduct its normal business. A number of strategic planning and training sessions are also held with attendance by the Governance Officer and Clerk and the Senior Post Holders.

All Governors are able to take independent professional advice in the furtherance of their duties at the College's expense and have access to the Governance Officer and Clerk 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 Senior Post Holders and the Governance Officer and Clerk 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 Chief Executive (Accounting Officer) are separate.

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has the Search Committee, consisting of six members of the Corporation which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required, which is structured appropriately to support the development of Governors.

Members of the Corporation are appointed for a term of office not exceeding four years, except for Student Members whose tenure was revised for the academic year 2022/23 enabling a student governor to hold office for two years (subject to eligibility).

Committee Structure

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. Full minutes of all meetings for 2022/23, except those deemed to be confidential by the Corporation, are available from the Governance Officer and Clerk to the Corporation at: Coleg Cambria, Grove Park Road, Wrexham, LL12 7AB. The Governance Officer and Clerk to the Corporation maintains a register of financial and personal interests of the Governors. The register is available for inspection at the above address.

During the year, the Governing Body had the following committees:

- Audit and Risk Committee
- Curriculum and Standards Committee
- Finance, People & Culture Committee
- Search and Governance Committee
- Remuneration Committee

Audit and Risk Committee

The Audit & Risk Committee has the responsibility of fulfilling the statutory role of an audit function as detailed in Coleg Cambria's Instrument and Articles of Government (Welsh Government 2013) and in accordance with the Further Education Audit Code of Practice (Welsh Government 2015). The Committee operates in accordance with written terms of reference approved by the Corporation.

The Audit & Risk Committee provides a forum for reporting by the College's internal, regularity and financial statements auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the Welsh Government, the Information Commissioner's Office and Governance issues as they affect the College's business.

The College's Internal Auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit & Risk Committee.

The Audit & Risk Committee also advises the Corporation on the appointment of internal, funding data and financial statements auditors and their remuneration for both audit and non-audit work as well as reporting annually to the Corporation.

The Committee comprises seven members of the Corporation (excluding the Chair of the Board and the Chief Executive) which includes two externally co-opted members and meets at least three times a year.

Curriculum and Standards Committee

The Curriculum and Standards Committee has the responsibility of fulfilling the statutory role of the academic board as detailed in Coleg Cambria's Instrument and Articles of Government (2013). The Committee operates in accordance with written terms of reference approved by the Corporation.

The Curriculum and Standards Committee key role is to advise the Corporation on curriculum planning processes at Coleg Cambria and scrutinise the effectiveness, and standards of the learner journey. It is also responsible for receiving Student Voice reports to ensure that the College is focused on providing the best available environment and resources for its learners. During the 2022/23 academic year, the Committee comprised of 12 members, which included a co-opted student representative.

Finance, People and Culture Committee

The Finance, People and Culture Committee has the responsibility of fulfilling its statutory role as detailed in Coleg Cambria's Instrument and Articles of Government (Welsh Government 2013) and the Financial Memorandum between the Welsh Government, further education institutions and higher education institutions providing further education (Welsh Government 2015). The Committee operates in accordance with written terms of reference approved by the Corporation.

The Finance, People and Culture Committee's key role is to review and challenge the financial performance and strategy of the College along with monitoring staffing and student resources and policies, estates functions, and other legal requirements of the board. The Committee comprises eight members and meets at least three times a year.

Search and Governance Committee

The Search and Governance Committee (formerly Search Committee) has the responsibility of fulfilling the statutory role of a Search function as detailed in Coleg Cambria's Instrument and Articles of Government (2013). The Committee operates in accordance with written terms of reference approved by the Corporation.

The Committee's key role is to undertake searches for new governors to advise the Corporation on the re-appointment of existing governors and to undertake periodic reviews of the skills, ethnicity, age, disability and gender of governors. The Committee comprises six members and meets at least three times a year.

From the academic year 2022/23, the Committee broadened its responsibilities to include oversight of the Corporation's governance arrangements, including Governor Induction and training.

Remuneration Committee

The Committee operates in accordance with written terms of reference approved by the Corporation and has adopted the College's Senior Post Holder Remuneration Code (Association of Colleges, December 2018).

The Committee's key role is to make final recommendations to the Corporation on all aspects of remuneration and employment arrangements for the Senior Post Holders and the Governance Officer and Clerk. The Committee comprises seven members (excluding the Chief Executive Officer) and meets at least three times a year.

Training and Development

During the academic year, 2022/23 Board members were afforded the opportunity to participate in training and development sessions arranged for them, as follows:

Area of Training/ Development	Delivered by	Date	Participants
Campus Visit: Tour of Bersham Road	Nick Tyson VP	Sept. 2022	Board Members
Induction: Role of Senior Post Holders	Senior Post Holders	Sept. 2022	Board Members Presentation circulated to the Board and co-opted Members

External Review of Board Performance	IOD/ETF	4/10/22	Attended: Tim Wheeler, Chair Marjorie Thomson, Vice-Chair
Estyn	Senior Post Holder	5/10/22	Board Members
How to conduct an effective interview [for SPH and the Governance Officer and Clerk appointments] including Unconscious Bias	AoC	10/10/22	Search and Governance Committee Members and Members on the Appointments Panel
Role of the Board	Internal Audit	28/11/22	Audit and Risk Members All other Board Members invited
Self-Assessment - Key elements and Proposed Grade	VP Quality	5/12/22	Curriculum and Standards Committee
Strategic Planning and Objectives	Senior Post Holders	3/2/23	Board Members
Dashboard for Governors	VP Quality	29/03/23	Board Members
Predicted Attainment and Internal Progression	VP Quality	15/03/23	Curriculum and Standards Committee
Commission for Tertiary Education and Research: Online Information Session	Colegau Cymru / Colleges Wales	23/03/23	Board Members invited to attend The presentation was circulated to all
Fraud Awareness	Internal Audit	7/06/23	Audit and Risk Members All Board Members invited
Welsh Language -on line short course	Online	Ongoing opportunity	Information circulated to all Board members (as appropriate)
New Governor Induction Sessions	Various	Ongoing	In support of new Governors various 1-1 sessions were arranged
Online modules <ul style="list-style-type: none"> • Safeguarding • Prevent • IT • Equality and Diversity • GDPR • Whistleblowing 	Mandatory online modules completed or revisited after 3 years (or 2 years for Safeguarding)	On going	Position as of 25/09/2023

Link Governor Arrangements

The Link Governor role assists individual governors to familiarise themselves with a specific area (either curriculum or business support) within the College. Termly meetings are held between the link governor and key managers from the areas, with link governors invited to contribute to the Self-Assessment Report process and observe the termly Impact Review Sessions. The Link Governor arrangement enables the Governing Body members to learn more about aspects of the College, which in turn supports and informs the strategic planning process.

The College is a member of the Association of Colleges and members of the Board, the Senior Post Holders and the Governance Officer and the Clerk have availed themselves of the opportunities arising from this involvement e.g. Chairs' Meetings, Clerks' meetings and annual conferences.

Governors

Listed below (at table 1) is the composition of Coleg Cambria's Corporation Board during the period 1 August 2022 to 31 July 2023, and up to the date of signing the financial statements, together with reference to Board attendance.

Table 1:

Name	Date Appointed	Term of Office	Date of Resignation/Term Ended	Committee Membership	Attendance at Board Meetings
Sara Barker (Staff Governor)	03/02/23	4 years to 02/02/27		Curriculum and Standards Remuneration	100%
Claire Brook	18/10/23	4 years to 17/10/2027 (+ up to 4 years subject to review)		Finance, People and Culture.	
Daniel Dean (Student Governor)	12/10/22	Up to 2 years	31/08/23	Curriculum and Standards	100%
Martina Davies	05/02/21	4 years to 04/02/25 (+ up to 4 years subject to review)		Finance, People and Culture	100%
Hon Judge Roger Dutton DL	04/02/22	4 years to 04/02/25 (+ up to 4 years subject to review)		Curriculum and Standards Finance, People and Culture	100%
Cllr Hugh Evans OBE	14/06/21	4 years to 13/06/25 (+ up to 4 years subject to review)	03/04/23	Audit and Risk	25%
Martin Evans	19/10/21	4 years to 18/10/25 (+ up to 4 years subject to review)		Audit and Risk	80%
Abigail Farrugia ¹ (Student Governor)	21/06/23	Up to two years from 01/09/23		Curriculum and Standards	-
Paul Ffoulkes	18/10/23	4 years to 17/10/27 (+up to 4 years subject to review)		Finance, People and Culture	
Maria Giannasi (Staff Governor)	28/04/21	4 years to 27/04/25	13/12/22	Audit and Risk Curriculum and Standards.	50%
Lee Gould	03/02/23	4 years to 02/07/27 (+ up to 4 years subject to review)		Finance, People and Culture	100%
Mark Hughes (Staff Governor)	13/12/22	4 years to 12/12/26		Curriculum and Standards	100%
Finn Jones (Student Governor)	21/06/23	Up to two years from 01/09/23		Curriculum and Standards	-
Gareth P Jones	01/09/20	4 years to 31/08/24 (+ up to 4 years subject to review)		Finance, People and Culture.	100%
Jillian Jones	05/02/21	4 years to 04/02/26 (+ up to 4 years subject to review)		Audit and Risk; Remuneration Search and Governance	100%
Geoff Lang	22/06/22	4 years to 21/06/26 (+ up to 4 years subject to review)		Finance, People and Culture	80%
Dr Rajan Madhok	21/06/23	4 years to 20/06/27 (+ up to 4 years subject to review)		Audit and Risk	100%
Jayne Moore	01/09/20	4 years to 31/08/24 (+ up to 4 years subject to review)		Finance, People and Culture; Remuneration.	100%
Professor Anna Sutton	05/02/21	4 years to 04/02/25 (+ up to 4 years subject to review)		Curriculum and Standards Remuneration Search and Governance	100%
Marjorie Thomson (Vice-Chair)	01/08/13	1 st term to 31/07/17 2 nd term to 31/07/21 3 rd term to 31/07/25* (*by virtue of Board Vice Chair Position)		Vice Chair of the Board Audit and Risk Curriculum and Standards Remuneration Search and Governance	100%

Lorraine Westwood	22/06/22	4 years to 21/06/26 (+ up to 4 years (subject to review))	29/03/23	Curriculum and Standards.	100%
Professor Timothy Wheeler DL (Chair)	09/12/15	1st term to 08/12/19 2nd term to 09/12/19 3rd term to 08/12/27* (*by virtue of Board Chair position) Appointed to the Board as Chair from 01/01/21		Chair of the Board Finance, People and Culture Curriculum and Standards Remuneration Search and Governance	100%
Tim Williams ² (Staff Governor)	17/02/19	4 years	31/08/22	Curriculum and Standards; Remuneration.	-
Yana Williams (CEO)	01/01/20			Curriculum and Standards Finance, People and Culture Search and Governance	80%
Annesley Wright	01/09/17	1st term to 31/08/21 2nd term to 31/08/25		Finance, People and Culture Curriculum and Standards Remuneration Search and Governance	100%
Meilu Zheng (Student Governor)	12/10/22	Up to 2 years		Curriculum and Standards	80%
Co-opted Members					
Benjamin White ³ (Student Co-opted)	12/10/22	1 year	31/08/23	Co-opted member of Curriculum and Standards	
David Stephens	01/08/13	1st term to 31/07/17 2nd term to 31/07/21 3rd term to 31/07/25		Co-opted member of the Audit and Risk Committee.	
Jane Tweedie	15/06/22	4 years to 14/06/26 (+ up to 4 years (subject to review))		Co-opted member of the Audit and Risk Committee.	
Governance Officer and Clerk to the Board					
Bethan Lloyd-Jones who retired from her post as Governance Officer and Clerk to the Corporation on 22 June 2022, continued to support the Board in her previous role until 31 December 2022. Sian Clark was appointed by the Board as Governance Officer and Clerk to the Board and commenced her new post on 1 January 2023.					

Notes:

1 - appointment confirmed at 21 June 2023 Board meeting for 2023/24 academic year.

2 - resigned on 31.08.22 - no Board meetings held between 31/07/22 and 31/08/23

3 - Student Co-opted for Curriculum and Standards (from 12/10/22) - was previously a Student Governor during 2021/22 academic year

Corporation performance

A performance review is undertaken following each Governing Body meeting and no issues of note were raised during the year.

The board undertakes a review of governance for the past year, which involves one-to-one interviews between the Chair and Vice-Chair of the Board with individual Board members. A report is drafted and discussed at a Board meeting. During the summer of 2023, external organisations were invited to submit proposals to undertake an independent review of governance during 2023/24.

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 Chief Executive, 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 the Chief Executive is personally responsible, in accordance with the responsibilities assigned to them in the Financial Memorandum between Coleg Cambria and the Welsh Government. The Chief Executive 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 on-going process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically. The system of internal control has been in place in Coleg Cambria for the year ended 31 July 2023 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The 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 on-going process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2023 and up to the date of approval of the annual report and accounts. The Corporation regularly reviews this process.

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 and an annual budget forecast which is reviewed and agreed by the Corporation;
- regular reviews by the Corporation of periodic and annual financial reports which indicate financial performance against forecasts;
- target setting to measure financial and other performance;
- clearly defined capital investment control guidelines;
- the adoption of formal project management disciplines, where appropriate.

Coleg Cambria has an Internal Audit service, which operates in accordance with the requirements of the Welsh Government. The work of the Internal Audit service is informed by an analysis of the risks to which the 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 & Risk Committee. At minimum annually, but usually twice per annum, the Internal Auditors provide the Corporation with a report on internal audit activity in the College. The report includes the Internal Auditor's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Review of effectiveness

As Accounting Officer, the Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. The 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;
- comments made by the College's financial statements auditors and the Welsh Government's auditors in their management letters and other reports.

The Accounting Officer has been advised on the implications of the result of the review of the effectiveness of the system of internal control by the Audit & Risk Committee, which oversees the work of the Internal

Auditor, other sources of assurance and Risk Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Senior Management Team (SMT) receive reports setting out key performance and risk indicators and consider possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The SMT and the Audit & Risk Committee also receive regular reports from Internal Audit and other sources of assurance, which include recommendations for improvement. The Audit & Risk Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the SMT and the Audit & Risk Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2023 meeting the Corporation carried out the annual assessment for the year ended 31 July 2023 by considering documentation from the Senior Management Team and internal audit, and taking account of events since 31 July 2023.

Based on the advice of the Audit & Risk Committee and the Chief Executive, the Corporation is of the opinion that the College has met its:

- statutory responsibility for "*the effective and efficient use of resources, the solvency of the college and the body and the safeguarding of their assets*"
- contractual responsibilities under its funding agreements and contracts with the Welsh Government

Going Concern

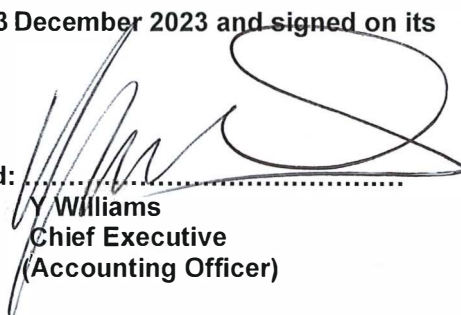
After making appropriate enquiries and a review of financial forecasts, the Governing Body considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Approved by order of the members of the Corporation on 13 December 2023 and signed on its behalf by:

Signed:


Professor Timothy Wheeler
Chair of Governors

Signed:


Y Williams
Chief Executive
(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 has been discovered to date. If any instances are identified after the date of this statement these will be notified to the Welsh Government.

Signed: 

Yanina Williams
Chief Executive (Accounting Officer)
Date 13.12.23

Statement of the chair of the governors

On behalf of the college, I can 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: 

Professor Timothy Wheeler
Chair of Governors
Date 13.12.23

Statement of Responsibilities of the Members of the Governing Body

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

Within the terms and conditions of the Financial Memorandum between the Welsh Government and the Governing body of the College, the Governing Body, through its Accounting Officer, is required to prepare financial statements and an operating and financial review for each financial year in accordance with *the Statement of Recommended Practice – Accounting for Further and Higher Education Institutions*, *the Accounts Direction for Further Education Colleges in Wales* and the UKs 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 the period.

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

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

The Governing Body is also required to prepare a Members' Report in accordance with paragraphs 3.23 to 3.27 of the FE and HE SORP, which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the College.

The Governing Body is responsible for keeping proper accounting records which disclose, with reasonable accuracy, at any time, the financial position of the College and which enable it to ensure that the financial statements are prepared in accordance with the relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011, and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

The Governing Body is responsible for the maintenance and integrity of its website(s); the work carried out by the auditors does not involve consideration of these matters and accordingly, auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the Governing Body are responsible for ensuring that expenditure and income are applied for the purposes intended by the Welsh Government and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the Welsh Government, and any other public funds, are used only in accordance with the Financial Memorandum with the Welsh Government and any other conditions that may be prescribed from time to time by the Welsh Government or any other public funder. Members must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Governing Body are responsible for securing economical, efficient and effective management of the College's resources and expenditure so that the benefits that should be derived from the application of public funds from the Welsh Government and any other public bodies are not put at risk.

Approved by order of the members of the Governing Body on 13 December 2023 and signed on its behalf by:



Professor Timothy Wheeler
Chair of Governors

Report of the Independent Auditors to the Governing Body of Coleg Cambria**Opinion**

We have audited the financial statements of Coleg Cambria (the 'College') for the year ended 31 July 2023 which comprise the Statement of Comprehensive Income the Balance Sheet, the Statement of Changes in Reserves, Cash Flow Statement 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 United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 its incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Opinion on other matters required by the Further Education Audit Code of Practice 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 College for specific purposes have been properly applied to those purposes and, if appropriate, managed in compliance with all relevant legislation; and
- in all material respects, income has been applied in accordance with the financial memorandum with the Welsh Government.

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 Auditors' 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 Governors' 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 Governors with respect to going concern are described in the relevant sections of this report.

Other information

The Governors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our Report of the Independent Auditors thereon.

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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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

In the light of the knowledge and understanding of the College and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Governors.

We have nothing to report in respect of the following matters where the Further Education Audit Code of Practice issued by the Welsh Government by reference to the Accounts Direction 2022/23 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
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Members of the Governing Body of the College

As more fully explained in the Statement of Responsibilities of the Members of the Governing Body set out on page 28, the Governing Body is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governing Body 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 intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

Our 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 a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect

a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

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

We obtained an understanding of the legal and regulatory framework applicable to both the College itself and the sector in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the Governing Body and management. The most significant were identified as the Further and Higher Education Act 1992, as a Welsh General College of Further Education; the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (FE/HE SORP 2019); and the College Accounts Direction 2022 to 2023.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Corporation and other management and inspection of regulatory and legal correspondence, if any.

We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statements. Our audit procedures included, but were not limited to:

- making enquires of management and the Governing Body as to where they consider there to be a susceptibility to fraud and whether they have any knowledge or suspicion of fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and relevant regulators to identify any actual or potential frauds or any potential weaknesses in internal control which could result in fraud susceptibility;
- obtaining an understanding of the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- assessing the design effectiveness of the controls in place to prevent and detect fraud;
- assessing the risk of management override including identifying and testing journal entries; and
- challenging the assumptions and judgements made by management in its significant accounting estimates.

Whilst our audit did not identify any significant matters relating to the detection of irregularities including fraud, and despite the audit being planned and conducted in accordance with ISAs (UK), there remains an unavoidable risk that material misstatements in the financial statements may not be detected owing to inherent limitations of the audit, and that by their very nature, any such instances of fraud or irregularity would likely involve collusion, forgery, intentional misrepresentations, or the override of internal controls.

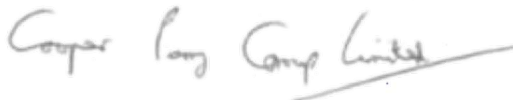
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Use of our report

This report is made solely to the Members of the Governing Body, as a body, in accordance with the Financial Memorandum published by the Welsh Government and our engagement letter dated 6 May 2021. Our audit work has been undertaken so that we might state to the Members of the Governing Body, as a body, those matters we are required under our engagement letter dated 6 May 2021 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 Members of the Governing Body, as a body, for our audit work, for this report, or for the opinions we have formed.

Cooper Parry Group Limited

Statutory Auditor
Cubo Birmingham
Office 401, 4th Floor
Two Chamberlain Square
Birmingham
B3 3AX



Date: 18 December 2023

Statement of Comprehensive Income

	Notes	2023	2022
		£'000	£'000
INCOME			
Funding body grants	2	72,746	70,902
Tuition fees and education contracts	3	4,018	4,356
Other grants and contracts	4	1,768	1,924
Other income	5	5,056	4,276
Investment income	6	329	166
Total income		83,918	81,624
EXPENDITURE			
Staff costs before FRS102 costs	7	52,018	47,311
FRS102 costs	22	1,590	4,399
Total staff costs including FRS102 costs		53,608	51,710
Other operating expenses	8	22,037	23,220
Depreciation and Impairment	10	5,122	5,117
Interest and other finance costs before FRS102	9	589	357
FRS102 interest costs	22	862	1,001
Interest and other finance costs including FRS102		1,451	1,358
Total expenditure		82,219	81,405
Surplus/(Deficit) before other gains and losses		1,699	219
(Loss)/Gain on disposal of tangible fixed assets	10	-	-
Surplus/(Deficit) before tax		1,699	219
Taxation		-	-
Surplus for the year		1,699	219
Re-measurement of net defined benefit pension liability	22	24,054	38,477
Other comprehensive income/(expenditure) for the year		24,054	38,477
Total Comprehensive Income for the year		25,753	38,696
Represented by:			
Unrestricted comprehensive income		25,753	38,696
Restricted comprehensive income		-	-
		25,753	38,696

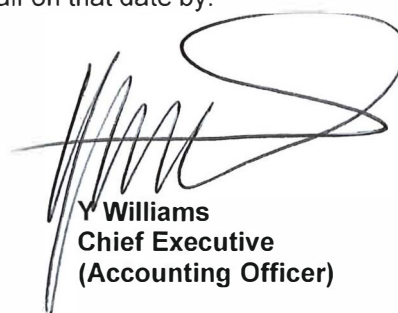
Balance sheet as at 31 July

	Notes	2023 £'000	2022 £'000
Fixed assets			
Tangible fixed assets	10	129,546	127,335
Investments	11	21	21
		<u>129,567</u>	<u>127,356</u>
Current assets			
Stocks	12	967	972
Debtors	13	7,552	4,856
Current asset investments	14	10,156	6,056
Cash at bank and in hand	19	21,365	19,279
		<u>40,040</u>	<u>31,163</u>
Current liabilities			
Creditors – amounts falling due within one year	15	(16,300)	(13,188)
		<u>23,740</u>	<u>17,975</u>
Net current assets			
		<u>153,307</u>	<u>145,331</u>
Total assets less current liabilities			
Less: Creditors – amounts falling due after more than one year	16	(66,424)	(61,268)
Provisions for liabilities			
Defined benefit pension scheme	18	(500)	(22,983)
Other provisions	18	(2,703)	(3,153)
		<u>83,680</u>	<u>57,927</u>
Total net assets			
		<u>83,680</u>	<u>57,927</u>
Reserves			
Unrestricted reserves			
Income and expenditure reserve		77,011	51,193
Revaluation reserve		6,669	6,734
		<u>83,680</u>	<u>57,927</u>
Total unrestricted reserves			
		<u>83,680</u>	<u>57,927</u>
Total reserves		<u>83,680</u>	<u>57,927</u>

The financial statements on pages 1 to 58 were approved and authorised for issue by the Corporation on 13 December 2023 and were signed on its behalf on that date by:



Professor Timothy Wheeler
Chair of Governors



Y Williams
Chief Executive
(Accounting Officer)

Statement of Changes in Reserves

	Income and Expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
Balance at 1st August 2021	12,433	6,799	19,232
Surplus from the income and expenditure account	219	-	219
Other comprehensive expenditure	38,477	-	38,477
Transfers between revaluation and income and expenditure reserves	65	(65)	-
Total comprehensive expenditure for the year	38,761	(65)	38,696
Balance at 31st July 2022	51,193	6,734	57,927
Surplus from the income and expenditure reserve	1,699	-	1,699
Other comprehensive income	24,054	-	24,054
Transfers between revaluation and income and expenditure reserves	65	(65)	-
Total comprehensive income for the year	25,818	(65)	25,753
Balance at 31st July 2023	77,011	6,669	83,680

Statement of Cash Flows

	Notes	2023 £'000	2022 £'000
Operating activities			
Cash generated from operations	19	6,540	8,968
		<hr/>	<hr/>
Net cash flow from operating activities		6,540	8,968
		<hr/>	<hr/>
Investing activities			
Proceeds from sale of fixed assets		-	-
Investment income		329	166
Capital grants received		8,158	884
Purchase of tangible fixed assets		(7,334)	(3,034)
		<hr/>	<hr/>
		1,153	(1,984)
		<hr/>	<hr/>
Financing activities			
Interest paid		(485)	(293)
Proceeds of new borrowings		-	-
Repayments of amounts borrowed		(1,022)	(957)
		<hr/>	<hr/>
		(1,507)	(1,250)
		<hr/>	<hr/>
Increase/(decrease) in cash and cash equivalents in the year		6,186	5,734
		<hr/>	<hr/>
Cash and cash equivalents at beginning of the year	19	25,335	19,601
Cash and cash equivalents at end of the year	19	31,521	25,335

Notes to the Accounts

1. Accounting policies

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.

General information

Coleg Cambria is a corporation established under the Further and Higher Education Act 1992 as a Welsh General College of Further Education. The address of the College's principal place of business is given on page 20. The nature of the College's operations are set out in the Report of the Governing Body.

Basis of accounting

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2019* (SORP 2019), the *College Accounts Direction for 2022 to 2023* in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS 102) under the historical cost convention. The College has applied the amendments to FRS102 issued by the FRC in December 2017 prior to their mandatory effective date of accounting periods beginning on or after 1 January 2019 by early adopting SORP 2019, there were no changes to accounting policies as a result. The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

The financial statements are presented in sterling which is also the functional currency of the College.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Report of the Governing Body. The financial position of the College, its cash flow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

The College has a cash and short-term investment balance of £31.5m (£25.3m as at 31 July 2022). The financial forecasts 2023/24 and 2024/25 include a cash flow forecast, which identifies that solvency measures remain strong throughout the forecast period with sufficient cash to cover short term liabilities. The College financial strategy supports the accumulation of reserves and cash balances in order to create a contingency fund, provide funds to invest in learning resources and invest in the estate to improve the learner experience. The College currently has £8.019m (£9.154m 21/22) of debts which relate to long term bank loan facilities used to fund capital investments as part of the College's overall estates strategy. The College has also received Welsh Government capital grants to support estate developments. The level of borrowing expressed as a percentage of income is 9.53%. This is a good measure of how high the level of borrowing is relative to the size of the College. This remains well within the level approved within the financial strategy and the levels used to assess the financial health of the College. The College has assessed its compliance with the loan agreement terms and stated financial covenants at the balance sheet test date, which demonstrated all measures had been achieved. The College's forecasts and financial projections indicate that it will be able to operate within its existing loan facilities and covenants for the foreseeable future.

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

Notes to the Accounts (continued)

1. Accounting Policies (continued)

The College will continue to monitor its income and expenditure, particularly in relation to funding received from the Welsh Government and update its financial forecast accordingly. Based on the College's strong underlying financial and cash position the College is confident its accounting policies remain appropriate.

Recognition of income

Government revenue grants include funding body recurrent grants and other grants 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. 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.

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.

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102. The deferred income is allocated between creditors due in less than one year and those due after more than one year. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

Income from tuition fees is recognised in the period for which it is received and includes all fees payable by learners or their sponsors. Income from grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

Retirement benefits

Retirement benefits to employees of the College are principally provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS), which are multi-employer defined benefit plans.

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of valuations using a projected unit method. The TPS is a multi-employer scheme but sufficient information is not available to use defined benefit accounting and therefore it is accounted for as a defined contribution scheme, with the amount charged to the statement of comprehensive income being the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

The LGPS is a funded scheme, and the assets of the scheme are held separately. Pension schemes are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. The net interest on the net defined benefit liability/asset is charged to comprehensive Income and included within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Notes to the Accounts (continued)

1. Accounting Policies (continued)

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. The cost of any unused holiday entitlement the College expects to pay in future periods is recognised in the period the employees' services are rendered.

Enhanced pensions

The actual cost of any enhanced on-going pension to a former member of staff is paid by the College annually. An estimate of the expected future cost of any enhancement to the on-going pension of a former member of staff is charged in full to comprehensive 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 funding bodies.

Fixed asset investments*Investments in jointly controlled entities*

Interest in jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses in the separate financial statements of the college.

Interests in jointly controlled entities are assessed for impairment at each reporting date. Any impairments losses or reversals of impairment losses are recognised immediately in comprehensive income.

Other Investments

Listed investments held as non-current assets and current asset investments, which may include listed investments, are stated at fair value, with movements recognised in Comprehensive Income.

Tangible fixed assets

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

Land and buildings

Land and buildings are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold buildings are depreciated in the first full year after acquisition over their expected useful economic life to the College of 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of 25 years.

Properties under Construction

Assets under construction are accounted for at cost, based on the value of architects certificates and other direct costs incurred to 31st July. They are not depreciated until they are brought into use.

Equipment

Equipment costing less than £2,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost in the first full year after acquisition.

Notes to the Accounts (continued)

1. **Accounting Policies (continued)***Depreciation and residual values*

Freehold land is not depreciated. Depreciation on other assets is calculated, using the straight line basis, to write off the cost of each asset to its estimated residual value over their expected useful lives, as follows:

- Buildings (including infrastructure and directly attributable construction costs) – 50 years
- Plant – 25 years
- Building Improvements / Estates Enhancements / Fixtures and Fittings – 25 years
- Motor Vehicles & Machinery – 4 years
- Computer Hardware and Software – 4 years
- Equipment (General) – 4 years
- Specialist / Workshop Equipment – 10 years

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Subsequent costs, including replacement parts, are only capitalised when it is probable that such costs will generate future economic benefits. Any replaced parts are then derecognised. All other costs of repairs and maintenance are expenses as incurred.

Impairment of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, an estimate is made of the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairment of revalued assets, are treated as a revaluation loss. All other impairment losses are recognised in comprehensive income.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in comprehensive income or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

Borrowing costs

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

Stocks

Livestock and crops are measured at their fair value by Clough & Co. Auctioneers and Valuers, and movement taken to the income and expenditure account.

Raw materials 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 charge in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

Notes to the Accounts (continued)

1. Accounting policies (continued)**Financial Instruments**

The College has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the College becomes a party to the contractual provision of the instrument.

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 financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets measured at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless arrangement constitutes a financial transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

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 Chapter 3 Part 11 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 small minor element of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

Provisions and contingent liabilities

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

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

Notes to the Accounts (continued)

1. Accounting policies (continued)

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.

Agency arrangements

The College acts as an agent in the collection and payment of learner support funds, the administration of educational maintenance allowances and adult learning grants and a Work Based Learning bespoke training project with Airbus. Related payments received from the DfES and disbursements to learners are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical areas of judgement

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

- Determine whether leases entered into by the College as either a lessor or 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.

Critical accounting estimates and assumptions

- *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 a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions and the remaining life of the asset.

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying value of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 July 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of pension liability.

Notes to the Accounts (continued)

1. Accounting policies (continued)

- *Impairment of fixed assets*

The College considers whether tangible fixed assets are impaired. Where an indication of impairment is identified the estimation of the recoverable amount of the asset or the recoverable amount of the cash-generating unit is required. These will require an estimation of the future cash flow and selection of an appropriate discount rate in order to calculate the net present value of those cash flows.

2. Funding body grants

	2023 £'000	2022 £'000
Recurrent grants		
Welsh Government	46,273	42,180
Education and Skills Funding Agency	31	-
Specific Grants		
Work Based Learning	11,713	11,790
Releases of government capital grants	1,978	1,725
Additional Learning Support	2,026	1,901
Other grants	10,725	13,306
Total	72,746	70,902

3. Tuition fees and education contracts

	2023 £'000	2022 £'000
Further Education	1,431	1,329
Higher Education	1,980	1,952
International students fees	0	0
Total tuition fees	3,411	3,281
Education contracts	607	1,075
Total	4,018	4,356

4. Research grants and other contracts

	2023 £'000	2022 £'000
European Commission	1,728	1,794
Other grants and contracts	40	130
Total	1,768	1,924

Notes to the Accounts (continued)

5. Other income

	2023	2022
	£'000	£'000
Catering and residences	1,565	1,247
Other income generating activities	1,432	1,364
Farming income	1,071	877
Other grant income	41	10
Miscellaneous income	946	778
Total	5,056	4,276

6. Investment income

	2023	2022
	£'000	£'000
Other investment income	-	-
Share of operating surplus in joint venture	58	161
Income from bank deposits	271	5
	329	166
Pension finance income (note 22)	0	0
	329	166

7. Staff costs

The average number of persons (including key management personnel) employed by the College during the year, expressed as an average headcount and full time equivalent, was:

	2023 FTE	2023 No.	2022 FTE	2022 No.
Teaching staff	489	586	501	592
Non-teaching staff	651	840	620	779
	1,140	1,426	1,121	1,371

	2023 £'000	2022 £'000
Staff costs for the above persons		
Wages and salaries	40,411	36,843
Social security costs	4,024	3,634
Other pension costs	9,113	11,078
Restructuring costs	59	155
	53,608	51,710

Notes to the Accounts (continued)

7. Staff costs (continued)

	Year ended 31 July 2023		Year ended 31 July 2022	
	No.	£'000	No.	£'000
Teaching and learning departments	908	38,649	916	35,897
Teaching and learning support services	124	2,569	121	2,177
Other support services	33	1,013	30	849
Administration and central services	165	5,518	125	5,203
General education expenditure	11	427	11	409
Premises	108	2,208	79	1,505
Research and consultancy	-	-	-	-
Other income generating activities	60	1,325	63	1,377
Catering and residence	-	-	-	-
Farm	12	405	10	268
Sub-Total	1,421	52,114	1,355	47,685
Exceptional restructuring costs	5	59	16	155
	1,426	52,173	1,371	47,840

The above table analysis excludes charges in relation to both defined benefit pension charges and enhanced pension provision.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Senior Post Holders as detailed on page 1.

	2023 Number	2022 Number
The number of key management personnel including the Accounting Officer was:	4	4

Notes to the Accounts (continued)

7. Staff costs (continued)

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

	Key management personnel		Other staff	
	2023 No.	2022 No.	2023 No.	2022 No.
£60,001 to £65,000	-	-	16	9
£65,001 to £70,000	-	-	6	2
£70,001 to £75,000	-	-	2	1
£75,001 to £80,000	-	-	1	1
£80,001 to £85,000	-	-	-	6
£85,001 to £90,000	-	-	6	-
£115,001 to £120,000	-	-	-	-
£120,001 to £125,000	-	-	-	-
£125,001 to £130,000	-	3	-	-
£135,001 to £140,000	3	-	-	-
£140,001 to £145,000	-	-	-	-
£155,001 to £160,000	-	-	-	-
£160,001 to £165,000	-	-	-	-
£165,001 to £170,000	-	1	-	-
£180,001 to £185,000	1	-	-	-
	4	4	31	19

Key management personnel emoluments are made up as follows:

	2023 £'000	2022 £'000
Salaries	596	557
Benefits in kind	0	0
National insurance	79	74
	675	631
Pension contributions	121	113
Total emoluments	796	744

There were no amounts due to key management personnel that were waived in the year. The following salary sacrifice schemes were available to all key management personnel during the year: Cycle to Work, Childcare vouchers, Green Car Scheme and loan finance.

Notes to the Accounts (continued)

7. Staff costs (continued)

The governing body determined the remuneration of the Accounting Officer/Chief Executive for 2022/23. The Accounting Officer/Chief Executive was not involved in setting their remuneration. The remuneration package of key management staff, including the Chief Executive, is subject to annual review by the remuneration committee of the governing body. Factors taken into account by the Committee in determining the accounting officer's remuneration for the year to 31 July 2023 included: pay increases for other staff; performance against personal objectives; performance of the organisation and sector benchmarking data on pay of accounting officers to provide objective guidance.

The Chief Executive reports to the Chair of the Governing Body, who undertakes an annual review of performance against the college's overall objectives using both qualitative and quantitative measures of performance. A similar approach was used to determine the remuneration of other key management personnel. The above emoluments also include amounts payable to the Chief Executive (who was also the highest paid officer) of:

	2023 £'000	2022 £'000
Salaries	181	167
Benefits in kind	0	0
	181	167
Pension contributions	42	40
Total emoluments	223	207

The pension contributions in respect of the Accounting Officer/Chief Executive and senior post-holders are in respect of employer's contributions to either the Teachers' Pension Scheme or Local Government Pension Scheme, which are paid at the same rate as for other employees.

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

	2023	2022
Chief Executive basic remuneration as a multiple of the median of all staff	5.62	5.37
Chief Executive total remuneration as a multiple of the median of all staff	6.88	6.64

Notes to the Accounts (continued)

7. Staff costs (continued)**Governors' remuneration**

The members of the corporation other than the Accounting Officer and staff members did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties. During the year 4 (2021/22 - 5) Governors with total expenses of £1,424 (2021/22 - £1,181) were paid in respect of travel and subsistence and other out of pocket expenses incurred in the course of their duties.

Overseas Activities

The following costs were incurred during the year ended 31 July 2023 in respect of overseas activities, which were carried out in accordance with the strategy approved by the Governing Body.

Costs in respect of overseas activities for other individuals are as follows:

	Travel and Accommodation	Subsistence and Hospitality	Other Costs	Number of Visits
	£	£	£	
Governors	0	0	0	0
Senior Post-Holders	0	0	0	0
Other Individuals	*50,276	0	10,498	4
Total	50,276	0	10,498	4

*This value includes Euro transfers with values of €45,352 converted at an average exchange rate of: £1 = €1.1133

8. Other operating expenses

	2023	2022
	£'000	£'000
Teaching costs	8,130	7,433
Non-teaching costs	9,031	8,087
Premises costs	4,876	7,700
Total	22,037	23,220

Surplus/(deficit) before taxation is stated after charging/(crediting):

	2023	2022
	£'000	£'000
Fees payable to external auditors in respect of both audit and non-audit fees:		
Financial statements audit	38	37
Other services provided by the financial statements auditors	3	2
Internal Audit	22	17
Agency costs	788	309
(Profit)/losses on disposal of tangible fixed assets (where not material)	(153)	-
Hire of assets under operating leases	34	28

In accordance with the Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulation 2008 SI 2008/489 as amended with effect from 1 October 2011 under SI 2011/2198 the 2011 Regulations, the disclosure of auditor's remunerations is stated exclusive of VAT.

Notes to the Accounts (continued)

9. Interest and other finance costs

	2023 £'000	2022 £'000
On bank loans and other loans:	485	293
	<u>485</u>	<u>293</u>
Net interest on defined benefit pension liability (note 22)	862	1,001
On enhanced pension provision (note 18)	104	64
	<u>104</u>	<u>64</u>
Total	<u>1,451</u>	<u>1,358</u>

10. Tangible fixed assets

	Freehold £'000	Equipment £'000	Assets in the Course of Construction £'000	Total £'000
Cost or valuation				
At 1 August 2022	152,167	24,121	661	176,948
Additions	-	1,519	5,816	7,335
Re-classification	-	-	-	-
Disposals	(273)	-	-	(273)
At 31 July 2023	151,894	25,640	6,477	184,010
Depreciation				
At 1 August 2022	33,620	15,995	-	49,615
Charge for the year	2,416	2,706	-	5,122
Elimination in respect of disposals	(273)	-	-	(273)
At 31 July 2023	35,763	18,701	-	54,464
Net book value at 31 July 2023	116,131	6,938	6,477	129,546
Net book value at 31 July 2022	118,549	8,125	661	127,335

Notes to the Accounts (continued)

11. Fixed Asset investments

The College owns 1% of the issued ordinary capital shares of Ruthin Farmers Auction Company Limited, the initial cost of which was £16,000.

The College owns a minority share of the issued ordinary capital shares of Corwen Farmers Limited, the initial cost of which was £5,000.

The College holds a 40% share in a joint venture with The Manchester College. Novus Cambria, a private company limited by guarantee was incorporated on 29 September 2016 following a successful joint tender to deliver educational provision at HMP Berwyn, Wrexham with the contract for "Learning and Skills" being awarded by the Ministry of Justice. This investment is stated at cost (NIL).

	2023 £'000	2022 £'000
Jointly controlled entities – Novus Cambria	0	0
Other investments	21	21
Total	21	21

12. Stock

	2023 £'000	2022 £'000
Livestock and Crops	926	936
Raw Materials	41	36
Total	967	972

Livestock and Crops

	2023 £'000	2022 £'000
Opening Stock	936	860
Increases resulting from purchases	478	255
Decreases attributable to sales	(177)	(128)
Gain arising from changes in fair value	182	189
Decrease resulting from Harvest	(460)	(211)
Other	(33)	(29)
Closing Stock	926	936

Notes to the Accounts (continued)

13. Debtors

	2023	2022
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	576	311
Amounts owed by jointly controlled entities	-	-
Prepayments and accrued income	3,063	3,277
Amounts owed by the Welsh Government	3,913	1,268
Total	7,552	4,855

14. Current asset investments

	2023	2022
	£'000	£'000
Short term deposits	10,156	6,056
Total	10,156	6,056

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Conduct Authority with more than three months maturity at the balance sheet date.

15. Creditors: amounts falling due within one year

	2023	2022
	£'000	£'000
Bank loans and overdrafts	1,008	1,111
Other loans	14	23
Trade creditors	1,956	1,204
Other taxation and social security	1,072	857
Deductions	1,411	898
Accruals and deferred income	5,289	4,798
Amounts owed to the Welsh Government	3,149	1,812
Deferred income - government grants	2,401	2,485
Total	16,300	13,188

16. Creditors: amounts falling due after one year

	2023	2021
	£'000	£'000
Bank loans	6,929	7,937
Other loans	69	83
Deferred income - government capital grants	59,426	53,248
Total	66,424	61,268

Notes to the Accounts (continued)

17. Maturity of debt

	2023 £'000	2022 £'000
In one year or less	1,022	1,134
Between one and two years	1,043	1,022
Between two and five years	3,272	3,200
In five years or more	2,682	3,798
Total	8,019	9,154

The above loans are secured on a portion of the freehold land and buildings of the College as follows:

	Balance 31-Jul-23 £'000	Interest Rate	Property on which loan is secured
Barclays Bank plc	2,162	6.65%	Grove Park Site, Wrexham
Lloyds Bank 2	5,775	Variable	Llysfasi site, Ruthin
Salix	82	0%	Unsecured

Loans from Salix Finance Ltd, as part of the Energy Efficient Loans Scheme, have been used specifically for the purpose of funding energy saving projects. The loans are at a 0% rate of interest and are repayable to 2026/27. Loans amounting to £82,432 remain outstanding as at 31 July 2023.

18. Provisions for liabilities

	Defined benefit pension scheme £'000	Enhanced pensions £'000	Total £'000
At 1 August 2022	22,983	3,155	26,138
Expenditure in the period	(3,778)	(555)	(4,333)
Additional provision in the period	(18,705)	103	(18,602)
At 31 July 2023	500	2,703	3,203

Defined benefit pension scheme relates to the liabilities under the College's membership of the Local Government pension scheme. Further details are given in Note 22.

The enhanced pension provision represents the actuarial assessment of the future costs of pension enhancements granted for early retirements. The provision will be utilised over the lives of the individuals in receipt of enhanced pensions and has been recalculated in accordance with guidance issued by the funding bodies.

The principal assumptions for this calculation are:

	2023	2022
Price Inflation	2.8%	2.9%
Discount Rate	5.0%	3.3%

Notes to the Accounts (continued)

19. Notes to cash flow statement

A) Reconciliation of surplus after tax to net cash generated from/ (used in) operations

	2023 £'000	2022 £'000
Surplus for the year	1,699	219
Adjustment for:		
Depreciation	5,276	5,117
Impairment of Land and Buildings	-	-
Investment income	(329)	(166)
Release of Capital Grants	(1,978)	(1,725)
Interest payable	485	293
(Gain)/loss on sale of fixed assets	(153)	-
(Decrease)/increase in provisions	(450)	(820)
Pensions costs less contributions payable	2,452	5,400
Pension deficit lump sum payment	(881)	(706)
Operating cash flow before movements in working capital	6,121	7,612
Decrease/(increase) in stocks	5	(62)
(Increase)/decrease in debtors	(2,698)	(120)
Increase/(decrease) in creditors	3,112	1,538
Cash generated from operations	6,540	8,968

B) Consolidated analysis of changes in net debt

	At 1 August 2022 £'000	Cash flow £'000	New finance leases £'000	Other non- cash changes £'000	Changes in market value and exchange rates £'000	At 31 July 2023 £'000
Cash in hand, and at bank	19,279	2,086	0	0	0	21,365
Current asset investment	6,056	4,100	0	0	0	10,156
	25,335	6,186	0	0	0	31,521
Bank loans	(9,153)	1,134	0	0	0	(8,019)
Net debt	16,182	7,320	0	0	0	23,502

Notes to the Accounts (continued)

20. Capital commitments

	2023 £'000	2022 £'000
Contracts for future capital expenditure not provided	18,285	14,377
	<u>18,285</u>	<u>14,377</u>

21. Commitments under operating leases

The total future minimum lease payments under non-cancellable operating leases as follows:

	2023 £'000	2022 £'000
Not later than one year	51	34
Later than one year and not later than five years	245	25
Later than five years	18	-
	<u>314</u>	<u>59</u>

22. Retirement Benefits

The College's employees belong to two principle pension schemes; the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff and the Local Government Pension Scheme (LGPS) for non-teaching staff which is managed by Flintshire County Council (Clwyd Pension Scheme). 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 31 March 2016 and of the LGPS 31 March 2023.

Total pension cost for the year	2023 £'000	2022 £'000
Teachers' Pension Scheme: contributions paid	4,895	4,672
Local Government Pension Scheme:		
Contributions paid	3,778	3,316
FRS 102 (28) charge	<u>1,590</u>	<u>4,399</u>
Charge to the Statement of Comprehensive Income	5,368	7,715
Enhanced pension charge to Statement of Comprehensive Income	(1,150)	(1,310)
	<u>9,113</u>	<u>11,077</u>
Total Pension Cost for Year	9,113	11,077

Notes to the Accounts (continued)

22. Retirement Benefits (continued)**Teachers' Pension Scheme**

The Teachers Pensions' Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, colleges and other education 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 the definitions set out in FRS 102, 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 Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2023 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2020 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2023. The valuation report was published by the Department for Education on 26 October 2023.

The key elements of the valuation are:

- employer contribution rates set at 28.68% of pensionable pay (including a 0.08% administration levy);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262,000 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222,200 million, giving a notional past service deficit of £39,800 million;
- the SCAPE discount rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 1.7% above the rate of CPI, and is based on the Office for Budget Responsibility's forecast for long-term GDP growth.

The valuation result is due to be implemented from 1 April 2024. A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The employers pension costs paid to TPS in the year amounted to £4,895,000 (2021/22 - £4,672,000).

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Flintshire County Council (Clwyd Pension Fund). The total employer's contributions made for the year ended 31 July 2023 were £3,778,000 (£3,316,000 in 2021/22), of which employer's contributions totalled £2,897,000 and a lump sum payment of £881,000 was due and paid to the fund during the year. Following a triennial review in 2022, the agreed contribution rate increased with effect from April 2023, from 16.5% to 18.1% (employer) and ranges from 5.5% to 12.5% for employees, depending on salary.

Principal Actuarial Assumptions

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

	At 31 July 2023	At 31 July 2022
Rate of increase in salaries	3.95%	3.95%
Future pensions increases	2.80%	2.80%
Discount rate	5.10%	3.50%
CPI/CARE benefits revaluation	2.70%	2.70%

Notes to the Accounts (continued)

22. Retirement Benefits (continued)

The average life expectancy for a pensioner retiring at 65 on the reporting date is:

	At 31 July 2023	At 31 July 2022
	Years	Years
<i>Retired members</i>		
Males	20.90	22.50
Females	23.40	24.90
<i>Retiring in 20 years</i>		
Males	22.30	24.00
Females	25.20	26.90

The College's share of the assets in the plan at the balance sheet date were:

	Fair Value at 31 July 2023	Fair Value at 31 July 2022
	£'000	£'000
Equities	12,608	17,382
Bonds	36,813	27,580
Property	5,246	5,676
Cash/Liquidity	2,117	3,281
Other	35,249	34,764
Total fair value of assets	92,033	88,683

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

	2023 £'000	2022 £'000
Fair value of plan assets	92,033	88,683
Present value of plan liabilities	92,533	(111,666)
Net pensions (liability) (Note 18)	(500)	(22,983)

Notes to the Accounts (continued)

22. Retirement benefits (continued)

UK & European law requires pension schemes to provide equal benefits to men and women in respect of Service after 17 May 1990 (the date of the "Barber" judgement. This includes providing equal benefits accrued from that date to reflect the differences in GMP's. Previously, there was no consensus or legislative guidance as to how this might be achieved in practice for ongoing schemes, until the 26 October 2018 Lloyds Bank court judgement provided further clarity in this area.

For the public sector pension schemes, HM Treasury had already launched a consultation on the issues surrounding GMP equality and increases in GMP's, and have stated since the judgement that "public sector schemes already have a method to equalise guaranteed minimum pension benefits, which is why we will not have to change our method as a result of this judgement". The clear implication is that the Government) who have overall power to determine benefits provision) believe the judgement itself will not affect benefits. Therefore, the natural conclusion for the main public service pension schemes, including the Local Government Pension Scheme, is that it is not appropriate for any provision to be included for the effect of the Lloyds Bank judgement, at least at the present time. Our Actuary (Mercer) have made no allowance specifically for GMP equalisation in the accounting liabilities and this is consistent with previous accounting disclosures (and the most recent valuation, which holds no explicit reserve for GMP equalisation).

The analysis of amounts charged to the Statement of Comprehensive Income and Expenditure is as follows:

	2023 £'000	2022 £'000
Charged to staff costs:		
Current service cost	(4,487)	(7,009)
Past service costs	-	-
Total charged to staff costs	<u>(4,487)</u>	<u>(7,009)</u>
Credit/charge for net return on pension scheme:		
Interest income	3,020	1,390
Interest cost	(3,882)	(2,391)
Net interest charged	<u>(862)</u>	<u>(1,001)</u>
Credit/charge to other comprehensive income:		
Return on assets	(1,929)	(311)
Other experience gain/(loss)	(11,212)	(8,364)
Gain/(loss) arising on changes in financial assumptions	32,035	46,174
Gain/(loss) on demographic assumptions	5,160	978
Actuarial (Loss)/Gain	<u>24,054</u>	<u>38,477</u>
Analysis of the movement in deficit during the year:		
Deficit in scheme at start of year	(22,983)	(56,766)
Service costs	(4,487)	(7,009)
Employer contributions	3,778	3,316
Net interest costs	(862)	(1,001)
Actuarial (loss)/gain	24,054	38,477
Deficit in scheme at end of year	<u><u>(500)</u></u>	<u><u>(22,983)</u></u>

Notes to the Accounts (continued)

22. Retirement benefits (continued)

In December 2018 the Court of Appeal ruled against the Government in the two linked cases of Sargeant and McCloud (which for the purposes of the LGPS has generally been shortened to "McCloud"), relating to the Firefighter unfunded pension schemes and the Judicial pension arrangements. In essence, the Court held that the transitional protections, which were afforded to older members when the reformed schemes were introduced in 2015, constituted unlawful age discrimination.

The Government has accepted that remedies relating to the McCloud judgement are needed in relation to all public service pension schemes, and a consultation was published in July 2020 including a proposed remedy for the LGPS.

The key feature of the proposed remedy was to extend the final salary scheme underpin to a wider group of members for service up to 31 March 2022. This applies to all members who were active on or before 31 March 2012 and either remain active or left service after 1 April 2014 (including to those members who no longer has a benefit to entitlement from the Fund).

The Actuary's figures already include an allowance for McCloud that is substantially in line with the above. There are some minor areas where the Actuary's approach differs (principally in respect of members who left service after 1 April 2014), but other than in exceptional circumstances we would expect the impact of these minor proposed changes to be nil.

There has been substantial volatility in financial markets since the start of the COVID-19 pandemic. Despite a period of relative stability, recently this volatility has increased again with the situation in Ukraine. This has consequences for asset values and any changes in markets will be reflected in the accounting figures. Over the same period, volatility has extended to bonds. As the assumptions for accounting purposes are based on bond yields, this will also impact on accounting liabilities.

	2023	2022
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	111,666	142,051
Current Service cost	4,487	7,009
Interest cost	3,882	2,266
Contributions by Scheme participants	1,124	1,010
Experience gains and losses on defined benefit obligations	11,212	8,364
Changes in financial assumptions	(32,035)	(46,174)
Changes in demographic assumptions	(5,160)	(978)
Estimated benefits paid	(2,643)	(1,882)
Defined benefit obligations at end of period	92,533	111,666
Change in fair value of plan assets		
Fair value of plan assets at start of period	88,683	85,285
Interest on plan assets	3,159	1,390
Return on plan assets	(1,929)	(311)
Administration Expenses	(139)	(125)
Employer contributions	3,778	3,316
Contributions by Scheme participants	1,124	1,010
Estimated benefits paid	(2,643)	(1,882)
Assets at end of period	92,033	88,683

Notes to the Accounts (continued)

23. Related party transactions

Owing to the nature of the College's operations and the composition of the Governing Body 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 Governing Body may have an interest.

All transactions involving organisations in which a member of the board of governors may have an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

Governors are reimbursed for expenses such as mileage, travel costs and subsistence incurred in their capacity in undertaking duties as a member of the College Governing Body. Payments made to Governors in the year totalled £1,423.98.

A register of Members' interests which records any business interest, financial or otherwise which may be perceived as being likely to interfere with the exercise of a member's independent judgement, is maintained by the College. The register can be inspected by prior arrangement with the Governance Officer and Clerk to the Corporation.

Transactions with jointly controlled entities

During the year the College provided services to Novus Cambria totalling £172,000 (2021/22 £104,000). During the year the company distributed a charitable donation of £57,000 to the College (2021/22 £160,000).

Transactions with key management personnel

Key management remuneration disclosure is given in note 7.

24. Amounts distributed as agent**Learner Support Funds**

During the 2022/23 financial year the College received £777k (£601k 2021/22) from the Welsh Government as earmarked Learner Support Funds. The funds were administered in accordance with the terms and conditions specified by the Welsh Government and any unspent balance has been carried forward.

	2023 £'000	2022 £'000
At 1 August	-	-
Funding body grants – learner support fund	777	601
Interest earned	1	-
	<u>778</u>	<u>601</u>
Disbursed to students	(211)	(24)
Administration costs	(23)	(18)
Consolidated in financial statements	(453)	(559)
Balance unspent as at 31 July	<u>91</u>	<u>-</u>

Welsh Government grants are available for students; the college acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account for 2022/23.

Notes to the Accounts (continued)

The income and expenditure consolidated in the College's financial statements relates to nursery fees, transport and accommodation costs paid by the College on the students' behalf. During the year, an amount of £146k was released to the College's income and expenditure account for nursery fees, £302k for learner transport costs and a further £5k for the provision of residential accommodation.

The balance unspent at the end of the financial year includes £78k, which can be carried forward to 2023/24, and £13k, which will be repaid to the Welsh Government, in accordance with the conditions of the grant funding.