



CARDIFF AND VALE COLLEGE
ANNUAL REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 JULY 2023

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CARDIFF AND VALE COLLEGE

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

REPORT OF THE GOVERNING BODY

The Governing Body presents its annual report and the audited financial statements of Cardiff and Vale College ("the College") for the year ended 31 July 2023.

Legal status

Cardiff and Vale College is a Further Education Corporation established on 8 April 2011 under the Further and Higher Education Act 1992.

The College is an exempt charity as defined in Part 3 of the Charities Act 2011.

Purpose

To change lives through learning.

Values

- Inspirational: We are ambitious, proactive and lead by example.
- Inclusive: We are one unique team – working together for the benefit of all.
- Influential: We are a driving force for social and economic regeneration.

Strategic priorities

- Quality
- Efficiency
- Growth
- Wellbeing

Public benefit

The College is an exempt charity and is regulated by the Welsh Government as principal regulator for all Further Education Corporations in Wales. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 21 to 22. 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.

Strategic direction

The College has established a three-year plan that sets out its purpose and strategic priorities. Under each strategic priority are a number of specific areas of focus:

- **Quality**
 - We will develop and invest in our people and ensure we are happy in our work;
 - We will provide outstanding learning and enrichment experiences – we will enhance skills, drive achievement and success, and power learner progression;
 - We will develop skilled and employable people, each making a positive contribution to society through their lives.
- **Efficiency**
 - We will continue to be financially robust, resourceful and solutions-focused - providing value for money and resource to make new investments;
 - We will work with partners to maximise our collective impact and support a sustainable future;
 - We will create world class places to learn that are healthy and safe, champion technology, support 24/7 learning and inspire communities.
- **Growth**
 - We will take a pivotal role in engaging employers, developing workforces and providing a skilled talent pipeline to support economic recovery and growth;
 - We will grow our business, generate new income streams and collaborate locally and internationally to respond to opportunities aligned to our values;
 - We will increase engagement in learning, by removing barriers, expanding provision and delivering change that makes a real impact on society and our region.
- **Wellbeing**
 - We will support the physical and mental health and wellbeing of our staff, learners and the community we serve - inspiring and enabling all to make informed choices to look after themselves and our world;
 - We will listen and respond to the needs of our community, ensuring everyone has the opportunity to fulfil and realise their potential;
 - We will celebrate our Welsh identity, language and culture, growing opportunities to enhance our lives and our country.

The Governing Body monitors the performance of the College against this plan.

Learner numbers

In 2022/23 the College provided opportunities for 30,823 learners, including:

- 4,773 learners on full-time courses;
- 8,391 adults studying on a part-time basis;
- 14,680 on apprenticeship and traineeship programmes;
- 2,288 learners studying through franchise arrangements in the community;
- 364 learners on higher education courses;
- 250 school pupils aged 14-19 on part-time learning pathways;
- 77 Junior Apprentices.

The College's performance in 2022/23

The College's learners continued to achieve positive outcomes in Further Education (FE), Higher Education (HE) and Work-based Learning (WBL). We also continued to provide excellent opportunities and support to enable our learners to excel in their studies, as well as in skills and industry competitions. As a result, learners were able to progress to the next stage of their careers or learning journey, live inspirational experiences and win national awards.

During the year some learners continued to experience challenges thought to be linked to their experience during the pandemic; these included mental health concerns, development needs in study skills and learning habits, and the impact of alternative assessment arrangements used in previous years. The College effectively used additional non-core funding received from Welsh Government to support a range of initiatives to support learners, including additional taught skills and knowledge sessions, skills and pastoral support through learning and progress coaches, engagement officers and increased wellbeing support.

Further details regarding the College's performance in the year are outlined below.

- Learner Voice satisfaction has improved in many areas over the last three years, with all key performance indicator targets achieved. Performance in the National Student Survey for HE learners was above the sector average. Learners participated in activities such as focus groups, campaigns and celebrations including Black History Month, Chinese New Year, Diwali, Refugee Week and LGBTQ+ History Month.
- Success in FE vocational programmes was above the published national comparator.
- The group's apprenticeship provision continued to meet the needs of industry and our community, with a focus on the priority sectors identified through the Regional Skills Partnerships. Apprenticeship activity increased compared to the prior year, with additional contract funding secured from Welsh Government during the year through demand-led bids.
- Progression of learners from their starting points into further learning, apprenticeships or employment remained strong, with opportunities for employability provision, work-related education and links with employers.

The College's performance in 2022/23 (continued)

- The Cardiff and Vale Community Learning Partnership was the focus of an Estyn inspection during the year, with inspectors praising the inspirational and impactful learner experiences provided, as well as the effective partnership working and strategic leadership. Three good practice case studies were produced, focussing on strategic transformation, employability provision and the College's ESOL (English for Speakers of Other Languages) cancer awareness courses.
- Group Principal Kay Martin received her MBE for Services to Education in Wales, while Chris Edwards, part of the CAVC engineering teaching team, won a Queens Honours List Award for his work in bringing virtual reality into teaching.
- The College won the AoC Beacon: National Centre for Diversity Award for Inclusive Learning Leadership and was shortlisted for the award in Excellence in Governance.
- The College was ranked number 7 in the Top 100 most inclusive work places by the National Centre for Diversity and was awarded College of Sanctuary status for its work supporting refugees and people seeking asylum.
- The College became the first Welsh college to become an affiliated member of the Black Leadership Group, and led a Welsh Government project to deliver a new suite of anti-racist curriculum modules for the FE sector.
- The College's also received external recognition through:
 - the Princess Royal Training award for the excellence of its professional learning;
 - Microsoft Showcase College status;
 - a Gold Award from the Ministry of Defence for supporting reservist and veterans in employment, education and training;
- CAVC continues to be a World Skills Centre of Excellence, hosting of a number of the World Skills UK National Qualifiers during the year. In November the College will be one of six colleges in the UK to host World Skills National Finals.

Learner achievements

Complementing academic performance, the College is delighted to report the following individual and group achievements of our learners:

- CAVC won medals from 10 out of the 12 categories in the Wales-wide Inspiring Skills competition. Three current students and one former student were shortlisted for Team UK for WorldSkills Lyon 2024: James Roberts will compete in 3D Digital Game Art, Ieuan Morris-Brown in Autobody Repair, Ruby Pile in Restaurant Services and Rhydian Bron in Web Design.
- Bakery, Patisserie and Confectionery learners won multiple awards at the Alliance for Bakery Students and Trainees (ABST) Annual Conference Competitions 2023.
- As part of the BBC's 'New Voices from Wales' initiative, music student Gemma Humphries was the focus of a documentary about her music company, the Foxy Roxies, a female-led grassroots music collective from Cardiff.

Learner achievements (continued)

- Learners Ahelina Fesenki, Aiman Hakim and Faisal Hakim were part of the choir that performed at the Coronation of King Charles III. Combined Cadet Force Cadet Casey Garland also became our first cadet to be chosen as one of four Lord Lieutenant's Cadets, who undertake official public duties on behalf of the King.
- Rugby academy learner Lucas De La Rua was selected for the Wales under-20 World Cup Squad, and played for Wales in the opening game in South Africa. Lucas was one of four learners from the academy to be selected for the under-20 squad, with a further eight selected for the under-18 squad.
- The Basketball Academy enjoyed a successful season, with wins across all three of their teams.
- 18 CAVC Football Academy learners had a once in a lifetime experience to sample what life is like for a professional footballer within one of the biggest clubs in Europe, with a visit to Benfica FC in Lisbon.
- Music student Katy Pritchard won Best Actor Award in the It's My Shout competition, for the film *Small Change*, which also won the Best Film and Best Script awards.
- Electrical Installation student Duncan Kinnaird won the Welsh heat of SPARKS Learner of the Year competition, while Heating and Ventilation apprentice Nathan Kelly won the Welsh finals at the HIP Learner of the Year competition.
- Large numbers of CAVC students progressed from A Levels and BTECs into Higher Education, including Oxbridge, Russell Group universities and other leading universities across the UK and internationally. There were increases in the proportion of students placed at their chosen university, and in those securing places at Russell Group universities.

Other developments and achievements

In supporting our learners, their communities and employers the College has developed a number of initiatives including:

- The College delivered a programme offering transition activities throughout the summer, including included sports activities, AS and A2 transition, and a variety of area tasters and 'keep in touch' days.
- The Regional ESOL Assessment Central Hub (REACH) has continued to meet the growing needs for ESOL education in the region and secured a two-year funding agreement to ensure the continued operation of centres in Cardiff, Newport, Swansea and Wrexham, delivered in partnership with FE colleges and Adult Learning Wales. The College also secured funding from the City & Guilds Foundation to run an Integration Hub in Cardiff, providing employability and holistic support.
- The College's Jason Mohammad Academy, which gives learner opportunities to work with Jason Mohammad on radio and TV production projects, continued to flourish. Students held a Radio Week in which they put together their first radio show, live streamed on YouTube, and are now aiming to produce their own television show.
- The College, supported by funding secured from the Welsh Government's Taith initiative, supported a number of enriching international learning exchanges for learners and staff.

Other developments and achievements (continued)

- The College celebrated National Careers Week, where some 300 students received careers advice and guidance from around 25 employers including TikTok, L'Oreal, the NHS, the RAF and Ivy restaurants.
- The College undertook several professional learning projects, funded by the Welsh Government's Professional Development Fund, in areas including Welsh language development, digital learning, enhancement of industrial skills and excellence in teaching. The College's 'Edfest' and 'Leadfest' programmes also provided staff with a wide range of continuing learning opportunities. The college also delivered a number of knowledge transfer activities in conjunction with industry experts from priority sectors.
- The College's Active Wellbeing team inspired over 70 learners and staff to take part in this year's Colleges Wales duathlon event in Pembrey. The event saw over 70 learners & staff from across the college take part in the event.
- The Student Union team organised a number of events and initiatives to support learners. This included the first 'Walk a mile in her shoes' event, which raised awareness of sexual violence, and the College's first visit from therapy dogs, which helped reduce anxiety and stress during exam season.
- During the year the College's Career Coach team continued to support learners with university queries and applications. The launch of the 'Aspire' employment bureau and website was also completed, with staff promoting a number of events, masterclasses and progression sessions.
- Some 100 learners from across the College participated in this year's Student Conference. The students, who were nominated to represent their departments, took part in workshops designed to capture learners' views on their CAVC experience and ideas for improvement, and develop personal story telling, public speaking and team building skills. Learners also had the opportunity to put questions to members of the College's senior leadership team and Governing Body.
- The Aspiring Teaching Programme continued to support non-teaching staff with aspirations to become teachers to achieve a PGCE.
- The College joined the Warm Spaces project, supporting our learners and communities with the cost of living through longer opening hours, free refreshments and opportunities to study and engage with a range of the College's learning activities.

Partnerships

The College is committed to supporting employers and communities across Cardiff and the Vale through partnership working, including the following:

- The College has developed strong partnerships with local employers, and most learners undertake work experience or work-related education. A number of organisations including Wales Millennium Centre, NHS health boards, Cardiff Council, BBC, Dow, Principality, Wales Millennium Centre, Deloitte, Admiral and Lloyds deliver workshops or offer internships for learners to improve their skills and gain experience tailored to their career aspirations.
- Partnerships with the Welsh Rugby Union, Cardiff City, Cardiff Rugby and the Military Preparation Training College, to offer different opportunities for stimulating learning in our community.

Partnerships (continued)

- Long-standing partnerships with third-sector organisations such as Vision 21, the Ministry of Life, and the Media Academy Cardiff, and numerous partner organisations that support the delivery of specialist PLA and part-time courses.
- The College's sector-specific Employer Advisory Boards strengthen relationships with employers, ensuring local skills and economic growth needs are met. The College works closely with Cardiff Capital Region Skills Partnership, City Deal Office and economic development teams to support inward investment opportunities.
- The College works with FinTech Wales and leading local financial services employers including Admiral, Deloitte, Hodge Bank and Principality to create unique, fast-track training programmes designed to meet the growing need for skilled people to fill job vacancies in the FinTech and Financial Services sector.
- The College worked with members of our Hospitality Advisory Board and For Cardiff to design and deliver a 12-week skills academy, supporting both front-of-house and back-of-house training.
- The College continued to engage and support the net zero skills agenda, including working with industry and government to raise knowledge and awareness of skills opportunities, and hosting a hydrogen conference.
- The College continued to deliver a Supported Internship programme, in partnership with Dow and Cardiff University. Each programme provides an inclusive pathway for young adults with additional learning needs to gain employability skills.
- Over the year the College has run a series of thought leadership and business engagement events which are well attended by decision makers from the private, public and third sectors.
- CAVC for Business continued to work in partnership with employers to deliver accredited and non-accredited learning and development programmes to employers. Funding was also secured through strategic partnerships to support the delivery of short courses in Electric Vehicles, Green Tech, Entrepreneurship and Innovation.
- The College signed a Deed of Association with the University of Wales Trinity St David (UWTSD) to set in motion the next steps in the establishment of Technical University Institutes. The first academic programmes will be launched in 2023.
- The College, alongside other FE institutions in south-east Wales, signed up to a new strategic alliance with the University of South Wales (USW), reconfirming the College's long-standing partnership with the university. The alliance will focus on new curriculum development and continued support offered by USW in areas such as progression of CAVC students, staff development, access to USW's facilities, support with QAA reviews and opportunities for collaborative projects.
- The College is also partnering with USW, UWTSD and the Open University to deliver a number of projects which have been supported through the Higher Education Funding Council for Wales Strategic Investment Fund.

Principal risks, opportunities and uncertainties

As part of the strategic planning process the Executive Team undertakes a review of the risks that might impact on the achievement of the College's strategic objectives. In addition, each senior manager considers risks relating to their own area of responsibility.

These reviews consider the systems and procedures that already exist to mitigate any potential impact on the College of the identified risks, and define any additional actions that might be required to further reduce the likelihood or impact of the identified risks.

A risk register is maintained that records the key strategic risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks.

The Operational Executive Team considers risk management issues as part of each meeting and undertakes a formal review of the risk register every term that is reported to the Audit Committee.

Outlined below is a description of the principal risks that affect the College. Not all the risks are within the College's control, and other risks besides those listed below may also affect the College.

Learner enrolment

Enrolment and retention of learners represents an ongoing risk and opportunity for the College, due to the potential impact on learner outcomes and Welsh Government funding.

Full-time enrolment levels in the 2022/23 academic year did not impact the College's Welsh Government funding allocations for that year or in the 2023/24 year, but will be taken into account in the allocations for 2024/25 and 2025/26.

Demand for part-time FE courses continues to recover towards pre-pandemic levels, but has remained challenging across the sector. Enrolment levels present an ongoing risk and opportunity: funding can be reclaimed if delivery is below the minimum threshold stipulated by Welsh Government, while over-enrolment, particularly in designated priority areas, is taken into consideration when future funding allocations are being reviewed.

The College's delivery of adult part-time courses funding by the Welsh Government's Personal Learning Account (PLA) scheme performed well in the year, with the College successfully bidding for additional funding (in addition to its normal allocation) to deliver 'green' and digital skills courses. In 2022/23, the College's PLA funding allocation will revert to its core allocation, although demand remains strong should additional funding be made available by the Welsh Government.

Enrolment on the College's higher education courses remains subject to increased pressure and uncertainty, in line with the increased availability of places in university full degree courses due partly to a decline in international student numbers since the pandemic. The College continues to explore potential growth opportunities elsewhere in the field of higher education to address future skills gaps highlighted by employers in the region.

Principal risks, opportunities and uncertainties (continued)

Financial pressure

The College currently faces substantial financial pressure linked to several factors, most significantly ongoing high inflation, including the residual impact of energy cost inflation widely reported in autumn 2022.

The future outlook for the post-16 and work-based learning sectors - along with the public sector as a whole – is likely to be even more challenging: as part of its budget planning process for 2024/25, the Welsh Government has indicated that financial pressure linked to recent high inflation and consequent public sector pay settlements is such that substantial funding reductions in the FE, WBL and wider public sector will be necessary.

Accordingly, the Welsh Government is currently reviewing arrangements for how colleges are funded going forward, in the context of significant geographic variability of demographic growth in Wales.

The College, along with the wider sector, is actively participating in that review, which will need to consider how to allocate funding equitably to enable colleges to respond to changes in demand arising from demographic change, while also avoiding destabilising the sector by returning to previous funding methodologies that could result in large swings in funding for individual colleges from year to year.

The College's financial strategy and cash reserves provide the College with some short-term resilience in the face of the above pressures, but clearly difficult decisions may be necessary in future to mitigate the impact in the longer term.

In November 2023 the Joint Trade Unions "noted" the 2023/24 pay offer of 5% for all staff, backdated to 1st August 2023. The cost of this settlement for the College in 2023/24 is largely offset by an increase in core grant funding received by Welsh Government during the year, although, as noted above, future funding allocations remain subject to uncertainty.

Teachers' Pension Scheme

As well as inflationary and funding pressure, the College is also anticipating a significant cost increase in forthcoming years relating to the Teachers' Pension Scheme, following the recent valuation of the scheme by the Department for Education, which will result in a significant increase to employers' contribution rates from April 2024. The revised contribution rate of 28.68% (an increase of five percentage points) will result in the College incurring additional unfunded costs of around £0.9million per year. Without additional funding, this would severely impact the College's financial position and require further changes to our underlying business model in order to enable provision and jobs to be protected in the future.

Commission for Tertiary Education and Research (CTER)

As Welsh Government continues to prepare for the opening of the Commission for Tertiary Education Research (CTER), there remains uncertainty over the governance, structure and role of FE Colleges in a reshaped post-16 sector.

CTER is a new body which will for the first time oversee higher education, further education, mainstream sixth form provision and work-based learning. CTER has now appointed a Chair and Chief Executive, although will not become fully operational until April 2024. There is still limited detail available regarding CTER's activities, strategy and priorities.

The College continues to monitor the situation and participate in stakeholder engagement activity in conjunction with Welsh Government and Colleges Wales.

Principal risks, opportunities and uncertainties (continued)

Work-based learning

2022/23 was a challenging year for the Welsh work-based learning sector (including the College and its subsidiaries Associated Community Training Limited (ACT) and Apprenticeship Learning Solutions Limited (ALS), with many providers unable to deliver apprenticeships up to full contract allocations. These challenges stemmed from a number of factors, including substantial barriers to recruitment of apprenticeships by employers due to stringent eligibility criteria that were in place for most of the year.

In June 2023, following discussions with sector representatives, the Welsh Government confirmed a substantial relaxation of eligibility criteria that should remove many of the previous barriers and put providers in a far stronger position to deliver apprenticeship contracts in 2023/24. In the context of the Welsh Government's challenging target to create 125,000 all-age apprenticeships, the sector continues to work with Welsh Government to explore solutions to barriers to apprenticeship recruitment that remain in certain sectors.

As outlined above, the College is anticipating its work-based learning activities to be subject to increased funding risk in forthcoming years, with widely reported financial pressures currently faced by the Welsh Government expected to have a substantial impact on future work-based learning contract allocations.

Developing resilience and new sources of funding

In recent years the College has implemented a strategy of improving resilience through the acquisition of the ACT group in 2016/17 and Apprenticeship Learning Solutions Limited (ALS) in 2017/18. This strengthened the group's position as the leading provider of apprenticeships in Wales, and reduced reliance on its core FE funding grant.

The College has continued to proactively engage with new initiatives to further develop skills and opportunities for individuals, employers and communities.

It is recognised that there is a risk, when investing in new markets and opportunities, that not all such opportunities will deliver returns. To mitigate this risk and provide appropriate governance of these activities they are subject to review and monitoring by a sub-committee of the Governing Body.

Reinforced autoclaved aerated concrete (RAAC) building materials

In common with many buildings of a similar age, RAAC is present in a small and isolated area of the College's Barry Campus.

The College has taken the proactive step of temporarily closing a very small number of rooms in Barry Campus to all staff and learners as a precautionary measure. A review undertaken by a structural engineer found no indication of failure and no immediate action required. To further ensure the health and safety of all College staff and learners, further precautionary measures were put in place for teaching and learning to continue safely in these rooms.

Principal risks, opportunities and uncertainties (continued)

Vale Campus project

During the year the College continued to progress plans to replace the ageing accommodation in the Vale of Glamorgan as part of the Welsh Government's Sustainable Communities for Learning Mutual Investment Model (MIM) programme. The College is working with the Welsh Government and partners to deliver two new campuses – a general FE campus at Barry Waterfront Southern Innovation Quarter site, and an Advanced Technology Centre on a site close to the current ICAT site and Cardiff Airport; both campuses are currently due to open during the 2026/27 academic year.

During the year the Welsh Government approved the Outline Business Case for the project, which will now progress towards development and submission of a full business case for ministers to consider in the coming months.

If approved, the new Advanced Technology Centre will deliver an innovative curriculum, preparing learners for the future world of work and upskilling existing adult workers in key growth areas. These will include artificial intelligence (AI), composites, rapid prototyping and manufacture, advanced design, electronics and new approaches to net zero renewable technologies such as wind, wave, nuclear and e-fuels. It will also support the industries supporting and affected by this technology, including engineering, construction, building services and aerospace.

The general FE college in the Barry Waterfront Innovation Quarter will offer a wide range of vocational and career-focused courses for both young people and adults.

Post-Brexit funding

The post-Brexit funding landscape continues to represent a risk and opportunity for stakeholders who previously accessed European funding.

During the year the College was successful in securing Shared Prosperity Funding totalling some £5million to be delivered by March 2025. This includes delivery of 'Multiply' (adult numeracy programme) and the Cardiff Capital Region Cluster Development and Growth Programme, a strategically significant project for the region where the College was appointed as 'managing agent' for the skills aspect of the programme, following a competitive tender exercise.

The group's resources

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

The estate

The estate continues to evolve as a result of the implementation of the Estate Strategy; main developments in the year are outlined further below. The net book value of the freehold land and buildings at 31 July 2023 was £69.8million (2022: £71.2million).

CARDIFF AND VALE COLLEGE

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

REPORT OF THE GOVERNING BODY

The group's resources (continued)

Net assets and reserves

At 31 July 2023, the Group had net assets excluding pension liabilities of £43.1million (2021: £40.1million).

At 31 July 2023, the College had "cash-backed reserves" (as identified by the Welsh Government) of £8.2million (2022: £12.1million) that are available for use by the College. Cash-backed reserves differ from total reserves insofar as they exclude non-cash items (such as revaluation of fixed assets and pension liabilities) and reserves previously used for historic capital development projects.

The reduction in reported cash-backed reserves during the year has arisen mainly due to a £8million repayment of bank loans that matured during the year. The maturing loans were replaced with a new Revolving Credit Facility (RCF), which enables the College to draw down a further £11.5million of debt finance on demand, but is not included in the cash-backed reserve calculation.

The College's total cash-backed reserves of £8.2million comprise a restricted reserve of £1.5million and a further £3.0 million set aside to fund the non-Welsh Government-funded costs of the College's Vale campus development. The remaining reserve of £3.7million provides a financial reserve in line with Welsh Government guidance for the financial health of Colleges, complemented by the £11.5million RCF described above.

The Governing Body is satisfied that the current level of cash-backed reserves is appropriate, taking into consideration the following:

- The Welsh Government's financial health guidance for the FE sector recommends that Colleges hold a cash reserve equivalent to approximately one month's expenditure to provide financial resilience. Furthermore, the Governing Body considers it appropriate to hold increased cash reserves in this respect due to current cost inflation and economic uncertainty.
- Although most of the cost of the new Vale Campuses will be funded through the Mutual Investment Model (MIM), an increased cash reserve is required to fund certain costs that the College will need to fund itself over the next few years. These costs estimates have now increased to £6.3million from the original £4million estimate, and include the purchase of land, the College's 35% share of the cost of fixtures, fittings and equipment, and various professional fees and contingencies.
- The restricted reserve of £1.5million described above relates to the merger of the Vale of Glamorgan Training Association (VGTA) with Barry College in 2010. A condition of the merger was that the assets of the VGTA, including the reserves transferred to the College, must be used exclusively for the charitable objective of the VGTA – to advance the vocational preparation and training and the education of young people and adults.

People

During the year the Group employed an average of 1,210 staff (2022: 1,214) (expressed as full-time equivalents).

Reputation

The College, ACT and ALS have excellent reputations locally and nationally. Maintaining a quality brand is essential for the College's success at attracting students and developing external relationships.

Financial strategy

The Governing Body approved the financial strategy in June 2023 that set out the College's financial objectives to generate operational surpluses and net increases in cash to finance:

- ongoing activity;
- new investment;
- asset replacement;
- the estate strategy; and
- to maintain an appropriate financial reserve (where necessary).

The Governing Body is content that the philosophy of the strategy and the underlying objectives outlined above remain appropriate.

Over the past three years, despite prevailing uncertainty relating to the COVID-19 pandemic, the Governing Body agreed that the basic philosophy of the strategy, including the underlying objectives outlined above, remained appropriate in the medium and long term. It was, though, recognised that the underlying conditions would limit the extent to which the College could meet all the normal financial strategy targets in the short term.

Looking ahead to 2023/24 and beyond, while it is evident that the residual impact of the pandemic continues to be felt in some areas of the College's activities, the College is now focussed on completing its recovery to pre-pandemic financial performance, and has put in place a strategy that remains appropriate to support the College in delivering both a balanced budget in the short-term, and its medium- and long-term objectives, particularly with respect to the delivery of the new Vale Campus project.

Financial results

Group turnover for the year was £129.1million (2022: £118.3million) and EBITDA was £8.4million (2022: £9.0million). The Statement of Comprehensive Income shows an overall surplus for the year of £1.1million (2022: deficit of £1.6million).

To properly understand the financial results for the year there are three key elements to note:

Business as usual

Under the current funding methodology the College is funded for growth in full-time learner numbers, taking into account expected regional demographic changes, and thus addressing the Wales Audit Office's recommendation that funding be more closely linked with demand for FE in each area.

This means that the College's full-time learners are "fully funded", whereas in the past the College has had to subsidise its policy of "*not turning any learner away*". This provided the College with a solid foundation for its activities in the year, albeit in a challenging operating environment due to current financial pressures.

Financial results (continued)

Welsh Government support

In 2022/23, as in the prior year, the Welsh Government provided financial support to colleges and apprenticeship providers linked to additional financial pressures arising from high inflation and the residual impact of the pandemic on learners. Support received related to a wide range of activities, including:

- funding to support the sector with the impact of high inflation on essential consumable costs relating to the College's curriculum – for example, the College's vocational construction and building services courses were severely impacted by substantial increases in the cost of materials necessary to deliver those courses.
- funding to support additional learning, wellbeing and pastoral activities to support learners to successfully complete their programmes, recognising the residual impact of the pandemic on learners' foundations of knowledge, learning techniques and confidence in assessments.

Commercial and non-government-funded income streams

As referred to above, the College has invested significantly in diversifying its income streams to provide resilience and reduce reliance on government funding; examples include the College's retail, catering, nursery, facilities hire, commercial courses and international activities. Some of these activities continued to face challenging operating conditions during the year, due to factors such as inflation (retail) or the legacy of the pandemic (higher education, venue hire and international activities).

In the underlying context of funding pressure outlined above, further development and growth of non-government-funded activity remains an important element of the future College's financial strategy.

Subsidiary companies ACT and ALS performed well in the year, despite being impacted by the underlying challenges in apprenticeship contract delivery outlined above. These companies make gift aid payments to the College rather than the previous dividend payments to private shareholders, ensuring those funds can be invested in the Group's education and training activities.

Impact on the group's results of pension costs

The Group's results are significantly affected by the volatility arising from the accounting requirements for post-employment benefits set out in FRS 102. This accounting standard requires the College to account for the cost of its commitment to the Local Government Pension Scheme (LGPS) in respect of its business support staff. Accordingly, the charges to the income and expenditure account and the liabilities shown on the balance sheet are impacted by changes in actuarial assumptions and market movements in respect of the assets held by the pension scheme – both of which are outside the control of the College.

The 2022/23 accounting valuation shows a pension deficit for the College of £0.1million at 31 July 2023, a substantial reduction compared to the prior year (the deficit at 31 July 2022 was £17.0million). The reduction in the accounting deficit is due mainly to a reduction in the estimated present value of scheme liabilities, which has reduced as a result of increased yields on corporate bonds, upon which the discount rate is determined.

Impact on the group's results of pension costs (continued)

The fluctuations in the reported balance sheet liability are consistent with the experiences of many other participants in the LGPS. The College's lender is aware of this and has removed the net asset covenant test from the College's loan facility agreements. The Welsh Government has also indicated that balance sheet volatility arising from defined benefit schemes will be taken into account in their financial health assessment of the FE sector.

In considering the impact of these accounting requirements on the College's financial position it should be noted that pension liabilities are, by their nature, long term obligations and that in meeting these obligations the College makes the level of employer contributions to the pension scheme recommended by an independent qualified actuary.

Treasury management

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 treasury management policy set out in its financial regulations. Regular reports are made to the Finance and General Purposes Committee, and all borrowing requires the approval of the Governing Body.

The College's financial strategy provides a framework for the ongoing management of the College's ability to meet the repayments over the term of the loans and the interest rates on these loans have been fixed.

The College's loan agreements with Santander sets out a number of financial covenants including debt service and interest cost ratios to EBITDA and net assets levels, which are reported to and monitored by the Finance and General Purposes Committee. All covenant tests have been met with good headroom.

As described above, during the year the College repaid £8million of maturing term loan facilities from its cash reserves, replacing the loans with a Revolving Credit Facility, whereby debt funding can be drawn down on demand. This change is expected to result in a reduction in the College's interest cost in 2023/24, whilst preserving the College's availability of funding for investment or contingency purposes.

Cash flows and liquidity

The Group's cash balance at 31 July 2023 was £16.4million (2022: £27.9million). The reduction compared to prior year is largely due to the following:

- the £8million repayment of bank loans that matured during the year. As described above, the maturing loans were replaced with a new revolving credit facility (RCF) arrangement in addition to the £3.5million RCF already held. The College therefore currently holds a total RCF of £11.5m, none of which had been drawn at the year-end date.
- a number of short-term timing differences that unwound during the year, partly relating to normal working capital movements, and partly due to Welsh Government funding received prior to the start of the year that related to expenditure incurred during the year.

Net current assets at 31 July 2023 were £2.1million (2022: £4.8million), despite the use of cash reserves to repay the maturing bank loans, as described above. Net current assets also include a number of accounting liabilities that are not expected to be settled in the forthcoming year.

Capital developments

The College's ambitious estate strategy, which required an investment of some £98million over a ten-year period, is approaching completion.

The College's primary focus is now the replacement of ageing accommodation in the Vale of Glamorgan as part of the Welsh Government's Sustainable Communities for Learning Mutual Investment Model (MIM) programme. As outlined above, the College is working with the Welsh Government and partners to deliver two new campuses – a general FE campus at Barry Waterfront Southern Innovation Quarter site, and an Advanced Technology Centre on a site close to the current ICAT site and Cardiff Airport; both campuses are currently due to open during the 2026/27 academic year. The Governing Body has established a steering group to ensure the correct governance, support and oversight of the College's commitment to the MIM funding model and the continued strategic development of the two campuses.

As the existing estates strategy approaches completion, work also commenced during the year, through a procurement process, to appoint specialist consultants to develop a new ten-year estate strategy. This will need to focus more on underpinning the overarching College Strategic Plan by providing the quality, type and volume of accommodation, in the locations required, to deliver the curriculum in the context of the College's strategic priorities, and anticipated changes in skills delivery and demand over the ten-year period.

Other future developments

Alongside the ambitious capital developments described above, the College is working on a range of priorities both internally and externally that will shape the future direction of the College, its range of services for learners, employers and communities and its relationships with partners and stakeholders including:

- Continued emphasis on the wellbeing of staff and students, following the Governing Body's decision in 2021 to add Wellbeing as a new strategic priority. This area was overseen by the Health & Wellbeing Committee, with a membership comprising Governors, Executive Team members, student representatives and managers.
- The expansion and increased integration of the group's business development activities to meet the needs of employers and, where appropriate, utilise our expertise in conjunction with appropriate partners to provide commercial services overseas or attract international learners and businesses to the capital region;
- Establishment of a new higher education partnership with the University of Wales, Trinity St David with a focus on developing level 6 pathways in regional priority sector areas.
- Further integration of technology into the College's teaching, learning and other activities, in the context of 'Digital 2030', the Welsh Government's strategic framework for post-16 digital learning in Wales;
- Continued focus on positive learner outcomes and the core priorities of Quality, Efficiency, Growth and Wellbeing.

Payment performance

Creditor payment days, based on creditors at 31 July 2023, was 18 days (2022 – 17 days). During the current financial year, no interest charges were paid under The Late Payment of Commercial Debts (Interest) Act.

Welsh language and Welsh medium/bilingual provision

Cardiff and Vale College/ Coleg Caerdydd a'r Fro is proud to be Welsh. It believes that everyone has the right to communicate, receive services and learn through the medium of Welsh and is committed to providing that opportunity for its learners, employees and visitors. CAVC has a positive and robust approach to meeting its Welsh Language Standards requirements to ensure a positive bilingual service for all learners and the ability for all stakeholders to interact with the College in the language of their choice.

As the largest college group in Wales, CAVC aims to be sector leading in the provision of Welsh-medium and bilingual education and training. Its ambitious vision to grow high quality Welsh medium provision is increasing the number of learners undertaking a Welsh or bilingual module as part of their course; provides a bilingual learner journey and comprehensive offer of support; provides more opportunities for learners to develop their skills and increase their employability and sees more partnership working to grow opportunities for learners. The College works closely with Coleg Cymraeg Cenedlaethol to create opportunities which aim to inspire and increase engagement with learning through the medium of Welsh.

The College is proactive in undertaking activities and investing in opportunities that raise the profile of Welsh across all stakeholders in the region and provides a dedicated offer to support businesses in the development of their Welsh Language skills in a bid to increase the number of skilled, employable and bilingual people across the Capital Region and beyond.

Equality, diversity and inclusion

As an employer and a provider of education and training, the College will implement policies and procedures that meet the needs of our communities by promoting inclusion and addressing inequalities.

The College strives to challenge the patterns of discrimination and disadvantage that exist in society which have resulted in some groups being treated less favourably than others. The College has a responsibility to provide opportunities to individuals to achieve their potential in a safe and secure environment that is free of discrimination.

The College is committed to promoting equality of opportunity regardless of gender, age, disability, race, religion and belief, sexual orientation, gender reassignment, pregnancy and maternity and marriage/civil partnership and any other characteristic that is irrelevant to the person's learning or employment with us. All managers, staff, learners, contractors, visitors and others involved or engaged with the College have the responsibility to behave in a manner that respects and supports the ethos of our inclusive College and our commitment to fair opportunities for learning and employment. The College's Equality, Diversity and Inclusion Policy and its Strategic Equality Action Plan is published on its external website.

In 2022 the College won the Association of Colleges Beacon Award for Inclusive Leadership – placing CAVC at the forefront of the UK FE sector for encouraging an all-encompassing culture of equality, diversity and inclusion. The College has also maintained its prestigious Leaders in Diversity status for its commitment to equality, diversity and inclusion.

The College was the first Welsh college to become an affiliated member of the Black Leadership Group, and led a Welsh Government project to deliver a new suite of Anti-Racist Curriculum Modules for the FE sector.

Access

Extensive work has been undertaken across the College to ensure it is accessible for those with disabilities and impairments to meet the College's duty under the Equality Act as far as reasonably practical. This has included the provision of tactile surfaces, visual panels, alterations to toilet cubicle doors, Disability Discrimination Act compliant signage, accessible toilet alarms, increasing the number of hoists, networked fire door retainers, refuge intercom, nosings added to internal steps/stairs and lifts.

The improvements are those that have been considered to be classed as 'reasonable adjustments' with the intention of ensuring that all parts of the College are accessible as far as reasonably practical. However, where this has not been possible, issues have been identified and managed by adjusting College activities to ensure that this does not impact on any student, staff member or visitor.

The College has worked to prepare for the Additional Learning Needs and Educational Tribunal (Wales) Act ensuring all learners are able to access the learning itself. The College has implemented training to support universal provision and Person-Centred Practice, as well as making significant investment in assistive technology.

As part of its agreement to the Transgender Charter, the College has also undertaken an accessibility audit of all sites, making changes where necessary to improve access for transgender people within its community.

Employment of people with disabilities

The College considers all applications from people with disabilities, bearing in mind the aptitudes of the individuals concerned and has committed to the 'Disability Confident' core actions to support its approach to the recruitment of staff. Where existing employees become disabled, every effort is made to ensure that employment with the College is continued. The College's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees. An annual equalities plan is monitored by managers and governors.

Sustainability

The College continues to be committed to the Wellbeing and Future Generations (Wales) Act 2015 and all seven goals in its business and curriculum activities. It also remains committed to the Welsh Government's Sustainability Charter and has signed up to the Responsible Business Network.

The College has an environmental policy and energy and water management plan and during the year achieved reaccreditation on the Green Dragon Environmental Standard.

The College has undertaken a number of projects to improve its own "sustainability", including replacement of lighting with LED alternatives across much of the estate, installation of electrical vehicles charging points, recladding of buildings to increase energy efficiency and reduce carbon emissions, contributing to the Cardiff Heat network, reduction of single use plastics and a palm oil audit.

As part of the first wave of projects funded by the new Mutual Investment Model, the Welsh Government is aiming to deliver the College's two new vale campuses in line with net zero carbon targets.

Oversight of the College's work on sustainability is included within the remit of the new Governing Body Health and Wellbeing Committee described above.

CARDIFF AND VALE COLLEGE

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

REPORT OF THE GOVERNING BODY

Streamlined energy and carbon reporting

The College's greenhouse gas emissions and energy use for the period calculated in line with the 2019 UK Government Environmental Reporting Guidelines, the Greenhouse Gas Reporting Protocol – Corporate Standard, and the 2021 UK Government's Conversion Factors for Company Reporting are as follows:

UK greenhouse gas emissions and energy use data for the period	2023	2022
Energy consumption used to calculate emissions (kWh)	7,639,752	7,885,440
Scope 1 emissions in metric tonnes CO ₂ e		
Gas consumption	826	886
Owned transport	-	-
Total	826	886
Scope 2 emissions in metric tonnes CO ₂ e		
Purchased electricity	601	647
Scope 3 emissions in metric tonnes CO ₂ e		
Business travel in employee-owned vehicles	89	Not available
Total gross emissions in metric tonnes CO₂e	1,516	1,533
Intensity ratio		
Metric tonnes CO ₂ e per FTE	1.1	1.3

Governance

The College's current Articles, Instruments, Governing Body and sub-committee structure were introduced in 2015 following a comprehensive review of its Governance arrangements in light of the publication of the Further and Higher Education (Governance and Information) (Wales) Act 2014.

This review incorporated the new legislation, consideration of models of best practice in the sector, the previous recommendations of the Humphreys review of Governance and the needs of the College going forward.

Staff pay and remuneration

The Governing Body recognises that the success of the College is based on the hard work and contribution of its staff and that it is essential that they are rewarded fairly and reasonably, within the confines of relevant national agreements and legislation and subject to affordability. The Governing Body also recognises the importance of transparency and equality in decisions regarding pay and remuneration and complies with requirements to publish information on such matters which are included either in these financial statements or in separate reports available on the College website.

Staff pay and remuneration (continued)

The following arrangements are in place regarding staff pay and remuneration:

- As part of the National Agreements in place between Colleges Wales as the employer representative and the Joint Trade Unions all staff directly employed by the College are:
 - employed on 'common contracts' agreed with the Joint Trade Unions under which staff are entitled to pension and holiday arrangements that represent a substantial part of their total remuneration;
 - paid, as a minimum, in line with Living Wage Foundation guidelines;
 - receive annual pay awards arising from national Welsh FE sector negotiations with the Joint Trade Unions; and
 - in respect of teaching staff, are paid on a common pay scale with nationally agreed procedures for incremental increases up that pay scale.
- In respect of business support staff, in the absence of a national pay scale or grading system, the College some years ago implemented in consultation and agreement with local trade union representatives a job evaluation process.
- Any new roles that are established that fit outside of the business support job evaluation process are assessed by reference to current local pay rates (taking into consideration the value of the pension and holiday entitlement) and where appropriate relevant salary benchmarking services.
- The Governing Body has established a Remuneration Committee to consider the remuneration of senior post holders including the Clerk to the Corporation. The membership of this Committee is set out on page 21 and includes an independent, external non-Governor. In respect of the operation of this committee:
 - There are currently seven designated senior post holders (including the Clerk to the Corporation);
 - In addition to the independent external member, the Committee receives advice from the College's HR function; The Committee's decisions are informed by appropriate independent salary benchmarking services; and
 - None of the senior post holders (including the Clerk to the Corporation) are involved in the discussions of their remuneration.

CARDIFF AND VALE COLLEGE

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

REPORT OF THE GOVERNING BODY

Members of Cardiff and Vale College Further Education Corporation

The members who, unless otherwise stated, served the Cardiff and Vale College Further Education Corporation for the period from 1 August 2022 to the date of signing of the financial statements are shown below.

Member	Appointment status	Date of appointment (A) / resignation (R)	Committees served
Mr G Evans Chair of Corporation	Governor		Chair of - R, SG, FGP, V
Prof D Saunders Vice Chair of Corporation	Governor		CQSA (Chair), R, SG
Mr A Abdi	Governor		CQSA
Mr D Austin	Governor		FGP (Chair), R (from Jan 23), V
Ms R Birch	Local Authority Governor - Vale	A – Oct 22	CQSA
Dr F Cowe	Governor		CQSA
Dr M Davies	Governor		A (Chair)
Ms R Davies	Business Support Staff Governor		FGP, CQSA, HW
Mrs S Evans	Governor		FGP
Mrs M Foster	Governor		FGP, R, SG, V
Ms N Hodgkinson	Academic Staff Governor		FGP, CQSA, HW
Ms R Huws Williams	Governor		A (resigned Dec 22), HW
Mr D James	Governor		FGP, V
Mr M James	Group Chief Executive		FGP, CQSA, HW, V
Mr I Morris	Governor		HW (Chair)
Mrs S Nawaz	Governor		HW
Mr D Reeves	Governor		A
Mr J Taylor	Governor		A, HW
Mr R Thomas	Governor	R – Nov 22	FGP, V
Mrs S Merry	Local Authority Governor - Cardiff		CQSA
Ms S Teixeira	Student Governor	A – Sep 23	CQSA, HW
Ms S Morgan	Student Governor	A – Nov 22 R – Jun 23	CQSA, HW
Miss L Hughes	Student Governor	A – Nov 22 R – May 23	CQSA, HW
Mr K Lewandowski	Student Governor	A – Mar 23 R – Jul 23	CQSA, HW

During the period from 1 August 2022 to the date of signing of the financial statements the Governing Body had the following sub-committees:

- Finance and General Purposes (FGP)
- Remuneration (R)
- Search and Governance (SG)
- Curriculum, Quality and Student Affairs (CQSA)
- Audit (A)
- Health and Wellbeing Committee (HW)
- The Vale Campus Steering Group (V)

In addition to the governors listed above, Mr Phil Jardine serves as the independent member of the Remuneration Committee.

CARDIFF AND VALE COLLEGE**CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023****REPORT OF THE GOVERNING BODY**

Members of Cardiff and Vale College Further Education Corporation (continued)

In addition to the full members of the Governing Body set out above, the following individuals were co-opted members of Governing Body sub-committees:

	Committee Membership			
	FGP	CQSA	Audit	HW
Ms V Compton			√	
Mr B Davies		√	√	
Ms L Farrow			√	
Mrs H Ferguson		√		√
Dr I Graham				√
Mr J Harper (resigned Sep 23)		√		√
Ms K Patel	√			√
Ms S Scarlett (appointed Oct 22)		√		
Mr J Angell (appointed Mar 23)		√		
Mr A Thomas (appointed Jan 23)			√	

A record of governor attendance at meetings can be found on page 28.

With the exception of the Group Chief Executive, governors serve on a voluntary basis and are not remunerated. Information on expenses reimbursed to members of the Corporation is contained in note 8 to the financial statements.

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.



Mr G D Evans
Chair of Governing Body

Mr M James
Group Chief Executive

5 December 2023

CARDIFF AND VALE COLLEGE

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

STATEMENT OF THE GOVERNING BODY'S RESPONSIBILITIES

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

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

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

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

The Governing Body is also required to prepare a Report of the Governing Body (also known as a Members' Report), which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the College.

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

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

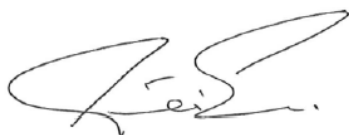
CARDIFF AND VALE COLLEGE

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

STATEMENT OF THE GOVERNING BODY'S RESPONSIBILITIES

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 to safeguard public and other funds and 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 other public bodies are not put at risk.

Approved by order of the members of the Governing Body on 5 December 2023 and signed on its behalf by:



Mr G D Evans
Chair of the Governing Body

5 December 2023

CORPORATE GOVERNANCE

The College is committed to exhibiting best practice in all aspects of corporate governance.

This summary describes the manner in which the Institution has applied the principles set out in the UK Corporate Governance Code 2018 (the Code) in so far as they apply to the further education sector. Its purpose is to help the reader of the financial statements understand how the principles have been applied.

Following the publication of the Further and Higher Education (Governance and Information) (Wales) Act 2014, the Governing Body undertook a comprehensive review of its governance arrangements. This review incorporated the new legislation, consideration of models of best practice in the sector, the previous recommendations of the Humphreys review of Governance and the needs of the College going forward.

This review culminated in the appointment of new members to the Governing Body and a revised governance structure effective from 1 August 2015.

During the year the Governing Body has reviewed and considered its operation and further developments in best practice, including Colleges Wales' Guide for Governors, and, where appropriate to the needs of the College, adopted changes to support the continued development of its governance arrangements.

In the opinion of the Governors, Cardiff and Vale College complied 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.

The Corporation

The composition of the Cardiff and Vale College Further Education Corporation during the year ended 31 July 2023 is set out on pages 21 to 22; a record of governor attendance at meetings is included below. It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Corporation was provided with regular and timely information on the overall financial performance of the Institution together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues.

The Corporation conducted its business through a number of committees. Each committee had terms of reference, which had been approved by the Corporation. These committees were as follows:

- Finance and General Purposes
- Curriculum, Quality and Student Affairs
- Remuneration
- Search and Governance
- Audit
- Vale Campus Steering Group
- Health and Wellbeing

CORPORATE GOVERNANCE (continued)

The Corporation (continued)

All governors were able to take independent professional advice in the furtherance of their duties at the Institution's expense and had access to the Clerk of the Corporation, who was responsible to the Board for ensuring that all applicable procedures and regulations were complied with. The appointment, evaluation and removal of the Clerk were matters for the Corporation as a whole.

All governors received mandatory training on induction, and regular updates and training sessions during the year, through a formal annual training session and further ad-hoc sessions as appropriate.

The Clerk continued to take an active role in the Clerks/Governance Officers Network for Wales, and through this network was able to share and access sector-wide best practice, and current advice and guidance on a range of topics. The Clerk also maintained their mandatory continuous professional development in line with College requirements.

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

The Corporation had a strong and independent non-executive element and no individual or group dominated its decision making process. The Corporation considered that each of its non-executive members was independent of management and free from any business or other relationship, which could have materially interfered with the exercise of their independent judgement.

There was a clear division of responsibility in that the roles of the Chair and Group Chief Executive were separate.

Performance of the Corporation

The Corporation has undertaken an assessment of its own effectiveness as part of the group-wide annual self-assessment process.

The Corporation considers its governance arrangements during the year to have been effective, with timely decision-making and strategic oversight, and governor meeting attendance (detailed below) remaining at over 90%.

The annual report of the internal auditors concluded that the College has an "adequate and effective" framework for risk management, governance and internal control, and recommended "further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective".

The College, in conjunction with the internal auditors and Audit Committee, continues to explore ways in which its internal control arrangements can be further strengthened, including addressing and building on the findings and recommendations of internal audit reviews.

CORPORATE GOVERNANCE (continued)

Remuneration Committee

Throughout the year ended 31 July 2023, the Remuneration Committee comprised the members who are identified on page 21. The committee's responsibilities were to make recommendations to the Board on the remuneration and benefits of the Group Chief Executive and other senior post-holders.

Details of senior post-holders' remuneration for the year ended 31 July 2023 are set out in note 8 to the financial statements.

Appointments to the Corporation

Any new appointments to the Corporation were a matter of consideration of the Corporation as a whole. The Corporation has a Search and Governance Committee which is comprised of the members who are identified on page 21 and were responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation was responsible for ensuring that appropriate training was provided as required.

Since the Governing Body restructure in 2015, Members of the Corporation are appointed for a term of office not exceeding three years and, subject to the usual approvals, given the option to continue for subsequent three year terms. Any Governors appointed since this time have their terms of office run in line with their start dates, and, under the same approvals, are also given the option to continue.

Audit Committee

The Audit Committee comprised two members of the Corporation and at least three co-opted members as identified on pages 21 to 22. The committee operated in accordance with written terms of reference approved by the Corporation.

The Audit Committee met four times during the year and provided a forum for reporting by the Institution's internal and external auditors, who had access to the committee for independent discussion, without the presence of Institution management. Committee member attendance at meetings is shown below.

The College's internal auditors monitored 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 Committee.

Management was responsible for the implementation of agreed audit recommendations and internal audit undertook periodic follow up reviews to ensure such recommendations had been implemented. The Audit Committee also advised the Corporation on the appointment of internal and external auditors and their remuneration for both audit and non-audit work.

CARDIFF AND VALE COLLEGE

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

CORPORATE GOVERNANCE AND INTERNAL CONTROL STATEMENT

CORPORATE GOVERNANCE (continued)

Governor attendance at meetings

The number of meetings, including sub-committees, attended by governors and committee members who held office during the year is shown below. Where governors and committee members are unable to attend meetings, they receive papers for that meeting giving them the opportunity to raise any questions or issues with the Chair in advance of the meeting.

	Main board	CQSA	FGP	HW	A	V	R	SG
Total meetings held	9	4	5	3	4	2	2	1
Full governors								
Mr G Evans	9		5			2	2	1
Prof D Saunders	8	4					1	1
Mr A Abdi	2	1						
Mr D Austin ¹	9		5			2	1	1
Cllr R Birch ²	8	2						
Dr F Cowe	7	4						
Dr M Davies	9				4			
Ms R Davies	9	3	2	3				
Ms S Evans	8		5				1	
Mrs M Foster	9		4			2	1	1
Ms N Hodgkinson	8	3	5	3				
Miss L Hughes ³	0	0						
Ms R Huws Williams ⁴	8			3	2			
Mr D James	6		5			2		
Mr M James	9		5			2	2	1
Mr M K Lewandowski ⁵	1	1		0				
Mr S Morgan ⁶	2	1		1				
Cllr S Merry	7	3						
Mr I Morris	7			3				
Mrs S Nawaz	6			2				
Mr D Reeves	7				4			
Mr J Taylor	9			2	4	1		
Mr R Thomas ⁷	0		0					
Co-opted governors								
Mr J Angell ⁸		1						
Ms V Compton					2			
Mr B Davies		4			4			
Ms L Farrow					4			
Mrs H Ferguson		0		0				
Dr I Graham				1				
Mr J Harper		0		3				
Miss K Patel			3	1				
Mrs S Scarlett ⁹		3						
Mr A Thomas ¹⁰					2			
Independent members								
Mr P Jardine							2	

¹ Mr D Austin was appointed to the Remuneration and Search & Governance Committees in January 2023.

² Cllr R Birch was appointed in October 2022.

³ Miss L Hughes served as governor from November 2022 to May 2023.

⁴ Ms R Huws-Williams served on the Audit Committee until December 2022.

⁵ Mr K Lewandowski served as governor from March 2023 to July 2023.

⁶ Mr S Morgan served as governor from November 2022 to June 2023.

⁷ Mr R Thomas resigned in November 2022.

⁸ Mr J Angell was appointed in March 2023.

⁹ Mrs S Scarlett was appointed in October 2023.

¹⁰ Mr A Thomas was appointed in January 2023.

CQSA - Curriculum, Quality and Student Affairs (CQSA); FGP - Finance and General Purposes; HW - Health and Wellbeing Committee; A - Audit; V - Vale Campus Steering Group; R - Remuneration; SG - Search and Governance

INTERNAL CONTROL

Scope of responsibility

The Corporation was ultimately responsible for the Institution'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 Group Chief Executive, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the Institution's policies, aims and objectives, whilst safeguarding the public funds and assets for which the Group Chief Executive is personally responsible, in accordance with the responsibilities assigned to the Group Chief Executive in the Financial Memorandum between Cardiff and Vale College and the Welsh Government. The Group Chief Executive was 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 eliminate all risks of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Institution 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 Cardiff and Vale College for the year ended 31 July 2023 and up to the date of approval of the annual report and financial statements. No significant internal control weaknesses or failures arose during the year.

Capacity to handle risk

The Corporation through the work of the Audit Committee has reviewed the process for identifying and monitoring the key risks to which the Institution was exposed together with the operating, financial and compliance controls that have been instigated to mitigate those risks. The Corporation is of the view that there was a formal ongoing process for identifying, evaluating and managing the Institution's significant risks that had been in place for the year ended 31 July 2023.

The risk and control framework

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

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

INTERNAL CONTROL (continued)

The risk and control framework (continued)

The Corporation engaged RSM to provide internal audit services and they operate in accordance with the requirements of the Welsh Government. The work of the internal audit service was informed by an analysis of the risks to which the Institution was exposed, and annual internal audit plans were based on this analysis. The analysis of risks and the internal audit plans were endorsed by the Corporation on the recommendation of the Audit Committee. Annually, the Internal Auditors provide the Corporation with a report on internal audit activity in the Institution. The report included the Internal Auditors' independent opinion on the adequacy and effectiveness of the Institution's system of risk management, controls and governance processes.

The annual report of the internal auditors concluded that the College has an "adequate and effective" framework for risk management, governance and internal control, and noted "further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective".

The College, in conjunction with the internal auditors and Audit Committee, continues to explore ways in which its internal control framework can be further strengthened, including addressing and building on the findings and recommendations of internal audit reviews.

The Corporation is satisfied that the internal control framework outlined above meets its obligations in respect of the following:

- the Corporation's statutory responsibility for 'the effective and efficient use of resources, the solvency of the institution and the corporate body and the safeguarding of their assets' (as required by Section 5(3)(c) of Part 2 of Schedule 4 of the Further and Higher Education Act 1992, as amended; and
- the Corporation's contractual responsibilities under its funding agreements and contracts with the Welsh Government.

Review of effectiveness

As Accounting Officer, the Group Chief Executive of Cardiff and Vale College has responsibility for reviewing the effectiveness of the system of internal control. The Group Chief Executive's review of the effectiveness of the system of internal control was informed by:

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

The Group Chief Executive was advised on the implications of the result of his review of the effectiveness of the system of internal control by the audit committee, which oversees the work of the internal auditor, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

INTERNAL CONTROL (continued)

Review of effectiveness (continued)

The executive team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The executive team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement.

The Audit Committee's role in this area was confined to a high level review of the arrangements for internal control. The Corporation's agenda included consideration of risk and control and received reports thereon from the executive team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance not merely reporting by exception.

At its meeting on 5 December 2023, the Corporation carried out the annual assessment for the year ended 31 July 2023 by considering the Audit Committee's annual report, the internal audit annual report, the external audit report to management and supporting documentation from officers. Based on this information, the Corporation is of the opinion that the College has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for "the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets".

Statement from the Audit Committee

The Audit Committee has considered the reports presented to it by the internal and external auditors during the year and up to the date of the approval of the financial statements, along with the findings of other work undertaken by the Committee as set out in its annual report. Based on this information, the Audit Committee is satisfied that the Governing Body, in discharging its responsibilities, may rely on the College's risk management, internal control and governance processes.

Going Concern

After making appropriate enquiries, the Corporation considers that the Institution has adequate resources to continue in operational existence for at least 12 months from the date of these financial statements. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further information on the use of the going concern basis is contained in note 1 to the financial statements.



Mr G D Evans
Chair of the Governing Body

Mr M James
Group Chief Executive

5 December 2023

CARDIFF AND VALE COLLEGE

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

Accounting officer's statement on the Corporation's regularity, propriety and compliance with Funding body terms and conditions of funding

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

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Welsh Government.

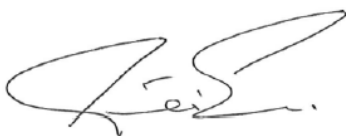


Mr M James
Accounting Officer

5 December 2023

Statement of the Chair of Governors

On behalf of the College, I confirm that the Accounting Officer has discussed their statement of regularity, propriety and compliance with the board and that I am content that it is materially accurate.



Mr G D Evans
Chair of Governors

5 December 2023

CARDIFF AND VALE COLLEGE

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF CARDIFF AND VALE COLLEGE

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS – AWAITING FINAL WORDING FROM KPMG

Opinion

We have audited the financial statements of Cardiff and Vale College ("the College") for the year ended 31 July 2023 which comprise the Consolidated and College Statement of Comprehensive Income, the Consolidated and College Statement of Changes in Reserves, the Consolidated and College Balance Sheets, the Consolidated Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the College's affairs as at 31 July 2023, and of the Group's and the College's income and expenditure for the year then ended; and
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Governing Body has prepared the financial statements on the going concern basis as it does not intend to liquidate the Group or the College or to cease their operations, and as it has concluded that the Group and the College's financial position means that this is realistic. It has also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Governing Body's conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and College's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Governing Body's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Governing Body's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the College's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the College will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Governing Body, the Audit Committee and internal audit as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading the Governing Body and Audit Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet loan covenants, we perform procedures to address the risk of management override of controls and the risk that Group management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of the Group-wide fraud risk management controls.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those journals posted to revenue and cash accounts with the corresponding entry being posted to unusual accounts and seldom used accounts.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Governing Body and other management (as required by auditing standards) and discussed with the Governing Body and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the College is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related further education legislation, including the Accounts Direction for Further Education Colleges in Wales issued by Welsh Government), and pensions legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: compliance with further education regulatory requirements of the Welsh Government recognising the nature of the Group's and College's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the

CARDIFF AND VALE COLLEGE

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF CARDIFF AND VALE COLLEGE

directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Governing Body is responsible for the other information, which comprises the Report of the Governing Body the Statement of Corporate Governance and Internal Control, Statement of Regularity, Propriety and Compliance. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Governing Body responsibilities

As explained more fully in its statement set out on page 23, the Governing Body is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; assessing the Group and parent 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 it either intends to liquidate the Group or the parent College or to cease operations, or has no realistic alternative but to do so. The Governing Body is also responsible such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

CARDIFF AND VALE COLLEGE

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF CARDIFF AND VALE COLLEGE

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We are required to report on the following matters under the Further Education Audit Code of Practice 2015 (effective 1 August 2014) issued by the Welsh Government under the Learning and Skills Act 2000.

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;
- funding received from the Welsh Government (and other bodies and restricted funds where appropriate) has been applied in accordance with the Financial Memorandum between the Welsh Government and further education institutions; and
- the financial statements meet the requirements of the Accounts Direction for Further Education Colleges in Wales 2022/23 issued by Welsh Government.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Governing Body in accordance with paragraph 18 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the Governing Body those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the Governing Body for our audit work, for this report, or for the opinions we have formed.

Rees Batley

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

3 Assembly Square

Britannia Quay

Cardiff

CF10 4AX

6 December 2023

CARDIFF AND VALE COLLEGE
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023
CONSOLIDATED AND COLLEGE STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 July 2023		Year ended 31 July 2022	
	Note	Consolidated £'000	College £'000	Consolidated £'000	College £'000
Income					
Welsh Government grants	2	114,440	75,331	105,441	67,585
Tuition fees and education contracts	3	4,623	2,966	4,418	3,086
Other income	4	9,519	7,166	8,481	6,329
Investment income	5	558	558	40	40
Gift aid income from subsidiaries	6	-	3,492	-	3,453
Total income		129,140	89,513	118,380	80,493
Expenditure					
Staff costs	7	60,996	47,906	57,088	44,607
Other operating expenses	9	57,832	31,070	53,743	29,086
Depreciation and Impairment	12	5,079	4,758	4,629	4,242
Amortisation and impairment	11	2,118	169	2,365	168
Interest and other finance costs	10	1,987	1,947	2,181	2,153
Total expenditure		128,012	85,850	120,006	80,256
Surplus/(Deficit) before tax		1,128	3,663	(1,626)	237
Taxation	21	-	-	-	-
Surplus/(Deficit) for the year		1,128	3,663	(1,626)	237
Actuarial gain in respect of pension schemes	20	18,960	18,960	27,000	27,000
Total comprehensive income for the year		20,088	22,623	25,374	27,237

All items of income and expenditure relate to unrestricted income. The notes on pages 41 to 73 form part of these financial statements.

CARDIFF AND VALE COLLEGE

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

CONSOLIDATED AND COLLEGE STATEMENT OF CHANGES IN RESERVES

	Income and expenditure reserve		Revaluation reserve	Total reserves
	Restricted (note 25)	Unrestricted		
	£'000	£'000	£'000	£'000
<u>Group</u>				
At 1 August 2022	1,525	14,575	7,020	23,120
Surplus for the year	-	1,128	-	1,128
Other comprehensive income	-	18,960	-	18,960
	-----	-----	-----	-----
Total comprehensive income for the year	-	20,088	-	20,088
Transfers between income and expenditure and revaluation reserve	-	134	(134)	-
	-----	-----	-----	-----
At 31 July 2023	1,525	34,797	6,886	43,208
	-----	-----	-----	-----
<u>College</u>				
At 1 August 2022	1,525	24,478	7,020	33,023
Surplus for the year	-	3,663	-	3,663
Other comprehensive income	-	18,960	-	18,960
	-----	-----	-----	-----
Total comprehensive income for the year	-	22,623	-	22,623
Transfers between income and expenditure and revaluation reserve	-	134	(134)	-
	-----	-----	-----	-----
At 31 July 2023	1,525	47,235	6,886	55,646
	-----	-----	-----	-----

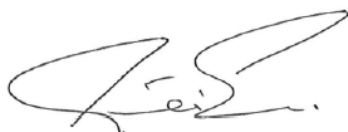
CARDIFF AND VALE COLLEGE

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

CONSOLIDATED AND COLLEGE BALANCE SHEETS

	Note	As at 31 July 2023		As at 31 July 2022	
		Consolidated £'000	College £'000	Consolidated £'000	College £'000
Fixed assets					
Intangible assets and goodwill	11	5,125	141	7,243	310
Tangible assets	12	80,253	79,186	82,669	81,440
Investments	13	-	20,098	-	19,098
		-----	-----	-----	-----
		85,378	99,425	89,912	100,848
		-----	-----	-----	-----
Current assets					
Stock		16	-	12	-
Trade and other receivables	14	10,571	5,056	6,363	2,634
Cash and cash equivalents		16,440	16,460	27,863	27,397
		-----	-----	-----	-----
		27,027	21,516	34,238	30,031
Creditors - amounts falling due within one year	15	(24,909)	(21,190)	(29,409)	(26,521)
		-----	-----	-----	-----
Net current assets		2,118	326	4,829	3,510
		-----	-----	-----	-----
Total assets less current liabilities		87,496	99,751	94,741	104,358
Creditors - amounts falling due after more than one year	16	(43,380)	(43,259)	(54,014)	(53,790)
Provisions					
Pension provisions	20	(110)	(110)	(16,960)	(16,960)
Other provisions	21	(798)	(736)	(647)	(585)
		-----	-----	-----	-----
Total net assets		43,208	55,646	23,120	33,023
		-----	-----	-----	-----
Restricted reserves					
Income and expenditure reserve – restricted	25	1,525	1,525	1,525	1,525
Unrestricted reserves					
Income and expenditure reserve - unrestricted		34,797	47,235	14,575	24,478
Revaluation reserve		6,886	6,886	7,020	7,020
		-----	-----	-----	-----
Total reserves		43,208	55,646	23,120	33,023
		-----	-----	-----	-----

The financial statements were approved by the members of the Cardiff and Vale Further Education Corporation on 5 December 2023 and signed on its behalf by:



Mr GD Evans
Chair of the Governing Body



Mr M James
Group Chief Executive



Mr M C Roberts
Group Chief Operating Officer

The notes on pages 41 to 73 form part of these financial statements.

CARDIFF AND VALE COLLEGE

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Cash flow from operating activities		
Surplus/(Deficit) for the year	1,128	(1,626)
<i>Adjustments for:</i>		
Depreciation, amortisation and impairment	7,197	6,994
Amortisation of capital grants	(3,156)	(2,599)
Deferred government grants	(5,699)	3,127
Pension costs less contributions payable	1,570	3,920
Pension finance cost	540	650
Investment income	(558)	(40)
Interest payable	1,435	1,476
Loss on disposal of fixed asset	47	50
(Increase)/decrease in stock	(4)	7
(Increase)/decrease in debtors	(4,206)	1,135
Increase in creditors	1,975	1,941
Increase/(decrease) in provisions	151	(49)
	-----	-----
Net cash inflow from operating activities	420	14,986
	-----	-----
Cash flows from investing activities		
Investment income	558	40
Payments made to acquire fixed assets	(2,710)	(8,928)
Acquisition of subsidiary undertakings (note 13)	(276)	(584)
Capital grants received	2,353	6,980
	-----	-----
	(75)	(2,492)
	-----	-----
Cash flows from financing activities		
Interest paid	(1,428)	(1,462)
Interest element of finance lease rental payment	(7)	(14)
Repayments of amounts borrowed	(10,160)	(2,223)
Capital element of finance lease rental payment	(173)	(274)
	-----	-----
	(11,768)	(3,973)
	-----	-----
	-----	-----
(Decrease)/Increase in cash and cash equivalents in the year	(11,423)	8,521
	-----	-----
Cash and cash equivalents at beginning of the year	27,863	19,342
Cash and cash equivalents at end of the year	16,440	27,863

The notes on pages 41 to 73 form part of these financial statements.

1 STATEMENT OF ACCOUNTING POLICIES

Period of account

These financial statements have been prepared for the year from 1 August 2022 to 31 July 2023.

Basis of preparation

These financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the 2018 Statement of Recommended Practice – Accounting for Further and Higher Education ("the SORP"), the Accounts Direction 2021/22 issued by the Welsh Government, and Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102). The College is a public benefit entity and has applied the public benefit entity provisions of FRS 102. A summary of the more important accounting policies, which have been consistently applied unless stated otherwise, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

Going concern

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

The financial statements have been prepared on a going concern basis which the College considers to be appropriate for the following reasons.

The College has prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements. After reviewing these forecasts, the College is of the opinion that it will have sufficient funds to meet its liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

The cash flow forecast for the going concern assessment period considers a number of plausible downside scenarios, including the impact of increased energy costs, supply cost inflation, and the potential impact of a staff cost of living increase being agreed in excess of any associated government funding. These stress-tested forecasts indicate that the College has sufficient resources to be able to operate for a period of at least 12 months from the date of signing.

In addition to its cash reserves, the College's liquidity during the going concern assessment period is supported by a revolving credit facility of £11.5million and overdraft facility of £0.5million, both of which were not utilised at the balance sheet date or subsequently up to the date of signing.

Taking the above factors into consideration, the College is confident that it will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements, and therefore have prepared the financial statements on a going concern basis.

1 STATEMENT OF ACCOUNTING POLICIES (continued)

Basis of consolidation

The consolidated financial statements include the College and its subsidiaries ICAT Limited, CF10 Retail Limited, Associated Community Training Limited, Apprenticeship Learning Solutions Limited and South East Wales City Region ATA Limited. The results of any subsidiaries acquired or disposed of during the year are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated fully on consolidation. The activities of the student union have not been consolidated because the College does not control these activities.

Stocks

Stocks are stated at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow moving or defective stock.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances at the bank and in hand, and short term, highly liquid investments with a maturity of three months or less from the date of acquisition.

Recognition of income

Income from work-based learning grants, other non-capital Government grants, contracts, tuition fees and other services rendered is included to the extent of the completion of the contract or service concerned. For certain academic contracts, income is recognised only to the extent that learners have completed the appropriate assessment process for the qualification they are following, in accordance with external funding guidance to which these contracts are linked. All income from short term deposits is credited to the income and expenditure account in the year in which it is earned. The annual recurrent allocation from the Welsh Government which is intended to meet recurrent costs is credited direct to the income and expenditure account, while European Social Fund grants are accounted for when it is reasonably certain they will be received.

Government capital grants are held as deferred income and recognised over the expected economic life of the asset purchased in accordance with the "accrual method" permitted by FRS 102. In accordance with the requirements of the FE HE SORP any grants used for the purchase of land or received from a non-Government sources are recognised in income when the College is entitled to the funds and any performance related conditions have been met.

Post-employment benefits

Defined benefit scheme

The College's employees belong to two principal pension schemes, the Cardiff and Vale of Glamorgan Pension Fund (C&VPF) a scheme operating under the Local Government Pension Scheme (LGPS) (administration and support staff) and the Teachers' Pension Scheme (TPS) (academic staff). Both these schemes are defined benefit schemes.

Contributions to the TPS are charged to income and expenditure so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension costs are a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method.

1 STATEMENT OF ACCOUNTING POLICIES (continued)

Post-employment benefits (continued)

The TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. Actuarial valuations are undertaken 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 within staff costs as incurred. Net interest on the defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in the profit and loss account. Actuarial gains and losses are recognised immediately in other comprehensive income.

Defined contribution schemes

The Group operates three defined contribution schemes for employees of subsidiary companies. Contributions payable to the Group's defined contribution pension schemes are charged to profit or loss in the period to which they relate.

Short term employment benefits

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

Enhanced pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the College annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the College's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the methodology directed by the Welsh Government.

Non-current assets - tangible fixed assets

Freehold land

As permitted under FRS 102 first-time adoption rules, certain of the College's freehold land assets were revalued as at 1 August 2014 and are stated in the balance sheet at deemed cost following that revaluation. All other freehold land assets are included in the balance sheet at cost. Freehold land is not depreciated.

CARDIFF AND VALE COLLEGE

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

NOTES TO THE FINANCIAL STATEMENTS

1 STATEMENT OF ACCOUNTING POLICIES (continued)

Non-current assets - tangible fixed assets (continued)

Buildings

The College's buildings are specialised and, therefore, it is not appropriate to value them on the basis of open market value. Buildings inherited from the Local Education Authority are stated in the balance sheet on the basis of depreciated replacement cost at the date of transfer to the legacy colleges on incorporation on 1 April 1993.

Buildings acquired since incorporation of the legacy colleges are included in the balance sheet at cost, less accumulated depreciation.

All buildings currently owned by the College are held with a primary purpose of supporting education in accordance with the College's charitable status and its estate strategy. Accordingly, buildings are deemed to be held for social benefit and accounted for as an item of property, plant and equipment as required by the SORP. The College may, from time to time, rent unused space within its estate to third party tenants. All such arrangements currently in place and planned in the foreseeable future are short-term arrangements and, as such, consistent with the building's long-term primary purpose of supporting education.

Freehold buildings are depreciated on a straight line basis to their anticipated residual values over the expected useful economic life of the main components of the building:

- Older buildings where the main components have not been separately identified: 40-60 years;
- Newer buildings:

	Years
Building shell	80 – 110
Building finishes	15 – 36
Building envelope	36 – 86
Building services systems	25 – 47
Fixed equipment	5 – 20

Building adaptations are depreciated over periods of between 5 and 25 years dependent upon the nature of the work.

Assets in the course of construction at the balance sheet date are not depreciated and remain un-depreciated until the asset is brought into use. Borrowing costs to finance the construction of buildings are capitalised during the construction period of the asset.

Equipment

Individual equipment items costing £5,000 or less are charged to the income and expense account. Groups of items that individually cost less than £5,000, but collectively are in excess of that limit and are considered, as a group, to represent an asset that is used over a number of years, are capitalised. All other equipment is capitalised at cost less any provision for impairment. Capitalised assets and groups of assets are depreciated on a straight line basis over their useful economic life as follows:

	Years
Teaching equipment	4-10
Motor vehicles and general equipment	4
IT equipment	4
Fixtures and fittings	10

1 STATEMENT OF ACCOUNTING POLICIES (continued)**Non-current assets - tangible fixed assets (continued)**Equipment (continued)

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

Capital grants received from Government

Where buildings or equipment are acquired with the aid of specific grants from Government agencies they are capitalised and depreciated in accordance with the policy as above. The related grants are held within creditors and are released to comprehensive income over the useful economic life of the related asset on a basis consistent with the depreciation policy. Where such grants are provided to facilitate the purchase of land they are taken to the Statement of Comprehensive Income, in full, immediately any performance conditions are met.

Maintenance of premises

The cost of routine corrective maintenance is charged to the income and expenditure account in the period it is incurred, unless it increases the future benefits to the College, in which case it is capitalised and depreciated on the relevant basis.

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Leasing arrangements which transfer to the Group substantially all the benefits and risks of ownership of an asset are treated as if the asset has been purchased outright. The fair value of the assets is included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets. Assets which are held under hire purchase contracts, which have the characteristics of finance leases, are treated in the same way and depreciated over their useful lives.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful life as follows:

	Years
Contractual customer relationships	10
ACT brand	10
Goodwill	10
Systems development	5

Where market factors indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

1 STATEMENT OF ACCOUNTING POLICIES (continued)

Financial assets

Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

Investments in subsidiaries

Investments in subsidiaries are carried at cost less impairment.

Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred. Borrowing costs incurred during, and directly attributable to, the acquisition, construction or production of a qualifying asset are capitalised.

Reserves

Reserves are classified as restricted or unrestricted. Restricted reserves include balances where the donor has designated a specific purpose and therefore the College is restricted in the use of these funds.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determine whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and, where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

1 STATEMENT OF ACCOUNTING POLICIES (continued)

Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Other key sources of estimation uncertainty are as follows:

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 20, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 July 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Fair value of Eastern Community Campus

The Eastern Community Campus has been included in the financial statements at fair value, which has been calculated by reference to the estimated construction cost of the building that was declared at the outset of the project, multiplied by the College's percentage ownership of the campus.

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.

Full provision is made for deferred taxation resulting from timing differences between the recognition of gains and losses in the financial statements and their recognition for tax purposes. Deferred taxation is calculated on an un-discounted basis at the tax rates which are expected to apply in the periods when the timing differences will reverse.

The College's is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature. The College's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

Provisions

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.

CARDIFF AND VALE COLLEGE

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

NOTES TO THE FINANCIAL STATEMENTS

1 STATEMENT OF ACCOUNTING POLICIES (continued)

Agency costs

The College acts as an agent in the collection and repayment of financial contingency funds, the Young Recruits Programme and the Apprenticeship Employer Incentive Scheme. Related payments received from the Welsh Government and subsequent disbursements to students are excluded from the income and expenditure account and shown separately in note 24.

2 WELSH GOVERNMENT GRANTS

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated	College	Consolidated	College
	£'000	£'000	£'000	£'000
Recurrent grant	43,259	43,259	39,607	39,607
Work-based learning grant	51,636	13,149	47,595	11,748
Other Welsh Government grants	16,389	15,940	15,640	13,755
Amortisation of capital grant	3,156	2,983	2,599	2,475
	-----	-----	-----	-----
	114,440	75,331	105,441	67,585
	-----	-----	-----	-----

3 TUITION FEES AND EDUCATION CONTRACTS

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated	College	Consolidated	College
	£'000	£'000	£'000	£'000
<u>Tuition fees and charges</u>				
UK and EU – Further Education	124	124	167	167
UK and EU – Higher Education	1,524	1,524	1,534	1,534
Non-EU – Further Education	202	202	272	272
	-----	-----	-----	-----
	1,850	1,850	1,973	1,973
	-----	-----	-----	-----
<u>Education contracts</u>				
14-19 learning pathways	1,773	116	1,455	123
Other education contracts – UK and EU	1,000	1,000	990	990
	-----	-----	-----	-----
	2,773	1,116	2,445	1,113
	-----	-----	-----	-----
	4,623	2,966	4,418	3,086
	-----	-----	-----	-----

CARDIFF AND VALE COLLEGE

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

NOTES TO THE FINANCIAL STATEMENTS

4 OTHER INCOME

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated	College	Consolidated	College
	£'000	£'000	£'000	£'000
Residencies, catering and conferences	1,351	-	1,036	-
Other income-generating activities	5,596	4,813	4,352	3,127
Coronavirus Job Retention Scheme	-	-	58	25
Other grant income	1,449	1,449	1,947	1,947
Other income	1,123	904	1,088	1,230
	-----	-----	-----	-----
	9,519	7,166	8,481	6,329
	-----	-----	-----	-----

5 INVESTMENT INCOME

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated	College	Consolidated	College
	£'000	£'000	£'000	£'000
Interest received	558	558	40	40
	-----	-----	-----	-----

6 GIFT AID INCOME FROM SUBSIDIARIES

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated	College	Consolidated	College
	£'000	£'000	£'000	£'000
From Associated Community Training Limited	-	2,762	-	2,254
From Apprenticeship Learning Solutions Limited	-	730	-	1,199
	-----	-----	-----	-----
	-	3,492	-	3,453
	-----	-----	-----	-----

CARDIFF AND VALE COLLEGE

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

NOTES TO THE FINANCIAL STATEMENTS

7 STAFF COSTS

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £'000	College £'000	Consolidated £'000	College £'000
Teaching and learning departments	35,511	31,585	34,956	30,834
Teaching and learning support services	5,358	4,057	3,554	2,853
Other support services	2,132	2,132	1,540	1,540
Administration and central services	11,654	6,490	11,090	5,832
Premises	1,272	1,132	1,287	1,141
Other income-generating activities	4,890	2,332	4,551	2,326
Enhanced pension charge (note 21)	(20)	(20)	(31)	(31)
Voluntary redundancy costs	199	199	141	112
	-----	-----	-----	-----
	60,996	47,906	57,088	44,607
	-----	-----	-----	-----

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £'000	College £'000	Consolidated £'000	College £'000
Wages and salaries	48,102	36,483	43,130	32,115
Social security costs	4,339	3,321	3,820	2,866
Pension costs (note 20)	8,356	7,903	9,997	9,514
Voluntary redundancy costs	199	199	141	112
	-----	-----	-----	-----
	60,996	47,906	57,088	44,607
	-----	-----	-----	-----

The note above shows the allocation of Staff Costs on an activity basis. Please note that having undertaken a review in year of the allocation of these costs, some items have been reallocated between departments. The total staff cost amount remains the same as reported at 31 July 2022.

The average monthly number of persons (including key management personnel) employed by the College during the year was:

	2023		2022	
	Consolidated No.	College No.	Consolidated No.	College No.
Full-time equivalents				
Teaching and learning departments	698	547	709	563
Teaching and learning support services	94	70	80	56
Other support services	43	43	65	65
Administration and central services	208	74	214	68
Premises	27	22	28	23
Other income-generating activities	140	41	118	51
	-----	-----	-----	-----
	1,210	797	1,214	826
	-----	-----	-----	-----

CARDIFF AND VALE COLLEGE

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

NOTES TO THE FINANCIAL STATEMENTS

7 STAFF COSTS (continued)

	2023		2022	
	Consolidated No.	College No.	Consolidated No.	College No.
Headcount				
Teaching and learning departments	840	677	922	764
Teaching and learning support services	110	84	92	66
Other support services	47	47	81	81
Administration and central services	217	79	229	74
Premises	29	24	30	24
Other income-generating activities	160	48	159	59
	-----	-----	-----	-----
	1,403	959	1,513	1,068
	-----	-----	-----	-----

8 KEY MANAGEMENT PERSONNEL AND HIGHER PAID STAFF

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College – during the year this comprised the College Executive Team (including the Group Chief Executive who is also the Accounting Officer) and the Managing Director of ACT. The Head of Group Corporate Governance and Clerk to the Corporation, as a Senior Post Holder, is also included in this category.

The number of employees, including the Accounting Officer, who received emoluments in the following ranges is shown below.

	Key management personnel		Other staff	
	2023 No.	2022 No.	2023 No.	2022 No.
£60,001 to £65,000	-	-	2.0	6.0
£65,001 to £70,000	-	-	2.0	6.0
£70,001 to £75,000	-	1.0	9.7	-
£75,001 to £80,000	1.0	1.0	-	-
£80,001 to £85,000	-	3.0	-	1.0
£90,001 to £95,000	3.0	-	1.0	2.0
£100,001 to £105,000	1.0	-	2.0	1.0
£105,001 to £110,000	-	-	1.0	-
£115,001 to £120,000	1.0	3.0	-	-
£130,001 to £135,000	2.0	-	-	-
£145,001 to £150,000	-	2.0	-	-
£160,001 to £165,000	1.0	-	-	-
£170,001 to £175,000	1.0	-	-	-
£275,001 to £280,000	-	1.0	-	-
£295,001 to £300,000	1.0	-	-	-
	-----	-----	-----	-----
	11.0	11.0	17.7	16.0
	-----	-----	-----	-----

There were no key management personnel in remuneration bands other than those shown above.

CARDIFF AND VALE COLLEGE**CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023****NOTES TO THE FINANCIAL STATEMENTS**

8 KEY MANAGEMENT PERSONNEL AND HIGHER PAID STAFF (continued)

Emoluments include remuneration and benefits in kind but exclude compensation for loss of office and employer pension contributions. Employees who were appointed to or resigned their post part-way through the year are included in the appropriate band based on remuneration that would have been received had they been in post for the full year. There were no key management personnel below £60,001 and as such those bandings have been excluded.

Key Management Personnel emoluments are made up as follows:

	2023 £'000	2022 £'000
Salaries	1,403	1,275
Payments in lieu of pension contributions	64	47
Benefits in kind	1	1
	-----	-----
	1,468	1,323
Pension costs	237	228
	-----	-----
	1,705	1,551
	-----	-----

The pension costs in respect of Key Management Personnel relate to employer's contributions to the Teachers', Local Government, or other pension schemes.

There were no amounts due to Key Management Personnel that were waived in the year, nor any salary sacrifice arrangements in place.

The total remuneration of the College's Key Management Personnel is commensurate with the College's size, group structure, and the breadth and nature of its activities. Performance of Key Management Personnel is assessed against key performance indicators in conjunction with the relevant HR department and using standard performance management procedures. Remuneration is benchmarked periodically, utilising independent benchmarking services where appropriate, against other education establishments in both Wales and the UK. As outlined on page 19, the remuneration of the College's senior post holder roles is also considered by the Remuneration Committee, which includes an independent external non-governor member.

Key Management Personnel emoluments include the following amounts paid to the Group Chief Executive, who is also the Accounting Officer and highest paid member of staff:

	2023 £'000	2022 £'000
Salary	249	230
Payments in lieu of pension contributions	50	47
	-----	-----
	299	277
Pension costs	-	-
	-----	-----
	299	277
	-----	-----

8 KEY MANAGEMENT PERSONNEL AND HIGHER PAID STAFF (continued)

The relationship of the Group Chief Executive's remuneration expressed as a multiple of the median remuneration of all other corporation employees (on a full-time equivalent basis) was as follows:

	2023	2022
Group Chief Executive's basic salary as a multiple of the median of all staff	7.1	7.1
Group Chief Executive's total remuneration as a multiple of the median of all staff	7.0	7.0

The Group Chief Executive is a senior post holder and, as such, his remuneration is set by the Governing Body, taking into account the recommendations of the Remuneration Committee. The Group Chief Executive is not involved in determining his remuneration.

The Remuneration Committee agreed its recommendations in respect of the Group Chief Executive's current remuneration at its meeting on 31 January 2023, and these were subsequently considered and approved by the Governing Body on 7 February 2023. The Committee's recommendations took account of the Group Chief Executive's performance in meeting the College's strategic objectives and delivering its priorities of quality, efficiency and growth. A range of performance indicators were considered, including academic and financial performance and external measures including the outcome of recent inspections by Estyn, the education and training inspectorate for Wales. The Committee also considered independent benchmarking information for Wales and elsewhere in the UK, in order to include comparable education institutions similar in size and activity to the College.

Expenses reimbursed to members of the Corporation

Payments of £410 (2022: £277) were made to one member of the Corporation (2022: one) other than the Group Chief Executive and other staff governors, for travel and subsistence expenses incurred in the course of their duties.

Compensation for loss of office payable to former Key Management Personnel

During the year one amount of £31,000 was paid to former Key Management Personnel in respect of compensation for loss of office. This payment was based on the same scheme as that available to all staff who received voluntary redundancy payments during the year. During 2022 there were no such payments made to Key Management Personnel.

CARDIFF AND VALE COLLEGE

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

NOTES TO THE FINANCIAL STATEMENTS

9 OTHER OPERATING EXPENSES

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £'000	College £'000	Consolidated £'000	College £'000
Teaching departments	2,980	2,050	2,142	1,723
<u>Teaching support services</u>				
• Examination fees	2,147	1,574	2,137	1,472
• Learner transport	599	386	214	214
• Other teaching support services	2,176	1,203	1,530	853
Other support services	139	139	247	247
Catering costs	259	225	268	220
Marketing	1,096	895	775	684
Administration and central services	4,587	2,937	5,320	4,200
Income generation costs	1,519	376	1,740	628
Premises costs	6,208	4,986	5,685	4,296
<u>Subcontracted provision</u>				
• Work-based learning	26,786	8,207	24,865	7,872
• Franchised courses	1,328	1,328	722	722
• Other subcontracts	8,008	6,764	8,098	5,955
	-----	-----	-----	-----
	57,832	31,070	53,743	29,086
	-----	-----	-----	-----

Other operating expenses include:

	Consolidated and College	
	2023 £'000	2022 £'000
Auditors' remuneration		
External auditors		
• Audit of the financial statements	94	73
• Audit of the subsidiary financial statements	70	57
• Other services provided by external auditor	45	28
	-----	-----
	209	158
Internal auditors		
• Internal audit	39	29
• Other services provided by internal auditor	-	49
	-----	-----
	39	78
Operating lease rental		
• Land and buildings	878	878
• Other	95	95
	-----	-----
	973	973

CARDIFF AND VALE COLLEGE

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

NOTES TO THE FINANCIAL STATEMENTS

10 INTEREST AND OTHER FINANCE COSTS

	2023		2022	
	Consolidated £'000	College £'000	Consolidated £'000	College £'000
Bank loans and overdrafts	1,428	1,388	1,512	1,484
Finance leases	7	7	13	13
Pension finance costs (note 20)	540	540	650	650
Enhanced pension provision (note 21)	12	12	6	6
	1,987	1,947	2,181	2,153

11 INTANGIBLE ASSETS AND GOODWILL

Consolidated	Contractual customer relationships £'000	ACT brand £'000	Goodwill £'000	Systems development £'000	Total £'000
Cost					
At 1 August 2022	8,307	1,600	9,576	839	20,322
Additions (see below)	-	-	-	-	-
At 31 July 2023	8,307	1,600	9,576	839	20,322
Amortisation and impairment					
At 1 August 2022	5,661	1,089	5,800	529	13,079
Amortisation charge	1,052	202	695	169	2,118
At 31 July 2023	6,713	1,291	6,495	697	15,197
Net book value					
At 31 July 2023	1,594	309	3,081	141	5,125
At 31 July 2022	2,646	511	3,776	310	7,243

The balances presented above relating to contractual customer relationships, ACT brand and goodwill arose on acquisition of the ACT Group and Apprenticeship Learning Solutions Limited (ALS). See note 13 for further information.

CARDIFF AND VALE COLLEGE**CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023****NOTES TO THE FINANCIAL STATEMENTS**

11 INTANGIBLE ASSETS AND GOODWILL (continued)

College	Systems development £'000	Total £'000
Cost		
At 1 August 2022 and 31 July 2023	839	839
	-----	-----
Amortisation and impairment		
At 1 August 2022	529	529
Amortisation charge	169	169
	-----	-----
At 31 July 2023	698	698
	-----	-----
Net book value		
At 31 July 2023	141	141
At 31 July 2022	310	310

The balances presented above relate to the Learner Journey project, an overarching review of the College's business processes from the first stages of student contact, through recruitment and enrolment, to studying at the College, receiving support during studies and then onto progressing onto higher education or employment.

This project resulted in a number of IT system developments which have been capitalised as an intangible asset, including:

- A new College website;
- The creation of staff and student portals;
- A new Electronic Individual Learning Plan system to provide better tracking and monitoring of learner performance; and
- The roll out of a solution to capture all contact from employers to enhance student employability and provide more a more focused training provision.

CARDIFF AND VALE COLLEGE

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

NOTES TO THE FINANCIAL STATEMENTS

12 TANGIBLE ASSETS

Consolidated	Freehold land & buildings £'000	Plant, equipment & vehicles £'000	Computers & IT £'000	Assets in the course of construction £'000	Total £'000
Cost					
At 1 August 2022	97,689	14,123	8,332	3,230	123,374
Transfers	857	439	501	(1,797)	-
Additions	356	397	639	1,318	2,710
Disposals	(48)	(6)	-	-	(54)
	-----	-----	-----	-----	-----
At 31 July 2023	98,854	14,953	9,472	2,751	126,030
	-----	-----	-----	-----	-----
Accumulated depreciation and impairment					
At 1 August 2022	26,403	9,997	4,305	-	40,705
Charge for the year	2,088	1,307	1,684	-	5,079
Disposals	(1)	(6)	-	-	(7)
	-----	-----	-----	-----	-----
At 31 July 2023	28,490	11,298	5,989	-	45,777
	-----	-----	-----	-----	-----
Net book value					
At 31 July 2023	70,364	3,655	3,483	2,751	80,253
At 31 July 2022	71,286	4,126	4,027	3,230	82,669

Freehold land and buildings include a cost of £40,113,000 for the City Centre Campus, which was partly funded through a grant from the Welsh Government. The terms of this grant places restrictions on the use of the campus and any potential disposal would require the approval of the Welsh Government.

The net book value of equipment includes an amount of £185,000 (2022: £363,000) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £212,000 (2022: £300,000).

CARDIFF AND VALE COLLEGE

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

NOTES TO THE FINANCIAL STATEMENTS

12 TANGIBLE ASSETS (continued)

College	Land & buildings	Plant, equipment & vehicles	Computers & IT	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 August 2022	96,750	10,402	8,333	3,230	118,715
Transfers	857	439	501	(1,797)	-
Additions	247	347	639	1,318	2,551
Disposals	(48)	(6)	0	-	(54)
	-----	-----	-----	-----	-----
At 31 July 2023	97,806	11,182	9,473	2,751	121,212
	-----	-----	-----	-----	-----
Accumulated depreciation					
At 1 August 2022	26,000	6,969	4,306	-	37,275
Charge for the year	2,044	1,030	1,684	-	4,758
Disposals	(1)	(6)	-	-	(7)
	-----	-----	-----	-----	-----
At 31 July 2023	28,043	7,993	5,990	-	42,026
	-----	-----	-----	-----	-----
Net book value	69,763	3,189	3,483	2,751	79,186
At 31 July 2023					
At 31 July 2022	70,750	3,433	4,027	3,230	81,440

Freehold land and buildings include a cost of £40,113,000 for the City Centre Campus, which was partly funded through a grant from the Welsh Government. The terms of this grant places restrictions on the use of the campus and any potential disposal would require the approval of the Welsh Government.

The net book value of equipment includes an amount of £185,000 (2022: £363,000) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £212,000 (2022: £300,000).

CARDIFF AND VALE COLLEGE

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

NOTES TO THE FINANCIAL STATEMENTS

13 INVESTMENTS

The College owns 100% of the issued ordinary £1 shares of the following companies, all incorporated in Great Britain.

- ICAT Limited, whose principal business activity is the provision of customised training;
- CF10 Retail Limited, whose principal business activity is the provision of retail services;
- International Centre for Aerospace Training Limited (dormant);
- Cardiff College Enterprises Limited (dormant);
- South East Wales City Region ATA Limited whose principal business activity is to offer employers a low risk, easy to use apprenticeship model;
- Associated Community Training Limited; and
- Associated Community Training Limited owns 100% of the share capital of Apprenticeship Learning Solutions Limited (ALS). Together these entities form the ACT Group.

During the year Learn About (Wales) Limited, a dormant company which had been dissolved via voluntary strike-off on 11 June 2019 and restored on 1 October 2021 for administrative purposes, was subsequently dissolved on 14 February 2023.

Investment in the ACT Group

The cost of the investment in the ACT group is £20,098,000 (2022: £19,098,000). The increase in the year related to a share capital subscription made by the College during the year in order to replenish ACT's working capital to an appropriate level.

Cash flows

The statement of cash flows shows a cash outflow of £276,000 (2022: £584,000) in respect of the acquisition of subsidiary undertakings. The payment in both this year and the prior year related to contingent consideration linked to the acquisition of Apprenticeship Learning Solutions Limited in 2018.

All contingent consideration payments were fully funded by gift aid received by the College from the relevant subsidiary.

14 TRADE AND OTHER RECEIVABLES

	As at 31 July 2023		As at 31 July 2022	
	Consolidated £'000	College £'000	Consolidated £'000	College £'000
Amounts falling due within one year:				
Trade receivables	4,802	555	3,517	35
Prepayments and accrued income	5,769	4,119	2,846	2,181
Amounts due from subsidiary undertakings	-	382	-	418
	-----	-----	-----	-----
	10,571	5,056	6,363	2,634
	-----	-----	-----	-----

All amounts due from subsidiary undertakings are interest free and repayable on demand.

CARDIFF AND VALE COLLEGE

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

NOTES TO THE FINANCIAL STATEMENTS

15 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	As at 31 July 2023		As at 31 July 2022	
	Consolidated £'000	College £'000	Consolidated £'000	College £'000
Bank loans (see note 17)	1,993	1,993	2,241	2,241
Obligations under finance leases	58	58	173	173
Trade payables	2,902	298	2,454	1,069
Other taxation and social security	1,715	1,116	1,198	826
Accruals and deferred income	13,973	13,560	18,547	17,927
Holiday pay accrual	1,223	1,220	1,336	1,266
Government capital grants	3,044	2,944	3,183	3,018
Other grants	1	1	1	1
Contingent consideration	-	-	276	-
	24,909	21,190	29,409	26,521

Contingent consideration recognised in the prior year related to the acquisition of Apprenticeship Learning Solutions Limited (ALS) by Associated Community Training Limited (see note 13). The contingent consideration period ended in December 2021.

Deferred Income

Included with accruals and deferred income are the following items of income which have been deferred until specific performance-related conditions have been met.

	As at 31 July 2023		As at 31 July 2022	
	Consolidated £'000	College £'000	Consolidated £'000	College £'000
Deferred income	2,151	2,110	7,850	7,496
	2,151	2,110	7,850	7,496

16 CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	As at 31 July 2023		As at 31 July 2022	
	Consolidated £'000	College £'000	Consolidated £'000	College £'000
Bank loans (see note 17)	18,989	18,989	28,908	28,908
Obligations under finance leases	56	56	107	107
Government capital grants	24,335	24,214	24,999	24,775
	43,380	43,259	54,014	53,790

CARDIFF AND VALE COLLEGE**CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023****NOTES TO THE FINANCIAL STATEMENTS****16 CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)**

The movement of government capital grants during the year is broken down as follows:

	2023 £'000	2022 £'000
At 1 August	28,182	23,801
New grants received during the year	2,353	6,980
Grant released during the year	(3,156)	(2,599)
	-----	-----
At 31 July	27,379	28,182
	-----	-----

17 BORROWINGS**Bank loans**

Bank loans are repayable as follows:

	As at 31 July 2023		As at 31 July 2022	
	Consolidated £'000	College £'000	Consolidated £'000	College £'000
Due within one year or on demand	1,993	1,993	2,241	2,241
Due between one and two years	2,014	2,014	9,920	9,920
Due between two and five years	10,969	10,969	12,541	12,541
Due in five years or more	6,006	6,006	6,447	6,447
	-----	-----	-----	-----
Total	20,982	20,982	31,149	31,149
	-----	-----	-----	-----

The College had three unsecured bank loans during the year, all with Santander.

The first was split into two £10million tranches. Each tranche comprised a three-year revolving credit facility which commenced on 9 August 2013, followed by term loans of seven and thirteen years respectively. Capital repayments on both loan tranches commenced in October 2016, with a repayment profile based on a 22-year repayment period. The interest rates relating to both tranches were fixed at rates between 4.54% and 5.47%. The seven-year loan matured during the year and was repaid in full, resulting in the reduction in total borrowings compared to the prior year.

The second loan was entered into on 14 October 2016, and totals £10million repayable over 10 years at a fixed rate of interest of 3.702%. As part of this agreement the covenants relating to the existing facilities agreement were amended to incorporate the revised accounting treatments set out in FRS 102 and the SORP.

The College had one secured bank loan during the year, also with Santander, which was entered into on 23 August 2018, and totalled £12.78million. The loan has a repayment profile based on a 20-year repayment period, and incurs interest at a fixed rate of 4.01%. The loan was used to fund the purchase of the freehold property One Canal Parade, a newly constructed office block situated on Dumballs Road, next to the City Centre Campus, and the loan is secured on this property.

CARDIFF AND VALE COLLEGE**CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023****NOTES TO THE FINANCIAL STATEMENTS****17 BORROWINGS (continued)****Bank loans (continued)**

In addition to the bank loans described above, the College operated a £3.5million revolving credit facility with Santander for most of the year, with interest on the facility payable at the Sterling Overnight Index Average (SONIA) rate + 1.625%. This facility matured on 31 May 2023.

In September 2023, subsequent to the end of the financial year, the College entered into a new £11.5million revolving credit facility arrangement with Santander.

Finance leases

The finance lease obligations to which the College is committed are:

	31 July 2023		31 July 2022	
	Consolidated £'000	College £'000	Consolidated £'000	College £'000
In one year or less	58	58	173	173
Between two and five years	56	56	107	107
	-----	-----	-----	-----
Total	114	114	280	280
	-----	-----	-----	-----

18 CONSOLIDATED RECONCILIATION OF NET DEBT

	At 1 August 2022	Cash flows	Non-cash loan movement	New finance leases	At 31 July 2023
	£'000	£'000	£'000	£'000	£'000
Cash at bank and in hand	27,863	(11,423)	-	-	16,440
Debt due within one year	(2,241)	2,241	(1,993)	-	(1,993)
Debt due after one year	(28,908)	7,926	1,993	-	(18,989)
Finance leases	(280)	166	-	-	(114)
	-----	-----	-----	-----	-----
	(3,566)	(1,090)	-	-	(4,656)
	-----	-----	-----	-----	-----

CARDIFF AND VALE COLLEGE

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

NOTES TO THE FINANCIAL STATEMENTS

19 LEASE OBLIGATIONS

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

	2023		2022	
	Consolidated £'000	College £'000	Consolidated £'000	College £'000
Land and Buildings				
Not later than one year	1,196	614	1,195	683
Later than one year and not later than five years	2,912	1,682	3,293	1,617
Later than five years	4,389	4,389	4,036	4,036
	-----	-----	-----	-----
	8,497	6,685	8,524	6,336
	-----	-----	-----	-----
Other				
Not later than one year	145	73	173	82
Later than one year and not later than five years	144	91	218	164
	-----	-----	-----	-----
	289	164	391	246
	-----	-----	-----	-----

20 PENSION PROVISIONS

The Group operates the following pension schemes:

- the Cardiff and Vale of Glamorgan Pension Fund (C&VPF), a defined benefit scheme operating under the Local Government Pension Scheme (LGPS);
- the Teachers' Pension Scheme (TPS), a defined benefit scheme;
- the National Employment Savings Trust (NEST) pension scheme, a defined contribution scheme;
- the Scottish Widows pension scheme, a defined contribution scheme;
- the St James's Place Wealth Management scheme, a defined contribution scheme;
- the ReAssure pension scheme, a defined contribution scheme;
- Seccl Custody Limited, a defined contribution scheme; and
- Aviva, a defined contribution scheme.

Consolidated

	2023		2022	
	£'000	£'000	£'000	£'000
Teachers' Pension Scheme: contributions paid		4,328		3,775
Local Government Pension Scheme:				
Contributions paid	2,020		1,850	
Non-cash charge arising from actuarial valuation	<u>1,570</u>		<u>3,920</u>	
		3,590		5,770
Enhanced pension charge (see note 21)		(20)		(31)
Defined contribution schemes: contributions paid		458		483
		-----		-----
Total pension cost for the year within staff costs		8,356		9,997
		-----		-----

CARDIFF AND VALE COLLEGE**CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023****NOTES TO THE FINANCIAL STATEMENTS****20 PENSION PROVISIONS (continued)****College**

	£'000	2023 £'000	£'000	2022 £'000
Teachers' Pension Scheme: contributions paid		4,328		3,775
Local Government Pension Scheme:				
Contributions paid	2,020		1,850	
Non-cash charge arising from actuarial valuation	<u>1,570</u>		<u>3,920</u>	
		3,590		5,770
Enhanced pension charge (see note 21)		(20)		(31)
Defined contribution schemes: contributions paid		5		-
		-----		-----
Total pension cost for the year within staff costs		7,903		9,514
		-----		-----

The pension costs for the defined benefit schemes are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation was 31 March 2016 for the TPS, and 31 March 2022 for the C&VPF.

At 31 July 2023 contributions amounting to £697,000 (2022: £689,000) were payable to the schemes and are included within creditors.

Teachers' Pension SchemeOverview

The TPS is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Treasury under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

20 PENSION PROVISIONS (continued)

Teachers' Pension Scheme (continued)

Valuation of the Teachers' Pension Scheme

During the year, the College, along with other TPS employers, paid a contribution rate of 23.68% (including the administration levy of 0.8%).

Pension contributions paid by the College to the TPS in the year amounted to £4,328,000 (2022: £3,775,000).

The most recent actuarial valuation of the Teachers' Pension Scheme was published in September 2023, and will result in an increase to the employer contribution rate up to 28.68%, which is expected to come into effect from 1 April 2024.

FRS 102 (28)

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

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 scheme. The College has set out above the information available on the scheme and the implications for the College in terms of the anticipated contribution rates.

Cardiff and Vale of Glamorgan Pension Fund (C&VPF)

Overview

The C&VPF is a funded defined benefit scheme, operating under the Local Government Pension Scheme (LGPS) with the assets held in separate trustee-administered funds.

The financial statements incorporate the accounting information from the actuarial accounting valuation at 31 July 2023, which reflects an update of the results of the most recent funding valuation as at 31 March 2022 (which was finalised in March 2023) in line with the requirements of FRS 102.

The net pension liability recognised as at 31 July 2023 was £0.1million (2022: £17.0million).

The main reason for the large reduction in the recognised liability compared to the prior year was the change to yields in corporate bonds, which are used to set the discount rate assumption, from around 2% p.a. at the start of the year to close to 5% at the year end. This led to the discount rate assumption at the accounting date being higher than last year (5.0% compared to 3.4% in 2022). All else being equal, an increase in the discount rate will reduce the defined benefit obligation and reduce next year's forecast current service cost.

Proposed mortality assumptions were updated at this year-end to reflect an updated analysis of the fund's membership data undertaken as part of the 2022 valuation. The 2022 valuation assumption had regard to the actuary's views of the impact of the Covid-19 pandemic on long-term mortality trends.

CARDIFF AND VALE COLLEGE**CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023****NOTES TO THE FINANCIAL STATEMENTS****20 PENSION PROVISIONS (continued)****Principal assumptions**

The principal assumptions made by the actuaries were:

	2023	2022
CPI inflation	2.6%	2.6%
Rate of increase in salaries	3.6%	3.6%
Rate of increase for pensions in payment	2.6%	2.6%
Rate of revaluation of pension accounts	2.6%	2.6%
Rate of increase to deferred pensions	2.6%	2.6%
Discount rate for liabilities	5.0%	3.4%

Mortality

The mortality assumptions are based on the SAPS S3N standard mortality tables with allowance for future improvements in line with CMI 2022 core projections with a long term improvement rate of 1.5% pa. The assumed life expectations on retirement at age 65 are:

	2023	2022
Retiring today:		
Male	22.0	22.1
Female	24.2	24.6
Retiring in 20 years:		
Male	22.6	23.2
Female	25.3	26.0

Asset split as a percentage of total assets

	2023	2022
Equities	69.2%	67.0%
Property	6.6%	8.1%
Government bonds	8.4%	9.0%
Corporate bonds	7.2%	7.8%
Cash	3.1%	2.9%
Multi-asset credit	5.4%	5.2%
Other	0.1%	0.0%
	-----	-----
	100.0%	100.0%
	-----	-----

CARDIFF AND VALE COLLEGE

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

NOTES TO THE FINANCIAL STATEMENTS

20 PENSION PROVISIONS (continued)

Analysis of the amount charged to the Statement of Comprehensive Income

	2023	2022
	£'000	£'000
Amounts included in staff costs		
Employer current service cost net of employee contributions	3,590	5,770
	-----	-----
Total amount charged to the Statement of Comprehensive Income	3,590	5,770
	-----	-----

Amounts included in interest payable

	2023	2022
	£'000	£'000
Net interest cost	540	650
	-----	-----

Amount recognised in Other Comprehensive Income

	2023	2022
	£'000	£'000
Asset losses arising in the year	(250)	(2,780)
Liability decrease arising in the year	19,210	29,780
	-----	-----
Total amount recognised in Other Comprehensive Income	18,960	27,000
	-----	-----

Net pension liability recognised on balance sheet

	2023	2022
	£'000	£'000
Fair value of College's share of scheme assets	53,720	51,040
Present value of defined benefit obligation relating to the College	(53,830)	(68,000)
	-----	-----
Net pension liability applicable to the College	(110)	(16,960)
	-----	-----

CARDIFF AND VALE COLLEGE

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

NOTES TO THE FINANCIAL STATEMENTS

20 PENSION PROVISIONS (continued)

Movement in net pension liability during the year

	2023	2022
	£'000	£'000
At 1 August	(16,960)	(39,390)
Current service cost	(3,590)	(5,770)
Employer contributions	2,020	1,850
Net interest cost on assets	(540)	(650)
Actuarial gain	18,960	27,000
	-----	-----
At 31 July	(110)	(16,960)
	-----	-----

Movement in present value of defined benefit obligation

	2023	2022
	£'000	£'000
At 1 August	68,000	91,080
Current service cost	3,590	5,770
Interest expense	2,300	1,540
Remeasurement: actuarial gain*	(19,210)	(29,780)
Contributions by members	760	680
Benefits paid #	(1,610)	(1,290)
	-----	-----
At 31 July	53,830	68,000
	-----	-----

Movement in fair value of scheme assets

	2023	2022
	£'000	£'000
At 1 August	51,040	51,690
Interest income	1,760	890
Remeasurement: losses on assets	(250)	(2,780)
Contributions by employer	2,020	1,850
Contributions by members	760	680
Benefits paid #	(1,610)	(1,290)
	-----	-----
At 31 July	53,720	51,040
	-----	-----

* Includes changes to the actuarial assumptions.

Consists of net cash flow out of the fund in respect of the employer, excluding contributions and any death in service lump sums paid, and including an approximate allowance for the expected cost of death in service lump sums.

20 PENSION PROVISIONS (continued)

Valuation of assets in the Cardiff and Vale of Glamorgan Pension Fund ("the scheme")

As shown above, the actuarial report for the year ended 31 July 2023 showed an estimated return on the College's notional allocation of scheme assets of £1.5million (comprising interest income on assets and asset gains in the year). Management have relied on the fund administrators to calculate the return on scheme assets.

Other issues

McCloud/Sargeant judgement

In December 2018 the Court of Appeal ruled in the McCloud/Sargeant judgement that the transitional protection arrangements put in place when the Firefighters' and Judges' pension schemes were reformed were age discriminatory. The Government subsequently committed to extending a remedy across all public sector schemes that included similar transitional protection arrangements, which includes the LGPS.

The Ministry of Housing, Communities and Local Government (MHCLG, now the Department for Levelling Up, Housing and Communities) published its McCloud consultation for the LGPS (in England and Wales) in July 2020, setting out proposed changes aimed at removing unlawful age discrimination in the LGPS. In a written ministerial statement on 13 May 2021 the MHCLG confirmed it would be proceeding with the key principles as laid out in that consultation.

The financial statements include an actuarial estimate of potential McCloud liabilities, allowing for the key elements of the remedy, which came into effect on 1 October 2023.

GMP indexation

A High Court ruling in October 2018 determined that pension funds must equalise benefits payable to pension scheme members who have guaranteed minimum pensions (GMPs) as a result of contracted out benefits. The method for calculating GMPs used different retirement ages for men and women, which was later ruled to be unlawful due to the resulting difference in benefit between men and women. The High Court ruling has determined the method that pension schemes should use to equalise these benefits. The financial statements for the prior year included an estimate of potential liabilities in respect of the ruling, which were included within past service costs.

The actuarial valuation for the year ended 31 July 2023 includes an assumption of full indexation of GMPs for members whose State Pension Age is on or after 6 April 2016.

In October 2020 a second High Court ruling in the case clarified that compensation would be required for members who transferred benefits out after May 1990. The Government has not yet acknowledged a liability in public service schemes nor indicated an approach to rectifying this. Due to the current uncertainty in this regard, the actuary has not made any allowance for a potential liability resulting from this ruling in its valuation for the year ended 31 July 2023.

Cost Management Process

Legislation requires HM Treasury (HMT) and the LGPS Scheme Advisory Board (SAB) to undertake periodic reviews to monitor the cost of the LGPS to ensure it remains sustainable and affordable. This is referred to as the 'Cost Management Process'.

CARDIFF AND VALE COLLEGE**CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023****NOTES TO THE FINANCIAL STATEMENTS****20 PENSION PROVISIONS (continued)****Other issues (continued)**Cost Management Process (continued)

HMT and the SAB paused their reviews following the 'McCloud' judgement in the Court of Appeal; these reviews have now been unpaused, and HMT directions were made during 2021 which allowed the HMT and SAB reviews to proceed. The outcome of the SAB review has been published and has recommended no changes to the provisions of the scheme. It is expected that the outcome of the HMT review will also recommend no changes. However, the legality of the government's decision to include McCloud costs as a member cost within the 2016 HMT process was challenged by a Judicial Review brought by the trade unions. The Judicial Review was unsuccessful, however the unions have been given permission to appeal that decision. If that appeal is successful this may cause the 2016 HMT process to be re-run and could result in changes in benefits or member contributions backdated to 1 April 2019. Due to the current uncertainty in this regard, the actuary has not made any allowance in its valuation for the year ended 31 July 2023 for the potential cost of improving members' benefits under these reviews.

Goodwin ruling

In June 2020 an Employment Tribunal ruled, in relation to the Teachers' Pension Scheme, that provisions for survivor's benefits of a female member in an opposite sex marriage are less favourable than for a female in a same sex marriage or civil partnership, and that treatment amounts to direct discrimination on grounds of sexual orientation. The chief secretary to the Treasury announced in a written ministerial statement on 20 July 2020 that he believed that changes would be required to other public service pension schemes with similar arrangements. These changes are yet to be reflected in the LGPS Regulations and the actuary has not made any allowance in its valuation for the year ended 31 July 2023.

Defined contribution schemes

The Group operated six defined contribution schemes during the year. Employer contributions paid into these schemes during the year totalled £464,000 (2022: £418,000). Contributions payable to the Group's defined contribution pension schemes are charged to profit or loss in the period to which they relate.

21 OTHER PROVISIONS

Consolidated	Enhanced pension	Redundancy	Deferred tax	Other	Total
	£'000	£'000	£'000	£'000	£'000
At 1 August 2022	334	151	62	100	647
Additions	-	198	-	-	198
Actuarial gain	(20)	-	-	-	(20)
Utilised in the year	(38)	-	-	-	(38)
Interest charged on provision (note 10)	11	-	-	-	11
	-----	-----	-----	-----	-----
At 31 July 2023	287	349	62	100	798
	-----	-----	-----	-----	-----

CARDIFF AND VALE COLLEGE**CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023****NOTES TO THE FINANCIAL STATEMENTS****21 OTHER PROVISIONS (continued)**

College	Enhanced pension £'000	Redundancy £'000	Other £'000	Total £'000
At 1 August 2021	334	151	100	585
Additions	-	198	-	198
Actuarial gain	(20)	-	-	(20)
Utilised in the year	(38)	-	-	(38)
Interest charged on provision (note 10)	11	-	-	11
	-----	-----	-----	-----
At 31 July 2022	287	349	100	736
	-----	-----	-----	-----

The enhanced pension provision represents the actuarial assessment of the future costs of pension enhancements granted for early retirements in 1994 and 1996. The provision will be utilised over the lives of the individuals in receipt of enhanced pensions.

The redundancy provision represents the payments to be made to individuals following the voluntary redundancy exercises.

Other provisions at 31 July 2023 include an estimate of potential future repayment of grant funding.

22 CAPITAL COMMITMENTS

The College had £72,000 of contractual capital commitments at 31 July 2023 (2022: £23,000).

23 RELATED PARTY TRANSACTIONSGroup

During the year the group entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding at 31 July 2023, are as follows:

Transactions with companies under common control:

	Net value of supply in year £'000	Balance owed at end of year £'000
Sales of goods and services to related parties		
2023	3	-
2022	-	-
Purchases of goods and services from related parties		
2023	446	-
2022	435	-

CARDIFF AND VALE COLLEGE**CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023****NOTES TO THE FINANCIAL STATEMENTS****23 RELATED PARTY TRANSACTIONS (continued)**College

	Net value of supply in year £'000	Balance owed at end of year £'000
Sales of goods and services to related parties		
2023	705	380
2022	416	524
Purchases of goods and services from related parties		
2023	1,098	-
2022	606	-

It is normal practice for some governors of the College to hold similar positions in other local organisations. Such arrangements are not deemed to confer significant influence through which business decisions in areas such as supply, purchase, or income generation could be made. Furthermore, any transactions that may arise with such organisations would be made on terms at arm's length, and in accordance with the College's financial regulations and normal procurement procedures. On this basis, no further information is included above in relation to individual transactions or balances.

Related party information shown above does not include transactions between the College and Eastern High, a school situated on Eastern Community Campus (ECC) in Cardiff. ECC is partly owned by the College and partly by Cardiff Council. Three members of College key management personnel served as governors of Eastern High during the year.

No transactions, other than those disclosed in the financial statements, were identified which should be disclosed under FRS 102.

24 AGENCY RECEIPTS AND PAYMENTSFinancial contingency funds

	2023 £'000	2022 £'000
At 1 August	72	89
Welsh Government grants plus interest	866	700
Disbursements	(893)	(717)
	-----	-----
At 31 July	45	72
	=====	=====

Welsh Government financial contingency fund grants are available to support students who are suffering financial hardship and otherwise would not have been able to undertake courses at the College. Grants can be made to provide for meals, travel costs, equipment, fees and childcare, and payments can either be made to cover the full costs incurred or on an agreed sliding scale.

CARDIFF AND VALE COLLEGE

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

NOTES TO THE FINANCIAL STATEMENTS

24 AGENCY RECEIPTS AND PAYMENTS (continued)

Financial contingency funds continued

The funds received were administered in accordance with the terms and conditions specified, the unused balances of the grants being invested in a separate interest-bearing bank account that is not included in the College's balance sheet.

Unused funds shown above will be carried forward for disbursement in the forthcoming year, as permitted by the scheme regulations.

Apprenticeship Employer Incentive Programme

During the year the College and subsidiary companies ACT and ALS participated in the Welsh Government's Apprenticeship Employer Incentive Programme, whereby the Welsh Government provided financial incentives for employers to recruit apprentices. Funding claimed by the College group through the scheme, and corresponding incentive payments made to employers, are shown below.

	2023 £'000	2022 £'000
Balance at 1 August	45	-
Incentive payments received	201	1,532
Incentive payments made to employers	200	1,487
	-----	-----
Balance at 31 July	46	45
	=====	=====

Young Recruits Programme

During the year the College participated in the Welsh Government's Young Recruits Programme (YRP), an initiative which aimed to incentivise employers to recruit additional apprentices (aged 16-24) by providing a wage subsidy. The initiative is no longer open to new participants, and any grant money drawn down by the College and not claimed by the employer will be repaid to the Welsh Government. The total amount repaid to the Welsh Government in the year ended 31 July 2023 was £nil (2021: nil).

25 RESTRICTED RESERVE

The restricted reserve of £1,525,000 (2021: £1,525,000) represents the accumulated income and expenditure reserve of the Vale of Glamorgan Training Association (VGTA) on merger with Barry College on 31 July 2010. A condition of the merger, as set out in the transfer deed, is that the assets of the VGTA, including the reserves transferred to the College, will be used exclusively for the charitable objective of the VGTA – *to advance the vocational preparation and training and the education of young people and adults.*