



**CARDIFF AND VALE COLLEGE**  
**ANNUAL REPORT AND**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 JULY 2022**

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# **CARDIFF AND VALE COLLEGE**

## **CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022**

### **REPORT OF THE GOVERNING BODY**

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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 2022.

#### **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 20 to 21. 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 2021/22 the College provided opportunities for 33,596 learners, including:

- 5,464 learners on full-time courses;
- 8,903 adults studying on a part-time basis;
- 14,673 on apprenticeship and traineeship programmes;
- 3,915 learners studying through franchise arrangements in the community;
- 422 learners on higher education courses;
- 149 school pupils aged 14-19 on part-time learning pathways;
- 70 Junior Apprentices.

### **The College's performance in 2021/22**

The College was delighted to welcome learners back onto site during the year, albeit subject to some COVID-19 restrictions until Easter, after which all remaining restrictions were lifted. While some areas of the College's activities recovered well as the year progressed, other activities remained affected compared to pre-pandemic normal, and the lasting impact of the pandemic meant that the year was still a challenging one for many staff and learners. However, despite these challenges, the College's learners continued to achieve positive outcomes, and the College continued to provide opportunities and support to learners to enable them to excel in their studies, enjoy inspirational experiences and progress to the next stage of their career or learning journey.

Despite the lifting of restrictions, the College, in line with the wider sector, continued to experience lower attendance than would normally be expected, and it was apparent that many learners were less prepared for college as a result of their experience of studying during the pandemic and assessment by centre determined grades. The College remained committed to providing increased support – such as digital resources and additional learning and pastoral support through the financial support provided by Welsh Government for this purpose.

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

- Learner progression from their starting points into further learning, apprenticeships or employment remained strong, and the College continued to provide opportunities for employability provision, work-related education and links with employers.
- The College saw more students than ever gaining A Levels, with a record 615 learners studying in a wide range of subject areas. As one of the largest providers of BTEC and other vocational qualifications in the country, some 1,500 students studied these qualifications at level 3. Many students will now progress from A Levels and vocational qualifications into higher education, including Oxbridge and Russell Group universities, or begin their careers in employment.
- The College continued its successful delivery of the Welsh Government's Personal Learning Accounts programme, which is focussed on delivering a wide range of industry-endorsed qualifications across priority sectors. 4,068 individuals were supported to undertake a wide range of qualifications.

**The College's performance in 2021/22 (continued)**

- The group saw substantial growth in its apprenticeship activity, and was successful in bidding for additional Welsh Government funding to further enable it to respond to strong demand from employers and support the Welsh Government in achieving its objective to deliver 125,000 all-age apprenticeships across Wales during the current term of government. In April 2022 subsidiary company Associated Community Training Limited commenced delivery of Jobs Growth Wales+, the Welsh Government's flagship employability programme.
- Learner voice feedback has improved in many areas over the last three years, with all KPI targets achieved, and teaching and learning satisfaction scores regularly exceeding 95%. Learner voice feedback is also used to inform practice moving forward.
- Learner involvement activities ran throughout the year, including focus groups, campaigns and celebrations such as Black History Month, Chinese New Year, Diwali, Refugee Week, and LGBTQ+ History Month. Significantly, during the year our learners were also involved in Welsh Government and other consultations external to the College on topics of significance to young people.
- Group Principal Kay Martin was awarded an MBE for Services to Education in Wales.
- The College won the AoC Beacon Award for Inclusive Leadership and Learning, and was ranked number 7 in the Top 100 most inclusive work places by the National Centre for Diversity. The College also became the first Welsh college to become an affiliated member of the Black Leadership Group and became a College of Sanctuary to further support refugees and asylum seekers.
- 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 and in November 2022 was one of six UK colleges hosting the World Skills National Finals. The College also hosted a number of national qualifiers in areas including Construction and Building Services, Refrigeration, Cyber Security, Restaurant Services, Culinary Arts, Confectionery and Patisserie, and Foundation Skills Horticulture.

**Learner achievements**

Complementing academic performance, the College is delighted to report the following achievements of learners:

- The College achieved 210 registrations in the Skills Competition Wales cycle, winning a total of 25 medals (including 10 gold). Seven learners progressed to the World Skills UK National Finals.
- HNC learners Ruby Pile and Kate Jacyna-Onyszkiewicz made it to the final three of the AA College Restaurant of the Year award.
- Former learner Cai Pugh was named as one of the UK's Career Ready Students of the Year at the Career Ready Awards.
- The Basketball Academy enjoyed a successful season, winning both the Welsh Colleges Championships and the Association of Colleges Welsh League, with player Josh Brown selected for international duties with Basketball Wales.

**Learner achievements (continued)**

- The Rugby Academy won the WRU's Welsh Schools and Colleges Cup.
- The College hosted Esports Wales players for a media training day ahead of esports being included as a pilot event in the Commonwealth Games this summer.
- Ten students from the Female Rugby Academy represented Cardiff Quins at the Principality Stadium in the national U18s cup final. Four students were also selected for the Welsh U18s Six Nations.
- Hospitality and Catering students Callum Paterson, Louis Rochon and Jack Matthews won a Transport for Wales competition to create dishes for its new first-class rail menu.
- Independent Living Skills (ILS) Learners represented the College and Wales as part of the ILS Association of Colleges Championships.
- Saffron Vanderfolk-Pellow, Student Governor and Sabbatical Officer, presented at the Senedd, talking about her and the College's work in encouraging young people to vote.

**Other developments and achievements**

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

- The College led on a programme of summer activities in conjunction with Local Authorities and School. This included sports activities, AS and A2 transition, engineering tasters, summer visit days and 'have a go' sessions.
- The Regional ESOL Assessment Central Hub (REACH) continued to meet the growing needs for ESOL (English for Speakers of Other Languages) education in the region.
- The College registered as an exam centre for Ukraine nationals and supported the Ukrainian Breakin' Olympiad to train during the summer.
- The College's Jason Mohammad Academy was established, giving learners opportunities to work with Jason Mohammad in masterclasses on radio and TV production.
- The College worked in partnership with Velindre and Public Health Wales to develop a course to raise COVID and vaccination awareness.
- Over 300 learners took part in National Career Week, with a packed programme of careers advice and guidance from more than 25 employers.
- The Welsh Government's Anti-Racist Wales Action Plan was launched this year, with the College taking a lead role in this work, including supporting its adoption across the sector.
- The College undertook several professional learning projects, funded by the Welsh Government's Professional Development Fund, in areas including Welsh language development, digital learning, managing learning behaviour, and enhancement of industrial skills. The College's 'Edfest' and 'Leadfest' programmes also provided staff with a wide range of continuing learning opportunities.
- The College led on a Centre of Industrial Excellence project focusing on Advanced Manufacturing, Compound Semiconductors, Cyber Security and Green Technology.

**Other developments and achievements (continued)**

- The College continued to expand its support for active wellbeing of learners and staff, including the recruitment of a new Active Wellbeing team and the opening of the new Canal Park facilities near the City Centre campus. Further information on the Canal Park project is contained in 'Capital Developments' below.
- Zara Mohammed, Secretary General Muslim Council of Britain was welcomed to the College and met staff and students to highlight the importance of 'having a voice' and youth leadership.
- The Aspiring Teaching Programme continued to support non-teaching staff with aspirations to become teachers to achieve a PGCE.
- CAVC secured a place on the Senedd Cymru training framework to support the delivery of training to members and their staff.
- The College continued development of a new sustainability strategy encompassing all aspects of the College's activities, from the content of our curriculum through to our Estates strategy. Cynnal Cymru also delivered Carbon Literacy training to academic heads of department and other managers.

**Partnerships**

The College is committed to supporting employers and communities across Cardiff and the Vale:

- The College has developed strong partnerships with local employers, with most learners undertaking work experience and/or work-related education. A number of organisations including Wales Millennium Centre, Cardiff and Vale University Health Board, Cardiff Council, Vale of Glamorgan Council, BBC Cymru Wales, Principality, Dow, Deloitte, Admiral and Lloyds Bank were engaged through the College's Employment Bureau, and/or delivered workshops or offered internships for learners to improve their skills and gain experience tailored to their career aspirations.
- The College has also developed further effective partnerships with the Welsh Rugby Union, Cardiff City Foundation, Cardiff Blues Community Foundation, Llanrumney Hall and the Military Preparation Training College, to offer different opportunities for stimulating learning in our community.
- The College has long standing partnerships with third-sector organisations such as Vision 21, the Ministry of Life, and the Media Academy Cardiff. Over the year it developed franchises with a number of specialist organisations to support the delivery of 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 worked with FinTech Wales and leading local financial services employers including Admiral, Deloitte, Hodge Bank and Principality to create unique, fast-track training programmes designed meet the growing need for skilled people to fill job vacancies in FinTech. This was supported through the UK Government Community Renewal Fund.
- The College signed a Deed of Association with the University of Wales Trinity St David to set in motion the next steps in the establishment of Technical University Institutes.



**Partnerships (continued)**

- The College signed up to a new strategic alliance with the University of South Wales (USW), reconfirming a long-standing partnership and focussing 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 received grant funding to establish a Coleg Cymraeg Cenedlaethol branch at the College, further supporting the implementation of the College's Welsh Language Strategy.

**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 develops a risk register for 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 developed 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.

In respect of full-time enrolment, the 2021/22 academic year proved more challenging than pre-COVID normal – a scenario not unique to the College, with most colleges in Wales reporting similar trends. Enrolment levels in the year will not impact the College's Welsh Government funding allocations for 2021/22 or 2022/23, but are likely to be taken into account in future years' allocations from 2023/24 onwards.

Demand for part-time courses continues to recover towards pre-pandemic levels, although some uncertainty remains in this respect. In 2021/22 the Welsh Government supported part-time provision through relaxation of minimum delivery targets. This support was welcomed in the context of a challenging year, where Colleges were encouraged to 'open for business' and run part-time courses even where enrolment levels may not have been sufficient to make some courses financially viable.

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 HGV 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.

**Principal risks, opportunities and uncertainties (continued)**

Learner enrolment (continued)

Enrolment in 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.

Future funding

Even prior to the recent economic turbulence, the Welsh Government indicated that the very small increases in its budgets for 2023/4 and 2024/5 would mean it would not be able to fully fund growth for the Further Education (FE) sector in line with the existing funding methodology. The potential impact of the autumn statement and inflationary pressures from cost of living, pay awards and energy costs have further exacerbated that situation.

The Welsh Government is therefore 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.

Financial pressure

As with wider society, the College currently faces heightened financial pressure compared to recent years, notably high cost inflation (notably in utility costs, but also affecting many other costs) and ongoing uncertainty relating to the recovery of some income streams post-pandemic.

These pressures result in a challenging outlook, with energy cost inflation alone likely to result in an unfunded cost increase of around £1million per year (including the short-term government support for energy costs for businesses). The College (along with most colleges, schools, hospitals, public sector bodies and wider businesses) therefore faces unbudgeted energy cost increases that cannot be offset by reducing energy usage. Given the severity of the situation, the matter has been escalated to the Welsh Government by the Welsh FE sector, although there is no indication from Welsh Government that any support beyond the measures already taken by the UK government will be forthcoming.

There is also potential financial risk relating to the ongoing staff pay award negotiations for 2021/22, which will remain uncertain until a final settlement has been agreed with trade unions, and the extent to which this will be supported by the Welsh Government has been confirmed.

The College has not been immediately affected by recent increases to the Bank of England base rate as its bank loans have fixed rates of interest. However, the College will have some exposure to this risk from 2023, when some of its loans are due to be refinanced.

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.

**Principal risks, opportunities and uncertainties (continued)**

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.

Work-based learning

In 2020/21 the College and its subsidiary company Associated Community Training Limited (ACT) were successful in the Welsh Government's procurement exercise for the provision of apprenticeships until 2025 (with the possibility of an extension to 2027). Subsidiary company ALS was unsuccessful in securing a contract, but continued to deliver apprenticeships from August 2021 through an apprenticeship subcontract with ACT.

During the 2021/22 year the group successfully delivered a combined apprenticeship contract funding allocation of c£47.6m, an increase of c£3.2million compared to 2020/21. This presented a welcome opportunity for the group to further grow its apprenticeship provision and reach new learners and employers.

Throughout the year, the College group was mindful of the risk associated with this growth, particularly in relation to the quality of delivery by subcontract partners, some of whom joined the CAVC or ACT network for the first time in 2021/22, following the matching exercise of unsuccessful bidders to contract holders. All subcontract and franchise partners are subject to quality monitoring process that forms part of the Service Level Agreement.

Following a Welsh Government procurement exercise in 2020/21, ACT was awarded a contract to deliver Jobs Growth Wales+, the Welsh Government's flagship employability programme (and replacement for the previous traineeship programme), which commenced in April 2022. Both programmes had lower than expected learner numbers throughout the year, and while some improvement has been seen in recent months, the viability of the programme in the longer term remains at risk without a substantial change to the level of learners coming onto the programme, or a change in funding to reflect the lower level of occupancy. ACT directors are actively participating in discussions with Welsh Government regarding the extent to which further flexibility and/or funding for the programme may be available.

Potential options to mitigate the risk are currently being considered by the ACT board of directors, College Executive and the Governing body.

**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 21st Century Schools and Colleges Band B 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 in 2026.

The College's Outline Business Case for the project was submitted to the Welsh Government in July and we currently await feedback from the Capital Investment Panel, which reviewed the case in August.

As a result of widely reported cost inflation in the construction industry, we understand that the issue of affordability of the Welsh Government education capital programme (including the College's MIM projects) remains an issue, with no resolution yet reached.

Brexit

The post-Brexit funding landscape continues to create uncertainty and a challenge for stakeholders who have previously accessed European funding. The UK Government has published its guidance for the Shared Prosperity Fund, and the Welsh Government have commented how this has resulted in a reduction of funding to Wales. Whilst European funding was centrally administered in Wales, the replacement programme is being directly channelled through local authorities, which will deliver against a regional investment plan, with no decision-making role for Welsh Government.

The college is actively engaged in discussions to support activities through the Shared Prosperity Fund, which will provide funding through to the end of March 2025. The longer-term position is unknown and subject to clarification by UK Government; developments in this respect are monitored by the College, including changes to State Aid legislation (now referred to as Subsidy Control).

COVID-19

With all restrictions now lifted in Wales and the wider UK, the College, in line with Welsh Government advice, continues to monitor the situation and implement whatever reasonable measures are considered appropriate in the context of its own risk assessment and local infection rates and circumstances.

The Executive Team is mindful of the increased risk faced by some learners and staff (e.g. those who were previously shielding or have other increased risk factors) and have procedures in place to ensure that the risk to these individuals continues to be mitigated as far as reasonably possible.

Cash flow remained healthy throughout the 2021/22 academic year despite the pandemic; the impact of Welsh Government support and good performance of some areas of activity offsetting the impact of reductions in income in activities slower to recover.

The extent of financial risk in 2022/23 continues to be subject to some uncertainty. Although core FE funding allocations were not affected by the pandemic, some income streams remain below pre-pandemic levels, while learner enrolment trends in certain areas remain below previous or anticipated levels.

## CARDIFF AND VALE COLLEGE

### CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

#### REPORT OF THE GOVERNING BODY

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##### Principal risks, opportunities and uncertainties (continued)

###### COVID-19 (continued)

The impact of the pandemic on learners' progress continues to be felt, with some students joining the College with gaps in their knowledge and skills, despite attaining the required entry qualifications. The College has put in place a range of additional measures to mitigate this risk, including 'catch-up' teaching sessions, one-to-one support, additional tutorials, additional literacy and numeracy sessions and online support packages. Additional funding has been allocated to the College by Welsh Government in this respect.

##### 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 2022 was £71.2million (2021: £68.1million).

###### Financial

At 31 July 2022, the Group had net assets excluding pension liabilities of £40.1million (2021: £37.1million).

When the pension liability of £17.0million (2021: £39.4million) is included, the Group had net assets of £23.1million (2021: £2.2million net liabilities)

###### Reserves

At 31 July 2022, the College had "cash-backed reserves" (as identified by the Welsh Government) of £10.6million (2021: £9.7million) 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 College's total cash-backed reserves of £10.6million comprise a restricted reserve of £1.5million (2021: £1.5million); a further £3.0 million set aside to fund the non-Welsh Government-funded costs of the College's Vale campus development (2021: £2.5million), and £6.1million (2021: £5.7million) to provide a financial reserve in line with Welsh Government guidance for the financial health of Colleges.

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 two planned new College campuses in the Vale of Glamorgan will be funded through the Welsh Government's Mutual Investment Model, an increased cash reserve is required to fund certain costs that the College will need to fund itself over the next few years. These cost 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.

## CARDIFF AND VALE COLLEGE

### CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

#### REPORT OF THE GOVERNING BODY

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##### **The group's resources (continued)**

###### Reserves (continued)

- 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 1,214 staff (2021: 1,170) (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 2022 that set out the College's financial objectives to generate operational surpluses and net increases in cash to finance:

- on-going activity;
- new investment;
- asset replacement;
- the estate strategy; and
- to provide or maintain a financial reserve.

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

Over the past two years, despite prevailing uncertainty relating to the 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 2022/23 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, with all restrictions now lifted the College is focussed on continuing its path to recovery, 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 £118.3million (2021: £109.7million) and EBITDA was £9.0million (2021: £14.5million). The Statement of Comprehensive Income shows an overall deficit for the year of £1.6million (2021: deficit of £3.1million).

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

**Financial results (continued)**

Business as usual

As described above, the College's core grant funding received in the year from Welsh Government for full- and part-time provision was not affected by the pandemic. Furthermore, 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 past years the College 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, despite the remaining challenges of the pandemic.

Operating costs in the year were again below normal levels due to restrictions on activities up to Easter linked to the pandemic.

Welsh Government support

In 2021/22, as in the prior year, the Welsh Government provided financial support to colleges and apprenticeship providers linked to additional financial pressures arising from the pandemic. Support received related to a wide range of activities, including:

- funding for additional costs incurred as a result of the pandemic (e.g. enhanced cleaning arrangements, face coverings and additional costs arising from physical distancing rules and other arrangements linked to local risk assessments);
- funding to enable continuity of core support services for students (e.g. catering and nurseries) despite restrictions on on-site activity;
- funding to support completion of learning programmes disrupted in the prior year and additional learning and pastoral activities to support current year students to successfully complete their programmes.

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. Many of these activities continued to be affected by the pandemic during the year due to ongoing restrictions in the first part of the year affecting areas such as face-to-face training delivery, hospitality and international activities. While some activities recovered well after restrictions were lifted, others continued to be affected throughout the year.

Subsidiary company ALS performed well in the year, with employer demand for apprenticeships remaining strong. ACT's overall out-turn for the year was adversely affected by the Jobs Growth Wales+ programme, as described above, despite performing well in its other areas of activity. 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 2021/22 accounting valuation shows a pension deficit for the College of £17.0million at 31 July 2022, compared to £39.4million at 31 July 2021. 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.

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 as the impact of the pandemic on the size of the pension deficit renders that covenant meaningless. The Welsh Government has also indicated that the situation 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.

Accordingly, the Governors are content the balance sheet liability has no impact on the College's financial strength and does not affect the College's ability to operate as a going concern.

**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 significant headroom.



### **Cash flows and liquidity**

The Group's cash balance at 31 July 2022 was £27.9million (2021: £19.3million). The increase compared to the prior year was mainly due to increased cash generation from operating activities, but also included a number of short-term favourable timing differences which will unwind in the forthcoming year. The year-end balance also includes some Welsh Government support funding allocation received prior to the year-end that relates to expenditure incurred after the year-end to support learner transition and completion of learning programmes. Any funding not fully utilised will be repaid to Welsh Government in due course and in accordance with the Welsh Government procedures in this regard.

During the year, the College paid £0.6million of contingent consideration in relation to the acquisition of ALS, based on performance targets set at the time of acquisition. These additional payments were fully funded from profits generated by ALS. 2021/22 was the last year in which contingent consideration will be applicable.

The reported net current assets of £4.8million (2021: £3.9million) includes a number of accounting liabilities which are not expected to be settled in the forthcoming year, and also include contingent consideration, which will be settled in line with available cash flows generated by ALS and paid to the College as gift aid.

### **Capital developments**

The College's ambitious estate strategy, which required an investment of some £98million in the ten-year period from 2011 to 2021, is approaching completion, with the following key developments taking place during the year:

- In collaboration with Cardiff Council, the College:
  - Progressed discussions in respect of the development and relocation of the new Fitzalan High School to the Cardiff International Sports Campus (CISC) site at Leckwith. Work relating to the transfer of the College's facilities was completed in September 2021, and resulted in some improvements to facilities compared to existing arrangements.
  - Completed the project to provide temporary accommodation at Eastern High to enable the school to exceed its current enrolment numbers from September 2022. Discussions regarding a proposed permanent solution continue to progress.
  - Continued discussions relating to Cardiff Construction Training Centre (CCTC), following the agreement of heads of terms for a 35-year lease extension in March 2020.
- The College continued to progress plans to replace the ageing accommodation in the Vale of Glamorgan as part of the Welsh Government's 21st Century Schools and Colleges Band B 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 IQ 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 in 2026. 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.

**Capital developments (continued)**

- Completion of the £2.9m Canal Park project to develop and procure a 3G playing surface (the first fully recyclable surface in the country), an Air Dome with two Multi-use Games Areas (MUGA), two changing rooms and stands on Canal Park and the grassed area behind the city centre campus - funded in part by the Welsh Government's Community Hub grant and with a £0.5million investment by the College. The facilities were used during the year by the College for curriculum activity, student enrichment and the College's sport academies, by the local Butetown community including local sports teams, primary schools and for family learning activities, and by the wider community.
- The College completed negotiations during the year with a number of prospective tenants for its One Canal Parade building. Tenancies commenced in late 2021.
- The College progressed discussions relating to the College's potential participation as founder member of the Cardiff Heat Network, a project led by Cardiff Council to transport heat from an energy recovery facility to businesses and homes in Cardiff.
- Supported by Welsh Government capital grant funding, the College undertook a substantial project to re-clad its DR4 campus building, significantly reducing carbon emissions on this site. This project was completed shortly after the year-end.

**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 last year 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 further development of a comprehensive work-based learning offering, enhancing the opportunities offered to learners, employers and communities, building on the acquisition of ACT and ALS and successful outcomes of the Welsh Government procurement exercises for the delivery of apprenticeships and employability programmes.
- 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 2022, was 17 days (2021 – 25 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 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, through the group's ten-point plan, is committed to being a leading voice in anti-racism in Welsh Education. The College is also leading on a Welsh Government-funded project to develop anti-racism curriculum materials 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 is currently working towards securing Green Dragon accreditation.

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.

## **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.

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 20 and includes an independent, external non-Governor. In respect of the operation of this committee:
  - There are currently six 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 2022

#### 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 2021 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), V
Ms R Birch	Local Authority Governor - Vale	A – Nov 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	A - May 22	FGP
Mrs M Foster	Governor		FGP, R, V
Cllr B Gray	Local Authority Governor - Vale	R – May 22	CQSA
Ms N Hodgkinson	Academic Staff Governor		FGP, CQSA, HW
Ms R Huws Williams	Governor	Transferred to full Governor – Dec 21	A, HW
Mr D James	Governor		FGP, V
Mr M James	Group Chief Executive		FGP, CQSA, HW
Cllr S Merry	Local Authority Governor - Cardiff		CQSA
Mr I Morris	Governor		HW (Chair)
Mrs S Nawaz	Governor		HW
Mr D Reeves	Governor		A (from June 22), R, SG
Mr J Taylor	Governor		A, HW
Mr R Thomas	Governor	R – Nov 22	FGP, V
Ms S Vanderkolk-Pellow	Student Governor	A – Sep 21, R – July 22	CQSA, HW
Mr J Williams	Student Governor	A – Sep 21, R – July 22	CQSA, HW

During the period from 1 August 2021 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 2022****REPORT OF THE GOVERNING BODY**

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**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		√		√
Ms K Patel	√			
Ms S Scarlett (appointed Oct 22)		√		

A record of governor attendance at meetings can be found on page 27.

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

6 December 2022

## **CARDIFF AND VALE COLLEGE**

### **CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022**

#### **STATEMENT OF THE GOVERNING BODY'S RESPONSIBILITIES**

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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**

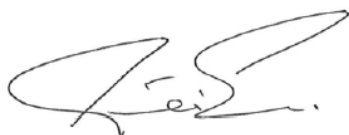
### **CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022**

#### **STATEMENT OF THE GOVERNING BODY'S RESPONSIBILITIES**

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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 6 December 2022 and signed on its behalf by:



Mr G D Evans  
Chair of the Governing Body

6 December 2022

## **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 2022.

### **The Corporation**

The composition of the Cardiff and Vale College Further Education Corporation during the year ended 31 July 2022 is set out on pages 20 to 21; 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 (renamed from Finance, Estates, Commercial and HR in November 2021)
- 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. The transition from traditional boardroom meetings to a hybrid format was achieved without disruption, with Governors receiving support in this respect where required. Timely decision-making and strategic oversight were maintained, and governor meeting attendance (detailed below) remained at over 90%.

The annual report of the internal auditors provided "substantial assurance" in respect of corporate governance, and "substantial assurance" in respect of risk management and internal control.

**Remuneration Committee**

Throughout the year ended 31 July 2022, the Remuneration Committee comprised the members who are identified on page 20. 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 2022 are set out in note 8 to the financial statements.

**CORPORATE GOVERNANCE (continued)**

**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 20 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 20 to 21. 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 2022

### 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	11	4	5	3	4	3	1	1
<b>Full governors</b>								
Mr G Evans	11		5			3	1	1
Prof D Saunders	8	4					1	1
Mr A Abdi	5	4						
Mr D Austin	11		5			3		
Dr F Cowe	11	4						
Dr M Davies	10				4			
Ms R Davies	9	3	2	2				
Ms S Evans*	2							
Mrs M Foster	10		5	3		3	1	1
Cllr B Gray	9	2						
Ms N Hodgkinson	10	4	5	3				
Ms R Huws Williams**	7				4			
Mr D James	10		5			2		
Mr M James	11		5			3		
Cllr S Merry	5	2						
Mr I Morris	9			3				
Mrs S Nawaz	10	4		3				
Mr D Reeves***	8		2		1		1	1
Mr J Taylor	11			3	4	3		
Mr R Thomas	6		3					
Ms S Vanderkolk-Pellow	6	4		2				
Mr J Williams	8	4		2				
<b>Co-opted governors</b>								
Ms V Compton					3			
Mr B Davies		4			3			
Ms L Farrow					4			
Mrs H Ferguson		1		1				
Mr J Harper		2		2				
Ms R Huws Williams				3	4			
Miss K Patel			4					
<b>Independent members</b>								
Mr P Jardine							1	

\* Ms S Evans joined the governing body in May 2022 as a full governor on F&GP committee.

\*\* Ms Huws Williams was appointed full governor in December 2022.

\*\*\* Mr D Reeves moved from the FGP committee to the Audit committee in May 2022.

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 2022 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 2022.

### **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**

The Corporation engaged Deloitte 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 provided "substantial assurance" in respect of Corporate Governance, and "substantial assurance" in respect of Risk Management and Internal Control.

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.

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.

**INTERNAL CONTROL (continued)**

**Review of effectiveness (continued)**

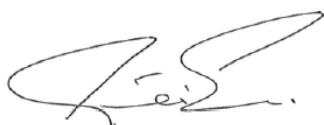
At its meeting on 6 December 2022, the Corporation carried out the annual assessment for the year ended 31 July 2022 by considering the Audit Committee's annual report, the internal audit annual report, the external audit report to management and supporting documentation from officers. Based on this 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

6 December 2022



**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.

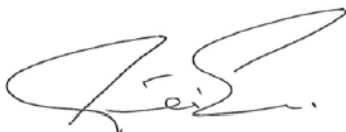


Mr M James  
Accounting Officer

6 December 2022

**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

6 December 2022

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

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**Opinion**

We have audited the financial statements of Cardiff and Vale College ("the College") for the year ended 31 July 2022 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 2022, 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.

**INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF CARDIFF AND VALE COLLEGE (continued)**

**Fraud and breaches of laws and regulations – ability to detect**

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. On this audit we did not identify a fraud risk related to revenue recognition due to the non-complex revenue recognition criteria, which limits the opportunity to fraudulently manipulate revenue.

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 accounts with the corresponding entry being posted to unusual 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 companies legislation and further education related 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

**INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF CARDIFF AND VALE COLLEGE (continued)**

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 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 these 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 and Corporate Governance and Internal Control Statement. 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 22, the Governing Body is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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.

**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,

**INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF CARDIFF AND VALE COLLEGE (continued)**

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](http://www.frc.org.uk/auditorsresponsibilities).

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

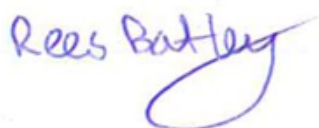
We are required to report on the following matters under the Further Education Audit Code of Practice 2015 (effective 1 August 2014) issued by the Welsh Government under the Learning and Skills Act 2000.

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; and
- income has been applied in accordance with the Financial Memorandum between the Welsh Government and further education institutions.
- the financial statements meet the requirements of the Accounts Direction for Further Education Colleges in Wales 2021/22 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 08 December 2022

**CARDIFF AND VALE COLLEGE**
**CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022**
**CONSOLIDATED AND COLLEGE STATEMENT OF COMPREHENSIVE INCOME**

		Year ended 31 July 2022		Year ended 31 July 2021	
	Note	Consolidated £'000	College £'000	Consolidated £'000	College £'000
<b>Income</b>					
Welsh Government grants	2	105,441	67,585	96,737	58,188
Tuition fees and education contracts	3	4,418	3,086	4,922	3,445
Other income	4	8,481	6,329	7,982	5,653
Investment income	5	40	40	9	9
Gift aid income from subsidiaries	6	-	3,453	-	3,704
<b>Total income</b>		<b>118,380</b>	<b>80,493</b>	<b>109,650</b>	<b>70,999</b>
<b>Expenditure</b>					
Staff costs	7	57,088	44,607	51,585	38,597
Other operating expenses	9	53,743	29,086	45,906	21,369
Depreciation and Impairment	12	4,629	4,242	9,012	8,540
Amortisation and impairment	11	2,365	168	4,114	168
Interest and other finance costs	10	2,181	2,153	2,179	2,167
<b>Total expenditure</b>		<b>120,006</b>	<b>80,256</b>	<b>112,796</b>	<b>70,841</b>
<b>(Deficit)/surplus before tax</b>		<b>(1,626)</b>	<b>237</b>	<b>(3,146)</b>	<b>158</b>
Taxation	21	-	-	-	-
<b>(Deficit)/surplus for the year</b>		<b>(1,626)</b>	<b>237</b>	<b>(3,146)</b>	<b>158</b>
Actuarial gain in respect of pension schemes	20	27,000	27,000	6,590	6,590
<b>Total comprehensive income for the year</b>		<b>25,374</b>	<b>27,237</b>	<b>3,444</b>	<b>6,748</b>

All items of income and expenditure relate to unrestricted income. The notes on pages 40 to 72 form part of these financial statements.

**CARDIFF AND VALE COLLEGE**

**CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022**

**CONSOLIDATED AND COLLEGE STATEMENT OF CHANGES IN RESERVES**

	Income and expenditure reserve		Revaluation reserve	Total reserves
	Restricted (note 25) £'000	Unrestricted £'000	£'000	£'000
<b><u>Group</u></b>				
<b>At 1 August 2021</b>	<b>1,525</b>	<b>(10,933)</b>	<b>7,154</b>	<b>(2,254)</b>
Deficit for the year	-	(1,626)	-	(1,626)
Other comprehensive income	-	27,000	-	27,000
	-----	-----	-----	-----
Total comprehensive income for the year	-	25,374	-	25,374
Transfers between income and expenditure and revaluation reserve	-	134	(134)	-
	-----	-----	-----	-----
<b>At 31 July 2022</b>	<b>1,525</b>	<b>14,575</b>	<b>7,020</b>	<b>23,120</b>
	-----	-----	-----	-----
<b><u>College</u></b>				
<b>At 1 August 2021</b>	<b>1,525</b>	<b>(2,893)</b>	<b>7,154</b>	<b>5,786</b>
Surplus for the year	-	237	-	237
Other comprehensive income	-	27,000	-	27,000
	-----	-----	-----	-----
Total comprehensive income for the year	-	27,237	-	27,237
Transfers between income and expenditure and revaluation reserve	-	134	(134)	-
	-----	-----	-----	-----
<b>At 31 July 2022</b>	<b>1,525</b>	<b>24,478</b>	<b>7,020</b>	<b>33,023</b>
	-----	-----	-----	-----

**CARDIFF AND VALE COLLEGE**

**CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022**

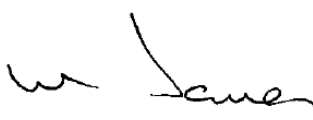
**CONSOLIDATED AND COLLEGE BALANCE SHEETS**

	Note	As at 31 July 2022		As at 31 July 2021	
		Consolidated £'000	College £'000	Consolidated £'000	College £'000
<b>Fixed assets</b>					
Intangible assets and goodwill	11	7,243	310	9,332	478
Tangible assets	12	82,669	81,440	78,420	77,021
Investments	13	-	19,098	-	19,098
		-----	-----	-----	-----
		<b>89,912</b>	<b>100,848</b>	<b>87,752</b>	<b>96,597</b>
		-----	-----	-----	-----
<b>Current assets</b>					
Stock		12	-	19	-
Trade and other receivables	14	6,363	2,634	7,498	3,515
Cash and cash equivalents		27,863	27,397	19,342	18,200
		-----	-----	-----	-----
		34,238	30,031	26,859	21,715
Creditors - amounts falling due within one year	15	(29,409)	(26,521)	(22,965)	(19,022)
		-----	-----	-----	-----
<b>Net current assets/(liabilities)</b>		<b>4,829</b>	<b>3,510</b>	<b>3,894</b>	<b>2,693</b>
		-----	-----	-----	-----
<b>Total assets less current liabilities</b>		<b>94,741</b>	<b>104,358</b>	<b>91,646</b>	<b>99,290</b>
Creditors - amounts falling due after more than one year	16	(54,014)	(53,790)	(53,814)	(53,480)
<b>Provisions</b>					
Pension provisions	20	(16,960)	(16,960)	(39,390)	(39,390)
Other provisions	21	(647)	(585)	(696)	(634)
		-----	-----	-----	-----
<b>Total net assets/(liabilities)</b>		<b>23,120</b>	<b>33,023</b>	<b>(2,254)</b>	<b>5,786</b>
		-----	-----	-----	-----
<b>Restricted reserves</b>					
Income and expenditure reserve – restricted	25	1,525	1,525	1,525	1,525
<b>Unrestricted reserves</b>					
Income and expenditure reserve - unrestricted		14,575	24,478	(10,933)	(2,893)
Revaluation reserve		7,020	7,020	7,154	7,154
		-----	-----	-----	-----
<b>Total reserves</b>		<b>23,120</b>	<b>33,023</b>	<b>(2,254)</b>	<b>5,786</b>
		-----	-----	-----	-----

The financial statements were approved by the members of the Cardiff and Vale Further Education Corporation on 6 December 2022 and signed on its behalf by:



Mr G D Evans  
Chair of the Governing Body



Mr M James  
Group Chief Executive



Mr M C Roberts  
Group Chief Operating Officer

The notes on pages 40 to 72 form part of these financial statements.



**CARDIFF AND VALE COLLEGE**

**CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
<b>Cash flow from operating activities</b>		
Deficit for the year	(1,626)	(3,146)
<i>Adjustments for:</i>		
Depreciation, amortisation and impairment	6,994	13,126
Amortisation of capital grants	(2,599)	(1,266)
Deferred government grants	3,127	3,640
Reassessment of goodwill	-	(1,605)
Pension costs less contributions payable	3,920	3,480
Pension finance cost	650	580
Investment income	(40)	(9)
Interest payable	1,476	1,594
Loss on disposal of fixed asset	50	98
(Increase)/decrease in stock	7	(13)
Decrease in debtors	1,135	730
Increase in creditors	1,941	3,508
Increase/(decrease) in provisions	(49)	85
	-----	-----
<b>Net cash inflow from operating activities</b>	<b>14,986</b>	<b>20,802</b>
	-----	-----
<b>Cash flows from investing activities</b>		
Investment income	40	9
Payments made to acquire fixed assets	(8,928)	(6,789)
Acquisition of subsidiary undertakings (note 13)	(584)	(2,625)
Capital grants received	6,980	6,262
	-----	-----
	<b>(2,492)</b>	<b>(3,143)</b>
	-----	-----
<b>Cash flows from financing activities</b>		
Interest paid	(1,462)	(1,576)
Interest element of finance lease rental payment	(14)	(18)
Repayments of amounts borrowed	(2,223)	(5,758)
Capital element of finance lease rental payment	(274)	(283)
	-----	-----
	<b>(3,973)</b>	<b>(7,635)</b>
	-----	-----
	-----	-----
<b>Increase in cash and cash equivalents in the year</b>	<b>8,521</b>	<b>10,024</b>
	-----	-----
Cash and cash equivalents at beginning of the year	19,342	9,318
Cash and cash equivalents at end of the year	27,863	19,342

The notes on pages 40 to 72 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 2021 to 31 July 2022.

**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 £3.5million 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 2018 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 2022

### NOTES TO THE FINANCIAL STATEMENTS

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#### 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 2019 has been used by the actuary in valuing the pensions liability at 31 July 2022. 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 2022

### 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 2022		Year ended 31 July 2021	
	Consolidated	College	Consolidated	College
	£'000	£'000	£'000	£'000
Recurrent grant	39,607	39,607	36,188	36,188
Work-based learning grant	47,595	11,748	44,358	7,197
Other Welsh Government grants	15,640	13,755	14,925	13,537
Amortisation of capital grant	2,599	2,475	1,266	1,266
	-----	-----	-----	-----
	<b>105,441</b>	<b>67,585</b>	<b>96,737</b>	<b>58,188</b>
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#### 3 TUITION FEES AND EDUCATION CONTRACTS

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated	College	Consolidated	College
	£'000	£'000	£'000	£'000
<u>Tuition fees and charges</u>				
UK and EU – Further Education	167	167	303	303
UK and EU – Higher Education	1,534	1,534	1,885	1,885
Non-EU – Further Education	272	272	127	127
	-----	-----	-----	-----
	<b>1,973</b>	<b>1,973</b>	<b>2,315</b>	<b>2,315</b>
	-----	-----	-----	-----
<u>Education contracts</u>				
14-19 learning pathways	1,455	123	1,648	171
Other education contracts – UK and EU	990	990	959	959
	-----	-----	-----	-----
	<b>2,445</b>	<b>1,113</b>	<b>2,607</b>	<b>1,130</b>
	-----	-----	-----	-----
	<b>4,418</b>	<b>3,086</b>	<b>4,922</b>	<b>3,445</b>
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**CARDIFF AND VALE COLLEGE**

**CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022**

**NOTES TO THE FINANCIAL STATEMENTS**

**4 OTHER INCOME**

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated	College	Consolidated	College
	£'000	£'000	£'000	£'000
Residencies, catering and conferences	1,036	-	553	-
Other income-generating activities	4,352	3,127	3,124	2,568
Coronavirus Job Retention Scheme	58	25	1,171	405
Other grant income	1,947	1,947	2,054	1,832
Other income	1,088	1,230	1,080	848
	-----	-----	-----	-----
	<b>8,481</b>	<b>6,329</b>	<b>7,982</b>	<b>5,653</b>
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In accordance with Welsh Government stipulations, Coronavirus Job Retention Scheme (CJRS) funding was not claimed for any employees whose posts are substantively funded by Welsh Government funding that continued to be received during the period.

**5 INVESTMENT INCOME**

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated	College	Consolidated	College
	£'000	£'000	£'000	£'000
Interest received	40	40	9	9
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**6 GIFT AID INCOME FROM SUBSIDIARIES**

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated	College	Consolidated	College
	£'000	£'000	£'000	£'000
From Associated Community Training Limited	-	2,254	-	2,492
From Apprenticeship Learning Solutions Limited	-	1,199	-	1,212
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	-	<b>3,453</b>	-	<b>3,704</b>
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**CARDIFF AND VALE COLLEGE**

**CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022**

**NOTES TO THE FINANCIAL STATEMENTS**

**7 STAFF COSTS**

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £'000	College £'000	Consolidated £'000	College £'000
Teaching and learning departments	32,459	28,337	31,269	26,702
Teaching and learning support services	3,323	2,622	3,112	2,563
Other support services	1,415	1,415	1,234	1,085
Administration and central services	14,186	8,928	10,372	5,052
Premises	1,195	1,049	1,174	1,059
Other income-generating activities	4,363	2,138	4,286	1,998
Enhanced pension charge (note 21)	6	6	7	7
Voluntary redundancy costs	141	112	131	131
	-----	-----	-----	-----
	<b>57,088</b>	<b>44,607</b>	<b>51,585</b>	<b>38,597</b>
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	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £'000	College £'000	Consolidated £'000	College £'000
Wages and salaries	43,093	32,078	38,886	27,345
Social security costs	3,820	2,866	3,456	2,504
Pension costs (note 20)	10,034	9,551	9,112	8,617
Voluntary redundancy costs	141	112	131	131
	-----	-----	-----	-----
	<b>57,088</b>	<b>44,607</b>	<b>51,585</b>	<b>38,597</b>
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The average monthly number of persons (including key management personnel) employed by the College during the year was:

	2022		2021	
	Consolidated No.	College No.	Consolidated No.	College No.
<b>Full-time equivalents</b>				
Teaching and learning departments	709	563	675	518
Teaching and learning support services	80	56	69	48
Other support services	65	65	70	65
Administration and central services	214	68	196	62
Premises	28	23	27	23
Other income-generating activities	118	51	133	42
	-----	-----	-----	-----
	<b>1,214</b>	<b>826</b>	<b>1,170</b>	<b>758</b>
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# CARDIFF AND VALE COLLEGE

## CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

### NOTES TO THE FINANCIAL STATEMENTS

#### 7 STAFF COSTS (continued)

	2022		2021	
	Consolidated No.	College No.	Consolidated No.	College No.
<b>Headcount</b>				
Teaching and learning departments	922	764	903	725
Teaching and learning support services	92	66	84	60
Other support services	81	81	89	82
Administration and central services	229	74	214	69
Premises	30	24	28	24
Other income-generating activities	159	59	161	51
	-----	-----	-----	-----
	<b>1,513</b>	<b>1,068</b>	<b>1,479</b>	<b>1,011</b>
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#### 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	
	2022 No.	2021 No.	2022 No.	2021 No.
£60,001 to £65,000	-	-	6.0	3.0
£65,001 to £70,000	-	-	6.0	5.0
£70,001 to £75,000	1.0	1.0	-	-
£75,001 to £80,000	1.0	1.0	-	-
£80,001 to £85,000	3.0	1.0	1.0	1.0
£90,001 to £95,000	-	-	2.0	2.0
£100,001 to £105,000	-	-	1.0	1.0
£105,001 to £110,000	-	3.0	-	-
£115,001 to £120,000	3.0	-	-	-
£145,001 to £150,000	2.0	2.0	-	-
£270,001 to £275,000	-	1.0	-	-
£275,001 to £280,000	1.0	-	-	-
	-----	-----	-----	-----
	<b>11.0</b>	<b>9.0</b>	<b>16.0</b>	<b>12.0</b>
	-----	-----	-----	-----

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 2022****NOTES TO THE FINANCIAL STATEMENTS**

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**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:

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Salaries	1,275	1,073
Payments in lieu of pension contributions	47	47
Benefits in kind	1	1
	-----	-----
	1,323	1,121
Pension costs	228	159
	-----	-----
	<b>1,551</b>	<b>1,280</b>
	-----	-----

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:

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Salary	230	226
Payments in lieu of pension contributions	47	47
	-----	-----
	277	273
Pension costs	-	-
	-----	-----
	<b>277</b>	<b>273</b>
	-----	-----

**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:

	2022	2021
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 8 February 2022, and these were subsequently considered and approved by the Governing Body on 1 March 2022. 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 £277 (2021: £438) were made to one member of the Corporation (2021: two) 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 there were no payments made (2021: £NIL) to Key Management Personnel in respect of compensation for loss of office.

**CARDIFF AND VALE COLLEGE**

**CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022**

**NOTES TO THE FINANCIAL STATEMENTS**

**9 OTHER OPERATING EXPENSES**

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £'000	College £'000	Consolidated £'000	College £'000
Teaching departments	2,142	1,723	1,432	1,136
<u>Teaching support services</u>				
• Examination fees	2,137	1,472	1,782	1,232
• Learner transport	214	214	85	85
• Other teaching support services	1,530	853	1,433	481
Other support services	247	247	133	133
Catering costs	268	220	226	126
Marketing	775	684	659	583
Administration and central services	5,320	4,200	4,701	3,624
Income generation costs	1,740	628	722	122
Premises costs	5,685	4,296	4,650	3,532
<u>Subcontracted provision</u>				
• Work-based learning	24,865	7,872	23,157	4,834
• Franchised courses	722	722	820	820
• Other subcontracts	8,098	5,955	6,106	4,661
	-----	-----	-----	-----
	<b>53,743</b>	<b>29,086</b>	<b>45,906</b>	<b>21,369</b>
	-----	-----	-----	-----

**Other operating expenses include:**

	Consolidated and College	
	2022 £'000	2021 £'000
Auditors' remuneration		
External auditors		
• Audit of the financial statements	73	69
• Audit of the subsidiary financial statements	57	53
• Other services provided by external auditor	28	32
	-----	-----
	158	154
Internal auditors		
• Internal audit	29	29
• Other services provided by internal auditor	49	51
	-----	-----
	78	80
Operating lease rental		
• Land and buildings	772	718
• Other	95	136
	-----	-----
	867	854

**CARDIFF AND VALE COLLEGE**

**CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022**

**NOTES TO THE FINANCIAL STATEMENTS**

**10 INTEREST AND OTHER FINANCE COSTS**

	<b>2022</b>		<b>2021</b>	
	<b>Consolidated £'000</b>	<b>College £'000</b>	<b>Consolidated £'000</b>	<b>College £'000</b>
Bank loans and overdrafts	1,512	1,484	1,576	1,564
Finance leases	13	13	18	18
Pension finance costs (note 20)	650	650	580	580
Enhanced pension provision (note 21)	6	6	5	5
	<b>2,181</b>	<b>2,153</b>	<b>2,179</b>	<b>2,167</b>

**11 INTANGIBLE ASSETS AND GOODWILL**

<b>Consolidated</b>	<b>Contractual customer relationships £'000</b>	<b>ACT brand £'000</b>	<b>Goodwill £'000</b>	<b>Systems development £'000</b>	<b>Total £'000</b>
<b>Cost</b>					
At 1 August 2021	<b>8,307</b>	<b>1,600</b>	<b>9,300</b>	<b>839</b>	<b>20,046</b>
Additions (see below)	-	-	276	-	276
<b>At 31 July 2022</b>	<b>8,307</b>	<b>1,600</b>	<b>9,576</b>	<b>839</b>	<b>20,322</b>
<b>Amortisation and impairment</b>					
At 1 August 2021	<b>4,609</b>	<b>887</b>	<b>4,857</b>	<b>361</b>	<b>10,714</b>
Amortisation charge	1,052	202	667	168	2,089
Impairment charge	-	-	276	-	276
<b>At 31 July 2022</b>	<b>5,661</b>	<b>1,089</b>	<b>5,800</b>	<b>529</b>	<b>13,079</b>
<b>Net book value</b>					
<b>At 31 July 2022</b>	<b>2,646</b>	<b>511</b>	<b>3,776</b>	<b>310</b>	<b>7,243</b>
<b>At 31 July 2021</b>	<b>3,698</b>	<b>713</b>	<b>4,443</b>	<b>478</b>	<b>9,332</b>

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 2022****NOTES TO THE FINANCIAL STATEMENTS**

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**11 INTANGIBLE ASSETS AND GOODWILL (continued)**

The additions to goodwill in the year relate to an adjustment to the value of contingent consideration of £276,000 (see note 15).

The impairment charge of £276,000 has been recognised in the year relating to goodwill arising on the company's investment in ALS, taking into consideration the outcome of a procurement exercise in 2021 in which ALS was unsuccessful in securing a contract with Welsh Government for delivery of apprenticeships after July 2021. From August 2021 onwards, ALS's main source of turnover is through an apprenticeship subcontract with ACT, and its network of subcontract partners entered into new subcontract arrangements with ACT with effect from 1 August 2021.

<b>College</b>	<b>Systems development £'000</b>	<b>Total £'000</b>
<b>Cost</b>		
At 1 August 2021 and 31 July 2022	<b>839</b>	<b>839</b>
	-----	-----
<b>Amortisation and impairment</b>		
At 1 August 2021	361	361
Amortisation charge	168	168
	-----	-----
<b>At 31 July 2021</b>	<b>529</b>	<b>529</b>
	-----	-----
<b>Net book value</b>		
<b>At 31 July 2022</b>	<b>310</b>	<b>310</b>
<b>At 31 July 2021</b>	<b>478</b>	<b>478</b>

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 2022**

**NOTES TO THE FINANCIAL STATEMENTS**

**12 TANGIBLE ASSETS**

<b>Consolidated</b>	<b>Freehold land &amp; buildings £'000</b>	<b>Plant, equipment &amp; vehicles £'000</b>	<b>Computers &amp; IT £'000</b>	<b>Assets in the course of construction £'000</b>	<b>Total £'000</b>
<b>Cost</b>					
At 1 August 2021	92,872	12,433	8,098	3,451	116,854
Transfers	2,404	44	(44)	(2,404)	-
Additions	2,504	1,855	2,401	2,183	8,943
Disposals	(91)	(209)	(2,123)	-	(2,423)
	-----	-----	-----	-----	-----
<b>At 31 July 2022</b>	<b>97,689</b>	<b>14,123</b>	<b>8,332</b>	<b>3,230</b>	<b>123,374</b>
	-----	-----	-----	-----	-----
<b>Accumulated depreciation and impairment</b>					
At 1 August 2021	24,734	8,734	4,966	-	38,434
Transfers	(249)	247	2	-	-
Charge for the year	1,953	1,222	1,454	-	4,629
Disposals	(35)	(206)	(2,117)	-	(2,358)
	-----	-----	-----	-----	-----
<b>At 31 July 2022</b>	<b>26,403</b>	<b>9,997</b>	<b>4,305</b>	<b>-</b>	<b>40,705</b>
	-----	-----	-----	-----	-----
<b>Net book value</b>					
<b>At 31 July 2022</b>	<b>71,286</b>	<b>4,126</b>	<b>4,027</b>	<b>3,230</b>	<b>82,669</b>
<b>At 31 July 2021</b>	<b>68,138</b>	<b>3,699</b>	<b>3,132</b>	<b>3,451</b>	<b>78,420</b>

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 £363,000 (2021: £286,000) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £300,000 (2021: £274,000).

**CARDIFF AND VALE COLLEGE**

**CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022**

**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
<b>Cost</b>					
At 1 August 2021	92,005	8,857	8,098	3,451	112,411
Transfers	2,404	44	(44)	(2,404)	-
Additions	2,432	1,710	2,403	2,183	8,728
Disposals	(91)	(209)	(2,124)	-	(2,424)
	-----	-----	-----	-----	-----
<b>At 31 July 2022</b>	<b>96,750</b>	<b>10,402</b>	<b>8,333</b>	<b>3,230</b>	<b>118,715</b>
	-----	-----	-----	-----	-----
<b>Accumulated depreciation</b>					
At 1 August 2021	24,120	6,303	4,967	-	35,390
Charge for the year	1,914	872	1,456	-	4,242
Disposals	(34)	(206)	(2,117)	-	(2,357)
	-----	-----	-----	-----	-----
<b>At 31 July 2022</b>	<b>26,000</b>	<b>6,969</b>	<b>4,306</b>	<b>-</b>	<b>37,275</b>
	-----	-----	-----	-----	-----
<b>Net book value</b>	<b>70,750</b>	<b>3,433</b>	<b>4,027</b>	<b>3,230</b>	<b>81,440</b>
<b>At 31 July 2022</b>					
<b>At 31 July 2021</b>	<b>67,885</b>	<b>2,554</b>	<b>3,131</b>	<b>3,451</b>	<b>77,021</b>

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 £363,000 (2021: £286,000) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £300,000 (2021: £274,000).

## CARDIFF AND VALE COLLEGE

### CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

#### NOTES TO THE FINANCIAL STATEMENTS

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#### 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, the 100% shareholding in Associated Community Training Limited was transferred to the College by ACT (Holdings) Limited, a wholly-owned subsidiary, via a distribution in specie. ACT (Holdings) Limited was subsequently dissolved on 14 June 2022.

Learn About (Wales) Limited, a dormant company which had been dissolved via voluntary strike-off on 11 June 2019, was restored on 1 October 2021 for administrative reasons; the company remains dormant, and an application to strike off the company was made on 11 July 2022.

##### Investment in the ACT Group

The cost of the investment in the ACT group is £19,098,000 (2021: £19,098,000).

##### Cash flows

The statement of cash flows shows a cash outflow of £584,000 (2021: £2,625,000) in respect of the acquisition of subsidiary undertakings. The payment in the year related to contingent consideration linked to the acquisition of Apprenticeship Learning Solutions Limited in 2018, while the payment in the prior year also included the final contingent consideration payment relating to the acquisition of Associated Community Training Limited in 2016.

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 2022		As at 31 July 2021	
	Consolidated £'000	College £'000	Consolidated £'000	College £'000
Amounts falling due within one year:				
Trade receivables	3,517	35	3,481	15
Prepayments and accrued income	2,846	2,181	4,017	2,970
Amounts due from subsidiary undertakings	-	418	-	530
	-----	-----	-----	-----
	<b>6,363</b>	<b>2,634</b>	<b>7,498</b>	<b>3,515</b>
	-----	-----	-----	-----

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 2022**

**NOTES TO THE FINANCIAL STATEMENTS**

**15 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>As at 31 July 2022</b>		<b>As at 31 July 2021</b>	
	<b>Consolidated</b>	<b>College</b>	<b>Consolidated</b>	<b>College</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank loans (see note 17)	2,241	2,241	2,298	2,298
Obligations under finance leases	173	173	221	221
Trade payables	2,454	1,069	3,103	1,331
Other taxation and social security	1,198	826	1,659	1,328
Accruals and deferred income	18,547	17,927	12,418	11,624
Holiday pay accrual	1,336	1,266	1,110	946
Government capital grants	3,183	3,018	1,394	1,272
Other grants	1	1	2	2
Contingent consideration	276	-	584	-
Other creditors	-	-	176	-
	-----	-----	-----	-----
	<b>29,409</b>	<b>26,521</b>	<b>22,965</b>	<b>19,022</b>
	-----	-----	-----	-----

Contingent consideration is the net present value of potential future consideration payments relating to the acquisition of Apprenticeship Learning Solutions Limited (ALS) by Associated Community Training Limited (see note 13). The liability relates to agreed financial performance targets which have been met by ALS in the year, and this arrangement is structured so that any liability falling due in this regard will be fully funded from the related additional surpluses generated by ALS. The liability has reduced compared to the prior year as earn out is only payable for the first five months of the year.

**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.

	<b>As at 31 July 2022</b>		<b>As at 31 July 2021</b>	
	<b>Consolidated</b>	<b>College</b>	<b>Consolidated</b>	<b>College</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Deferred income	7,850	7,496	4,721	4,721
	-----	-----	-----	-----
	<b>7,850</b>	<b>7,496</b>	<b>4,721</b>	<b>4,721</b>
	-----	-----	-----	-----

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

	<b>As at 31 July 2022</b>		<b>As at 31 July 2021</b>	
	<b>Consolidated</b>	<b>College</b>	<b>Consolidated</b>	<b>College</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank loans (see note 17)	28,908	28,908	31,148	31,148
Obligations under finance leases	107	107	259	259
Government capital grants	24,999	24,775	22,407	22,073
	-----	-----	-----	-----
	<b>54,014</b>	<b>53,790</b>	<b>53,814</b>	<b>53,480</b>
	-----	-----	-----	-----

**CARDIFF AND VALE COLLEGE****CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022****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:

	2022 £'000	2021 £'000
<b>At 1 August</b>	23,801	18,805
New grants received during the year	6,980	6,262
Grant released during the year	(2,599)	(1,266)
	-----	-----
<b>At 31 July</b>	<b>28,182</b>	<b>23,801</b>
	-----	-----

**17 BORROWINGS****Bank loans**

Bank loans are repayable as follows:

	As at 31 July 2022		As at 31 July 2021	
	Consolidated £'000	College £'000	Consolidated £'000	College £'000
Due within one year or on demand	2,241	2,241	2,298	2,298
Due between one and two years	9,920	9,920	2,241	2,241
Due between two and five years	12,541	12,541	13,967	13,967
Due in five years or more	6,447	6,447	14,940	14,940
	-----	-----	-----	-----
<b>Total</b>	<b>31,149</b>	<b>31,149</b>	<b>33,446</b>	<b>33,446</b>
	-----	-----	-----	-----

The College had two unsecured bank loans during the year, both with Santander.

The first is split into two £10million tranches. Each tranche comprises 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 have been fixed at rates between 4.54% and 5.47%.

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 2022****NOTES TO THE FINANCIAL STATEMENTS**

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**17 BORROWINGS (continued)****Bank loans (continued)**

In addition to the bank loans described above, on 23 July 2018 the College has a £3.5million revolving credit facility with Santander. Interest on the facility is charged at the Sterling Overnight Index Average (SONIA) rate + 1.625%. During the year the College extended the facility until 31 May 2023.

**Finance leases**

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

	<b>31 July 2022</b>		<b>31 July 2021</b>	
	<b>Consolidated £'000</b>	<b>College £'000</b>	<b>Consolidated £'000</b>	<b>College £'000</b>
In one year or less	173	173	221	221
Between two and five years	107	107	259	259
	-----	-----	-----	-----
<b>Total</b>	<b>280</b>	<b>280</b>	<b>480</b>	<b>480</b>
	-----	-----	-----	-----

**18 CONSOLIDATED RECONCILIATION OF NET DEBT**

	<b>At 1 August 2021</b>	<b>Cash flows</b>	<b>Non-cash loan movement</b>	<b>New finance leases</b>	<b>At 31 July 2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash at bank and in hand	19,342	8,521	-	-	27,863
Debt due within one year	(2,298)	2,298	(2,241)	-	(2,241)
Debt due after one year	(31,149)	-	2,241	-	(28,908)
Finance leases	(480)	288	-	(88)	(280)
	-----	-----	-----	-----	-----
	<b>(14,585)</b>	<b>11,107</b>	<b>-</b>	<b>(88)</b>	<b>(3,566)</b>
	-----	-----	-----	-----	-----

# CARDIFF AND VALE COLLEGE

## CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

### 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:

	2022		2021	
	Consolidated £'000	College £'000	Consolidated £'000	College £'000
<b>Land and Buildings</b>				
Not later than one year	1,195	683	1,297	718
Later than one year and not later than five years	3,293	1,617	2,005	1,792
Later than five years	4,036	4,036	4,493	4,493
	-----	-----	-----	-----
	<b>8,524</b>	<b>6,336</b>	<b>7,795</b>	<b>7,003</b>
	-----	-----	-----	-----
<b>Other</b>				
Not later than one year	173	82	159	45
Later than one year and not later than five years	218	164	117	12
	-----	-----	-----	-----
	<b>391</b>	<b>246</b>	<b>276</b>	<b>57</b>
	-----	-----	-----	-----

#### 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;
- Legal & General, a defined contribution scheme; and
- Aviva, a defined contribution scheme.

#### Consolidated

	2020		2021	
	£'000	£'000	£'000	£'000
Teachers' Pension Scheme: contributions paid		3,775		3,400
Local Government Pension Scheme:				
Contributions paid	1,850		1,730	
Non-cash charge arising from actuarial valuation	<u>3,920</u>		<u>3,480</u>	
		5,770		5,210
Enhanced pension charge (see note 21)		6		7
Defined contribution schemes: contributions paid		483		495
		-----		-----
<b>Total pension cost for the year within staff costs</b>		<b>10,034</b>		<b>9,112</b>
		-----		-----



**CARDIFF AND VALE COLLEGE****CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022****NOTES TO THE FINANCIAL STATEMENTS****20 PENSION PROVISIONS (continued)**

College		2022		2021
	£'000	£'000	£'000	£'000
Teachers' Pension Scheme: contributions paid		3,775		3,400
Local Government Pension Scheme:				
Contributions paid	1,850		1,730	
Non-cash charge arising from actuarial valuation	<u>3,920</u>		<u>3,480</u>	
		5,770		5,210
Enhanced pension charge (see note 21)		6		7
		-----		-----
<b>Total pension cost for the year within staff costs</b>		<b>9,551</b>		<b>8,617</b>
		-----		-----

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 2019 for the C&VPF.

At 31 July 2022 contributions amounting to £689,000 (2021: £625,000) were payable to the schemes and are included within creditors.

**Teachers' Pension Scheme**Overview

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)**

Valuation of the Teachers' Pension Scheme

The most recent actuarial valuation of the Teachers' Pension Scheme was published in March 2019, using membership data as at 31 March 2016. As a result of this valuation TPS employers pay a contribution rate of 23.68% (including the administration levy of 0.8%) which became effective from September 2019.

Scheme changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case was subsequently referred to an Employment Tribunal in December 2019, which decided that the affected scheme members were entitled to return to their pre-2015 pension schemes.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

Pension contributions paid by the College to the TPS in the year amounted to £3,775,000 (2021: £3,400,000).

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 2022, which reflects an update of the results of the most recent funding valuation as at 31 March 2019 (which was finalised in March 2020) in line with the requirements of FRS 102.

The net pension liability recognised as at 31 July 2022 was £17.0million (2021: £39.4million).

**CARDIFF AND VALE COLLEGE****CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022****NOTES TO THE FINANCIAL STATEMENTS****20 PENSION PROVISIONS (continued)**Principal assumptions

The principal assumptions made by the actuaries were:

	<b>2022</b>	<b>2021</b>
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	3.4%	1.7%

\* CPI inflation shown above reflects the normal policy of basing the defined benefit obligation (DBO) on the pension increase order set by the Government during the financial year. The last pension increase order was 3.1% in April 2022, and this has been allowed for in the actuarial valuation summarised below. However, due to current levels of high inflation the actuaries have also made an allowance in the DBO for the expected impact of CPI inflation on the pension increase order for April 2023. This is recognised within Other Comprehensive Income.

Mortality

The mortality assumptions are based on the SAPS S2N standard mortality tables with allowance for future improvements in line with CMI 2014 core projections with a long term improvement rate of 1.5% pa. The assumed life expectations on retirement at age 65 are:

	<b>2022</b>	<b>2021</b>
Retiring today:		
Male	22.1	22.3
Female	24.6	24.7
Retiring in 20 years:		
Male	23.2	23.3
Female	26.0	26.1

Asset split as a percentage of total assets

	<b>2022</b>	<b>2021</b>
Equities	67.0%	66.5%
Property	8.1%	6.6%
Government bonds	9.0%	10.1%
Corporate bonds	7.8%	15.2%
Cash	2.9%	1.6%
Multi-asset credit	5.2%	-
	-----	-----
	<b>100.0%</b>	<b>100.0%</b>
	-----	-----

**CARDIFF AND VALE COLLEGE**

**CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022**

**NOTES TO THE FINANCIAL STATEMENTS**

**20 PENSION PROVISIONS (continued)**

**Analysis of the amount charged to the Statement of Comprehensive Income**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts included in staff costs</b>		
Employer current service cost net of employee contributions	5,770	5,210
	-----	-----
<b>Total amount charged to the Statement of Comprehensive Income</b>	<b>5,770</b>	<b>5,210</b>
	-----	-----

**Amounts included in interest payable**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Net interest cost	650	580
	-----	-----

**Amount recognised in Other Comprehensive Income**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Asset (losses)/gains arising in the year	(2,780)	7,520
Liability decrease/(increase) arising in the year	29,780	(930)
	-----	-----
<b>Total amount recognised in Other Comprehensive Income</b>	<b>27,000</b>	<b>6,590</b>
	-----	-----

**Net pension liability recognised on balance sheet**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Fair value of College's share of scheme assets	51,040	51,690
Present value of defined benefit obligation relating to the College	(68,000)	(91,080)
	-----	-----
<b>Net pension liability applicable to the College</b>	<b>(16,960)</b>	<b>(39,390)</b>
	-----	-----

**CARDIFF AND VALE COLLEGE**

**CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022**

**NOTES TO THE FINANCIAL STATEMENTS**

**20 PENSION PROVISIONS (continued)**

**Movement in net pension liability during the year**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>At 1 August</b>	(39,390)	(41,920)
Current service cost	(5,770)	(5,210)
Employer contributions	1,850	1,730
Net interest cost on assets	(650)	(580)
Actuarial gain	27,000	6,590
	-----	-----
<b>At 31 July</b>	<b>(16,960)</b>	<b>(39,390)</b>
	-----	-----

**Movement in present value of defined benefit obligation**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>At 1 August</b>	91,080	84,220
Current service cost	5,770	5,210
Interest expense	1,540	1,180
Remeasurement: actuarial (gain)/loss*	(29,780)	930
Contributions by members	680	630
Benefits paid #	(1,290)	(1,090)
	-----	-----
<b>At 31 July</b>	<b>68,000</b>	<b>91,080</b>
	-----	-----

**Movement in fair value of scheme assets**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>At 1 August</b>	51,690	42,300
Interest income	890	600
Remeasurement: (losses)/gains on assets	(2,780)	7,520
Contributions by employer	1,850	1,730
Contributions by members	680	630
Benefits paid #	(1,290)	(1,090)
	-----	-----
<b>At 31 July</b>	<b>51,040</b>	<b>51,690</b>
	-----	-----

\* 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 2022 showed an estimated return on the College's notional allocation of scheme assets of £8.12million (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**

The financial statements for the year ended 31 July 2022 considered the following issues:

Economic uncertainty

Recent changes in global and UK economic pressures, and tightening of monetary policy, have had a significant impact on asset markets and corporate bond yields, which are key to the FRS102 assessment of the net pension asset or liability. In particular, AA corporate bond yields, used to set the FRS102 discount rate, have increased significantly since 31 July 2022, with corresponding falls in asset values. The markets have been exceptionally volatile, and therefore while both gross defined benefit obligations and assets will have fallen, it is difficult to estimate the impact of these changes on the net balance sheet position.

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 proposed remedy.

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 2022 includes an assumption of full indexation of GMPs for members whose State Pension Age is on or after 6 April 2016.

**20 PENSION PROVISIONS (continued)****Other issues (continued)**GMP indexation (continued)

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 2022.

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'.

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 is being challenged by a Judicial Review brought by the trade unions. If the Judicial Review 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 2022 for the potential cost of improving members' benefits under these reviews.

**Defined contribution schemes**

The Group operated three defined contribution schemes during the year. Employer contributions paid into these schemes during the year totalled £418,000 (2021: £423,000). 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
<b>At 1 August 2021</b>	394	140	62	100	696
Additions	-	150	-	-	150
Actuarial gain	(32)	-	-	-	(32)
Utilised in the year	(34)	(139)	-	-	(173)
Interest charged on provision (note 10)	6	-	-	-	6
	-----	-----	-----	-----	-----
<b>At 31 July 2022</b>	<b>334</b>	<b>151</b>	<b>62</b>	<b>100</b>	<b>647</b>
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**CARDIFF AND VALE COLLEGE****CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022****NOTES TO THE FINANCIAL STATEMENTS****21 OTHER PROVISIONS (continued)**

College	Enhanced pension £'000	Redundancy £'000	Other £'000	Total £'000
<b>At 1 August 2021</b>	394	140	100	634
Additions	-	150	-	150
Actuarial gain	(32)	-	-	(32)
Utilised in the year	(34)	(139)	-	(173)
Interest charged on provision (note 10)	6	-	-	6
	-----	-----	-----	-----
<b>At 31 July 2022</b>	<b>334</b>	<b>151</b>	<b>100</b>	<b>585</b>
	-----	-----	-----	-----

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 2022 include an estimate of potential future repayment of grant funding.

**22 CAPITAL COMMITMENTS**

The College had £23,000 of contractual capital commitments at 31 July 2022 (2021: £1,428,000).

**23 RELATED PARTY TRANSACTIONS**Group

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 2022, 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		
2022	35	-
2021	36	-
Purchases of goods and services from related parties		
2022	435	225
2021	1,711	81



**CARDIFF AND VALE COLLEGE****CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022****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		
2022	568	614
2021	292	405
Purchases of goods and services from related parties		
2022	782	-
2021	627	-

Due to the nature of the College's operations and composition of the board of governors (being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving organisations in which a member of the board of governors may have an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures. No transactions, other than those disclosed in the financial statements, were identified which should be disclosed under FRS 102.

**24 AGENCY RECEIPTS AND PAYMENTS**Financial contingency funds

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
<b>At 1 August</b>	89	-
Welsh Government grants plus interest	700	733
Disbursements	(717)	(644)
	-----	-----
<b>At 31 July</b>	72	89
	=====	=====

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.

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.

**CARDIFF AND VALE COLLEGE****CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022****NOTES TO THE FINANCIAL STATEMENTS**

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**24 AGENCY RECEIPTS AND PAYMENTS (Continued)**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.

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Balance at 1 August	-	7
Incentive payments received	1,532	244
Incentive payments made to employers	1,487	(251)
	-----	-----
Balance at 31 July	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 2022 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.*