



Coleg Gŵyr Abertawe  
Gower College Swansea

Annual Report and Financial Statements

For the Year Ended

31st July 2023

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# M

# anagement Personnel

## Key Management Personnel

Key management personnel are defined as members of the Strategic Planning Group and were represented by the following in 2022/23:

- Mark Jones, Principal and CEO; Accounting officer
- Nikki Neale, Director of Curriculum and Quality
- Paul Kift, Director of Skills and Business Development
- Sarah King, Director of HR
- Mike Glover, Director of Finance

## Board of Governors

A full list of Governors is given on pages 24-25 of these financial statements. Mrs S Barron acted as Clerk to the Corporation throughout the period. Subsequent to the year end, Mrs S Barron retired and Mrs A Kirk was appointed as Clerk to the Corporation.

## Professional Advisers

### Financial statements auditor and reporting accountants:

Mazars LLP  
90 Victoria Street  
Bristol  
BS1 6DP

### Solicitors:

Blake Morgan  
Swansea Enterprise Park  
Castle Court  
Swansea  
SA7 9LZ

### Internal Auditors:

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

### Bankers:

HSBC  
4A Vaughan Street  
Llanelli  
SA15 3TY  
  
Barclays  
1-3 Windsor Place  
Cardiff  
CF10 3BX

# R eport of the Governing Body

The members present their report and the audited financial statements for the year ended 31 July 2023.

## Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Gower College Swansea. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

## Public Benefit

Gower College Swansea is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Welsh Government. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 24 - 25.

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
- Links with UK Universities in furtherance of higher education opportunities
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce.

## Background

Gower College Swansea operates across the city of Swansea on a number of sites: Gorseinon Campus, Tycoch Campus, Hill House Campus, Llwyn y Bryn Campus, Sketty Hall, the GCS Training Centre (Jubilee Court) and the Kingsway Employability Hub. A large number of students attend the College from outside the city, some travelling considerable distances to do so.

Our aim here is to have progression opportunities from entry to undergraduate level of study with appropriate levels of support for students whatever their starting point. We are determined to support DFES policies in ensuring that vocational learning leads to worthwhile outcomes.

## Our Mission:

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“Gower College Swansea is respected and valued for delivering the highest quality of education and training that inspires and supports all of our learners to achieve their full potential”

## Our Vision:

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“Leading the way in education and training for all learners, employers and communities that we serve”

## Our Focus:

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“The College has identified five ‘core’ strategic directions and associated aims that will support the College in delivering its vision and mission”

*A focus on our learners and on our communities.*

*A top performer.*

*A leader in the sector.*

*An employer of choice.*

*A sustainable organisation.*

## Implementation of strategic plan

In January 2021, the College adopted a strategic plan for the period 1 August 2020 to 31 July 2024.

The strategic plan includes targets relating to Quality, Students, Enrolments, Finance and Estates, Staff and Excellence. The targets are set in both absolute terms and in a number of targets reference is made to the College's relative performance in terms of other FE colleges.

In addition, the strategic plan is supported by a more detailed Annual Operational Plan which is then linked to departmental plans.

The Corporation monitors the performance of the College against these plans. The plans are reviewed and updated each year. A series of performance indicators have been agreed to monitor the successful implementation of the policies.

The College is committed to observing the importance of sector measures and indicators and data produced by Welsh Government which looks at measures such as success rates.

The College is required to complete the annual Finance Record for the Welsh Government. The College analyses its financial performance in relation to the other Welsh FE colleges and uses this benchmarking information to set future targets. The College uses the guidelines issued by the Welsh Government to inform its review of its Financial Health. The College has self-assessed itself as having a "Category A" financial health grading. Welsh Government defines Category A as "The institution's financial position and its financial strategy fully support the institutional plan".

## People

The College employed 1,107 people (average headcount), of whom 617 are in teaching departments. A further 2 staff (average headcount) were employed at Track Training Limited.

## Reputation

The College has an excellent reputation locally and nationally for the range of provision that it offers and for the quality of the teaching and learning provided. Maintaining a quality brand is essential for the College's success at attracting students and external relationships.

## Student numbers

In 2022/23 the College has delivered activity that has produced £29.8 million in funding body main recurrent grant funding (2021/22 – £26.7 million). The College had approximately 4,000 full time students and 3,500 part time students. In addition, the College provides training to around 3,000 apprentices through the Welsh Government Work Based Learning (WBL) programmes.

## Curriculum developments

The College has continued to focus on priority curriculum areas as identified from labour market intelligence, namely:

- Net zero carbon/Green courses
- Construction
- ICT and Digital Technologies (including digital literacy)
- Energy sector

Curriculum Managers have worked with employers and industry experts in these areas and increasing use has been made of industry boards to guide and direct future curriculum developments.

The College has a strong reputation for curriculum innovation and change. Over the years it has introduced new courses in many areas of the curriculum in order to better meet student and industry needs. The College has continued to grow its provision in construction and ICT particularly through apprenticeship provision.

The College continues to work with a number of Higher Education Institutions and in partnership is delivering Degree Apprenticeships in Computer Science and in Engineering.

The College is also leading the sector in the development of a full time course in eSports which has continued to grow since its first cohort in September 2020.

The College continues to expand the range of courses aimed at students who are at risk of becoming NEET (Not in Employment, Education or Training) through initiatives such as “Advance to FE” programme and Level 1 Vocational Studies. The College was able to successfully expand its range of summer school programmes for at risk students with many then enrolling on to full time programmes. These courses provide tasters to keep young people in education and to progress on to vocational programs the following year.

There has also been continued growth in ESOL courses to respond to an increased demand.

The College continues to work closely with local schools through the delivery of its ‘Junior College’ programmes for 14-16 year olds. The programmes provide a range of activities with the aim of engaging and inspiring young people to encourage them to continue in education post-16. In addition the College delivers ‘Junior Apprenticeship’ programmes in partnership with local schools which provides a full time college alternative to school for 14 year olds.

The College continues to offer a wide range of Level 3 programmes including over 40 different A Level subjects. The A Level programme is enhanced by a specialist tutorial programme for those applying to Oxbridge or to medical professions. The College is proud of the progression of students from the College to Oxbridge and to Russell Group Universities.

This progression has been enhanced through the College’s engagement with Cambridge University through their HE+ programme and being the lead on the Welsh Government funded Seren Hub activities.

## Quality and Standards

Assessment of college students has gradually been returning to pre-Covid procedures. In 2021/2022 external assessments resumed to replace the teacher-assessed grades from the previous two years. Over these years outcomes have been pegged at higher averages than pre-Covid times and will return to former levels from 2023/24.

Due to these exceptional circumstances Welsh Government has not published performance data for individual colleges over the last four years. This has limited the level of analysis possible on the college performance. However, the college has analysed results from the internal trend of performance. The main outcomes for successful completion over the last three years were:

<b>Three Year Comparison of College Outcomes (Main Qualifications)</b>						
<b>Measure</b>	<b>22-23</b>	<b>21-22</b>	<b>20-21</b>		<b>2-Year Trend</b>	<b>3-Year Trend</b>
Successful Completion	<b>81%</b>	<b>76%</b>	<b>83%</b>		5%	-2%
Completion	88%	83%	88%		5%	0%
Attainment	93%	92%	94%		1%	-1%

These figures show that the college has maintained a consistent level of attainment. Completion was lower in 2021/22, but has returned to previous levels in 2022/23. Following the pandemic students found attending full time education settings more challenging, which contributed to the lower completion rate for 2020/21.

Since 2018 A Level outcomes have been judged against Consistent Performance Measures, which include school sixth forms alongside colleges. A levels are now reported over the two year programme and the college performance is as follows:

<b>A Level Consistent Measures (Trends)</b>								
<b>Measure</b>		<b>21/22</b>	<b>20/21</b>	<b>19/20</b>	<b>18/19</b>	<b>2-Year Trend</b>	<b>3-Year Trend</b>	<b>4-Year Trend</b>
3 A*-E A Levels	16	68%	79%	74%	61%	-11%	-6%	7%
	17+	38%	58%	50%	47%	-20%	-12%	-9%
	<b>All</b>	<b>64%</b>	75%	69%	<b>58%</b>	-11%	-5%	<b>6%</b>
3 A*-C A Levels	16	56%	63%	66%	43%	-7%	-10%	13%
	17+	22%	44%	40%	23%	-22%	-18%	-1%
	<b>All</b>	<b>51%</b>	60%	60%	<b>39%</b>	-9%	-9%	<b>12%</b>
3 A*-A A Levels	16	20%	19%	22%	13%	1%	-2%	7%
	17+	2%	11%	6%	3%	-9%	-4%	-1%
	<b>All</b>	<b>17%</b>	18%	18%	<b>11%</b>	-1%	-1%	<b>6%</b>
Learners Completing AS		<b>90%</b>	90%	95%	<b>95%</b>	0%	-5%	<b>-5%</b>
Retention from AS-A2		<b>83%</b>	93%	79%	<b>79%</b>	-10%	4%	<b>4%</b>
Learners Completing A2		<b>96%</b>	95%	96%	<b>96%</b>	1%	0%	<b>0%</b>

These figures cover the period from pre-Covid to 2021/22. Outcomes for 2022/23 are yet to be finalised.



## Work Based Learning (WBL) - Wales

The College continues to grow its work based learning contract and provision across a broad range of Apprenticeship training opportunities, working with over 1,200 employers and 3,037 apprentices in 2022/23. 1,715 apprentices continued their learning from 2021/22 to 2022/23 and 1,322 new apprenticeship starts were recruited in 2022/23.

Gower College Swansea is a lead contractor for Welsh Government's Apprenticeship Commissioning Programme Wales Framework which commenced 1 August 2021 and runs until 31 July 2025, with an option to extend the Agreement until 31 July 2027.

Contract values for Apprenticeship Commissioning Programme (ACP) Wales are provided annually by Welsh Government and the contract value for 2022/23 was originally £9.6 million. However, in line with all providers in Wales, the financial crisis in 2022/23 impacted on the recruitment of apprenticeship starts, with employers stopping or delaying recruitment due to the economic uncertainty. Therefore, in March 2023 Welsh Government undertook a re-profiling exercise with all apprenticeship commissioned contract holders and reduced the College's contract to £9.3 million to reflect the downturn. The College forecast income was then set at £8.5 million based on a live contract profile modelling methodology.

In 2022/23, the contract was delivered through a combination of internal delivery partners (17 areas across GCS Training and 2 College Faculties) and 7 external (sub-contracted) delivery partners. The College's Quality team continues to work with the central WBL team to implement a comprehensive WBL quality development plan to continue improving strategy and processes, developing resources and ensuring high quality provision for apprentices and their employers.

The College continues to broaden our WBL curriculum offer in response to local, regional and national skills needs. In several specialist subject areas we offer apprenticeship provision across Wales and are the only provider offering some of these specialist apprenticeship routes in Wales. The College continues to develop its apprenticeship offer in response to Welsh Government and Regional Learning & Skills Partnership priorities, allocating more apprenticeship funding to the better performing areas, routes of strategic importance/skills shortages etc. Furthermore, apprenticeship starts have also been reduced in poorer performing areas until further improvements are shown.

The College has built a strong collaborative reputation with employers, stakeholders and the Welsh Government regarding developing and delivering a responsive apprenticeship curriculum offer to meet existing and emerging sector needs. In 2023/23 we offered apprenticeships in 45 different delivery routes across most available apprenticeship levels in these routes. This resulted in an impressive 87 different apprenticeship programmes delivered in 2022/23 across our contract.

We have a large Welsh apprenticeship provision, with apprenticeship recruitment starting to recover from the Covid 19 delays experienced in 2020/21, which was then unfortunately impacted by economic uncertainty as result of the financial crisis.

The bulk of our apprenticeship delivery for 2023/24 is profiled to be delivered by the College (84%) with 16% profiled for subcontracted external delivery partners for specialist areas. At 31 July 2023 the College had 1,839 apprentices on programme in Wales carrying over to 2023/24 delivery, with an additional 1,682 apprentice starts planned for 2023/24.

*Framework completion rates – Welsh Government funded apprentices.*

Contract Year	Framework completion rate
2015/16	78%
2016/17	81%
2017/18	82%
2018/19	78%
2019/20 <sup>1</sup>	72%
2020/21 <sup>1</sup>	74%
2021/22 <sup>1</sup>	68%
2022/23 <sup>2</sup>	74%

<sup>1</sup>Welsh Government and Estyn recognised the negative impact of Covid 19 on apprenticeship progress, compounded in 2022/23 by economic crisis and are not using or publishing framework completion data for providers or the WBL network for 2019/20 and 2020/21 and not for the WBL network for 2021/22. They are also not using our internal data as part of quality audits or inspections, as it has not been externally verified. Therefore, the framework completions rates for 2019/20 and 2020/21 in the table above are from internal data and not externally validated, unlike previous years.

<sup>2</sup>For 2022/23, the framework rate of 74% is provisional as the final data for 2022/23 is not yet available.

The College's WBL framework completion rate for 2019/20, 2020/21 and 2021/22 have been adversely affected by the Covid pandemic, with 2021/22 and 2022/23 also being further compounded by economic crisis; reflecting the wider WBL provider position across Wales. This is particularly relevant in sectors/routes such as Health & Social Care, Childcare, Manufacturing, Leadership and Management and Housing. In certain routes, public and third sector workers were moved from their usual duties to front line Covid response during the pandemic, causing delays in planned apprenticeship completion. Learners in other framework areas were moved to homeworking which also delayed their apprenticeship assessments and progress. Consequently, many apprentices have been unable to complete their frameworks within their original expected timescales and have had their apprenticeship programmes extended in to the 2021/22, 2022/23 and in some cases 2023/24 academic year.

For 2022/23, in recognition of the continued impact of Covid on framework completion within the WBL sector, Welsh Government will collect framework completion data for WBL providers and share this with the providers and Estyn but will not publish individual organisation framework completion rates. Instead, they will publish the WBL cross sector achievement rate only.

In 2019/20, 2020/21 and 2021/22, due to negative Covid 19 impact, the College has not met the 75% framework achievement quality performance indicator set by Welsh Government. However, Welsh Government has indicated in recent months that their 75% framework completion target (set pre pandemic) is now aspirational for 2019/20 to 2022/23 due to the impact of external (pandemic and economic) factors. Welsh Government are reviewing the situation in coming months to confirm if this will also be the case for 2023/24.

Welsh Government and Estyn have suspended monitoring against this framework achievement target due to the effects of the Covid/economic crisis, and in some sectors radical apprenticeship curriculum reform, which has affected retention and attainment. Estyn will resume monitoring and reviewing framework performance internally against this target from 2022/23 onwards, taking into consideration the effect of Covid and economic factors on particular sectors which will influence this.

Our Level 2 & 3 Social Care provisional framework achievement rates of 75% for 2022/23 have recovered exceptionally well, due to the delivery area's adaptability to circumstances and employers' evolving needs. Anecdotal discussions at WBL provider meetings suggest that we are bucking the pan Wales provider trend in this route.

The ongoing quality improvement work in apprenticeships continues to pay dividends. Whilst we unusually did not win any national awards for 2022/23, various internal delivery partners have benefitted from international exchange visits through Welsh Government Taith funding (the Welsh replacement for Erasmus+) to share best practice and continue to bring cutting edge practices back to inform our Apprenticeship delivery. Our apprenticeship representation in regional, national and international skills competitions also remains strong.

The College continues to work closely with 2 Universities to co-deliver Degree Apprenticeship programmes for IT and Engineering. These are funded by Higher Education Funding Council Wales (HEFCW) contracts with the Universities who sub-contract to us.

### **English Government Apprenticeship Delivery 2022/23**

Following our English WBL pilot starting in 2017/18, the College continues to have a small but growing, specialist apprenticeship offer in England. For 2022/23, the College had 62 apprentices (26 continuing and 36 starts) across 12 employers working with 2 College faculties. We have ambitious recruitment plans in 2023/24 for over 150 apprenticeship starts. We now offer English apprenticeship standards across 5 routes.

In England, like Wales, apprenticeship recruitment continues to be challenging, with economic uncertainty causing employers to stop or delay apprenticeship recruitment for 2022/23. The wider English apprenticeship sector is also experiencing these challenges. A recent National Foundation for Educational Research report highlighted that there has been a 69% reduction in apprenticeship starts since 2015/16 in England - primarily due to reforms to the apprenticeship system coupled with disruption created by Covid. A number of high profile providers have recently decided to pull out of the English apprenticeship market due to these issues.

Qualification Achievement Rates in England have also been heavily impacted by Covid and the economic crisis. This is further compounded by the Education & Skills Funding Agency's (ESFA) 'Hybrid End Year' approach to calculating achievement. This is very different to the model used in Wales. Hybrid End Year counts leavers and attainments in the year that is latest from the original planned end date, actual end date or achievement date. This means that there is a delayed reporting impact of Covid and economic factors on achievement rates, with early leaver learners who actually left in 2019/20, 2020/21 and 2021/22, but who started on longer apprenticeship programmes with Expected End Dates in 2021/22 and 2022/23, still having a negative impact on our Qualification Achievement Rates. Due to our relatively small number of apprentices on programme, even 1 or 2 early leavers can have a high percentage impact per route. The small number of early leavers left one of our English health board employers during the Covid pandemic for roles in other sectors with better pay and working hours. It should also be noted that the reduction in our apprentice numbers (and subsequent Qualification Achievement Rates) between 2019/20 to 2021/22 reflects the College not recruiting new apprentices between autumn 2019 and winter 2021 until our full Ofsted inspection.

Whilst these issues have skewed our overall English Qualification Achievement Rates, the ESFA has taken these factors into consideration and it has not had a negative impact on our overall provider annual review where we have scored well in all other areas, such as employer and learner feedback and responsiveness.

*Qualification Achievement rates – English Government funded apprentices.*

Contract year	Our Qualification Achievement Rate	QAR Sector Average (national statistics)	Total number of ESFA apprentices on programme with GCS
2018/19	95%	64%	99
2019/20 <sup>1</sup>	73%	58%	37
2020/21 <sup>2</sup>	45%	53%	35
2021/22 <sup>3</sup>	25%	51%	32
2022/23 <sup>4</sup>	50%	N/A	62

<sup>1</sup>Institution level QAR was not published by ESFA, only a sector average, therefore, our data listed for this year is in internal, non-validated data.

<sup>2</sup>The overall figure is skewed by two routes where achievement was delayed as all learners were working in a hospital and their learning programme planned achievement was delayed due to Covid. Therefore, these routes had 0% achievement rate. However, the other 3 routes had 100%, 100% and 67% achievement rates

<sup>3</sup> The overall figure is skewed by two routes where achievement was delayed as all learners were working in a hospital and their learning programme planned achievement delayed due to Covid. Therefore, these routes had 0% achievement rate. However, the other 2 routes had 100% achievement rates.

<sup>4</sup>The overall figure is skewed by one route where achievement was delayed as all learners were working in a hospital and their learning programme planned achievement was delayed due to Covid. Therefore this route had 0% achievement rate. However, the other 1 route had 100% achievement rate.

## Higher Education

The College provides routes for its learners to develop their skills, beyond level 3, complementing the existing University Higher Education (HE) offer in the region. Through this the College is committed to using its provision to facilitate and support entry into high quality employment for its students. In September 2022 the College published a new HE Strategy 2022-2026. This outlines an emphasis on employability focused progression for College students and identified partner schools through full time HE courses. It is part of the College strategy to continue to develop these courses, predominately at levels 4 and 5, with partner Universities growing the scale of HE activity at Gower College Swansea. In addition, the College will grow its part time and professional markets supporting routes to employment in key sectors. Sectors identified, in particular, support technician level and vocational employment in regionally important areas including Engineering, Construction, ‘Green’, STEM, Education and ALN, Care, Protective Services and Law. This will include progression for existing College students along with external students and employed learners, through both part time in work provision and Higher Apprenticeships. The strategy additionally aims to increase enrolments of students from a widening participation background to ensure progression of our FE students who would be unlikely to continue to Higher Education without the offer. Firm acceptance of UCAS offers demonstrates that just under 50% of students are applying for DSA support, this demonstrates our commitment to this agenda and supporting learners from widening participation backgrounds.

Through academic year 2023/24, and beyond, the College will work to fully embed the new HE Strategy (2022-26) ensuring a robust and financially sustainable curriculum. Alongside embedding employability as an essential strand through all College HE provision the College will review its existing curriculum to ensure alignment with its new strategy.

The College has relationships with a number of Welsh Universities, offering courses in collaboration with the University of Wales Trinity St David, University of South Wales, Swansea University, Cardiff University and Cardiff Metropolitan University. There are around 100 full time higher education students at the college each year. The College also operates a number of part time HE programmes and professional programmes in areas such as Engineering, Education and Business including its award winning accountancy provision at its Sketty Hall Business School.

The College has continued its developments with regard to Degree Apprenticeships, as further phases of degree apprenticeships roll out in Wales the College will work with partner universities to identify areas of collaboration which support the economy of Wales and the region. Through academic year 2023/24, and onwards, the College will use its teacher training provision to support widening participation to the teaching profession. This is, in particular, through the introduction of bursary and support schemes for ethnic minority and other under-represented groups on PGCE (PCET) courses. In addition, the College will introduce a bursary and support scheme for Welsh Language and Bilingual delivery.

Following the successful QAA Review the College Higher Education provision in May 2021 the College will continue to monitor developments related to the new Commission for Tertiary Education and Research (CTER), which has received Royal Assent and is planned for establishment in 2024. As part of this it will align its level 4 plus curriculum, considering and developing its strategy for positioning the College with regard to future regulatory arrangements as part of CTER. This will place the College in a position to respond to the opportunities and challenges for post compulsory education and training over the next few years.

## Financial Performance

The College’s educational performance is backed up with a sound and robust financial performance. The College’s underlying financial performance, measured as “Adjusted EBITDA” (and defined as EBITDA before exceptional items and actuarial pension adjustments) is as follows:

	2022/23 (£000’)	2021/22 (£000’)
<b>“Adjusted EBITDA”</b>	<b>3,289</b>	<b>5,781</b>
Share of profits in associate company	134	-
Net interest (payable)/receivable	361	(46)
<b>Cash generated for re-investment</b>	<b>3,784</b>	<b>5,735</b>
Depreciation, diminution and amortisation (net of grants)	(2,067)	(1,792)
Exceptional staff costs	(164)	(167)
Minority interest	1	-
<b>Surplus before pension adjustments</b>	<b>1,554</b>	<b>3,776</b>
Actuarial pension adjustments	3,930	34,710
<b>Surplus/(Deficit) for the year</b>	<b>5,484</b>	<b>38,486</b>

Table 5 – Financial Performance

## Financial results

The Group generated a sector “Adjusted EBITDA” of £3,289,000 (2021/22: £5,781,000). The College (like all colleges) has suffered from increases in pension deficits in recent years arising primarily due to changes in actuarial assumptions. However, this year has seen a continued reversal with the pension liability now eliminated. As a result, the Group had total comprehensive income of £5,484,000 (2021/22 – £38,486,000).

For 2022/23, the total recurrent grant funding for the College increased by £3,063,000 for direct delivery to students. The College welcomes the commitment by WG to the FE sector through the additional funding. At the same time the College has met contractual scale point movements on the staffing pay scale and continues to match the Living Wage rate which increases each November.

Against this back-drop, the generation of a surplus before non-cash pension costs for reinvestment in the College represents a commendable performance. The College also recognises the need for future investment, including the development of its estate to meet the future needs of the learner. Therefore, the College continues to provide the resources for this future investment.

The financial statements report the share of the Local Government Pension Scheme deficit on the College’s balance sheet in line with the requirements of FRS 102. Asset performance in the year has been strong, which combined with an increase in AAA bond rates (and hence a higher discount rate) has resulted in the elimination of the LGPS pension deficit (2022: £3.9 million).

The balance sheet of the Group and College is in a net asset position at 31 July 2023 of £42.6 million.

The College has a strong balance sheet at 31 July 2023:

- Net current assets of £10.3 million
- Cash and investment balances of £18.7 million

In addition, The Group continues to generate cash surpluses annually for investment in the infrastructure of the College. Therefore the College has sufficient resources to meet its obligations as they fall due and it remains appropriate to prepare the financial statements on a going concern basis.

Tangible fixed asset additions during the year amounted to £3,678,000. This was split between improvement to land and buildings of £1,733,000 and equipment purchased of £1,945,000. This investment was part financed through Welsh Government grants.

The College also welcomed the allocation from Welsh Government of estates capital and maintenance grants and IT infrastructure and equipment grants in the year. These grants have been utilised during the year improving the College facilities for staff and students. A particular focus has been on updating the College’s estate for energy efficiency along with enhancing the IT infrastructure.

The Group has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2022/23, Welsh Government provided 53% (2021/22: 48%) of the Group’s total income through the recurrent grant. It is a key College target within the strategic plan to reduce the level of reliance on recurrent grant income from Welsh Government.

The College subsidiary, Track Training Limited (“Track”), is a training provider based in South Wales, delivering training across the whole of the UK. In the prior year, the company has suffered from difficult trading conditions. During the year, the company ceased trading.

## Treasury policies and objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The College has a separate treasury management policy in place.

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum with the Welsh Government.

## Cash flows and liquidity

At £3,517,000 (2021/22: £13,940,000), operating net cash inflow was strong.

Current borrowing levels are low and estate developments have historically been funded through a mixture of cash reserves, bank borrowing and Welsh Government grants.

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

Subsequent to the year end, the College repaid the HSBC bank loan which amounted to £1,479,000 at 31 July 2023.

The College will also strive to achieve further efficiencies through procurement initiatives and collaboration with other public sector institutions. During the year, the College achieved procurement savings of 3% which was in line with the Welsh Government target.

## Creditor Payments

The College is aware of its obligations under The Late Payment of Commercial Debt (Interest) Act 1998. It is the College policy for all suppliers to be paid within the payment terms of each individual supplier. During the year, the College made payments on average within 13 days (2021/22: 15 days) from the date of the invoice. The College did not incur any interest under The Late Payment of Commercial Debts (Interest) Act 1998.

## Reserves

At 31 July 2023 the College had total reserves (excluding pension liability) of £42.6 million and cash and investment balances of £18.7 million.

The College holds its reserves for reinvestment and renewal of its estate and to provide facilities and equipment to meet the needs to students and staff. This investment is reviewed as part of the Estates Strategy.

## Estates Strategy

Our vision is that the College will have first class facilities for all its learners.

The College's Strategic Outline Plan submitted to the Sustainable Communities for Learning (formerly 21st Century Schools) programme for additional funding from Welsh Government to develop further excellent facilities for students across all campuses has an approved value of £26 million. The College will then need to submit more detailed business cases for each project to draw down the grant funding. The current intervention rate for this programme is 65%.

The College is aware of the increasing demographic for school leavers in Swansea over the next 5 years and will continue to invest in the development of its estate to meet the anticipated increases in enrolments in future years. To accommodate this increase the College has submitted its business case application to Welsh Government for a £17 million building and refurbishment programme at its Gorseinon Campus. Subsequent to the year end Welsh Government approved funding for this project. The balance of the project costs will be met from existing cash reserves.

During the year the College commissioned a number of surveys (including with a focus on net zero carbon) to allow the College to develop a longer term estates strategy. This will identify the significant costs to achieve a move towards net zero carbon and to improve and maintain current facilities. This will form the basis of future bids for funding to Welsh Government.

The College will be utilising the outcome of the above surveys to submit a nine year Strategic Outline Programme (SOP) to Welsh Government by March 2024 for consideration for funding.

### **Risk Management, Principal Risks and Uncertainties**

The College Risk Management Committee meets at least termly and is constituted of senior managers of the College and is chaired by the Director of Finance. At each meeting a review is performed of the risks to which the College is exposed.

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

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

A risk register is maintained at the College level which is reviewed at least annually by the Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

This is supported by a risk management training programme to raise awareness of risk throughout the College.

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

### **Welsh Government recurrent grant**

The College has considerable reliance on continued government funding through the Welsh Government (WG). In 2022/23, 53% (2021/22: 48%) of the Group's revenue was via the recurrent grant



from Welsh Government. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The College is aware of several issues which may impact on future funding. In the current economic climate WG are reviewing all streams of funding and in particular funding for post-16 education and further education is not currently “protected” by WG. Therefore potential cuts to the overall education budget may impact the FE sector more adversely than other areas.

This risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training.
- Considerable focus and investment is placed on maintaining and managing key relationships with the Welsh Government both directly by the College and through Colegau Cymru.
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding.
- Regular dialogue with funding bodies.

The College is actively seeking alternative and additional sources of funding. This includes a focus on commercial activity, higher education, apprenticeship and commercial activity in England and building on the growing reputation of the College internationally as a centre for overseas students studying A level programmes.

## **Energy costs**

Energy costs for the College (and all organisations) have increased significantly over the past two years and are projected to continue at these higher levels. The College uses commodity brokers who forward purchase energy on the wholesale market in order to mitigate the impact of short term spikes in energy prices.

This has had the impact of reducing the current price increases in the short term. However, sustained higher wholesale prices will lead to higher energy prices in the longer term.

The College has looked to partially mitigate this through enhancing the sustainability of the College estates through measures such as LED lighting, enhanced Building Management Systems (BMS) controls and additional insulation which has reduced overall gas and electricity consumption.

## **European Funding/Shared prosperity Fund**

The College utilised ESF funding on a large ESF project called Skills for Industry 2 which focuses on employer engagement and delivers work placed training to staff at local employers throughout the region. Significant ESF funding was also used to support the Employability Hub activities, Better Jobs, Better Futures.

The College successfully extended these projects to December 2022 and subsequent to the year end has received approval for successor funding – The Shared Prosperity Fund. However, this funding is currently only available until December 2024. If the College cannot obtain alternative funding after this date then the College may need to reduce or cease these activities.

## Payroll Costs

Although the requirement for Welsh FE Colleges to maintain pay parity with schools has been removed by Welsh Government, the ability to flexibly control pay remains challenging due to the nature of contractual pay scales and pressures to make cost of living pay awards.

Teachers in Wales received a cost of living pay award from August 2022 of 6.5% plus a non-consolidated payment of a further 1.5% of pay. This was part of a two year pay settlement with Welsh Government with a further 5% increase from August 2023. This increase was partly funded via an increase in the recurrent grant. The College welcomes the Welsh Government recognition of the teaching profession in Wales and its position that FE lecturers in Wales are performing the same role as teachers in schools.

The review of the Teachers Pension Scheme by the UK Government Actuary has resulted in an increase in employer pensions of 21% (from 23.68% to 28.68% of pensionable pay) from April 2024.

The College (like the rest of the education sector) will not be able to meet these pressures of pay awards and increases in pension contributions without additional funding from Welsh Government.

## IT Infrastructure

All organisations are becoming ever more dependent on their IT systems, and colleges are no exceptions. As the College continues to invest in its IT infrastructure, the risks affecting the College continue to increase. The number of malicious external attacks on all organisations is increasing.

The College is focused on continuously improving the robustness of its IT systems and has invested further during the year in maintaining certification in Cyber Essentials Plus.

Further, educational institutions are ever more reliant on this infrastructure for the delivery of education. This has been highlighted during the recent pandemic where all full time learners have received some form of delivery via online remote delivery.

To meet this continued challenge and provide further resilience the College will continue to invest in its “Digital Vision” as part of its updated IT Strategy.

The College welcomes the three year capital grant funding commitment from Welsh Government to part fund these important developments for the sector.

## Health, Safety and the Environment

The College is committed to providing a safe learning environment for students and staff. The College Health & Safety Committee meets to ensure robust processes and procedures are in place for all aspects of College life and particular emphasis is placed on areas such as educational trips and third party premises used by students as part of their work placement. The College has a dedicated Health, Safety and Environment Manager.

The number of RIDDORS (reportable accidents) in this year was 2 (prior year: 2). A thorough review has not identified any systematic issues and the College remains committed to eliminating all RIDDORS.

The College also operates a comprehensive risk assessment process with all risk assessments being updated annually.

## The Environment

The College continues to promote sustainability and during the year the Sustainability Group met several times. The Sustainability Group includes student members and they have played an active part in events in the College.

The College has also been successful in obtaining and maintaining its Green Dragon Level 5 Award for Environmental Management.

## Energy

The College utilised Welsh Government maintenance grants during the last two year to focus on reducing energy consumption through the introduction of LED lighting, improved heating controls and roofing insulation to improve heat retention in the buildings.

	2021/2022	2022/2023
<b>Energy consumption break down (kWh):</b>		
Gas	4,041,678	3,373,450
Electricity	2,404,506	2,168,994
Transport (Miles) - owned vehicles	18,983	31,212
Transport (Miles) - employee vehicles	72,627	152,970
<b>Scope 1 emissions in metric tonnes CO2e</b>		
Gas consumption	741	620
Owned transport – mini-buses/ coaches	3	6
Total scope 1	<b>744</b>	<b>626</b>
<b>Scope 2 emissions in metric tonnes CO2e</b>		
Purchased electricity	<b>511</b>	<b>461</b>
<b>Scope 3 emissions in metric tonnes CO2e</b>		
Business travel in employee owned vehicles	<b>20</b>	<b>43</b>
<b>Total gross emissions in metric tonnes CO2e</b>	<b>1,275</b>	<b>1,130</b>
<b>Intensity ratio</b>		
<b>No. Staff</b>	1,079	1,107
Tonnes CO2 per member of staff	1.2	1.0

The investment in the past two years has resulted in reductions in both gas and electricity consumption. There has been an increase in emissions from College and staff vehicles as the levels of travel have increased reflecting the emergence from Covid restrictions. However, the levels remain below those pre-Covid as the benefits of technology developed during Covid continue to be applied.

## Waste

The College encourages all staff to minimise waste in line with reduce, reuse and recycle. Recycling bins are available across all sites and are collected separately by the College's waste disposal contractor.

The number of such bins has been increased over the last three years. The majority of College waste that is not recyclable goes to incineration with the resultant outputs being recycled.

## Modern Slavery

In accordance with the Modern Slavery Act 2015, the College has adopted and approved its Slavery and Human Trafficking Statement.

## Equal opportunities

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, disability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry.

The College publishes an Annual Equality Report, containing its Gender Pay Gap figures and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010. The Strategic Equality Plan and the annual Equality and Diversity Progress Report are published on the College's website.

The College has an established Equality and Diversity Team which includes senior managers and Student Representatives.

This year, although challenging due to the worldwide pandemic the College has been able to push forward with the strategic equality objectives set previously. Key events this year included a virtual rainbow day, Black History Month celebrations, Refugee and Asylum awareness week, Mental Health awareness campaigns, Rainbow Day and further wellbeing events.

The College previously signed up to become a Stonewall champion employer and a Disability Confident Employer which has seen an increase in both the volume of applications and the successful appointments of disabled candidates. Gower College entered its first submission to the Stonewall Work Place Equality Index (WEI) for 2022. The College was presented with a Bronze award for our work promoting LGBTQ+ inclusion and rights. The College ranked 25<sup>th</sup> of all employers that entered into the WEI and ranked 12<sup>th</sup> amongst all Welsh employers. Stonewall was impressed with the college's inclusive policies, in particular with our use of inclusive language.

The College has taken part in a Welsh Government led project and completed an Anti-Racist Action Plan and have affiliated ourselves with the Black Leadership Group.

The College has also successfully been awarded College of Sanctuary (COS) status. This award has been used as an example of best practice across the UK to other educational institutions seeking to support Asylum Seekers. The College is the first college in Wales to be granted the award.

The College undertakes equality impact assessments on all new policies and procedures and publishes the results. Equality impact assessments are also undertaken for existing policies and procedures on a prioritised basis.

The College has developed and adopted the College Inclusion Charter which has been recognised by Welsh Government as good practice in the sector.

Wellbeing is fully embedded into the culture of the college and is supported by the dedicated Wellbeing Team that strives to enhance the Wellbeing of staff. The College has been awarded with a Corporate Health Standards Gold Award for the commitment encouraging wellbeing among staff which has not only been maintained but also enhanced. The College has recently been shortlisted for the CIPD Awards for the “Best Health Wellbeing initiative public/third sector”.

## Governance

The College has a well-developed governance structure with a fully functioning committee structure and well attended Board meetings. The Board represents a broad range of community and business interests and provides both scrutiny and support for the executive. The Board includes two student representatives and two staff representatives.

Apart from chairing Board meetings, The Chair of Governors has responsibility for the line management of the Principal and the Clerk. In addition there are meetings with strategic partners, inspectors and other external bodies that require his attendance on behalf of the College. He consults regularly with the Principal.

## External Matters

The College enjoys a strong reputation locally as well as nationally, and more recently internationally.

In line with other colleges and with universities, Gower College Swansea has many stakeholders. These include:

- Students and parents
- Welsh Government
- Local schools
- Staff
- Local employers (with specific links)
- Local authorities
- The local community
- Other FE Institutions
- Higher Education Institutions
- Trade unions
- Professional bodies

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

The College continues to have good and, in some cases, excellent relationships with all secondary schools across the City and County of Swansea as well as others across the wider South West Wales region. Collaboration with school Sixth Forms on other items including the sharing of best practice and curriculum development / delivery remains challenging, but with the introduction of the new 3-16 Curriculum for Wales, new vocational GCSEs and increasing financial pressures we are optimistic that greater progress can be made in the future.

In addition the College continues to play an active role in a wide range of local partnerships – including the Swansea Skills Partnership, the NEETs Prevention Partnership and Regeneration Swansea.

In recent years the College has positioned a number of internal structures and curriculum areas to be best placed to respond to the opportunities and challenges provided by the Swansea Bay City Deal, and other major local and national projects. This includes for example, the development of an energy centre offering a range of courses for industries in energy and sustainability.

With the new Skills and Talent programme being led through the Regional Skills Partnership, the College continues to be committed to the Partnership and its various sub committees and as well as having representation on all groups, including the Principal who the Provider Group meeting.

Gower College Swansea is Cambridge University's HE+ centre for South Wales, helping to increase the number of talented students gaining entry to the top universities in the UK. The move underlines the esteem in which this College is held by some of the UK's most prestigious HEIs.

Furthermore, the College is the lead in the Swansea Seren Hub. The Seren Hub is a collaboration between the College and Swansea Sixth Form schools which will provide support to enable more young people from Wales to gain places at top Universities across the UK.

The College entered 96 competitors into Skills Wales competitions in 2022/23, a small decrease of 1% (3 competitors) on the previous year. The students were significantly more successful with 30 students achieving medals across different vocational areas (7 bronze, 17 silver, 6 gold). Entries for the UK Skills competitions have also increased in 2022/23 by 18% from 46 in 2021/22 to 56 in 2022/23. The College had 7 learners successfully progress to the UK Skills Finals, achieving 1 bronze and 1 silver medal.

As a College, we are proud to host the Skills Competition Wales and World Skills UK regional finals for Industrial Electronics. The College is particularly successful in this category, winning a gold, silver and bronze medal in Skills Competition Wales. We are extremely proud that in the most recent World Skills UK finals, 3 Gower College students made the final, with 2 then being chosen in the UK squad from which competitors will be selected for the World finals in Lyon in September 2024.

The College continues to retain our UK World Skills 'Centre of Excellence' status and in 2022/23 the 5 staff members who undertook an extensive CPD programme in 2021/22 which included national and international network opportunities have cascaded key learning to an additional 20 staff across a variety of vocational programmes. This ensures and demonstrates a continuous commitment to staff training and the benefit skills competitions can have on both learners and staff.

The College has in recent years run a suite of European funded employability programmes – called Better Jobs Better Futures from our premises in the City which responded to some of the specific challenges in Swansea in terms of both 'into work' projects (young people, 25+ and at risk of NEET) and 'in work' projects (underemployed and women). In the future we believe that we will be able to continue this work through the Shared Prosperity Fund.

Managers within the College contribute to a wide range of partnership activities across the FE sector both in Wales and in England, with the College being an active member of the Collab group of Colleges. In Wales for example the Principal, as well as being a member of the Principals Forum, chairs the Colleges Wales Finance Directors Group.

In what has been another exceptionally challenging year for further education in Wales, I would also like to extend my thanks and appreciation to staff, students and fellow Governors for their commitment and contribution during the year.

I am pleased that the College remains in a strong position to face the challenges of the future.

### **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.

Approved by order of the members of the Corporation on 7 December 2023 and signed on its behalf by:

A handwritten signature in black ink, reading "Meirion Howells". The signature is written in a cursive style with a large initial 'M'.

Meirion Howells

Chair of the Corporation

# Statement of Corporate Governance and Internal Control

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

The College endeavours to conduct its business:

- i. In accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. In accordance with The Governance Code for Further Education published by Colegau Cymru in January 2016 (“the Code”); and
- iii. Having due regard to the UK Corporate Governance Code 2018 insofar as it is applicable to the further education sector.

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College has adopted and complied with the Code. Whilst not having adopted the UK Corporate Governance Code 2018 the College has due regard to its principles and guidance. We have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

In the opinion of the Governors, the College complies with/exceeds all the provisions of the Code, and it has complied throughout the year ended 31 July 2023. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Governance Code for Further Education published by Colegau Cymru in January 2016, which it formally adopted on 11 February 2016.

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



## The Corporation

The members who served the College during the year and subsequent to the year-end up to the date of signing the Annual Report were as follows:

Governor	Year of Appointment/ Reappointment	Term of Office	Attendance at Corporation Board	Committees Served During the Year
Mr M Howells	2016/2020	4 Years	8/8	Chairman Corporation (from August 2020)F, CPE, S&G, Rem
Jamil Ahmed *1	2022 (July)	1 year	8/8	C&Q, LE
Mrs H Davies-Bjork (Staff)	2019 (May)	4 years	7/7	C&Q, LE
Mr D Griffiths	2022 (July)	4 years	6/8	F
Mr D Howells	2023 (May)	4 years	1/1	n/a
Dr A Iwobi	2021	4 years	7/8	A, C&Q
Mr M Jones (Principal and Chief Executive)	2013	Whilst Principal	8/8	C&Q, CPE, LE, F
Mrs M Leyshon	2019/2023	4 years	2/8	A, S&G, HROD, Rem
Miss I Milligan (staff)	2023 (June)	4 years	0/1	LE, C&Q
Dr E Morris	2023 (May, resigned May 2023)	4 years	n/a	n/a
Cllr S Pritchard	2019/2020/2022 (July)	4 years	6/8	LE, HROD
Dr J Rance	2020	4 years	8/8	CPE, F, Rem
Cllr R Smith	2022 (July)	4 years	4/8	C&Q, F
Professor C Thomas	2020	4 years	7/8	F, C&Q
Mr D Thomas	2022	1 year	6/8	Vice-Chair Corporation Board from May 2022 S&G, A
Miss H Thomas	2022 (July)	4 years	6/8	LE, C&Q
Mr S Tse	2022 (April)	4 years	6/8	S&G, F
Mrs A Vickers	2021(June)	4 years	8/8	A, S&G, Rem
Mrs P Walters	2019 (May)	4 years	4/6	A, C&Q

Dr S Weir (until March 2023)	2020	4 years	4/5	CPE, HROD
Mrs S Williams	2016/2020	4 years	7/8	HROD, LE (Chair)
Mr G H Williams	2023 (June)	4 years	1/1	n/a
Mrs Helen Wright	2022 (July, resigned October 2022)	4 years	0/2	A, HROD

During the year, Mr J Britton served as a co-opted member of the Capital Projects and Estates Committee.

During the course of the year Mrs P Walters and Mrs H Davies-Bjork left the Board as their terms of office came to an end.

The following governors resigned during the year: Mrs H Wright (appointed June 2022, resigned October 2022), Dr E Morris (appointed and resigned May 2023) Dr S Weir (resigned March 2023).

Mr D Howells was appointed in May 2023 and Mr G H Williams, and Miss I Milligan (staff governor) were appointed in June 2023. Mr F Banza was appointed as a governor subsequent to the year end. All terms of office were for four years.

Jamil Ahmed (NUS branch president) served during the year as a student governor by way of his position as NUS branch president. The student governors appointed for 2023/24 are Fatima Lopes (NUS branch president) and Vaughan Bailey.

Key :			
F	Finance Committee	Rem	Remuneration Committee
HROD	Human Resources and Organisational Development Committee	C&Q	Curriculum & Quality Committee
S&G	Search & Governance Committee	LE	Learner Experience Committee
A	Audit Committee	CPE	Capital Projects and Estates Committee
*1	Appointed in August 2022 as NUS Branch President		

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

The Corporation is provided with regular and timely information on the overall financial performance of the College, together with other information such as, performance against funding targets, proposed capital expenditure, quality matters, environmental issues, and personnel related matters such as health and safety, and equality and diversity. The Corporation meets at least once each term.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Audit Committee, Capital Projects and Estates Committee, Curriculum and Quality Committee, Finance Committee, Human Resources and Organisational Development Committee, Learner Experience Committee, Remuneration Committee, and Search and Governance Committee. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Clerk to the Corporation.

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

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

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

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

### **Appointments to the Corporation**

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search and Governance Committee which comprises six governors who are responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required. Members of the Corporation are appointed for a term of office not exceeding four years.

### **Chair of Governors**

The role of the Chair of Governors is to chair the Corporation Board meetings. In addition, the Chair is responsible for responding to any matters affecting the College as they arise. However, the Chair has no authority to act other than in support of the decisions taken by the Corporation Board: The Further Education Corporations (Replacement of Instrument and Articles of Government) (Wales) Order 2006, and the Gower College Swansea Further Education Corporation (Government) Regulations 2010 (as amended by the Board).

### **Principal**

The Principal is also a member of the Corporation Board. The Principal is responsible as Accounting Officer (a responsibility defined by Act of Parliament) for the day-to-day running of the College.

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

No Governor, other than the Principal and the Staff Governors, receives any remuneration from the College. One student governor receives remuneration in respect of their role as NUS Branch President

All Governors and Senior Staff of the College are required to complete a declaration of interests, and the information is included in the Members' Register of Interests, which is open to inspection.

### **Finance Committee**

The Committee comprises seven Governors and meets to consider, advise and report to the Corporation Board on all aspects of the College's finances, financial policies and controls, including the financial aspects of estates developments. The Committee met on 5 occasions during 2022/23.

### **Capital Projects and Estates Committee**

In recognition of the potential estates developments planned over the next five years, the Governors have formed a Capital Projects and Estates Committee. The Committee met on 8 occasions during 2022/23.

### **Human Resources and Organisational Development Committee**

The Committee comprises six Governors and meets to consider, advise and report to the Corporation Board on all matters relating to employee issues. The Committee met on 3 occasions during 2022/23.

### **Search and Governance Committee**

The Committee comprises six Governors whose purpose is to advise the Corporation on the appointment of new members of the Corporation and recommend policies and procedures for the induction, appraisal and governance development of the Corporation. The Committee convened on 4 occasions during 2022/23.

### **Curriculum and Quality Committee**

The Committee comprised of eight Governors in 2022/23. The Committee's purpose is to advise the Corporation Board on the determination of the educational character and mission of the College and to receive and consider internal and external reports on quality assessments following inspections into curriculum areas within the College. The Committee met on 3 occasions during 2022/23.

### **Learner Experience Committee**

The Committee comprises of seven Governors whose purpose is to advise the Corporation Board on the arrangements made to support students during their time at the College. It changed its name to the Learner Experience Committee in June 2022. The Committee met on 3 occasions during 2022/23.

### **Remuneration Committee**

The Committee's responsibilities are to make recommendations to the Board on the remuneration and other terms and conditions of the Principal (the College's only Senior Post-holder), and the Clerk to the Board. The Committee has 5 members. The Committee met twice during 2022/23. Details of remuneration for the year ended 31 July 2023 are set out in Note 7 to the Financial Statements.

### **Audit Committee**

The Audit Committee has comprised six members of the Corporation in 2022-23. The Committee operates in accordance with written terms of reference approved by the Corporation. The Committee convened on 4 occasions during 2022/23.

Attendance by members during the year was as follows:

	4.10.22	1.12.22	6.3.23	13.6.23	Total
Mrs A Vickers (Chair	x	x	x	X	4/4
Dr A Iwobi	x	x	x	x	4/4
Mrs P Walters	x	x	x		3/3
Mrs M Leyshon	x	x			2/4
Mr D Thomas		x	x	x	3/4
Mrs H Wright					0/1
Total	4/6	5/5	4/5	3/5	
(X denotes attendance)					

The Committee provides a forum for reporting by the College's internal and financial statement auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the Welsh Government as they affect the College's business.

The College's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan and report their findings to management and the Audit Committee.

Management are responsible for the implementation of agreed audit recommendations and internal audit undertake periodic follow up reviews to ensure such recommendations have been implemented.

The Audit Committee also advises the Corporation on the appointment of internal and financial statement auditors and their remuneration for both audit and non-audit work.

### Minutes of Meetings

Minutes are retained of all Corporation Board and Committee meetings. The minutes of the Committee meetings are provided to all Governors subject to the exclusions described in Gower College Swansea Further Education Corporation (Government) Regulations 2010 (as amended by the Board) and reports are received by the Corporation Board from the Chairs of the various Committees.

Minutes of the Corporation Board meetings are made available to the public subject to the exclusions described in The Gower College Swansea Further Education Corporation (Government) Regulations 2010 (as amended by the Board).

The Board minutes incorporate any significant matters reported by the Committees. The minutes are available from the Clerk to the Corporation.

## Internal control

### Scope of responsibility

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between Gower College Swansea and the funding bodies. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

### The purpose of the system of internal control

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

### Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2023 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

### The risk and control framework

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

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

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

### Review of effectiveness

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

- The work of the internal auditors
- The work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- Comments made by the College's financial statements auditors, the reporting accountant for regularity assurance, the appointed funding auditors (for colleges subject to funding audit) in their management letters and other reports.

The Accounting Officer has been 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 other sources of assurance, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The senior management 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 senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2023 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2023 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2023.

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

### **Going concern**

After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Approved by order of the members of the Corporation on 7 December 2023 and signed on its behalf by:



**Meirion Howells**  
Chair of the Corporation



**Mark Jones**  
Principal and Accounting Officer

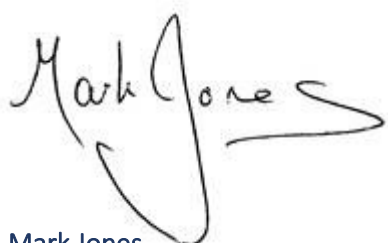
# Statement of Regularity, Propriety and Compliance

## Statement of the Accounting Officer

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.



Mark Jones

Accounting Officer

## Statement of the Chair of Governors

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



Meirion Howells

Chair of the Corporation



# Statement of Responsibilities of the Members of the Corporation

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

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

In preparing the financial statements, the Corporation is required to:

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

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

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

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Welsh Government and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the Welsh Government, and any other public funds, are used only in accordance with the Financial Memorandum with the Welsh Government and any other conditions that may be prescribed from time to time by the Welsh Government or any other public funder. Members of the Corporation must ensure that there

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

Approved by order of the Members of the Corporation on 7 December 2023 and signed on its behalf by:

A handwritten signature in black ink, reading "Meirion Howells". The signature is written in a cursive style with a large initial 'M'.

**Meirion Howells**

**Chair of the Corporation**

# Independent Auditors Report

## Opinion

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

In our opinion, the financial statements:

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

## Basis for opinion

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

## Conclusions relating to going concern

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

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

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

## Other information

The other information comprises the information included in the Report of the Governing body, other than the financial statements and our auditor's report thereon. The Governing body are responsible for the other information contained within the annual report. Our opinion on the financial statements does

not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Matters on which we are required to report by exception**

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

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

### **Responsibilities of the Governing body**

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 32, the Governing body is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

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

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

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

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

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

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

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

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

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

## Other Required Reporting

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

In our opinion, in all material respects:

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

### Use of the audit report

This report is made solely to the Governing body as a body in accordance with the Group'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 Group and the Governing body as a body for our audit work, for this report, or for the opinions we have formed.

Mazars LLP

Chartered Accountants and Statutory Auditor

90 Victoria Street

Redcliffe

Bristol

BS1 6DP

Date: 14 December 2023

# Consolidated and College Statement of Comprehensive Income

Financial component	Notes	2023	2023	2022	2022
		Group	College	Group	College
		£000'	£000'	£000'	£000'
<b>INCOME</b>					
Funding body grants	2	48,044	48,044	48,367	48,367
Tuition fees and education contracts	3	3,043	3,041	2,839	2,822
Other grants and contracts	4	2,575	2,575	2,788	2,763
Other income	5	2,469	2,489	1,944	1,944
Investment income	6	490	490	11	11
<b>Total income</b>		<b>56,621</b>	<b>56,639</b>	<b>55,949</b>	<b>55,907</b>
<b>EXPENDITURE</b>					
Staff costs	7	39,597	39,463	39,378	38,852
Fundamental restructuring costs	7	164	82	167	132
Other operating expenses	8	11,819	12,049	13,452	14,153
Depreciation and amortisation	11,12	4,023	4,023	3,562	3,562
Interest and other finance costs	9	219	219	687	675
<b>Total expenditure</b>		<b>55,822</b>	<b>55,836</b>	<b>57,246</b>	<b>57,374</b>
<b>Surplus/(deficit) before other gains and losses</b>		<b>799</b>	<b>803</b>	<b>(1,297)</b>	<b>(1,467)</b>
Profit/(loss) on disposal of assets		2	2	(5)	1
Diminution in value of properties		(492)	(492)	-	-
Share of surplus in associates		134	134	-	-
<b>Surplus/(deficit) before tax</b>		<b>443</b>	<b>447</b>	<b>(1,302)</b>	<b>(1,466)</b>
Taxation	10	-	-	-	-
<b>Surplus/(deficit) for the year</b>		<b>443</b>	<b>447</b>	<b>(1,302)</b>	<b>(1,466)</b>
Actuarial gain in respect of pensions schemes	25	5,040	5,040	39,790	39,790
<b>Total Comprehensive Income for the year before minority interest</b>		<b>5,483</b>	<b>5,487</b>	<b>38,488</b>	<b>38,324</b>
Minority interest		1	-	(2)	-
<b>Total Comprehensive Income for the year</b>		<b>5,484</b>	<b>5,487</b>	<b>38,486</b>	<b>38,324</b>
<b>Restricted comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Unrestricted comprehensive income</b>		<b>5,484</b>	<b>5,487</b>	<b>38,486</b>	<b>38,324</b>
		<b>5,484</b>	<b>5,487</b>	<b>38,486</b>	<b>38,324</b>
<b>Surplus/(deficit) for the year attributable to:</b>					
Non-controlling interest		(1)	-	2	-
Group		444	447	(1,304)	(1,466)
		<b>443</b>	<b>447</b>	<b>(1,302)</b>	<b>(1,466)</b>
<b>Total Comprehensive Income for the year attributable to:</b>					
Non-controlling interest		(1)	-	2	-
Group		5,485	5,487	38,484	38,324
		<b>5,484</b>	<b>5,487</b>	<b>38,486</b>	<b>38,324</b>

Table 8 – Consolidated and College Statement of Comprehensive Income

# Consolidated and College Statement of Changes in Reserves

Financial Component	Income and expenditure account	Revaluation reserve	Total excluding Non- controlling interest	Non- controlling interest	Total
	£000'	£000'	£000'	£000'	£000'
<b>Group</b>					
<b>Balance at 1 August 2021</b>	<b>(12,871)</b>	<b>11,527</b>	<b>(1,344)</b>	<b>-</b>	<b>(1,344)</b>
(Deficit) from the income and expenditure account	(1,304)	-	(1,304)	2	(1,302)
Other comprehensive income	39,790	-	39,790	-	39,790
Transfers between revaluation and income and expenditure reserves	237	(237)	-	-	-
<b>Movement in the year</b>	<b>38,723</b>	<b>(237)</b>	<b>38,486</b>	<b>2</b>	<b>38,488</b>
<b>Balance at 31 July 2022</b>	<b>25,852</b>	<b>11,290</b>	<b>37,142</b>	<b>2</b>	<b>37,144</b>
Surplus from the income and expenditure account	444	-	444	(1)	443
Other comprehensive income	5,040	-	5,040	-	5,040
Transfers between revaluation and income and expenditure reserves	237	(237)	-	-	-
<b>Total comprehensive income for the year</b>	<b>5,721</b>	<b>(237)</b>	<b>5,484</b>	<b>(1)</b>	<b>5,483</b>
<b>Balance at 31 July 2023</b>	<b>31,573</b>	<b>11,053</b>	<b>42,626</b>	<b>1</b>	<b>42,627</b>
<b>College</b>					
<b>Balance at 1 August 2021</b>	<b>(12,715)</b>	<b>11,527</b>	<b>(1,188)</b>	<b>-</b>	<b>(1,188)</b>
(Deficit) from the income and expenditure account	(1,466)	-	(1,466)	-	(1,466)
Other comprehensive income	39,790	-	39,790	-	39,790
Transfers between revaluation and income and expenditure reserves	237	(237)	-	-	-
<b>Movement in the year</b>	<b>38,561</b>	<b>(237)</b>	<b>38,324</b>	<b>-</b>	<b>38,324</b>
<b>Balance at 31 July 2022</b>	<b>25,846</b>	<b>11,290</b>	<b>37,136</b>	<b>-</b>	<b>37,136</b>
Surplus from the income and expenditure account	447	-	447	-	447
Other comprehensive income	5,040	-	5,040	-	5,040
Transfers between revaluation and income and expenditure reserves	237	(237)	-	-	-
<b>Total comprehensive income for the year</b>	<b>5,724</b>	<b>(237)</b>	<b>5,487</b>	<b>-</b>	<b>5,487</b>
<b>Balance at 31 July 2023</b>	<b>31,570</b>	<b>11,053</b>	<b>42,623</b>	<b>-</b>	<b>42,623</b>

Table 9 - Consolidated and College Statement of Changes in Reserves



# Balance Sheets

Financial Component	Notes	2023	2023	2022	2022
		Group	College	Group	College
		£000'	£000'	£000'	£000'
<b>Non-current assets</b>					
Intangible fixed assets	12	176	176	230	230
Tangible fixed assets	11	45,016	45,016	45,779	45,779
Investments	13	134	134	-	-
Investment properties	13	175	175	145	145
Pensions asset	25	-	-	-	-
		<b>45,501</b>	<b>45,501</b>	<b>46,154</b>	<b>46,154</b>
<b>Current assets</b>					
Trade and other receivables	14	4,995	5,015	4,455	4,454
Investments	15	4,000	4,000	3,000	3,000
Cash and cash equivalents	20	14,758	14,731	16,359	16,348
		<b>23,753</b>	<b>23,746</b>	<b>23,814</b>	<b>23,802</b>
<b>Less: Creditors – amounts falling due within one year</b>	16	(13,394)	(13,391)	(13,186)	(13,182)
<b>Net current assets</b>		<b>10,359</b>	<b>10,355</b>	<b>10,628</b>	<b>10,620</b>
<b>Total assets less current liabilities</b>					
		<b>55,860</b>	<b>55,856</b>	<b>56,782</b>	<b>56,774</b>
Creditors – amounts falling due after more than one year	17	(12,028)	(12,028)	(14,372)	(14,372)
Provisions					
Defined benefit obligations	25	-	-	(3,930)	(3,930)
Other provisions	19	(1,205)	(1,205)	(1,336)	(1,336)
<b>Total net assets</b>		<b>42,627</b>	<b>42,623</b>	<b>37,144</b>	<b>37,136</b>
<b>Unrestricted Reserves</b>					
Income and expenditure account		31,573	31,570	25,852	25,846
Revaluation reserve		11,053	11,053	11,290	11,290
<b>Total unrestricted reserves attributable to the Group</b>		<b>42,626</b>	<b>42,623</b>	<b>37,142</b>	<b>37,136</b>
Minority interest		1	-	2	-
<b>Total unrestricted reserves</b>		<b>42,627</b>	<b>42,623</b>	<b>37,144</b>	<b>37,136</b>

Table 10 – Balance Sheet

The financial statements on pages 38 to 75 were approved and authorised for issue by the Corporation on 7 December 2023 and were signed on its behalf on that date by:



Meirion Howells  
Chair of the Governing Body



Mark Jones  
Principal and Accounting Officer

# Consolidated Statement of Cash Flows

Financial Component	Notes	2023 £000'	2022 £000'
<b>Cash flow from operating activities</b>			
Surplus/(deficit) for the year		799	(1,297)
<b>Adjustment for non-cash items</b>			
Depreciation and amortisation		4,023	3,562
(increase)/decrease in debtors		(302)	132
(Decrease)/increase in creditors due within one year		(793)	3,361
(Decrease)/increase in creditors due after one year		(801)	3,148
(Decrease) in provisions		(131)	(86)
Pensions costs less contributions payable		1,110	5,080
<b>Adjustment for investing or financing activities</b>			
Investment income		(490)	(11)
Interest payable		102	51
Taxation paid		-	-
Loss on disposal of fixed assets		-	-
<b>Net cash flow from operating activities</b>		<b>3,517</b>	<b>13,940</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of fixed assets		2	1
Investment income		252	2
New deposits		(1,000)	(3,000)
Payments made to acquire fixed assets		(4,107)	(5,441)
		<b>(4,853)</b>	<b>(8,438)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(102)	(51)
Repayments of amounts borrowed		(163)	(224)
Capital element of finance lease rental payments		-	(1)
		<b>(265)</b>	<b>(276)</b>
<b>(Decrease)/increase in cash and cash equivalents in the year</b>		<b>(1,601)</b>	<b>5,226</b>
Cash and cash equivalents at beginning of the year	20	16,359	11,133
<b>Cash and cash equivalents at end of the year</b>	<b>20</b>	<b>14,758</b>	<b>16,359</b>

Table 11 – Consolidated Statement of Cash Flows

# N

# otes to the Accounts

## 1, Statement of Accounting Policies and Estimation Techniques

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

### Legal Status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Gower College Swansea. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011. The Corporation was established in Wales and the registered office is Gower College Swansea, Tycoch Road, Sketty, Swansea, SA2 9EB.

### Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2019* (the 2019 FE HE SORP), the *Accounts Direction for FE Colleges in Wales* issued by Welsh Government and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the College's accounting policies.

### Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention as modified by the use of previous valuations as deemed cost at transition for certain non-current assets.

### Basis of Consolidation

The consolidated financial statements include the College and its subsidiary, Track Training Limited, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the period 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. In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2023.

### Going Concern

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

The College balance sheet has net assets of £42.6 million at 31 July 2023. This net asset position arises after deferred capital grants of £14.3 million (within creditors) and the actuarial movements in relation to the Local Government Pension Scheme. The pension asset at 31 July 2023 amounted to £nil. The net current asset position was £10.3 million.

The College has cash and investment balances of £18.7m at 31 July 2023 which includes grants received in advance of £2.7 million. This represents a decrease of £0.4m. The College's forecasts and financial projections indicate that it will be able to operate within its existing facilities and covenants for the foreseeable future.

The Governors have considered the impact of Covid 19 on the College. The College has successfully adapted its modes of delivery to be flexible between face to face teaching and online remote delivery.

Enrolments of full time learners in September 2023 were strong and enrolments in future years are expected to increase in line with the demographic for Swansea which identifies increasing numbers of school leavers for the next three years.

The Governors have also considered the impact of Brexit. The College utilised ESF structural funds of around £2 million annually and these projects closed in December 2022. The College has planned for end of these projects and has been able to access successor funding streams via the Shared Prosperity Fund during 2023.

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

### Recognition of Income

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

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

Work Based Learning (WBL) funding is recognised when the income has been earned.

Grants (including research grants) from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the period for which it is received.

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned on a receivable basis.

#### Accounting for post-employment benefits

Post-employment benefits to employees of the College are principally provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit plans, which are externally funded and contracted out of the State Second Pension.

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method. The TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the 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 other recognised gains and losses.

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

#### Short Term Employment Benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay 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 a 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 in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

## Non-current Assets - Tangible Fixed Assets

Tangible fixed assets are stated at cost/deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

### *Land and buildings*

Freehold land is not depreciated.

Freehold buildings are depreciated on a straight line basis over their expected useful economic life to the College of between 10 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 10 and 50 years.

Where buildings and equipment are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors, and are released to the income and expenditure account over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year. Grants relating to the acquisition of land are recognised as income in the year they are received.

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

On adoption of FRS 102, the College followed the transitional provision to retain the book value buildings, which were valued on incorporation in 1993, but not to adopt a policy of revaluations of these properties in the future. The College also revalued land as part of the transitional arrangements as at 1 August 2014, but did not adopt a policy of revaluations of the land in the future.

## Assets under construction

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

## Equipment

Equipment which has a useful life in excess of one year is capitalised at cost.

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

- |                                    |              |
|------------------------------------|--------------|
| o motor vehicles                   | 4 years      |
| o computer equipment               | 4 years      |
| o furniture, fixtures and fittings | 5 - 10 years |

### Intangible Assets and Goodwill

Goodwill arising on acquisition of subsidiary companies is amortised on a straight line basis over a period of 5 years from the date of acquisition.

Computer software and licences are capitalised as intangible fixed assets and amortised over the expected useful life of the software or licence of between 4 and 10 years. Annual software maintenance costs are charged to the Statement of Comprehensive Income in the year to which they relate.

### Borrowing Costs

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

### Leased Assets

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

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

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

### Investments

#### *Investments in subsidiaries*

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

#### *Other Investments*

Listed investments held as non-current assets and current asset investments, which may include listed investments, are stated at fair value, with movements recognised in Comprehensive Income. Investments comprising unquoted equity instruments are measured at fair value, estimated using a valuation technique.

#### *Investment Properties*

Investment properties are stated at open market value at the balance sheet date.

### Inventories

Inventories are stated at the lower of their cost and net realisable value, being selling price less cost to complete and sell. Where necessary, provision is made for obsolete, slow-moving and defective items.

### Cash and Cash Equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

### Financial Liabilities and Equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All loans, investments and short term deposits held by the Group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the Group has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

### Foreign Currency Translation

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

### Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College is partially exempt in respect of Value Added Tax, so that it can only recover around 3% of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

The College's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.



### Provisions and Contingent Liabilities

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

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

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

### Agency Arrangements

The College acts as an agent in the collection and payment of discretionary support funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

### Judgements in Applying Accounting Policies and Key Sources of Estimation Uncertainty

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

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

#### *Other Key Sources of Estimation Uncertainty*

- Tangible fixed assets

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined 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 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 July 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

## 2, Funding Body Grants

Financial Component	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£000'	£000'	£000'	£000'
<b>Recurrent grants</b>				
Welsh Government recurrent grant	29,804	29,804	26,741	26,741
Higher Education Funding Council for Wales	38	38	54	54
<b>Specific grants</b>				
Work Based Learning	8,433	8,433	9,039	9,039
Releases of Welsh Government capital grants	2,409	2,409	1,733	1,733
Other Welsh Government grants	7,360	7,360	10,800	10,800
<b>Total</b>	<b>48,044</b>	<b>48,044</b>	<b>48,367</b>	<b>48,367</b>

Table 12 – Funding Body Grants

## 3, Tuition Fees and Education Contracts

Financial Component	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£000'	£000'	£000'	£000'
Adult education fees	328	328	335	335
Apprenticeship fees and contracts	103	101	95	78
Fees for FE loan supported courses	253	253	259	259
Fees for HE loan supported courses	987	987	1,107	1,107
International students fees	522	522	438	438
Total tuition fees	2,193	2,191	2,234	2,217
Education contracts	850	850	605	605
<b>Total</b>	<b>3,043</b>	<b>3,041</b>	<b>2,839</b>	<b>2,822</b>

Table 13 – Tuition Fees and Education Contracts

## 4, Other Grants and Contracts

Financial Component	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£000'	£000'	£000'	£000'
Erasmus and Taith funded activity	182	182	102	102
European Commission	1,120	1,120	2,041	2,041
Other grants and contracts	1,273	1,273	645	620
<b>Total</b>	<b>2,575</b>	<b>2,575</b>	<b>2,788</b>	<b>2,763</b>

Table 14 – Other Grants and Contracts

## 5, Other Income

Financial Component	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£000'	£000'	£000'	£000'
Catering and residences	923	923	654	654
Other income generating activities	129	129	104	104
Other grant income	349	349	279	279
Non-government capital grants	37	37	37	37
Miscellaneous income	1,031	1,051	870	870
<b>Total</b>	<b>2,469</b>	<b>2,489</b>	<b>1,944</b>	<b>1,944</b>

Table 15 – Other Income

## 6, Investment Income

Financial Component	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£000'	£000'	£000'	£000'
Other investment income	-	-	-	-
Other interest receivable	490	490	11	11
<b>Other Investment and Interest</b>	<b>490</b>	<b>490</b>	<b>11</b>	<b>11</b>
Net return on pension scheme (note 24)	-	-	-	-
<b>Total</b>	<b>490</b>	<b>490</b>	<b>11</b>	<b>11</b>

Table 16 – Investment Income

## 7, Staff Costs

Financial Component	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£000'	£000'	£000'	£000'
Wages and salaries	29,557	29,448	26,872	26,408
Social security costs	2,970	2,948	2,659	2,608
Other pension costs	7,070	7,067	9,847	9,836
<b>Staff costs</b>	<b>39,597</b>	<b>39,463</b>	<b>39,378</b>	<b>38,852</b>
Restructuring Costs	164	82	167	132
<b>Total</b>	<b>39,761</b>	<b>39,545</b>	<b>39,545</b>	<b>38,984</b>

Table 17 – Staff Costs

## Restructuring costs

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£000'	£000'	£000'	£000'
Contractual costs	132	50	91	56
Non-contractual costs	32	32	76	76
<b>Total</b>	<b>164</b>	<b>82</b>	<b>167</b>	<b>132</b>

Table 17a – Restructuring costs

## Staffing Numbers

Headcount	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	Number.	Number.	Number.	Number.
Teaching department staff	617	617	604	598
Non-teaching department staff	492	490	487	481
<b>Total</b>	<b>1,109</b>	<b>1,107</b>	<b>1,091</b>	<b>1,079</b>

Table 18 – Staffing Numbers

## Key Management Personnel (Group and College)

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and are represented by the Strategic Planning Group which comprises the Principal, the Director of Curriculum and Quality, the Director of Skills and Business Development, the Director of HR and the Director of Finance. Staff costs include compensation paid to key management personnel for loss of office.

Headcount	Year ended 31 July	
	2023	2022
	Number.	Number.
The number of key management personnel including the Accounting Officer was:	5	5
<b>Total</b>	<b>5</b>	<b>5</b>

Table 19 – Number of key management personnel

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

*Table of Salary bandings of key management personnel and other higher paid staff (Group)*

Group	Key Management Personnel		Other Staff	
	2023	2022	2023	2022
	Number.	Number.	Number.	Number.
£60,001 to £65,000 p.a.	-	-	0.9	1.5
£65,001 to £70,000 p.a.	-	-	1.0	-
£70,001 to £75,000 p.a.	-	-	1.5	3.0
£75,001 to £80,000 p.a.	-	-	3.0	-
£80,001 to £85,000 p.a.	-	3.0	0.8	1.0
£85,001 to £90,000 p.a.	3.0	-	-	-
£90,001 to £95,000 p.a.	-	-	-	-
£95,001 to £100,000 p.a.	1.0	-	-	-
£100,001 to £105,000 p.a.	-	1.4	-	-
£110,001 to £115,000 p.a.	-	-	-	-
£160,001 to £165,000 p.a.	-	1.0	-	-
£175,001 to £180,000 p.a.	1.0	-	-	-
<b>Total</b>	<b>5.0</b>	<b>5.4</b>	<b>7.2</b>	<b>5.5</b>

Table 20 – Salary bandings of key management personnel and other higher paid staff (Group)

The emoluments of key management personnel and other higher paid staff in the Group was:

*Emoluments of Higher Paid Key Personnel and Staff*

Group	Key Management Personnel		Other Staff	
	2023	2022	2023	2022
	Number.	Number.	Number.	Number.
Salaries	529	531	530	387
Performance related pay	10	17	-	-
Benefits in kind	-	-	-	-
<b>Total Remuneration</b>	<b>539</b>	<b>548</b>	<b>530</b>	<b>387</b>
Employer pension contributions	121	124	106	72
<b>Total</b>	<b>660</b>	<b>672</b>	<b>636</b>	<b>459</b>

Table 21 - Emoluments of Higher Paid Key Personnel and Staff (Group)

The number of other staff above and their associated remuneration includes one (2022: one) of the directors of the subsidiary company, Track Training Limited. Compensation for loss of office for other higher paid staff amounted to £40,000.

The employer's national insurance in relation to key management personnel for the year was £69,000 (2022: £71,000).

*Table of Salary bandings of key management personnel and other higher paid staff (College)*

College	Key Management Personnel		Other Staff	
	2023	2022	2023	2022
	Number.	Number.	Number.	Number.
£60,001 to £65,000 p.a.	-	-	0.9	1.5
£65,001 to £70,000 p.a.	-	-	1.0	-
£70,001 to £75,000 p.a.	-	-	1.5	3.0
£75,001 to £80,000 p.a.	-	-	3.0	-
£80,001 to £85,000 p.a.	-	3.0	-	-
£85,001 to £90,000 p.a.	3.0	-	-	-
£90,001 to £95,000 p.a.	-	-	-	-
£95,001 to £100,000 p.a.	1.0	-	-	-
£100,001 to £105,000 p.a.	-	1.4	-	-
£160,001 to £165,000 p.a.	-	1.0	-	-
£175,001 to £180,000 p.a.	1.0	-	-	-
<b>Total</b>	<b>5.0</b>	<b>5.4</b>	<b>6.4</b>	<b>4.5</b>

Table 22 – Salary bandings of key management personnel and other staff (College)

The emoluments of key management personnel and other higher paid staff in the College above was:

College	Key Management Personnel		Other Staff	
	2023	2022	2023	2022
	Number.	Number.	Number.	Number.
Salaries	529	531	462	306
Performance related pay	10	17	-	-
Benefits in kind	-	-	-	-
<b>Total Remuneration</b>	<b>539</b>	<b>548</b>	<b>462</b>	<b>306</b>
Employer pension contributions	121	124	104	70
<b>Total</b>	<b>660</b>	<b>672</b>	<b>566</b>	<b>376</b>

Table 23 - Emoluments of Higher Paid Key Personnel and Staff (College)

There were no amounts due to key management personnel or higher paid staff that were waived in the year. The employer's national insurance in relation to key management personnel was £69,000 (2022: £71,000).

Compensation for loss of office payable to higher paid staff amounted to £nil (2022: £nil).

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

Group and College	Accounting Officer	
	2023	2022
	Number.	Number.
Salaries	175	162
Benefits in kind	-	-
<b>Total Remuneration</b>	<b>175</b>	<b>162</b>
Employer pension contributions	42	38

Table 24 –Remuneration of the Accounting Officer

The remuneration package of the Principal and Chief Executive, is subject to annual review by the Remuneration Committee of the Governing Body who use benchmarking information to provide objective guidance. The Remuneration Committee assesses the Corporation’s performance against KPIs and the attainment of students in the year, as well as the progress against the college’s long term strategic objectives, including the objective of achieving growth, when reviewing the remuneration package of the Principal and Chief Executive. Qualitative measures of success, such as level of engagement of the staff and students are also considered. The level of pay is benchmarked against the pay of colleges of similar size in the prior financial year, taken from their financial statements, and the general trend within the sector is also considered.

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

	Accounting Officer	
	2023	2022
Principal/CEO basic salary as a multiple of the median of all staff	5.6	5.8
Principal/CEO’s total remuneration as a multiple of the median of all staff	5.6	5.8

Table 25 -

The members of the Corporation other than the Accounting Officer, the staff members and the NUS Officer did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

The total payments for Governors expenses amounted to £20 (2022: £nil) and related to 1 (2022: 0) Governors.



## 8, Other Operating Expenses

Financial Component	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£000'	£000'	£000'	£000'
Teaching department costs	5,130	5,129	5,908	6,731
Non-teaching department costs	3,833	4,064	4,677	4,568
Premises costs	2,856	2,856	2,867	2,854
<b>Total</b>	<b>11,819</b>	<b>12,049</b>	<b>13,452</b>	<b>14,153</b>

Table 26 – Other Operating Expenses

Other operating expenses include:	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£000'	£000'	£000'	£000'
Auditors' remuneration:				
Financial statements audit	33	24	33	24
Internal audit	15	15	17	17
Other services provided by the financial statements auditor				
- Grant audits	3	3	-	-
- Taxation advice	2	-	5	4
- Compliance reviews	-	-	-	-
Other services provided by the internal auditors	-	-	1	1
Hire of assets – buildings	327	327	295	283
Hire of assets - equipment	60	60	76	67

Table 27 – Further Detail of Other Operating Expenses

## 9, Interest and Other Finance Costs

Financial Component	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£000'	£000'	£000'	£000'
On bank loans, overdrafts and other loans:	102	102	51	39
Interest payable on early retirement	27	27	6	6
Pension finance costs (note 25)	90	90	630	630
<b>Total</b>	<b>219</b>	<b>219</b>	<b>687</b>	<b>675</b>

Table 28 – Interest and Other Finance Costs

## 10, Taxation

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£000'	£000'	£000'	£000'
United Kingdom corporation tax charge/(credit)	-	-	-	-
Provision for deferred corporation tax	-	-	-	-
<b>Total</b>	-	-	-	-

Table 29 – Taxation (Group)

## 11, Tangible Fixed Assets

### Group Tangible Fixed Assets

Financial Component	Land and Buildings		Equipment	Motor vehicles	Total
	Freehold	Long leasehold			
	£000'	£000'			
<b>Cost or valuation</b>					
At 1 August 2022	60,255	772	18,406	505	79,938
Additions	1,733	-	1,945	-	3,678
Diminution in value	-	(272)	-	-	(272)
Disposals	-	-	(1,134)	(62)	(1,196)
<b>At 31 July 2023</b>	<b>61,988</b>	<b>500</b>	<b>19,217</b>	<b>443</b>	<b>82,148</b>
<b>Depreciation</b>					
At 1 August 2022	21,299	-	12,473	387	34,159
Charge for the year	1,685	-	2,195	39	3,919
Diminution in value	-	250	-	-	250
Elimination in respect of disposals	-	-	(1,134)	(62)	(1,196)
<b>At 31 July 2023</b>	<b>22,984</b>	<b>250</b>	<b>13,534</b>	<b>364</b>	<b>37,132</b>
<b>Net book value at 31 July 2023</b>	<b>39,004</b>	<b>250</b>	<b>5,683</b>	<b>79</b>	<b>45,016</b>
Net book value at 31 July 2022	38,956	772	5,933	118	45,779

Table 30a – Tangible Fixed Assets (Group)

### College Tangible Fixed Assets

Financial Component	Land and Buildings		Equipment	Motor vehicles	Total
	Freehold	Long leasehold			
	£000'	£000'			
<b>Cost or valuation</b>					
At 1 August 2022	60,255	772	18,402	505	79,934
Additions	1,733	-	1,945	-	3,678
Diminution in value	-	(272)	-	-	(272)
Disposals	-	-	(1,130)	(62)	(1,192)
<b>At 31 July 2023</b>	<b>61,988</b>	<b>500</b>	<b>19,217</b>	<b>443</b>	<b>82,148</b>
<b>Depreciation</b>					
At 1 August 2022	21,299	-	12,469	387	34,155
Charge for the year	1,685	-	2,195	39	3,919
Diminution in value	-	250	-	-	250
Elimination in respect of disposals	-	-	(1,130)	(62)	(1,192)
<b>At 31 July 2023</b>	<b>22,984</b>	<b>250</b>	<b>13,534</b>	<b>364</b>	<b>37,132</b>
<b>Net book value at 31 July 2023</b>	<b>39,004</b>	<b>250</b>	<b>5,683</b>	<b>79</b>	<b>45,016</b>
Net book value at 31 July 2022	38,956	772	5,933	118	45,779

Table 30b - Tangible Fixed Assets (College)

Buildings inherited from the Local Education Authority at 1 April 1993 were valued at depreciated replacement cost by Chartered Surveyors from West Glamorgan County Council, Estates Section, Property Services Department. Other tangible fixed assets inherited from the Local Education Authority at incorporation have been valued by the Corporation on a depreciated replacement cost basis. Should these assets be sold, the College would either have to surrender the sale proceeds to the Welsh Government or use them in accordance with the Financial Memorandum with the Welsh Government.

Freehold land was revalued at open market value at 1 August 2014 as part of the transitional arrangements under FRS102. The original cost of the land was £3,767,400 and the revalued amount was £9,515,000. Freehold land is not depreciated. Freehold land with a value of £4,920,000 is held as security by the College's lenders.

Included within land and buildings (College and Group) is an amount of £1,158,000 (2022: £2,002,000) relating to assets in the course of construction.

Included within the net book value of tangible fixed assets (Group only) is £nil (2022: £nil) in respect of assets held under finance leases or similar hire purchase contracts. Depreciation for the year on assets held under finance leases or similar hire purchase contracts was £nil (2022: £nil).

## 12, Intangible Assets

### Group Intangible Assets

Financial Component	Goodwill	Software and Licences	Total
	£000'	£000'	£000'
<b>Cost or valuation</b>			
At 1 August 2022	283	775	1,058
Additions	-	50	50
Disposals	-	-	-
<b>At 31 July 2023</b>	<b>283</b>	<b>825</b>	<b>1,108</b>
<b>Depreciation</b>			
At 1 August 2022	283	545	828
Charge for the year	-	104	104
Elimination in respect of disposals	-	-	-
<b>At 31 July 2023</b>	<b>283</b>	<b>649</b>	<b>932</b>
<b>Net book value at 31 July 2023</b>	<b>-</b>	<b>176</b>	<b>176</b>
Net book value at 31 July 2022	-	230	230

Table 31a - Intangible Fixed Assets (Group)

## College Intangible Assets

Financial Component	Software and Licences	Total
	£000'	£000'
<b>Cost or valuation</b>		
At 1 August 2022	775	775
Additions	50	50
Disposals	-	-
<b>At 31 July 2023</b>	<b>825</b>	<b>825</b>
<b>Depreciation</b>		
At 1 August 2022	545	545
Charge for the year	104	104
Elimination in respect of disposals	-	-
<b>At 31 July 2023</b>	<b>649</b>	<b>649</b>
<b>Net book value at 31 July 2023</b>	<b>176</b>	<b>176</b>
Net book value at 31 July 2022	230	230

Table 31b - Intangible Fixed Assets (College)

## 13, Non-Current Investments

### Investments in Subsidiary Companies

Financial Component	Year ended 31 <sup>st</sup> July	
	2023	2022
	College	College
	£000'	£000'
Investments in subsidiary companies	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Table 32 – Investments in Subsidiary Companies

The College owns 80 per cent of the issued ordinary £1 shares of Track Training Limited, a company incorporated in England and Wales. The principal business activity of Track Training Limited was carrying out training of employees on behalf of employers. The College has fully provided against the cost of this investment. The company ceased trading in May 2023 and is in the process of being dissolved.

## Investments in Associates

Financial Component	Year ended 31 July	
	2023	2022
	College	College
	£000'	£000'
Investments in associates	134	-
<b>Total</b>	<b>134</b>	<b>-</b>

Table 33 – Investments in associates

The College holds 40% of the issued shares (£40) in Novus Gower Limited. The company was incorporated on 6 July 2022 in preparation for educational delivery in prisons through a Ministry of Justice contract. The contract was awarded in September 2022 and delivery commenced in December 2022.

## Investment Properties – Group and College

Financial Component	Year ended 31 July	
	2023	2022
	£000'	£000'
Investment Properties	175	145
<b>Total</b>	<b>175</b>	<b>145</b>

Table 34 – Investment Properties

The College values investment properties at open market value at the balance sheet date. The valuation is performed by an independent surveyor.

## 14, Debtors

Financial Component	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£000'	£000'	£000'	£000'
Amounts falling due within one year:				
Trade receivables	893	893	644	643
Amounts owed by group undertakings:				
Subsidiary undertakings	-	20	-	-
Associate undertakings	99	99	-	-
Prepayments and accrued income	820	820	522	522
Amounts owed by Welsh Government	3,183	3,183	3,289	3,289
<b>Total</b>	<b>4,995</b>	<b>5,015</b>	<b>4,455</b>	<b>4,454</b>

Table 35 - Debtors

Amounts owed by Welsh Government relate primarily to Work Based Learning (WBL) payments and outstanding claims for European Structural Funds (ESF) from the Welsh European Funding Office (WEFO).

## 15, Investments

Financial Component	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£000'	£000'	£000'	£000'
Short Term Deposits	4,000	4,000	3,000	3,000
<b>Total</b>	<b>4,000</b>	<b>4,000</b>	<b>3,000</b>	<b>3,000</b>

Table 36 – Investments

Short term deposits are held with banks and building societies operating in the London market and licensed by the Financial Conduct Authority with more than three months maturity at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

## 16, Creditors Falling Due Within One Year

Financial Component	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£000'	£000'	£000'	£000'
Bank loans and overdrafts	1,558	1,558	178	178
Other loans	18	18	18	18
Capital creditors	457	457	836	836
Trade payables	902	899	1,099	1,099
Amounts owed to group undertakings:				
Subsidiary undertakings	-	-	-	27
Corporation tax	-	-	-	-
Other taxation and social security	984	984	614	608
Holiday pay accrual	1,163	1,163	995	995
Accruals and deferred income	2,982	2,982	4,172	4,149
Deferred income - government capital grants	2,606	2,606	2,176	2,176
Deferred income - government revenue grants	2,724	2,724	3,098	3,098
<b>Total</b>	<b>13,394</b>	<b>13,391</b>	<b>13,186</b>	<b>13,182</b>

Table 37 - Creditors Falling Due Within One Year

## 17, Creditors Falling Due After More Than One Year

Financial Component	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£000'	£000'	£000'	£000'
Bank loans	308	308	1,833	1,833
Other loans	21	21	39	39
Deferred income - government capital grants	11,699	11,699	12,500	12,500
<b>Total</b>	<b>12,028</b>	<b>12,028</b>	<b>14,372</b>	<b>14,372</b>

Table 38 - Creditors Falling Due After More Than One Year

### Bank Loans and Overdrafts

Financial Component	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£000'	£000'	£000'	£000'
In one year or less	1,558	1,558	178	178
Between one and two years	84	84	1,529	1,529
Between two and five years	224	224	250	250
In five years or more	-	-	54	54
<b>Total</b>	<b>1,866</b>	<b>1,866</b>	<b>2,011</b>	<b>2,011</b>

Table 39 - Bank Loans and Overdrafts

The bank loan with Lloyds Bank is secured and incurs interest at base rate plus 0.35% at 31 July 2023. The loan is repayable in monthly instalments and is due to be fully repaid by 2028.

The bank loan with HSBC is secured and incurs interest at base rate plus 1.65%. The loan was repayable in monthly instalments until October 2023 at which point the balance was repaid in full.



## Other Loans

Financial Component	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£000'	£000'	£000'	£000'
In one year or less	18	18	18	18
Between one and two years	14	14	18	18
Between two and five years	7	7	21	21
In five years or more	-	-	-	-
<b>Total</b>	<b>39</b>	<b>39</b>	<b>57</b>	<b>57</b>

Table 40 - Bank Loans and Overdrafts

Other loans include an interest free Salix loan to fund energy efficient improvements which is backed by the Welsh Government. The initial loan of £86,150 is repayable in six-monthly instalments and will be fully repaid in 2025. Other loans also includes an Invest to Save loan to fund the installation of new heating systems and controls which is backed by the Welsh Government. The initial loan of £60,615 is repayable in eight equal instalments and will be fully repaid in 2026.

## 18, Financial Instruments

Financial Component	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£000'	£000'	£000'	£000'
<b>Financial assets</b>				
Financial assets measured at amortised cost	23,188	23,181	23,292	23,280
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	25,422	25,419	27,558	27,554

Table 42 – Financial Instruments

Financial assets that are debt instruments measured at amortised cost comprise debtors (excluding prepayments) and cash and cash equivalents.

Financial liabilities measured at amortised cost comprise trade creditors, loans, amounts due from connected parties and other creditors

## 19, Provisions

Financial Component	Enhanced pensions	Other	Total
	£000'	£000'	£000'
At 1 August 2022	824	512	1,336
Expenditure in the period	(74)	-	(74)
Interest in the year	27	-	27
Movement in the period	(99)	15	(84)
<b>Net book value at 31 July 2023</b>	<b>678</b>	<b>527</b>	<b>1,205</b>

Table 43 – Provisions

The enhanced pension provision relates to the cost of staff that have already left the College's employment and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with guidance issued by the funding bodies.

The principal assumptions for this calculation are:

### Provision Assumptions

Assumptions	Year ended 31 July	
	2023	2022
	College	College
	%	%
Price inflation	2.8	2.9
Discount rate	5.0	3.3

Table 44 – Provision Assumptions

Other provisions relate to potential dilapidation charges in relation to leased premises and have been estimated by an independent chartered surveyor.

## 20, Reconciliation of Net Debt (Group)

Financial Component	At 1 August 2022	Cash flows	Non-cash changes	At 31 July 2023
	£000'	£000'	£000'	£000'
Cash and cash equivalents	16,359	(1,601)	-	14,758
Cash deposits	3,000	1,000	-	4,000
<b>Total</b>	<b>19,359</b>	<b>(601)</b>	<b>-</b>	<b>18,758</b>
Bank loans due within one year	178	(145)	1,525	1,558
Other loans due within one year	18	(18)	18	18
<b>Debt due within one year</b>	<b>196</b>	<b>(163)</b>	<b>1,543</b>	<b>1,576</b>
Bank loans due after one year	1,833	-	(1,525)	308
Other loans due after one year	39	-	(18)	21
<b>Debt due after more than one year</b>	<b>1,872</b>	<b>-</b>	<b>(1,543)</b>	<b>329</b>
<b>Net cash</b>	<b>17,291</b>	<b>(438)</b>	<b>-</b>	<b>16,853</b>

Table 45 - Reconciliation of Net Debt (Group)

## 21, Capital and Other Commitments

Financial Component	Group and College	
	2023	2022
	£000'	£000'
Commitments contracted for at 31 July	978	1,643
<b>Total</b>	<b>978</b>	<b>1,643</b>

Table 46 - Capital and Other Commitments

## 22, Leases

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

Financial Component	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£000'	£000'	£000'	£000'
<b>Land and buildings</b>				
Not later than one year	232	232	188	188
Later than one year and not later than five years	41	41	150	150
Later than five years	-	-	-	-
Total	273	273	338	338
<b>Other</b>				
Not later than one year	72	72	67	67
Later than one year and not later than five years	129	129	11	11
Later than five years	-	-	-	-
Total	201	201	78	78

Table 47 - Leases

## 23, Contingent Liabilities

The College has provided a guarantee to the Ministry of Justice in relation to the continuation of operations of Novus Gower Limited.

## 24, Events after the reporting period

There are no reportable events after the balance sheet date.

## 25, Defined Benefit Obligations

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

### Defined Benefit Obligations

Financial Component	Year ended 31 July 2023 College		Year ended 31 July 2022 College	
	£000'	£000'	£000'	£000'
Teachers' Pension Scheme: contributions paid		3,326		2,884
Local Government Pension Scheme:				
Contributions paid	2,820		2,600	
FRS 102 (28) charge	1,020		4,450	
Charge to the Statement of Comprehensive Income		3,840		7,050
Enhanced pension charge to Statement of Comprehensive Income		(99)		(98)
<b>Total pension cost for year within staff costs</b>		<b>7,067</b>		<b>9,836</b>

Table 48 - Defined Benefit Obligations

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2016 and of the LGPS 31 March 2022. Contributions amounting to £901,000 (2022: £620,000) were payable to the schemes at 31 July and are included within creditors.

### Teachers' Pension Scheme

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

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

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

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19).

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>

The pension costs paid to TPS in the year amounted to £3,326,000 (2022: £2,884,000).

### FRS 102 (28)

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

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

### Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by the Local Authority of City and County of Swansea. The total contributions made for the year ended 31 July 2023 were £3,660,000 (2022: £3,360,000) of which employer's contributions totalled £2,820,000 (2022: £2,600,000) and employees' contributions totalled £840,000 (2022: £760,000).

The agreed contribution rates since 1 April 2023 are 21.0% (21.3% prior to April 2023) for employers and a range from 5.5% to 12.5% for employees, depending on salary.

On 26 October 2018, the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits, ('GMP'). The impact of this judgement and also of the McCloud judgement has been taken into account when calculating the liability arising in the LGPS.

### Principal Actuarial Assumptions

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

### Actuarial Valuation Assumptions

Assumptions	Year ended 31 July		
	2023	2022	2021
	%	%	%
Rate of increase in salaries	4.1	4.1	4.1
Future pensions increases	2.6	2.6	2.6
Discount rate for scheme liabilities	5.0	3.4	1.7
Inflation assumption (CPI)	2.6	2.6	2.6
Commutation of pensions to lump sums	80	80	80

Table 49 - Actuarial Valuation Assumptions

### CPI Assumption

Pension Increase Orders are used to set the level of pension increases with effect from 1 April of each year, with reference to the change in CPI inflation over the 12 months to the previous September, which was announced in October. This was 6.7% and was higher than the CPI assumption set by employers as at 31 July 2023. Although Pension Increase orders have always been set with reference to the September CPI for the last 10 years and the September RPI for the preceding 20 years, they are not automatically set and they are only known with absolute certainty when the Pension Increase Order is enacted by Parliament, which is usually in April of the following year. Similarly, the likely level of the forthcoming Pension Increase Order 2023 was not known at 31 July. Consequently, no adjustment has been made to recognise the possible 2023 Pension Increase Order within the CPI assumption.

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

	Year ended 31 July	
	2023	2022
	College	College
	Years.	Years.
<i>Retiring today</i>		
Males	21.7	22.1
Females	24.2	24.2
<i>Retiring in 20 years</i>		
Males	22.3	23.2
Females	25.3	25.7

Table 50 – Mortality rates

Financial Component	Fair Value at 31 July	
	2023	2022
	College	College
	£000'	£000'
Equity instruments	56,740	56,550
Government bonds	3,470	2,470
Property	3,550	2,680
Cash	460	800
Corporate bonds	5,400	440
Other	7,480	9,580
<b>Total fair value of plan assets</b>	<b>77,100</b>	<b>72,520</b>
Actual return on plan assets	2,490	2,510

Table 51 – Asset allocation table

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

Financial Component	Year ended 31 July	
	2023	2022
	College	College
	£000'	£000'
Fair value of plan assets	77,100	72,520
Present value of plan liabilities	(64,430)	(76,450)
<b>Funded status</b>	<b>12,670</b>	<b>(3,930)</b>
Unrecognised asset*	(12,670)	-
<b>Net pensions asset/(liability)</b>	<b>-</b>	<b>(3,930)</b>

Table 52 – Reconciliation of funded status to balance sheet

\*As at 31 July 2023, the actuarial reports were indicating a notional surplus on the College's share of the LGPS pension scheme of £12.67 million. Under FRS 102 (28.22) a plan surplus should only be recognised as a defined benefit plan asset to the extent that an entity is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. At the same time, where an entity wishes to recognise an asset because management consider that the entity will be able to recover the surplus through reduced contributions in the future, FRS 102 refers to the IFRIC 14/IAS 19 for the principles of measurement. This sets out that the net defined asset is the surplus, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of reductions in future contributions to the plan. This economic accounting benefit is normally taken for an ongoing scheme as the "Net present value of future service cost less present value of future employer contributions over the future lifetime of the employer (infinite).

For the College, whilst there was a notional plan surplus of £12.67 million, the asset ceiling determined as above was nil. Therefore no asset has been recognised.

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

	Year ended 31 July	
	2023	2022
	College	College
	£000'	£000'
<b>Amounts included in staff costs</b>		
Current service cost	3,840	7,050
Curtailment cost	-	-
<b>Total</b>	<b>3,840</b>	<b>7,050</b>
<b>Amounts included in interest and other finance costs</b>		
Net interest cost	90	630
<b>Total</b>	<b>90</b>	<b>630</b>
<b>Amount recognised in Other Comprehensive Income</b>		
Return on pension plan assets	(10)	1,330
Experience gains/(losses) arising on defined benefit obligations	17,720	38,460
Adjustment in respect of unrecognised assets	(12,670)	-
<b>Total</b>	<b>5,040</b>	<b>39,790</b>

Table 53 – FRS102 Pension charges



	Year ended 31 July	
	2023	2022
	College	College
	£000'	£000'
Net defined benefit (liability)/asset in scheme at 1 August	(3,930)	(38,640)
Movement in year:		
Current service cost	(3,840)	(7,050)
Employer contributions	2,820	2,600
Past service cost	-	-
Curtailement cost	-	-
Net interest on the defined (liability)/asset	(90)	(630)
Actuarial gain or loss	17,710	39,790
Adjustment in respect of unrecognised assets	(12,670)	-
<b>Net defined benefit asset/(liability) at 31 July</b>	<b>-</b>	<b>(3,930)</b>

Table 54 – Movement in pension asset/liability

#### Asset and Liability Reconciliation

	Year ended 31 July	
	2023	2022
	College	College
	£000'	£000'
<b>Defined benefit obligations at start of period</b>	<b>76,450</b>	<b>106,850</b>
Current service cost	3,840	7,050
Interest cost	2,590	1,810
Contributions by Scheme participants	840	760
Experience gains and losses on defined benefit obligations	(17,720)	(38,460)
Estimated benefits paid	(1,570)	(1,560)
Past Service cost	-	-
Curtailements and settlements	-	-
<b>Defined benefit obligations at end of period</b>	<b>64,430</b>	<b>76,450</b>

Table 55 – Movement in defined benefit obligations

#### Changes in fair value of plan assets

	Year ended 31 July	
	2023	2022
	College	College
	£000'	£000'
<b>Fair value of plan assets at start of period</b>	<b>72,520</b>	<b>68,210</b>
Interest on plan assets	2,500	1,180
Return on plan assets	(10)	1,330
Employer contributions	2,820	2,600
Contributions by Scheme participants	840	760
Estimated benefits paid	(1,570)	(1,560)
<b>Fair value of plan assets at end of period</b>	<b>77,100</b>	<b>72,520</b>

Table 56 – Movement in the fair value of plan assets

Track Training Limited operated a NEST pension scheme for staff since November 2016. Contributions to the scheme by the company were 3% of pensionable pay.

Company contributions in the year amounted to £3,000 (2022: £11,000). Amounts payable to the pension scheme at the year end amounted to £nil (2022: £2,000).

## 26, Related Party Transactions

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

The total expenses paid to or on behalf of the Governors during the year was £20 and related to one governor (2022: £nil; 0 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and other events in their official capacity.

No Governor (other than the Principal, staff governors or NUS Officer) has received any remuneration or waived payments from the College or its subsidiaries during the year (2022: None).

### Related Party Transactions

Related Party	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Income	Expenditure	Income	Expenditure
	£000'	£000'	£000'	£000'
City & County of Swansea	1,042	78	379	61
Swansea University	147	13	94	6
Bevan Buckland LLP	-	11	-	14
Agored Cymru	-	87	-	51
Novus Gower Limited	99	-	-	-
Track Training Limited	20	273	-	722

Table 57 – Related Party Transactions

The College has two Governors who are Councillors representing the City & County of Swansea. Income and expenditure in the year relates to the supply of educational services and provision of transport. The increase in income includes grants from the Community Renewal Fund and Shared Prosperity Fund.

One Governor works at Swansea University and income and expenditure in the year relates to the supply of educational services and sports facilities.

One Governor is the Managing Partner of Bevan Buckland LLP. The expenditure in the year relates to the preparation of a financial due diligence report. Expenditure in the prior year related to disbursements under the Kickstart Scheme and the Work Based Learning Employer Incentive Scheme.

One Governor is the Chief Executive Officer of Agored Cymru, an awarding body. Expenditure relates to registration and certification fees.

Novus Gower Limited is an associate in which the College has a 40% shareholding. The College provided management services to the company during the year.

Track Training Limited is a subsidiary company who provided education and training services. The College provided management services to the company during the year.

#### Kenya Community Education Project (KCEP) – Charity Number 1163597

Financial Component	Year ended 31 July	
	2023	2022
	College £000'	College £000'
Balance as at 1 August	-	1
Income through donations	3	2
<b>Total</b>	<b>3</b>	<b>3</b>
Disbursed to recipients	(3)	(3)
<b>Balance unspent as at 31 July</b>	<b>-</b>	<b>-</b>

The Kenya Community Education Project (KCEP) is a charity supported by staff and students to support the advancement of education and the relief of poverty of children living in the Sigomre area of western Kenya by the provision of support and funds to Madungu primary school in Kenya. The college Chief Executive holds the position of Chair Person to the charity's board and is implied to hold significant control in the management and direction of the charity.

## 27, Amounts disbursed as agent

The College disburses a number of funds on behalf of Welsh Government. Funding body grants are available solely for students. The funds are:

#### Financial Contingency Funds (FCF)

Financial Component	Year ended 31 July	
	2023	2022
	College £000'	College £000'
FCF grants – unspent amounts from prior year	19	39
FCF grants – discretionary learner support	711	561
<b>Total</b>	<b>730</b>	<b>600</b>
Disbursed to students	(688)	(564)
Administration costs	(21)	(17)
<b>Balance unspent as at 31 July</b>	<b>21</b>	<b>19</b>

Table 58 - Financial Contingency Funds (FCF)

The discretionary learner support grant relates to the Financial Contingency Fund where the College only acts as a paying agent on behalf of Welsh Government. In these circumstances, the grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.

### Work Based Learning Employer Incentive Scheme

Financial Component	Year ended 31 July	
	2023	2022
	College	College
	£000'	£000'
Balance as at 1 August	(149)	(128)
EIS grants	255	995
<b>Total</b>	<b>106</b>	<b>867</b>
Disbursed to participants	(139)	(984)
Administration costs	(3)	(32)
Balance as at 31 July	<b>(36)</b>	<b>(149)</b>

Table 59 - Work Based Learning Employer Incentive Scheme

The Employer Incentive Scheme is a scheme where the College only acts as a paying agent on behalf of Welsh Government. In these circumstances, the grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.

### Kickstart Scheme

Financial Component	Year ended 31 July	
	2023	2022
	College	College
	£000'	£000'
Balance as at 1 August	7	11
Kickstart grant	-	123
Total	7	134
Disbursed to participants	-	(122)
Administration costs	-	(5)
Balance as at 31 July	7	7

Table 60 - Kickstart Scheme

The Kickstart scheme is a scheme where the College only acts as a paying agent on behalf of The Department of Work and Pensions. In these circumstances, the grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.





**Coleg Gŵyr Abertawe**  
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