

Report and Financial Statements

Year ended 31st July 2023

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Strategic Report

1. NATURE, OBJECTIVES AND STRATEGIES

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

With a history of providing quality education spanning 100 years, Adult Learning Wales (ALW), the National Adult Community Learning Provider, serves the adult population of Wales with inspirational, life-changing learning opportunities.

Drawing on our strong partnerships, our vision sees us at the forefront for growth in lifelong learning, prioritising opportunities for those who are hardest to reach, empowering and upskilling people and delivering equal access to Welsh medium provision. We are committed to supporting health and wellbeing initiatives, developing strong resilient communities, and promoting active democracy.

The Covid-19 pandemic has presented many challenges and whilst there has been disruption and a decline in curriculum delivery, we have grasped the opportunities afforded to us to grow our digital offer. This meant a significant shift to on-line delivery and as restrictions were lifted during 2023, we were able to return to more in-person learning with 80% of our delivery now in place across community venues.

Alongside this, we are working within a continually challenging economic environment impacted greatly by conflicts across the globe and the Cost of Living Crisis, where reliance on public funding alone is uncertain. The labour market is changing fast in Wales and there is a need for people to learn new skills, particularly those associated with digital technologies. The landscape requires us to work collaboratively and demonstrate intelligent business efficiency in order to expand our reach and promote the value of adult community learning. Enabling the working poor to upskill is our passion and priority, as well as helping to tackle broader poverty issues, such as unemployment and homelessness.

It is crucial to nurture the skill of learning over a lifetime to secure informed, flexible, intelligent, and healthy workforces and communities. The economic, social, and civic advantages of developing a truly lifelong learning society in Wales will be profound; giving us the cutting edge that we need for our communities to be resilient, for our economy to adapt to changing circumstances and for our democracy to thrive.

Our new 3 year strategic plan (2023-2026) focuses on supporting and enabling the widest range of learners to achieve success whilst developing and sustaining existing relationships and developing new ones. Our work to advance our position as the leading adult community learning provider in Wales and to be recognised nationally as the ACL provider of choice remains a priority.

1.1 Legal status

Adult Learning Wales (ALW), formerly known as WEA YMCA CC Cymru, is a charity registered in England and Wales (number 1071234) and a company limited by guarantee registered in England and Wales (number 3109524). The Organisation was formed from a merger of WEA Cymru and YMCA Wales CC on 1st August 2015.

1.2 Purpose

The Articles of Association state that the Organisation's object is 'to promote education, in particular for young people and adults, within Wales' and it carries out its purpose with public benefit in mind.

1.3 Vision and Mission Statement

Our Vision:

Creating healthy and prosperous societies through adult community learning.

Our Mission:

Providing inspiring and accessible learning opportunities for adult across Wales and supporting our learners to achieve successful outcomes, both directly and through relationships with others.

Our Goals:

1. Support and enable the widest possible range of learners to achieve success.

- 1.1 Delivering the highest quality lifelong learning programmes, ensuring an inclusive offer that recognises a diverse range of abilities and circumstances
- 1.2 Evolving our dynamic curriculum to meet the needs of more learners, ensuring a holistic approach and recognising the changing needs in relation to social, employment and political developments
- 1.3 Ensuring learners have the support and direction they need for completion of courses and further progression.
- 1.4 Gathering feedback from and listening to our learners, acting on what they tell us, ensuring we address any areas where we have not achieved our high expected standards and involving them in shaping the learning we deliver.
- 1.5 Raising awareness of ALW, our varied offer, the support available and the benefits of learning with us.
- 1.6 Valuing our staff, recognising talent, and investing in their CPD.
- 1.7 Continuing our commitment to the Digital 2030 framework by using technology enhanced practices to be more efficient and effective, facilitating more innovative teaching and learning experiences and freeing ourselves up from unnecessary paperwork.
- 1.8 Working with communities, by supporting the setting up of or working with existing bodies, to establish needs and issues which impact on individuals' learning, sharing this information as appropriate with other bodies.

2. Develop and sustain our network of positive and effective working relationships, establishing new relationships that align with our curriculum plan and national priorities.

- 2.1 Identifying and building professional working relationships that enable us to deliver or support learning to organisations and employers who have clients, customers, or staff who could benefit from our offer.
- 2.2 Standardising our approach to gathering feedback from those organisations we work with, during and after delivery.
- 2.3 Acting on feedback from all organisations we work with to address any issues identified and evolving our offer appropriately.
- 2.4 Continuing to strengthen our relationship with Welsh Government, the Commission for Tertiary Education and Research (CTER), and other stakeholders to develop a national programme for lifelong learning and advance the role of adult community learning in Wales.
- 2.5 Recognising global issues and working with organisations which focus on citizens' rights and entitlement to advance economic and social change in Wales.
- 2.6 Reviewing and revising our membership scheme, our approach to volunteering, and the work of Branches to ensure we are delivering mutual value and activity which is aligned to our goals.

3. Develop and sustain our network of positive and effective relationships, establishing new relationships that align with our curriculum plan and national priorities.

- 3.1 Having active leadership and governance which promotes adult community learning and challenges us to continuously improve.

- 3.2 Promoting understanding amongst commissioning bodies of our role in delivering the largest portion of adult community learning in Wales, both directly and on behalf of other providers such as local authorities.
- 3.3 Assessing and communicating the impact of adult community learning and demonstrating its value in order to influence policy making.
- 3.4 Sharing relevant information, which we gather through our networks and connections with policy makers.
- 3.5 Reviewing and developing our ways of working and the materials we use, to ensure we show professionalism in everything we do.
- 3.6 Being financially sound and using the core funding creatively to maximise the breadth of the learning offered and its value to our learners.
- 3.7 Pursuing additional sources of funding to generate investment in learning and resources and growth in our curriculum.
- 3.8 Operating a culture of openness and transparency, where we empower and encourage our people to make a positive contribution and raise any concerns.
- 3.9 Listening to, investing in, supporting, and developing our staff to ensure we have the skills and experience needed at every level within ALW.

1.4 Policy Context

Following the appointment of a new Minister for Education and Welsh Language in May 2021 significant focus has been given to the adult learning sector. With an ambitious policy statement to create a “second chance nation”, the Minister has established an External Reference Group tasked with delivering a programme of national Co-ordination for Lifelong Learning. ALW Chairs this group.

The programme is in place to deliver against this commitment, informed by the Wales Centre for Public Policy review [Supporting the Welsh Lifelong Learning system | WCPP](#) December 2021. As a lead member of the group ALW will endeavour to make strong representation on matters relating to adult community learning. Other members include adult community learning leads in local authorities, further and higher education, Wales TUC, the Learning and Work Institute (Wales), the National Centre for Learning Welsh and the Bevan Foundation.

The [Tertiary Education and Research \(Wales\) Act 2022](#) was passed by the Senedd on 28 June 2022 and received Royal Assent on 8 September 2022. The Act establishes the Commission for Tertiary Education and Research (CTER), a new Welsh Government sponsored body, and dissolves the Higher Education Funding Council for Wales (HEFCW). The Commission will be in place by April 2024 and will be responsible for strategy, funding, and oversight of the Post-16 Education and Training Sector (PCET) including adult education and adult community learning.

A PCET Strategy Board has been established, of which ALW is a member. The Strategy Board supports the Minister, the CTER Programme Senior Responsible Officer (SRO), and officials by working collectively to provide strategic oversight and expert advice to support the delivery of the PCET vision, transition, and the implementation of the programme and the establishment of CTER.

As part of the UK Government’s Levelling Up programme, the Shared Prosperity Fund (SPF) establishes three UKSPF investment priorities: communities and place; supporting local business; and people and skills. There are detailed objectives associated with each of these priorities which are aligned to the relevant Levelling Up White Paper mission. Part of the programme sees a £103M Wales investment in the “Multiply Scheme” to improve numeracy skills in adults. These funds combined offer substantial investment through local authority leads across Wales, and ALW has secured a number of contracts across Wales to deliver this programme by Spring 2025.

1.5 Governance and Management

The Organisation's governing body, its Council, plays a full part in approving the Strategic Plan and in monitoring its delivery. All members of Council are also members of at least one Committee, each of which has the remit of monitoring a part of the Strategy relating to that Committee. Members of Senior Management Team attend Council and Committee meetings to provide detailed information for scrutiny by volunteer Council members. A skills audit is undertaken annually to assess gaps in skills levels within the Council and Committees, and co-opted members are brought on to some Committees to address these gaps as far as possible.

1.6 Financial objectives

The Organisation's financial objectives are:

- to achieve an annual operating surplus prior to FRS 102
- to pursue alternative sources of funding, on a selective basis, consistent with the Organisation's aims and objectives, and the need for a financial contribution to the Organisation's overall finances
- to generate sufficient levels of income to support the asset base of the Organisation
- to further improve the Organisation's shorter-term liquidity
- to retain an average cash level of £500,000
- to maintain category "B" Welsh Government financial status.

Meeting the above targets requires the retention of tight staffing levels whilst taking all reasonable opportunities to make efficiency gains. In addition, meeting student growth is imperative in order to ensure the projected income streams.

1.7 Quality controls

The Organisation's Self-Assessment Report (SAR) measures performance throughout the year as part of the Quality cycle. The SAR is written in accordance with guidance from the Welsh Government. Judgements are made using the format of the Estyn Common Inspection Framework which focuses on 5 key questions relating to Standards, Wellbeing and Attitudes to Learning, Teaching and Learning Experiences, Care, Support and Guidance, and Leadership and Management.

The Organisation is continually working to improve and develop processes to ensure that data used to inform planning is produced in a timely fashion, is robust and used effectively across the Organisation to inform the Self-Assessment process. The SAR is located on the Organisation's intranet and can be accessed by all staff. Any areas for development that are identified within the SAR are incorporated into the Quality Development Plan (QDP) which is produced by the Senior Management Team. Monitoring of the QDP is embedded in the Quality cycle and is reviewed at operational, senior management and governance level.

Throughout the year, a range of professional learning and development events have ran to support tutors and core staff on quality related issues to ensure standards are maintained and awarding organisation's requirements are met. These events form part of the learning and development plan. A range of standardisation activities and events were held with opportunities for all staff to engage in assessment and internal quality assurance activities to develop their practices. Reports from Awarding Organisations state that our Internal Quality Assurance processes are in a positive and strong position. The internal quality assessment (IQA) policy is monitored and reviewed for effectiveness and impact of use. Scrutiny of quality control measures is undertaken by the Senior Management Team and by Council, through the Learner Experience Committee.

The Organisation's major plans are its Strategic Plan, the Provision Development Plan, the SAR/QDP and the Risk Register. Council and its Committees scrutinise the actions and targets set within these plans.

2. CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

2.1 Student numbers

In 2022/23 the Organisation recruited 9,063 learners, 64% female and 36% male (all provision). Completion* rates for Welsh Government funded provision only are at 96% overall (level with the National Comparator), Attainment

rates are at 89% (National Comparator not available) with Successful Completion at 85% (5% points below previously available National Comparators but an improvement of 7% points against the 21/22 academic year).

*Completion includes accredited and non-accredited provision. National Comparators (NCs) are 18/19 data and are taken from National Statistics for Wales document Statistical First Release SFR 08/2020 (Page 9).

2.2 Student achievements

The table below gives the current performance data available grouped by learning areas.

Subject Sector Area	Subject Sector Area Description	Learning Activities	Guided Learner Contact Hours	Comp %	Attain %	Success %
	Total	20,092	402,395	96%	88%	85%
14d	English for Speakers of Other Languages	6,867	162,692	95%	82%	77%
14c	Foundation for Work	3,673	62,855	94%	86%	83%
15	Business, Administration and Law	2,180	32,495	100%	97%	97%
13	Education & Training	954	30,767	95%	87%	82%
9b	Art & Design	1,143	23,725	94%	91%	88%
1	Health, Public Services & Care	1,538	23,188	97%	87%	84%
14b	Adult Basic Education	1,564	18,935	96%	87%	82%
14a	Independent Living Skills	178	12,115	94%	91%	91%
5	Construction, Planning & Built Environment	169	7,528	89%	N/A	N/A
12	Languages, Literature & Culture	238	5,000	89%	92%	81%
7c	Hospitality & Catering	470	4,488	99%	95%	94%
9a	Performing Arts	261	4,387	98%	*44%	*44%
4	Engineering & Manufacturing Technology	231	3,459	98%	86%	85%
7b	Hair & Beauty	144	3,127	91%	85%	77%
6	Information & Communication Technology	169	3,094	96%	81%	76%
3	Agriculture, Horticulture & Animal Care	77	1,304	100%	92%	92%
10	History, Philosophy & Theology	87	1,032	98%	100%	100%
2	Science & Mathematics	70	1,023	97%	98%	95%
7a	Retailing & Customer Care	54	688	100%	93%	93%
12b	Welsh, English and Other Languages	16	372	88%	100%	88%
11	Social Sciences	9	122	100%	100%	100%

*the low quality profile in this area is due to learners moving to a non-accredited course part way through delivery. This was adjusted to meet the needs of the learners.

Completion percentages include both accredited and non-accredited provision whereas Attainment and Success percentages include only accredited provision. Achievements for learners on non-accredited courses are more difficult to measure, although the use of individual learning plans allows for 'distance travelled' to be evidenced.

2.3 Student Profile

The most popular courses are: English for Speakers of Other Languages (ESOL), Foundation for Work, Trade Union Studies (categorised as Business, Administration and Law), Education & Training, Art & Design, Health, Public Services & Care, Adult Basic Education, and Independent Living Skills.

We have continued our work with asylum seekers and with ethnic minority groups. 16%* of our learners in 2022/23 were from minority ethnic communities. We continue to target the most disadvantaged areas and 51.2%* of our learners live in areas of deprivation. Over two thirds of our learners are female at 68%* in 22/23 compared to 69%* in the 21/22 academic year and 79.5%* of our learners are aged between 20 and 60 which compares to 21/22 data of 80.9%.

(*WG provision only)

2.4 Curriculum developments

Provision for 2022/23 was an aggregate of workplace/trade union studies, regional, national and Asylum, Migration and Integration Fund (AMIF) Project curricula administered from organisational offices and the homes of staff who are dedicated home workers/have agile working practices agreed.

2022/23 saw a combination of both face-to-face and online/blended delivery continuing, as appropriate to learners' needs, with the majority being face-to-face.

The organisation continued to engage adult learners who were furthest away from employment, particularly from areas of deprivation and those with the lowest skills levels, through strong collaborative working with the Organisation's Branch structure, national, regional and local partners and networks. Learning delivered in the workplace was offered in response to demand from the trade union movement and employers. Some of this was supported through the Wales Union Learning Fund (WULF). In addition to core funded programmes of learning, full cost recovery / income generation either through delivery or accreditation services remained a focus. Furthermore, the organisations' AMIF Project engaged with over 800 refugees and Third Country Nationals during the timescale of the Project. This Project comes to an end at the end of December 2023.

Throughout 2022/23, ALW continued to offer a broad range of provision, spanning from pre-Entry to Level 2 in the majority of programme areas, with Youth Work and Counselling programmes delivering up to Levels 3 and 4. This was consistent with Welsh Government policy priorities for Adult Learning in Wales, with a continued emphasis on essential skills (including Digital Literacy), ESOL and employability skills. ESOL continued to be the largest programme area, in terms of number of delivery hours.

The 2022/23 academic year saw the introduction of 6 pilot projects as part of a Citizens' Curriculum for Wales. These have been supported by funding from Welsh Government, with Learning and Work Institute as the commissioning body. ALW is leading on 2 of the 6 pilots and is also involved in a third. A total of £54k has been awarded to ALW to support its Health and Well-being and Global Learning pilots. The timeframe for these runs from January 2023-March 2024.

For Welsh Government and Estyn purposes, all learning continues to be badged as Adult Community Learning and not Further Education or Work-based Learning.

2.5 Future developments

We now find ourselves in a landscape that is characterised by the impact of a global pandemic, a war in Ukraine and a Cost of Living Crisis that has caused major disruption to our economy. This has put further pressure on public spending and uncertainty about future funding. This means that there is additional pressure on our resources. The changing economic context presents a number of significant challenges for Wales, and for adult learning in particular. In addition to the problems associated with an ageing population, rapid advances in technology and

changing employment patterns, the private sector is experiencing a slow economic recovery. Set within this challenging economic environment, there is an increased need for more cost effective and innovative ways of working with reduced budget availability.

The Organisation is confident in its capacity and capability to respond effectively to these challenges. It is well placed to build on the legacy of its founding organisations and will promote a broad liberal education which improves social justice and community engagement, alongside offering highly focused education and training services for employability, enterprise and skills development.

We will continue to review and develop our curriculum offer to ensure that resources are directed to improve our digital framework, grow our provision, develop external relationships particularly across the voluntary sector and establish ourselves as the recognised national provider of ACL in Wales. It is important that we ensure a flexible approach and a broad range of learning options that increase learner engagement.

3. RESOURCES

The Organisation has limited physical resources that it can deploy in pursuit of its strategic objectives. Its tangible resources include the Bryn Menai in Bangor and Coopers Yard sites in Cardiff. The Organisation still holds some tangible resources in Harlech.

3.1 Financial

Financial objectives

The Organisation's financial objectives are:

- to achieve an annual operating surplus prior to FRS 102 – this was achieved with a surplus of £35k.
- to pursue alternative sources of funding, on a selective basis, consistent with the Organisation's aims and objectives, and the need for a financial contribution to the Organisation's overall finances – this was achieved with several sources of alternative funding being applied for and secured.
- to generate sufficient levels of income to support the asset base of the Organisation – achieved, as during the year the Organisation was awarded several large grants in order to improve the assets across the organisation.
- to further improve the Organisation's shorter term liquidity – this was achieved with year end cash balances being £5.064m.
- to retain an average cash level of £500,000 – this was achieved.
- to maintain category "B" Welsh Government financial status – achieved.

Meeting the above targets requires the retention of tight staffing levels whilst taking all reasonable opportunities to make efficiency gains.

Financial results

The following table summarises performance for 2022/23 against 2021/22:

	2022/23	2021/22
Operating surplus/(deficit) prior to FRS 102 (28) pension adjustments and net proceeds of sales	£35K	£44K
Operating surplus/(deficit) after FRS 102 (28) pension adjustments and net proceeds of sales	£92k	(£793k)
Current ratio (current assets/current liabilities)	2 : 1	2 : 1
Staff costs as % of income	83.2%	85.7%
Welsh Government income as a % of total income	87%	89%
Total unrestricted reserves	£9.08m	£6.48m
Cash balances	£5.064m	£5.904m
Net assets	£10.209m	£7.633m

Tangible fixed asset additions during the year amounted to £24k for equipment.

Treasury policies and objectives

Treasury management is the management of the Organisation'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.

This responsibility is absorbed within the finance function and is overseen by the Head of Curriculum and Performance.

There have been no short term borrowings during the year. If the Organisation were to make any short term borrowings for temporary revenue purposes this would be authorised by the Chief Executive and approved by the Resources Committee. Such arrangements are restricted by limits in the Financial Memorandum with the WG. All other borrowing requires the authorisation of Council and shall comply with the requirements of the Financial Memorandum of the WG.

Investments

The Organisation has previously developed an ethical investment policy which is used to support its investments. At year end the Organisation held £1.243m within two separate non-current investment funds and £1.524m in a current investment fund, all managed by Brewin Dolphin (note 17).

Cash flows and Liquidity

At £620k (2021/22: £802k) the operating cash flow is again positive for the period.

There was an increase in net funds for the year of £672k compared to 2021/22 £693k.

The current ratio remains at a good level of 2:1 (21/22 2:1). The financial position continues to be stable which highlights the Organisation's continuing progress in its objective of maintaining financial health through improved liquidity.

Reserves

Levels of reserves depend upon operational needs, but the Organisation aims to have a minimum of three months' running costs, including salaries, held in General (unrestricted) reserves. These stood at £9.08m (2021/22: £6.48m) at 31 July 2023, thus the target of £1.6m was met. There has been an increase to the pension surplus in the year of £2.550m resulting in a £4.960m surplus at 31 July 2023. The target of £1.6m is in line with Charity Commission guidance and Welsh Government's suggested good practice for Further Education Institutions. All reserves are reported to and reviewed regularly at Resources Committee meetings, and expenditure from reserves is approved by the Council.

A three year budget is usually developed but due to uncertainty and volatility in funding only a one year budget has been produced for the 2023/24 year which is intended to increase the levels of reserves. However, it is recognised that there are significant challenges in financial forecasting due to the current situation and the impact this has on the Organisation's ability to plan.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires ALW, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received.

Supplier terms are set within the accounting system and may range from zero days (for employee/voluntary member expense claims) to 30 days for large suppliers. Where payment is required to be made more frequently e.g. suppliers of utilities etc., terms are set and wherever possible, payment is made within the required time frame.

Where invoices are contested, suppliers are notified immediately and they are settled as soon as possible if monies are owed. When suppliers query non-payment for whatever reason, the situation is investigated immediately and copy invoices requested where required.

Wherever possible the Organisation complies with the Better Payments Practice Code.

Late receipt of authorised invoices into the Finance Department can result in late payment.

Field offices are aware of the need to authorise invoices and return them to the Finance Section for payment as quickly as possible.

During the period 1 August 2022 to 31 July 2023 the Organisation incurred no interest charges in respect of late payment.

Post-balance sheet events

There are no post-balance sheet events to report.

3.2 Staffing

As at 31st July 2023, there were 218 active hourly paid teaching staff, including support workers, and 111 salaried support staff, 68 full time and 43 part time.

A Learning and Development Plan, based on the training needs recognised by the Organisation and individuals, is implemented on an annual basis and updated throughout the year.

Teaching observations enable the monitoring of teaching quality and the provision of support to teaching staff while identifying training and development needs. Regular catch up meetings between staff and line managers provide a proactive approach to self-assessment and target setting, with an emphasis on the individual's Continuing Professional Development (CPD) needs and aspirations for improvement to deliver targets.

4. PRINCIPAL RISKS AND UNCERTAINTIES

ALW 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 ALW's assets and reputation.

The Senior Management Team undertakes a comprehensive review of the risks to which the Organisation is exposed which are documented in a risk register with clear plans of action. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the Organisation. 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 Senior Management Team also considers any risks which may arise as a result of a new area of work being undertaken by the Organisation.

The main risks identified have been compounded by the impact of the legacy pandemic issues coupled with the ongoing cost of living challenges. The situation has decreased the ability to forecast accurately due to the volatility and uncertainty of the current position. In order to mitigate the risks, the Senior Officers of the Organisation are in regular contact with the Welsh Government in order to identify and manage key challenges.

A Risk Register is maintained and is reviewed on a termly basis by the Audit Committee. The Risk Register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Organisation and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

Outlined below is a description of the principal risk factors that may affect ALW along with mitigating actions. Not all the factors are within the Organisation's control: other factors besides those listed below may also adversely affect it.

4.1 Government funding

The Organisation has considerable reliance on continued government funding through the Senedd with levels of funding due to remain stable for 2023/24, however, given the announcement of budget challenges by the Welsh Government, funding in future years will be a great challenge.

This risk is mitigated in several ways:

- There is a rolling annual budget in place which supports the delivery of the strategic plan whilst identifying budget pressures and allowing the Organisation to plan accordingly.
- The Organisation continues to expand delivery that has a range of course fee recovery options associated with it.
- The Organisation has developed a more commercial focus in relation to delivering training for business: it has a designated workplace learning team whose focus is the business sector.
- By ensuring the Organisation is rigorous in delivering high quality education.
- Considerable focus and investment is placed on maintaining and managing key relationships with various funding bodies.
- The Organisation has a dedicated Business Development resource which was implemented within the year to identify and develop growth opportunities.
- Ensuring the Organisation is focused on those priority sectors which will continue to benefit from public funding.
- Regular dialogue with the Welsh Government and other key funders.
- Preparation of funding bids from sources other than the Welsh Government.
- Discussions with other providers to develop joint bids to contract for the delivery of services in Wales.

4.2 Maintain adequate funding of pension liabilities

The financial statements report the share of the pension scheme deficit on the Organisation's balance sheet in line with the requirements of FRS 102. Regular dialogue takes place with the pension providers to ensure employer contributions are sufficient to reduce the deficit on the fund but at the same time are not excessive.

4.3 IT Infrastructure

The support contract for the Organisation has been improved and implemented for the year which puts in place stronger support mechanisms. This helps to mitigate the risks associated with the IT infrastructure.

5. STAKEHOLDER RELATIONSHIPS

The Organisation has many stakeholders. These include:

- Welsh Government
- Staff
- Other FE Institutions
- Trade Unions
- Accrediting bodies
- HE Institutions
- Other third sector organisations and partners
- Learners
- Funders
- Branches
- Members
- Volunteers
- The local community
- Local employers (with specific links)
- Local Authorities
- ACL Partnerships, regional and local

The Organisation recognises the importance of these relationships and engages in regular communication and collaboration with stakeholders. It is particularly appreciative of the voluntary efforts of its Branch officers and Regional Forum chairpersons in extending the democratic nature of the Organisation's structures.

5.1 Equality and Diversity

The Organisation recognises that discrimination, prejudice and disadvantage exist in society, and that groups and individuals have been treated unfairly for reasons relating to gender, ethnic origin, race, nationality, disability status, marital or family status, sexual orientation, age and religion. We are committed to making our contribution to help eliminate this by working positively to promote a more inclusive society. It is our aim and commitment to provide all of our services and employment opportunities on a fair and equitable basis.

ALW's values emphasise the principle of equity, aimed at extending education opportunities to all learners and potential learners, regardless of class, age, disability or learning difficulty, gender, sexual orientation, race, colour, language and culture, religious beliefs, economic or marital status. The commitment at all times is to meet the needs and aspirations, and enhance the skills, of individuals both within the learning experience and at work. The Organisation further recognises that education enables the progress not only of individuals but of communities through the contribution of aware and committed individuals, and sees its recognition of the social purpose of education as integral to its commitment to equal opportunities.

It is the policy of the Organisation to take all reasonable steps to employ and promote employees on the basis of their skills. Ongoing monitoring and regular analysis of data collected as a result of diversity monitoring provide the basis for appropriate action to eliminate unlawful direct and indirect discrimination and promote equality of opportunity. As a Disability Confident employer, the Organisation considers all applications for employment from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with ALW continues. The Organisation's policy is to provide training, career development and opportunities for promotion which are, as far as possible, identical to those for all employees. The Organisation makes every effort to ensure that any problems encountered by disabled employees or potential disabled employees are minimised.

The Learner Services and Human Resources team has responsibility for coordinating the development, implementation and review of all matters and progress relating to safeguarding, equality and diversity, in accordance with legislation and statutory duties. Monitoring and scrutiny of safeguarding, equality and diversity matters at Committee level is within the remit of the Learner Experience Committee.

5.2 Anti-Racism at ALW

ALW fully supports the Welsh Government's vision of 'A Wales which is anti-racist'. We are committed to becoming an anti-racist organisation, creating a culture with zero tolerance and changing our systems, policies and procedures to eradicate racism in all that we do. Our Anti-Racist Action Plan will ensure that we play our part in making a measurable change to the lives of Black, Asian and Minority Ethnic people by tackling racism.

Along with our own organisational values, the values underpinning our anti-racist action plan are in line with those set out in the Anti-racist Wales Action Plan. These values are:

- Open and transparent
- Rights-based
- Putting lived experience at the heart of all we do

At ALW, we view our identity as closely aligned to the traditional inclusive impulses of the adult learning movement. We strive to integrate inclusivity into all activities and to empower staff to take action to ensure equality via a focus on positive attitudes, supported by policies and plans.

Our Commitments

- We recognise that racism exists in society, and that this is extremely harmful. We acknowledge the impacts of racism and we will support our Black, Asian and Minority Ethnic staff, learners and members who may experience these impacts.
- We will encourage people to speak up about racism, giving people the time and space to talk about their experiences, with confidence that they will be listened to and supported.
- As a learning provider and a membership organisation we have both an opportunity and a responsibility to make a positive difference to anti-racism both within ALW and in the wider community. We will embed anti-racism in our curriculum, through our networks, events and communications and will influence and advocate for anti-racism at all opportunities, challenging racism where we see it.
- At present, our management team does not reflect the diversity within either our organisation or wider society. As we work to address this, we will develop the skills of our management team along with our wider staff to give them the support they need to be effective allies. Our team is committed to supporting our Black, Asian and Minority Ethnic people to ensure the burden of tackling racism does not fall on those who already experience its injustices.
- We will be open and honest about our progress on anti-racism, and via our Anti-Racist Action Plan we will set clear goals against which our progress can be measured.
- We want to move beyond compliance to seek opportunities to promote anti-racism in everything that we do. We strongly believe this is the right thing to do, in the interest of our learners, staff, volunteers, members and the wider community.

5.3 Disability statement

As part of our commitment to Equality and Diversity the Organisation seeks to secure full access to its courses and meetings for those with disabilities. As far as reasonably practicable arrangements are made to ensure that students with disabilities can engage fully with its activities, by ensuring that necessary media and support are provided and that physical access to courses is possible. However, courses are usually provided in premises that are not owned by ALW. In these situations the Organisation will work with the providers of premises to ensure equal access wherever possible. If equal access is not available at a community venue, alternative arrangements will be explored as required.

5.4 ALW and the Welsh Language

ALW is committed to the Welsh Government's vision of a truly bilingual Wales, as set out in the document ***Cymraeg 2050***, the Welsh Government's Welsh language strategy (2018). This sets out its vision to increase the number of Welsh speakers and the use of Welsh by the year 2050. It is a vision to which ALW is fully committed. ALW will work to ensure that the Welsh language is treated as wholly equal to the English language. Standards set will be clear and consistent in terms of the services to be provided in both languages and will strive to be reasonable and proportionate, to reflect an all-Wales educational Organisation. Compliance with Welsh Language Standards will be ensured through regular monitoring.

In addition to advancing learning and knowledge through participation in education and training, ALW is committed to promoting awareness and understanding of the Welsh language, Welsh heritage and culture in all aspects of its business and services. ALW fully supports the principle of a bilingual workplace and has put in place the mechanisms necessary to encourage the promotion, use and improvement of the Welsh language skills of its workforce.

The Learner Services and Human Resources team continues to co-ordinate, develop and implement the wide range of activities required to achieve the organisation's strategic aims and meet statutory requirements in respect of Welsh and Bilingualism. Welsh and Bilingualism is monitored and scrutinised at Committee level by the Learner Experience Committee.

5.5 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 ALW'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 Organisation's auditors are aware of that information.

Approved by order of the members of the Council on 29 January 2024 and signed on its behalf by:

John Graystone
Chair of Governors

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Professional advisers

External auditors:

Baker Knolly Statutory Auditors, Merthyr Tydfil

Internal auditors:

TIAA, Cardiff

Bankers:

Handelsbanken, Cardiff

Solicitors:

Eversheds Sutherland, Cardiff

Statement of Corporate Governance and Internal Control

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

This summary describes the way the Organisation has applied the principles set out in the UK Corporate Governance Code issued by the Financial Reporting Council in July 2018. Its purpose is to help the reader of the accounts understand how the principles have been applied.

In the opinion of the Council, the Organisation complies with all the provisions of the Code in so far as they apply to the Further Education sector, and it has complied throughout the year ended 31 July 2023.

THE COUNCIL

The members who served on the Council during the year are as listed below:-

Name	Status and Category	Accession date (if after 1 Aug. 2022) or Resignation date	Committee Membership	Council meetings attended (out of 5 in total)
John Graystone	Chair; Appointed	Re-appointed 1/4/2023	Search (Chair)	5
Sonia Reynolds	Vice Chair; Elected Regional Governor	Resigned 31/3/2023	Audit, Search	3 (out of 4)
Stephen Nicholls	Appointed; Vice Chair from July 2023		Resources (Chair); Search	5
Salamat Fada	Appointed; Vice Chair from July 2023		Learner Experience (new Chair); Search	5
Chris Franks	Elected Members' Governor	Re-elected 1/4/2023	Audit (Chair)	5
Marion Burke	Appointed		Learner Experience	4
Cathy Clark	Elected Learner Governor	Re-elected 1/4/2023	Learner Experience	4
Caroline Davies	Elected Regional Governor	Resigned 31/3/2023	Learner Experience (Chair), Audit, Search	1 (out of 4)
Jan Tiley	Elected Learner Governor		Resources	5
Sam Emmett	Elected Staff Governor		Learner Experience	5
Judith Evans	Appointed		Resources	3
Nicole Kinnaird	Elected Staff Governor		Resources	3
Sion Aled Owen	Elected Regional Governor		Learner Experience	3
Jenni Jones-Annetts	Elected Learner Governor		Learner Experience	4
Dona Lewis	Appointed		Resources	3
Timothy Palazon	Appointed		Learner Experience	4
Victory Ezeofor	Elected Regional Governor		Audit	4

Statement of Corporate Governance and Internal Control (continued)

The Council is provided with regular and timely information on the overall financial performance of the Organisation together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Council meets a minimum of three times a year, and during 2022-23 met on five occasions.

The Council conducts much of its business through four committees: Audit, Learner Experience, Resources and Search. Each committee has terms of reference which have been approved by the Council. Full minutes of all Council meetings, except those deemed to be confidential by the Council, are available on the organisation's web-site or from the Clerk to the Council at:

Stephen Thomas
Clerk to the Council
ALW
7 Coopers Yard
Curran Road
Cardiff CF10 5NB

The Clerk to the Council maintains a register of financial and personal interests of Council members. The register is available for inspection at the above address.

Members of the Council can take independent professional advice in furtherance of their duties at the Organisation's expense and have access to the Clerk to the Council, who is responsible to the Council for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Council as a whole. Formal agendas, papers and reports are supplied to the Council and Committee members in a timely manner, prior to meetings. Briefings are also provided on an ad hoc basis.

The Council has a strong and independent non-executive element and no individual or group dominates its decision-making process: there is no person with significant control registered for it at Companies House. The Council considers that each of its members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. The Committees comprise members of the Council, one of whom is Committee Chair, and co-opted individuals. Co-opted members who served during 2022-23 were: Paul Charlton, Graham Price and Guy Wallace Smith (Audit Committee); Ashok Chopra (Learner Experience Committee); Susan Roberts (Resources Committee). In addition, other task and finish groups may be convened at the discretion of the Council.

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

Composition of the Council

The adoption of revised Articles of Association at the time of the re-naming of the Organisation in late 2016 also saw the formation of a new Council. Most Council members up to 31 March 2017 were appointed to their roles. From 1 April 2017 there have been up to 12 elected members (variously nominated by Regional Forums, individual members, learners and staff) and up to 8 appointed members. The Council is responsible for ensuring that appropriate training is provided for its members as required. The Council adheres to the 2016 Code of Good Governance for Colleges in Wales.

Audit Committee

The Audit Committee comprises up to four members of the Council (and excludes the Chair, learner governors and Resources Committee members). The Committee operates in accordance with written terms of reference approved by the Council.

Statement of Corporate Governance and Internal Control (continued)

The Audit Committee meets on a termly basis and provides a forum for reporting by ALW's internal and external auditors, who have access to the Committee for independent discussion, without the presence of ALW management if necessary. The Committee can also receive and consider reports from the Charity Commission and the Welsh Government as they affect ALW's business.

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

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

The Audit Committee also advises the Council on the appointment of internal, regularity and financial statements auditors and their remuneration for both audit and non-audit work.

The Search Committee is responsible for overseeing the appointment of Council members, making recommendations to the full Council to fill the vacancies that exist. The Diversity Categories and Skills Matrix for Governors, forming part of the Organisation's Standing Orders, inform the Search Committee's recruitment practices. All appointed governors have come through application of these norms.

INTERNAL CONTROL

Scope of responsibility

The Council is ultimately responsible for the Organisation'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 Council has delegated the day-to-day responsibility to the Chief Executive, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the Organisation's policies, aims and objectives, whilst safeguarding the public funds and assets for which s/he is personally responsible, in accordance with the responsibilities assigned to him or her in the Financial Memorandum between the Organisation and the Welsh Government. S/he is also responsible for reporting to the Council any material ALW weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control provides reasonable, not absolute, assurance of effectiveness and is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Organisation's 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 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 Council has reviewed the key risks to which the Organisation is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Council is of the view that there is a formal ongoing process for identifying, evaluating and managing the Organisation's significant risks. This process is regularly reviewed by the Organisation.

Statement of Corporate Governance and Internal Control (continued)

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.

The Organisation has an internal audit service, which operates in accordance with the requirements of the Welsh Government. The work of the internal audit service is informed by an analysis of the risks to which the Organisation 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 Council on the recommendation of the Audit Committee. At minimum annually, the Chair of Audit Committee provides Council with a report on internal audit activity in the Organisation. The report includes the Internal Auditor's independent opinion on the adequacy and effectiveness of the Organisation's system of risk management, controls and governance processes.

Review of effectiveness

As Accounting Officer, the Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. That 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 in the Organisation who have responsibility for the development and maintenance of the internal control framework
- Comments made by the Organisation's external auditors and the Welsh Government auditors in their management letters and other reports.

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

The 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 regions and reinforced by risk awareness training. The Senior Management Team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Council's agenda includes a regular item for consideration of risk and control and it 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.

Statement of Corporate Governance and Internal Control (continued)

GOING CONCERN

After making appropriate enquiries, the Council considers that the Organisation 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 Organisation on 9th April 2024 and signed on its behalf by:

John Graystone
Chair of Governors

Kathryn Robson
Chief Executive

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Governing Body's statement on the Organisation's regularity, propriety and compliance with Funding body terms and conditions of funding

The Organisation has considered its responsibility to notify the Welsh Government of material irregularity, impropriety and non-compliance with Welsh Government terms and conditions of funding, under the Financial Memorandum in place between the Organisation and the Welsh Government. As part of our consideration we have had due regard to the requirements of the Financial Memorandum.

We confirm, on behalf of the Organisation, that after due enquiry, and to the best of our knowledge, we are able to identify any material irregular or improper use of funds by the Organisation, or material non-compliance with the Welsh Government's terms and conditions of funding under the Organisation's Financial Memorandum.

We 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.

John Graystone
Chair of Governors

Kathryn Robson
Chief Executive

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Statement of Responsibilities of the Members of the Council of the Organisation

The Members of the Council of the Organisation are required to present audited financial statements for each financial year.

Within the terms and conditions of the Financial Memorandum agreed between the Welsh Government and the Organisation, the Organisation, through its Chief Executive, is required to prepare financial statements for each financial year in accordance with the 2019 *Statement of Recommended Practice – Accounting for Further and Higher Education Institutions*, Company Law and with the Accounts Direction issued by the Welsh Government, which give a true and fair view of the state of affairs of the Organisation and the result for that year.

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

- select suitable accounting policies and apply them consistently
- make sound judgements and estimates that are reasonable and prudent
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the Organisation will continue in operation.

The Organisation is responsible for maintaining proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Organisation, and which enable it to ensure that the financial statements comply with the Companies Act 2006. It is responsible for taking steps that are reasonably open to it in order to safeguard the assets of the Organisation and to prevent and detect fraud and other irregularities.

The maintenance and integrity of the Organisation website is the responsibility of the Organisation. 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.

The Members of the Council are responsible for ensuring that expenditure and income are applied for the purposes intended by the funders 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 are used only in accordance with the Financial Memorandum with the Welsh Government and any other conditions that the Welsh Government may prescribe from time to time. The Members of the Council must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, the Members of the Council are responsible for securing economical, efficient and effective management of the Organisation's resources and expenditure, so that the benefits that should be derived from the application of public funds by the Welsh Government are not put at risk.

In accordance with Company Law, as the Members of the Council, we certify that:

- so far as we are aware, there is no relevant audit information of which the company's auditors are unaware; and
- as the Members of the Council of the Organisation we have taken all the steps necessary in order to make ourselves aware of any relevant audit information and to establish that the Organisation's auditors are aware of that information.

The Members of the Council are aware that the Organisation has a responsibility under the Charities Act to demonstrate that it has charitable aims that meet the public benefit requirement and are therefore charitable. The Members of the Council confirm that they have had due regard to the Charity Commission's guidance on public benefit when considering, planning and implementing the activities of the charity and when exercising their powers and duties to which the guidance is relevant, and that they have complied with the duty under Section 4 of the Charities Act 2006 in this regard. As Council, we believe that the objects of the Organisation to promote education, in particular for young people and adults, within Wales are charitable and for public benefit. Furthermore, in our view, no detriment or harm arises from the Organisation carrying out its work and we are not aware of any widespread views among others that such detriment or harm might arise.

Statement of Responsibilities of the Members of the Council of the Organisation (continued)

This report is prepared in accordance with the 2019 Statement of Recommended Practice—Accounting for Further and Higher Education Institutions, and the Companies Act 2006.

Approved by order of the Members of the Council of the Organisation on 29 January 2024 and signed on its behalf by:

John Graystone
Chair of Governors

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Independent Auditors' Report to the Governing Body (Council) of Adult Learning Wales

A COMPANY LIMITED BY GUARANTEE - 3109524

Report on the audit of the financial statements

Opinion

In our opinion, Adult Learning Wales financial statements:

- give a true and fair view of the state of the organisation's affairs as at 31 July 2023, and of the organisation's income and expenditure and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law);
- have been properly prepared in accordance with the requirements of the Statement of Recommended Practice - Accounting for Further and Higher Education; and
- have been properly prepared in accordance with the Accounts Direction issued by the Welsh Government.

We have audited the financial statements, included within the Annual Report and Financial Statements for the year ended 31 July 2023 (the "Annual Report"), which comprise the Balance Sheet as at 31 July 2023; the Statement of Comprehensive Income for the year then ended; the Statement of Changes in Reserves for the year then ended; the Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the organisation in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the Governing Body's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governing Body has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the organisation's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent Auditors' Report to the Governing Body (Council) of Adult Learning Wales (continued)

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the organisation's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Governing Body is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the Governing Body for the financial statements

As explained more fully in the Statement of the Governing Body's responsibilities set out on pages 21 and 22, the Governing Body (who are also the directors of the organisation for the purposes of company law) is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Governing Body is also responsible for such internal control as they 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 organisation'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 organisation or to cease operations, or has no realistic alternative but to do so.

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

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

- *We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience through discussion with the Officers and other management (as required by auditing standards).*

Independent Auditors' Report to the Governing Body (Council) of Adult Learning Wales (continued)

- *We had regard to laws and regulations in areas that directly affect the financial statements including financial reporting (including related trade union legislation) and taxation legislation. We considered that extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.*
- *We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience through discussion with the Officers and other management (as required by auditing standards).*
- *We had regard to laws and regulations in areas that directly affect the financial statements including financial reporting (including related trade union legislation) and taxation legislation. We considered that extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.*
- *With the exception of any known or possible non-compliance, and as required by auditing standards, our work in respect of these was limited to enquiry of the Officers.*
- *We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.*
- *We addressed the risk of fraud through management override of controls, by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.*

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

Use of this report

This report, including the opinions, has been prepared for and only for the organisation's Governing Body as a body in accordance with the organisation's articles of government and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Opinions on other matters prescribed in the Further Education Audit Code of Practice 2016 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 organisation 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.

Richard Phillips FCCA
Senior Statutory Auditor
For and behalf of:
Baker Knolly Audit Limited
Statutory Auditors
Orbit Business Centre, Merthyr Tydfil, CF48 1DL

Date:

Statement of Comprehensive Income

INCOME	Notes	2023 £'000	2022 £'000
Welsh Government Grants	2	8,327	7,819
Tuition fees and education contracts	3	559	346
Other grants and contracts	4	544	542
Other Income	5	18	19
Branch Income	6	10	13
Investment Income	7	64	3
Pension Finance Income	8	93	-
Donations and Endowments	9	-	-
Total Income		9,615	8,742
EXPENDITURE			
Staff costs	10	8,001	7,489
Other operating expenses	12	1,400	1,800
Depreciation	16	113	147
Interest and other finance costs	13	-	86
Branch Expenditure	12	9	13
Total Expenditure		9,523	9,535
(Deficit)/Surplus before other gains and losses	15	92	(793)
Gain/(loss) on disposal of assets		-	-
(Deficit)/Surplus before tax		92	(793)
Taxation	14	-	-
(Deficit)/Surplus for the year		92	(793)
Revaluation Reserve movement	27	-	-
Gain/(loss) on Endowments	17	(33)	(80)
Gain/(loss) on Investments	17	24	-
Actuarial gain/(loss) in respect of pensions schemes	33	2,493	8,623
Total Comprehensive Income for the year		2,576	7,750
Represented by:			
Restricted comprehensive income		-	-
Unrestricted comprehensive income		2,585	7,830
Investment comprehensive income	26	24	-
Endowment comprehensive income		(33)	(80)
		2,576	7,750

The statement of comprehensive income is in respect of continuing activities.

Statement of Changes in Reserves

	Income and Expenditure Reserve			Restricted Reserve		Total
	Endowment £'000	Investment £'000	Other £'000	Endowment £'000	Other £'000	£'000
Balance at 1st August 2021	562	-	(1,687)	998	10	(117)
Surplus/(deficit) from the income and expenditure account	-	-	(793)	-	-	(793)
Other comprehensive income	(67)	-	8,623	(13)	-	8,543
Transfers between revaluation and income and expenditure reserves	-	-	-	-	-	-
Total comprehensive income for the year	(67)	-	7,830	(13)	-	7,750
Balance at 31st July 2022	495	-	6,143	985	10	7,633
Surplus/(deficit) from the income and expenditure account	-	-	92	-	-	92
Other comprehensive income	(26)	24	2,493	(7)	-	2,484
Transfers between revaluation and income and expenditure reserves	-	-	-	-	-	-
Total comprehensive income for the year	(26)	24	2,585	(7)	-	2,576
Balance at 31st July 2023	469	24	8,728	978	10	10,209

Balance Sheet as at 31 July

	Notes	2023 £'000	2022 £'000
Non current assets			
Tangible Fixed Assets	16	672	761
Endowment Assets	17	1,446	1,479
		2,118	2,240
Current Assets			
Trade and other receivables	18	425	374
Investments	17	1,524	-
Cash and cash equivalents	25	5,064	5,904
		7,013	6,278
Creditors - amounts falling due within one year	19	(3,766)	(3,106)
Net Current assets		3,247	3,172
Total assets less current liabilities		5,365	5,412
Creditors - amounts falling due after more than one year	20	(102)	(170)
Provisions			
Defined benefit obligations	21	4,960	2,410
Other provisions	21	(14)	(19)
Total net assets		10,209	7,633
Restricted Reserves			
Endowments	23	1,122	1,148
Other	26	10	10
Total restricted reserves		1,132	1,158
Unrestricted Reserves			
Endowments	23	324	331
Income and expenditure account	26	8,753	6,144
Revaluation Reserve	27	-	-
Total unrestricted reserves		9,077	6,475
Total Reserves		10,209	7,633

The financial statements on pages 26 - 53 were approved and authorised for issue by the Governing Body on 9th April 2024 and were signed on its behalf on that date by:-

John Graystone
Chair of Governors

Kathryn Robson
Chief Executive

STATEMENT OF CASH FLOWS

	Notes	2023 £'000	2022 £'000
Cash flow from operating activities			
Surplus/(Deficit) for the year		92	(793)
Adjustment for non-cash items			
Depreciation	16	113	147
(Increase)/decrease in debtors	18	(51)	158
Increase/(decrease) in creditors due within one year	19	660	504
Increase/(decrease) in creditors due after one year	20	(68)	(42)
Increase/(decrease) in provisions	21	(5)	(6)
Pension costs less contributions payable	33	(57)	837
Adjustment for investing or financing activities			
Interest receivable		(64)	(3)
Interest payable		-	-
Net cash flow from operating activities		620	802
Cash flows from investing activities			
Proceeds from sale of fixed assets		-	-
Interest receivable		64	3
Income from endowments	23	(8)	4
Income from investments	17	24	-
Payments made to acquire fixed assets	16	(24)	(116)
Payments made to acquire endowment assets	17	(377)	-
Proceeds from sale of endowment assets	17	373	-
Drawdown from endowments	23	-	-
		52	(109)
Cash flows from financing activities			
Interest paid		-	-
New secured loans		-	-
Repayments of amounts borrowed		-	-
		-	-
Increase / (decrease) in cash and cash equivalents in the year		672	693
Cash and cash equivalents at beginning of the year	24	5,969	5,276
Cash and cash equivalents at end of the year	24	6,641	5,969

Notes 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.

Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further & Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2022 to 2023 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102) and Companies Act 2006. The Organisation 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 Organisation’s accounting policies.

Basis of accounting

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

Basis of Consolidation

The consolidated financial statements include the Organisation and its Branches for the financial year to 31 July 2023. Intra-group transactions have been eliminated and uniform accounting policies are applied across the group for the purposes of the consolidated financial statements.

Going Concern

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

After reviewing the Organisation’s forecasts and financial projections, the Trustees are of the opinion that the Organisation will have sufficient funds to meet its liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period). Consequently, the Trustees have prepared the financial statements on a going concern basis.

Recognition of income

Revenue grant funding

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

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

Statement of accounting policies (continued)

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

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

Capital grant funding

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual model as permitted by FRS 102. Other, non-governmental, capital grants are recognised in income when the Organisation is entitled to the funds subject to any performance related conditions being met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as conditions are met.

Fee income

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

Investment income

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned on a receivable basis. Income from restricted purpose endowment funds not expended in accordance with the restrictions of the endowment in the period is transferred from the income and expenditure account to accumulated income within endowment funds.

Agency arrangements

The Organisation in some cases acts as an agent in the collection and payment of the discretionary support fund, Financial Contingency Fund (FCF). Related payments received from the WG and subsequent disbursements to students totalling £5k (2022: £4k) are excluded from the income and expenditure of the Organisation where the Organisation is exposed to minimal risk or enjoys minimal economic benefit related to the transaction (note 32).

Where the Organisation has paid a third party direct, the related income and expenditure has been included within the income and expenditure of the Organisation (note 32).

Accounting for post-employment benefits

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

Teachers' Pension Scheme (TPS)

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

Statement of accounting policies (continued)

Cardiff & Vale of Glamorgan and Gwynedd Local Government Pension Scheme (LGPS)

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred.

Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

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

Short term employment benefits

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

Enhanced Pensions

The Organisation incurred enhanced pension costs during the year of £5k relating to 2 former members of Coleg Harlech staff that left its employment, by arrangement, prior to the merger with the WEA (North Wales) in 2001. Due to uncertainty over life expectancy it is not possible to profile the enhanced pension provision. These costs have been charged against the enhanced pension provision in the balance sheet.

Tangible fixed assets

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

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Where tangible fixed assets are acquired with the aid of specific Government grants, they are capitalised and depreciated as above. The related Government 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.

Land & Buildings

Freehold and long leasehold buildings are depreciated on a straight line basis over their expected useful lives as follows:-

- | | |
|-------------------------|-------------------------------|
| • Freehold | 20-50 years / 2%-5% per annum |
| • Leasehold | 50 years / 2% per annum |
| • Property Improvements | 5 years / 20% per annum |

Freehold land is not depreciated as it is considered to have an infinite useful life.

Statement of accounting policies (continued)

Land, buildings and property improvements are stated in the balance sheet at either purchase cost or revaluation cost less depreciation costs. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Freehold and long leasehold buildings are depreciated over their expected useful economic life to the Organisation of between 20 and 50 years. The Organisation has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years.

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 Organisation followed the transitional provision to retain the book value of land and buildings.

Subsequent expenditure on existing tangible fixed assets

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to income in the period it is incurred, unless it increases the future benefits to the Organisation, in which case it is capitalised and depreciated on the relevant basis.

Equipment

Equipment costing less than £2,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

Inherited equipment and other capitalised equipment is depreciated on a straight-line basis over its remaining useful economic life as follows:

- | | |
|------------------------------------|-------------------------|
| • General Equipment | 5 years / 20% per annum |
| • Computer Equipment | 4 years / 25% per annum |
| • Motor Vehicles | 5 years / 20% per annum |
| • Furniture, fixtures and fittings | 5 years / 20% per annum |

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

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 to the Statement of Comprehensive Income and Expenditure. Any lease premiums or incentives relating to leases signed after 1st August 2014 are spread over the minimum lease term

The Organisation does not have any finance leases.

Investments and Endowments

Listed investments held as current asset investments including endowment assets are stated at fair value, with movements recognised in the Statement of Comprehensive Income.

The general purpose endowments are classified as an investment in the balance sheet in line with the Statement of Recommended Practice: *Accounting for Further & Higher Education 2019* (the 2019 FE&HE SORP).

Statement of accounting policies (continued)

Inventories

The Organisation does not hold inventories.

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. The Organisation had no cash equivalents during the year.

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 Organisation 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 Organisation 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.

Foreign currency translation

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. There were no monetary assets and liabilities denominated in foreign currencies at year end.

Taxation

The Organisation 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 Organisation 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 Organisation is also exempt in respect of Value Added Tax on all services it provides and therefore unable to recover input VAT it suffers on goods and services purchased. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

Provisions and contingent liabilities

Provisions are recognised when

- the Organisation 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 Organisation 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 Organisation. 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.

Statement of accounting policies (continued)

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

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determine whether leases entered into by the Organisation 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 Organisation'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 33, will impact on 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.

Notes to the accounts (continued)

	Note	2023 £'000	2022 £'000
2 Welsh Government (WG) Grants			
WG Mainstream Recurrent grant		5,864	5,665
WG Other Recurrent		217	201
WG release of capital grants	22	96	122
WG Maintenance, Digital, SOP & Capital funding		134	684
WG non recurrent grants		2,016	1,147
Total		8,327	7,819
3 Tuition Fees and Education Contracts			
Education Contracts		142	54
Tuition Fees		413	286
Other fees including exam fees		4	6
Total		559	346
4 Other Grants and Contracts			
European Social Fund		-	(5)
Other Grants and Contracts		544	547
Total		544	542
5 Other Income			
Release of other government capital grants	22	-	-
Individual Subscriptions, Affiliations, Donations		2	3
Room rental		12	12
Other miscellaneous		4	4
Total		18	19
6 Branch income		10	13
7 Investment Income			
Interest receivable		64	3
Total		64	3
8 Net return on pension scheme	33	93	-
9 Donations		-	-

Notes to the accounts (continued)

10 Staff numbers and costs

The average number of persons (including key management personnel) employed by the Organisation during the year, described as full-time equivalents were:

	Note	Year ended 31 July 2023	Year ended 31 July 2022
Teaching & Learning departments		218	209
Teaching & Learning support services		14	11
Other support services		34	28
Administration and central services		36	34
General Education		1	1
Premises		3	3
Total average staff numbers		306	286
Staff Costs for the above persons		2023 £'000	2022 £'000
Wages and Salaries		4,828	4,368
Social security costs		427	391
Other pension costs	33	1,278	1,798
Payroll sub total		6,533	6,556
Contracted out staffing services		1,356	779
		7,889	7,335
Restructuring costs	Contractual	22	46
	Non-Contractual	90	108
Total Staff costs		8,001	7,489

The organisation has salary sacrifice arrangements in place for a Cycle Scheme, Childcare Vouchers and from 1st July 2023 Shared Cost Additional Voluntary Contributions

11 Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Organisation and are represented by the Senior Management Team (SMT) which comprises the Chief Executive (Accounting Officer), Head of Curriculum and Performance, and Head of Learner Services and Resources for the period ending 31 July 2023.

Notes to the accounts (continued)

11 Key management personnel (continued)

Emoluments of Key management personnel, Accounting Officer and other higher paid staff

	2023 No.	2022 No.
The number of key management personnel including Accounting Officer was:	3	3

The number of key management personnel and other staff who received annual emoluments, excluding employer contributions to national insurance and pensions but including benefits in kind, in the following ranges was:

	Key management personnel		Other staff	
	2023 No.	2022 No.	2023 No.	2022 No.
£55,001 to £60,000 p.a.	-	2	-	-
£60,001 to £65,000 p.a.	2	-	-	-
£65,001 to £70,000 p.a.	-	-	-	-
£70,001 to £75,000 p.a.	-	-	-	-
£75,001 to £80,000 p.a.	-	-	-	-
£80,001 to £85,000 p.a.	-	1	-	-
£85,001 to £90,000 p.a.	-	-	-	-
£90,001 to £95,000 p.a.	1	-	-	-
	<u>3</u>	<u>3</u>	<u>-</u>	<u>-</u>

Key management personnel compensation is made up as follows:

	2023 £'000	2022 £'000
Basic salary	216	200
Benefits in kind	-	-
	<u>216</u>	<u>200</u>
Pension Contributions	71	63
Total key management personnel compensation	<u>288</u>	<u>263</u>

The above compensation includes amounts paid to the Chief Executive who is the Accounting Officer and who is also the highest paid member of staff. Their pay and remuneration is as follows:

Notes to the accounts (continued)

11 Key management personnel (continued)

	2023 £'000	2022 £'000
Basic Salary	91	84
Benefits in kind	-	-
Pension Contributions	30	27
	121	111

The Council is aware of its obligations under the Welsh Government's 2017 publication 'Transparency of Senior Remuneration in the Devolved Welsh Public Sector'. The Chief Executive reports to the Chair and Vice Chair of the Council, who undertook an annual appraisal of performance against the Organisation's goals in 2022-23, using qualitative and quantitative measures of performance. The remuneration of the Chief Executive, as a senior post-holder, is subject to annual consideration by the Search Committee, which decides whether Cost of Living settlements or other increments are applied to it.

Relationship of Chief Executive pay and remuneration expressed as a multiple:

	2023 £'000	2022 £'000
Chief Executive basic salary as a multiple of the median of all AOC ALW staff	2.9	2.9
Chief Executive total emoluments as a multiple of the median of all AOC ALW staff	3.9	3.8

The above has been calculated based on full time equivalent salaries for all salaried and hourly paid staff. Total emoluments for the Chief Executive are formed of basic salary and pension contributions.

Compensation for loss of office paid to former key management personnel

	2023 £'000	2022 £'000
Compensation paid to former post-holders - contractual	-	-
Compensation paid to former post-holders - non contractual	-	-
Estimated value of other benefits, including provisions for pension benefits	-	-
Number of post-holders	-	-

Of the Governing Body, two staff members were the only Governors paid as employees of the Organisation during the year. All other Governors have the right only to receive payment for reimbursement of travel and subsistence expenses incurred in the course of their duties.

Notes to the accounts (continued)

	Note	2023 £'000	2022 £'000
12 Other operating expenses			
Teaching costs		122	115
Non teaching costs:			
Teaching support services		181	157
Other support services		67	68
Administration and central services		426	754
General Education including Marketing & Promotional		68	62
Premises Costs		514	610
Consultancy		22	34
Branch Expenditure		9	13
Total		1,409	1,813

Other operating expenses included above:

Auditors' Remuneration:		£'000	£'000	£'000	£'000
External audit	Financial	12		10	
	Other	5		4	
		17		14	
Internal audit		11		9	

13 Interest and other finance costs

		2023 £'000	2022 £'000
Net interest on defined pension liability	33	-	86
Interest on bank loans, overdrafts and other loans		-	-
Finance Leases		-	-
Total		0	86

14 Taxation

The trustees do not believe that the Organisation, as a registered charity, was liable for any corporation tax arising out of its activities during either year.

15 Surplus/(deficit) on Continuing Operations for the period

	2023 £'000	2022 £'000
The Organisation's surplus / (deficit) for the year	92	(793)

Notes to the accounts (continued)

16 Tangible Fixed Assets	Freehold Land & Buildings £'000	Long Leasehold Land & Buildings £'000	Property Improve- ments £'000	Equip- ment £'000	Furniture, Fixtures & Fittings £'000	Motor Vehicles £'000	Total £'000
Cost or valuation							
At 1 August 2022	1,304	-	246	1,412	89	-	3,051
Additions	-	-	-	24	-	-	24
Disposals	-	-	(103)	(1,139)	(22)	-	(1,264)
At 31 July 2023	1,304	-	143	297	67	-	1,811
Depreciation							
At 1 August 2022	742	£ -	169	1,312	67	-	2,290
Charge for the year	35	-	26	46	6	-	113
Disposals	-	-	(103)	(1,139)	(22)	-	(1,264)
At 31 July 2023	777	-	92	219	51	-	1,139
Net Book Value at 31 July 2023	527	-	51	78	16	-	672
Net Book Value at 31 July 2022	562	-	77	100	22	-	761

The Net Book Value of equipment does not include any amounts in respect of assets held under finance leases.

17 Investments

Non Current Investments	2023	2022
Endowment Assets	£'000	£'000
Balance at 1 August	1,479	1,559
Purchases of assets	377	-
Sales of assets	(373)	-
Revaluation of endowment assets	-	-
Appreciation/(Depreciation) of endowment asset investments	(25)	(84)
Movement in cash balances	(12)	4
Balance at 31 July	1,446	1,479
Represented by:		
Equities, Bonds, Other	1,243	1,264
Cash and deposits	53	65
Land	150	150
	1,446	1,479
Current Investments		
Balance at 1st August	0	-
Invested during the year	1,500	-
Gain/(loss) on investment during year	24	-
	1,524	0

Notes to the accounts (continued)

18	Trade and other receivables	2023 £'000	2022 £'000
	Amounts falling due within one year:		
	Trade receivables	66	114
	Prepayments and accrued income	359	260
		425	374

19	Creditors: amounts falling due within one year	2023 £'000	2022 £'000
	Notes		
	Trade payables	84	115
	Other taxation and social security	156	105
	Accruals - annual leave	119	120
	Accruals - other	1,895	1,785
	Deferred income - government capital grants	22 86	90
	Deferred income - government revenue	456	361
	Deferred income - other	970	530
	Total	3,766	3,106

20	Creditors: amounts falling due after one year		
	Deferred income - government capital grants	22 102	170
	Total	102	170

21	Provisions	Defined benefit obligations £'000	Enhanced pensions £'000	Total £'000
	At 1 August 2022	(2,410)	19	(2,391)
	Expenditure in the period	(852)	(5)	(857)
	Additions in the period	(1,698)	-	(1,698)
	At 31 July 2023	(4,960)	14	(4,946)

Defined benefit obligations relate to the liabilities under the Organisation's membership of the Local Government Pension Scheme. Further details are given in Note 33.

The enhanced pension provision relates to the projected costs of 3 former members of Coleg Harlech staff that left its employment by arrangement prior to the merger with the WEA (North Wales) in 2001. Due to uncertainty over life expectancy it is not possible to profile the enhanced pension provision.

22	Deferred income - Government Capital Grants	£'000
	At 1 August 2022	260
	Additional funding received	24
	Released to income & expenditure account	(96)
	At 31 July 2023	188

Notes to the accounts (continued)

23 Endowments

	Period Ended 31 July 2023				Total £'000
	Restricted Books, Prizes & Learning Supp Materials Fund £'000	Bursaries & Scholar- ships Fund £'000	Books, Prizes & Learning Supp Materials Fund £'000	General Purposes Fund £'000	
At 1 August 2022 as previously stated	1,148	221	75	35	1,479
Depreciation of Endowment	(17)	(3)	(3)	(2)	(25)
Investments	16	1	1	-	18
Investment Income for year	-	-	-	-	-
Draw down from Endowments	(25)	-	(1)	-	(26)
At 31 July 2023	1,122	219	72	33	1,446
Split of Endowments					
Endowments Investments	1,122	69	72	33	1,296
Endowments Fixed Assets	-	150	-	-	150
	1,122	219	72	33	1,446

The Fixed Asset Endowments of £150,000 above refer to land owned at Astor Fields, Harlech. This was gifted for use as a general asset of the Organisation. A further £174,000 of the Endowments Investments (divided between all three of the defined Funds) are unrestricted in their application. The headings of the unrestricted funds reflect historical decisions of Coleg Harlech Workers' Educational Association North Wales (CHWEAN).

The majority of the Endowments total, however, is formed of the Tudor Bowen Jones Fund: this is a restricted fund of £971,000 included within the Books, Prizes and Learning Support Materials Fund above. Under the terms of the benefactor's will, the original capital amount that established this Fund is to be retained intact by the Organisation until 2091. The income on that initial capital endowment can be drawn down in order to provide educational resources and materials for the Tudor Bowen Jones Library. In 2022/23: none (2021/22: none) of this income was used to purchase such materials.

	Period Ended 31 July 2022				Total £'000
	Restricted Books, Prizes and Learning Support Materials Fund £'000	Bursaries & Scholar- ships Fund £'000	Books, Prizes and Learning Support Materials Fund £'000	General Purposes Fund £'000	
At 1 August 2021 as previously stated	1,215	226	81	37	1,559
Depreciation of Endowment	(70)	(5)	(6)	(3)	(84)
Investments	12	1	1	1	15
Investment Income for year	-	-	-	-	-
Draw down from Endowments	(9)	(1)	(1)	-	(11)
At 31 July 2022	1,148	221	75	35	1,479
Split of Endowments					
Endowments Investments	1,148	71	75	35	1,329
Endowments Fixed Assets	-	150	-	-	150
	1,148	221	75	35	1,479

Notes to the accounts (continued)

24	Cash and Cash Equivalents	1 August 2022	Cash flows	31 July 2023
		£'000	£'000	£'000
	Cash and cash equivalents	5,894	(840)	5,054
	Restricted Funds	10	-	10
	Investment	0	1,524	1,524
	Endowment Asset investments	65	(12)	53
	Total	5,969	672	6,641

25	Cash and Cash Equivalents	Note	2023 £'000	2022 £'000
	Cash		1	1
	Handelsbanken bank accounts		3,487	4,452
	Branch Bank accounts		25	25
	Barclays Bank accounts		1	410
	Nationwide Building Society		1,540	1,006
			5,054	5,894
	Restricted Fund Accounts:			
	Keith Evans Fund Account		5	5
	Alwyn Evans Fund Account		5	5
	Dil Llewellyn Fund Account		-	-
	Total cash & cash equivalents		5,064	5,904

26	Movement on General Reserves		2023 £'000	2022 £'000
	Income & Expenditure Account Reserve			
	At 1 August		6,119	(1,711)
	Surplus for the year on continuing operations		92	(793)
	Transfer from/(to) branch reserves		-	-
	Gain/(loss) on investments		24	-
	Actuarial gain/ (loss) in respect of pension scheme	33	2,493	8,623
			8,728	6,119
	Branch reserves			
	At 1 August		25	25
	Movement for year		-	-
			25	25
	Total general reserve		8,753	6,144
	Balance Represented by:			
	Pension Reserve (FRS 102 (28))	33	4,960	2,410
	Income and expenditure account reserve excluding pension reserve		3,793	3,734
	As at 31 July		8,753	6,144

Notes to the accounts (continued)

26 Restricted Reserves	2023	2022
	£'000	£'000
Keith Evans Fund Account (Summer School/Scholarships)	5	5
Alwyn Evans Fund Account (Residential/Scholarships)	5	5
Dil Llewellyn Fund Account	-	-
As at 31 July	10	10

27 Revaluation Reserve	2023	2022
	£'000	£'000
At 1 August	-	-
Transfer from Revaluation Reserve to General Reserve in respect of:		
Revaluation of assets	-	-
At 31 July	-	-

28 Capital Commitments, Contingencies & Exceptional Items

There were no capital commitments and contingencies at year end or exceptional items during the year.

29 Lease Obligations

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

Future minimum lease payments due	2023	2022
	£'000	£'000
Land and buildings		
Not later than one year	39	69
Later than one year and not later than five years	7	70
Later than five years	-	-
	46	139
Other		
Not later than one year	3	13
Later than one year and not later than five years	7	11
Later than five years	-	-
	10	24

30 Events after the reporting period

There are no events after the reporting period.

Notes to the accounts (continued)

31 Related Party Transactions

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

The total of expenses paid to Governors during the year was £1,183; 17 Governors (2022: £379; 22 Governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

During the year 2 staff Governors received remuneration from the Organisation to the value of £26,863 (2022: 4 (2 resigned 30 April 2022, 2 commenced duties 14 June 2022); £31,098). No other Governor has received remuneration or waived payments from the Organisation during the year (2022: nil).

Neath & Port Talbot CBC - Councillor Sonia Reynolds (Gwaun-Cae-Gurwen and Lower Brynaman ward) was a Governor of the Organisation until 31st March 2023. Sales transactions to 31st March amounted to £6,878 (2022: £12,180). There were no purchase transactions during the year (2022: nil) or balances outstanding at the year end (2022: nil).

Canolfan Maerdy - Councillor Sonia Reynolds was a Governor of the Organisation until 31st March 2023 and a Director of Canolfan Maerdy. Sales transactions in the year amounted to £120 (2022: £8,620). There were no purchase transactions during the year (2022: nil) or balances outstanding at the year end (2022: nil).

Wales TUC Cymru - Marion Burke (Policy Officer, Wales TUC Education) was a Governor of the Organisation during the year and employed by Wales TUC Cymru. Sales transactions in the year amounted to £154,928 (2022: £103,113). There were no balances outstanding at the year end (2022: £26,894). There were no Purchase transactions during the year (2022: £700). There were no balances outstanding at the year end (2022: nil).

Geirda - Siôn Aled Owen was a Governor of the Organisation during the year and owner of Geirda translation and interpretation services. There were no sales transactions during the year (2022: nil). There were no Purchase transactions during the year (2022: £613). There were no balances outstanding at the year end (2022: nil).

Vale of Glamorgan Council - Councillor Chris Franks (Dinas Powys ward, from 5 May 2022) was a Governor of the Organisation during the year. Sales transactions in the year amounted to £2,661 (2022: £180). There were no Purchase transactions during the year (2022: £2,061). There were no balances outstanding at the year end (2022: nil).

Cardiff Council - Caroline Davies was a Governor of the Organisation until 31st March 2023 and employed by Cardiff Council. Sales transactions in the year to 31st March amounted to £10,300 (2022: £300). Purchase transactions during the year to 31st March amounted to £3,995 (2022: £5,441). There were no balances outstanding at the year end (2022: nil).

32 AMOUNTS DISBURSED AS AGENT

Learner Support Fund - Financial Contingency Fund (FCF)

	Year Ended 31 July 2023 £'000	Year Ended 31 July 2022 £'000
WG Grant for year	76	70
Interest earned	-	-
	76	70
Paid to third party *	56	29
Disbursed to students **	5	4
Other including administration costs	2	2
Balances unspent as at 31 July	13	35

Welsh Government FCF grants are available solely for eligible students.

* Where the Organisation has paid a third party, the related Income and Expenditure has been included within the Statement of Comprehensive Income.

** Where the Organisation acts as a paying agent the grants and related disbursements are excluded from the Statement of Comprehensive Income.

Notes to the accounts (continued)

33 Pension and Similar Obligations

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

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

Total pension cost for the year	2023 £'000	2022 £'000
Teachers' Pension Scheme (TPS): contributions paid	326	285
Local Government Pension Scheme:		
Contributions paid Cardiff & Vale of Glamorgan (CVG)	664	584
Contributions paid Gwynedd (GC)	252	178
FRS 102 (28) charge Cardiff & Vale	(71)	394
FRS 102 (28) charge Gwynedd	<u>107</u>	<u>357</u>
Charge to the Statement of Comprehensive Income	952	1,512
Enhanced pension charge to Statement of Comprehensive Income	-	-
Total Pension Cost for Year within staff costs	<u>1,278</u>	<u>1,798</u>

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year (2021/22: nil) 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.

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

Accordingly, the Organisation 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 Organisation has set out above the information available on the plan and the implications for the Organisation in terms of the anticipated contribution rates.

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

Notes to the accounts (continued)

33 Pension and Similar Obligations (continued)

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 (DfE) 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. The Government Actuary is due to complete the next TPS valuation by October 2023 with increases currently scheduled for April 2024. This valuation will report on TPS as at 31 March 2020.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The pension costs paid to TPS in the year amounted to £325,584 (2022: £285,162).

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by City and County of Cardiff (CCC) and Gwynedd Council (GC). The total contributions made for the year ended 31 July 2023 were £1,112,448 of which employer's contributions totalled £916,261 and employees' contributions totalled £196,187. The agreed contribution rates for future years are 33.6% from April 2023 for Cardiff & Vale of Glamorgan LGPS and 17.3% for Gwynedd LGPS for the Organisation and range from 5.5% to 12.5% for employees, depending on salary.

Local Government Pension Scheme - Cardiff & Vale of Glamorgan 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 AON:

	At 31 July 2023	At 31 July 2022
	% pa	% pa
Discount rate	4.9	3.4
CPI Inflation	2.6	2.5
Pension Increase	2.6	2.5
Pension accounts revaluation rate	2.6	2.5
Salary increases	3.6	3.5

Mortality Assumptions

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

	At 31 July 2023	At 31 July 2022
	years	years
Current Pensioners		
Male	22	22.1
Female	24.2	24.6
Future Pensioners*		
Male	22.6	23.2
Female	25.3	26.0

* figures assume members aged 45 as at the last formal valuation date

Notes to the accounts (continued)

33 Pension and Similar Obligations (continued)

Local Government Pension Scheme - Cardiff & Vale of Glamorgan LGPS (continued)

Asset allocation and expected return on assets

	Value at 31 July 2023		Value at 31 July 2022	
	%	£'000	%	£'000
Equities	68.1	7,053	67.2	6,256
Property	7.0	725	7.5	698
Government bonds	8.8	911	9.0	838
Corporate bonds	7.5	777	8.0	745
Multi Asset Credit	5.3	549	5.6	521
Cash	3.3	342	2.7	251
Other	-	-	-	-
Total	100	10,357	100	9,309

Reconciliation of funded status to Balance Sheet

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

	2023 £'000	2022 £'000
Fair value of plan assets	10,357	9,309
Present value of plan liabilities	(7,674)	(8,308)
Net pensions (liability)/asset	2,683	1,001

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

Active members	61%
Deferred Pensioners	13%
Pensioners	26%

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

	2023 £'000	2022 £'000
Amounts included in staff costs		
Current service cost	575	978
Past service cost	-	-
Curtailment cost	-	-
Total	575	978
Amounts included in Finance costs (Note 13)		
Interest on net defined benefit liability / (asset)	(45)	46
Total	530	1,024
Amount recognised in Other Comprehensive Income		
Asset gains/(losses) arising during the period	(59)	(374)
Liability gains/(losses) arising during the period	1,625	4,697
Total amount recognised in Other Comprehensive Income	1,566	4,323

Notes to the accounts (continued)

33 Pension and Similar Obligations (continued)

Local Government Pension Scheme - Cardiff & Vale of Glamorgan LGPS (continued)

	2023	2022
	£'000	£'000
Actual Return on Assets		
Interest income on plan assets	330	158
Gain / (loss) on assets	(59)	(374)
Actual return on assets	271	(216)
	2023	2022
	£'000	£'000
Movement in net defined benefit (liability) / asset during year		
Net defined benefit (liability) / asset in scheme at 1 August	1,001	(2,884)
Movement in year:		
Current service costs	(575)	(978)
Past service costs	-	-
Curtailment costs	-	-
Employer contributions	646	584
Net interest on the defined (liability) / asset	45	(44)
Actuarial gain / (loss)	1,566	4,323
Net defined benefit (liability) / asset in scheme at 31 July	2,683	1,001
	2023	2022
	£'000	£'000
Changes to the present value of the defined benefit obligation		
Opening defined benefit obligation	8,308	11,897
Current service cost	575	978
Interest expense on defined benefit obligation	285	202
Contributions by Scheme participants	129	122
Experience (gains) / losses on defined benefit obligations	(1,625)	(4,697)
Net Benefits paid out	2	(194)
Past service cost	-	-
Curtailment cost	-	-
Closing defined benefit obligation	7,674	8,308
	2023	2022
	£'000	£'000
Changes in the fair value of plan assets		
Opening fair value of plan assets	9,309	9,013
Interest income on plan assets	330	158
Remeasurement gains / (losses) on plan assets	(59)	(374)
Contributions by employer	646	584
Contributions by Scheme participants	129	122
Net benefits paid out	2	(194)
Closing fair value of plan assets	10,357	9,309

Deficit contributions

After a triennial valuation in March 2022 the contribution rate from April 2023 to March 2026 was increased to 33.6% with deficit payments due of £60k (23/24), £62k (24/25) and £64k (25/26).

Notes to the accounts (continued)

33 Pension and Similar Obligations (continued)

Local Government Pension Scheme - Gwynedd 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 Hymans Robertson LLP:

	At 31 July 2023	At 31 July 2022
	% pa	% pa
Pension Increase Rate	3.00	2.75
Salary Increase Rate	3.50	3.05
Discount Rate	5.05	3.50

Mortality Assumptions

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

	At 31 July 2023	At 31 July 2022
	years	years
Current Pensioners		
Male	21.3	21.3
Female	23.4	23.7
Future Pensioners*		
Male	22.3	22.4
Female	25.4	25.7

* figures assume members aged 45 as at the last formal valuation date

Asset allocation and expected return on assets	Value at At 31 July 2023	Value at At 31 July 2022
	%	%
Equities	66	71
Bonds	5	-
Property	8	10
Cash	21	19
Total	100	100

Reconciliation of funded status to Balance Sheet

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

	2023	2022
	£'000	£'000
Fair value of plan assets	9,330	9,027
Present value of plan liabilities	(7,053)	(7,618)
Net pensions (liability)/asset	2,277	1,409

Notes to the accounts (continued)

33 Pension and Similar Obligations (continued)

Local Government Pension Scheme - Gwynedd LGPS (continued)

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

Active members	26%
Deferred Pensioners	34%
Pensioners	40%

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

	2023 £'000	2022 £'000
Amounts included in staff costs		
Current service cost	(313)	(535)
Past service cost	(46)	-
Total	(359)	(535)

Amounts included in Finance costs (Note 13)

Net interest on defined pension liability / (asset)	48	(42)
Total	(311)	(577)

Amount recognised in Other Comprehensive Income

Asset gains/(losses) arising during the period	(62)	193
Liability gains/(losses) arising during the period	989	4,107
Total amount recognised in Other Comprehensive Income	927	4,300

	2023 £'000	2022 £'000
Actual Return on Assets		
Interest income on plan assets	318	139
Gain / (loss) on assets	(62)	193
Actual return on assets	256	332

	2023 £'000	2022 £'000
Movement in net defined benefit (liability) / asset during year		
Net defined benefit (liability) / asset in scheme at 1 August	1,409	(2,492)
Movement in year:		
Current service cost	(313)	(535)
Past service cost	(46)	-
Employer contributions	252	178
Net interest on the defined (liability) / asset	48	(42)
Actuarial gain / (loss)	927	4,300
Net defined benefit (liability) / asset in scheme at 31 July	2,277	1,409

Notes to the accounts (continued)

33 Pension and Similar Obligations (continued)

Local Government Pension Scheme - Gwynedd LGPS (continued)	2023 £'000	2022 £'000
Changes to the present value of the defined benefit obligation		
Opening defined benefit obligation	7,618	11,159
Current Service Cost	313	535
Past Service Cost	46	-
Interest expense on defined benefit obligation	270	181
Contributions by Scheme participants	63	57
Experience (gains) / losses on defined benefit obligations	(1,048)	(4,107)
Net Benefits paid out	(209)	(207)
Closing defined benefit obligation	7,053	7,618
	2023	2022
Changes in the fair value of plan assets	£'000	£'000
Opening fair value of plan assets	9,027	8,667
Interest income on plan assets	318	139
Remeasurement gains / (losses) on plan assets	(121)	193
Contributions by employer	252	178
Contributions by Scheme participants	63	57
Net benefits paid out	(209)	(207)
Closing fair value of plan assets	9,330	9,027

After a triennial valuation in March 2022 the contribution rate from April 2023 to March 2026 was decreased to 17.3% with no additional deficit payments due for this period.

The figures disclosed within these accounts relating to the Cardiff & Vale and Gwynedd Local Government Pensions schemes, reflect the impact of the McCloud / Sergeant judgment which ruled that the transitional protection for some members of public service schemes implemented when they were reformed constituted age discrimination. This provision is just under 2% of the total scheme liability as at 31 July 2022. The calculation of adjustment to past service costs, £7 billion, arising from the outcome of the Court of Appeal judgment is based on a number of key assumptions including:

- the form of remedy adopted
- how the remedy will be implemented
- which members will be affected by the remedy
- the earning assumptions
- the withdrawal assumption.

The other financial and demographic assumptions adopted to calculate the past service cost are the same as those used to calculate the overall scheme liability. Adopting different assumptions, or making other adjustments to reflect behavioural changes stemming from the judgment, would be expected to change the disclosed past service cost. Similarly, allowing for variations in individual members' future service or salary progression is expected to produce higher costs. The past service cost is particularly sensitive to the difference between assumed long term general pay growth and the Consumer Price Index (CPI). If the long term salary growth assumptions were 0.5% pa lower, then the past service cost disclosed here would be expected to reduce by 50% and conversely a 0.5% pa increase would increase the estimated cost by 65%.

