



COLEG Sir Benfro
Pembroke College

DATGANIADAU ARIANNOL COLEG SIR BENFRO

BLWYDDYN YN GORFFEN 31 GORFFENNAF 2021

PEMBROKESHIRE COLLEGE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2021

Mae'r cyhoeddi hwn ar gael yn Gymraeg

This publication is available in Welsh

CONTENTS

Principal's Report	3
Introduction	3
Section 1: Strategy.....	5
Section 2: Learner Performance	11
Section 3: Our Staff.....	18
Section 4: Recognition of Excellence	21
Section 5: Financial Performance	22
Section 6: Environment and Economy	27
Section 7: Governance.....	30
Section 8: Future Prospects.....	31
 Report of the Corporation Board	 34
Corporate Governance Statement Incorporating the Statement of Internal Financial Control	42
Members of the Corporation Board	48
Independent Auditors Report to the Corporation of Pembrokeshire College	51
Statement of Comprehensive Income	54
Statement of Changes in Reserves	55
Balance Sheet	56
Statement of Cash Flows	57
Notes to the Financial Statements	58

PRINCIPAL'S REPORT FOR THE YEAR ENDED 31 JULY 2021

Strategic and Operating Review of Performance

INTRODUCTION

I have great pleasure in presenting my report on the performance of the College, during the year ended 31 July 2021 (hereinafter referred to as FY21).

The challenges imposed by the Covid-19 pandemic impacted Pembrokeshire College in FY21 as they have done across the entire education sector. There has been a huge impact on learning, assessment and the determination of learners' grades. This has affected all vocational and academic learners with the former subject to adaptive tests, assessments and Qualification Teacher Assessed Grades (or QTAGs) and the latter, centres required to assign Centre Determined Grades (CDGs) based on evidence of attainment. In terms of academic success during FY21 the cohort of learners performed exceptionally well. However, it is not possible to identify all vocational results - and therefore overall success rates for FY21 - due to the rolling over of many qualifications into FY22. A number of vocational learners following 'Licence to Practise' qualifications are completing their assessments during the first term of FY22. This rollover of qualifications into the new academic year is one consequence of the several periods of lockdown of the College during academic year 2020/21.

A Level results for FY21 are confirmed and the College is pleased to record a 99% overall pass rate and an A*-C success rate of 85% that is 1% percentage point below the national comparator. The AS results were also pleasing with 29% of all entries achieving a grade A.

Work Based Learning (WBL) results for both the College and its B-wbl Consortium are yet to be finalised but results appear to be returning to levels more in keeping with pre Covid-19 outcomes. All the providers that form the B-wbl Consortium are committed to doing all they can to support their apprentices through this challenging time.

The College's Campus6 was opened by the Cabinet Secretary for Education in October 2017 and the state-of-the art facilities have been the base for A level delivery, beauty and hair salon services and sports activities over the past four academic years. In FY19, the College was awarded a £7.4million capital development funding envelope from Welsh Government's 21st Century Band B fund. Over the Summer of 2021 this envelope was increased to £8.8 million for the completion of Band B plans for the main campus and also to support plans for a new build for Independent Living Skills students at the Pembrokeshire Agricultural Showground. Work started at the end of FY20 on the new engineering workshop planned for the main campus and foundations for this building have been laid. The courtyard area redevelopment has been completed on time and on budget and has created significantly more social space and study areas for learners along with a Learner Hwb, where all student support services have been centralised in a single location. These new areas are being well utilised by the learners following their return to College.

As a result of the Covid-19 pandemic Welsh Government has been supporting the FE sector financially. We are grateful to the Welsh Government for its ongoing support of the College and the wider FE Sector, which we believe reflects their confidence in the sector's ability to deliver high quality education and training and help provide the local economy with upskilling solutions as restrictions imposed during the pandemic are being relaxed and the post Covid-19 economy opens up.

INTRODUCTION Cont'd

The College's cash position remains healthy and our strategy of continued investment in the resources and infrastructure of the College has been maintained. The College's 'net funds' position (cash less borrowings) increased by £2.9m despite significant capital investment of £3.8m in the year - further evidence of our ability to provide high quality education and training in such challenging times.

I would again like to express my personal gratitude to an outstanding business support and academic staff team, whose commitment and dedication ensures that all our students have the best possible learning experience here at Pembrokeshire College. The seamless move to Live On-Line learning during periods of lockdown and restricted return to the College campus provides an example of how staff have continued to deliver the curriculum to their learners throughout this incredibly challenging period.

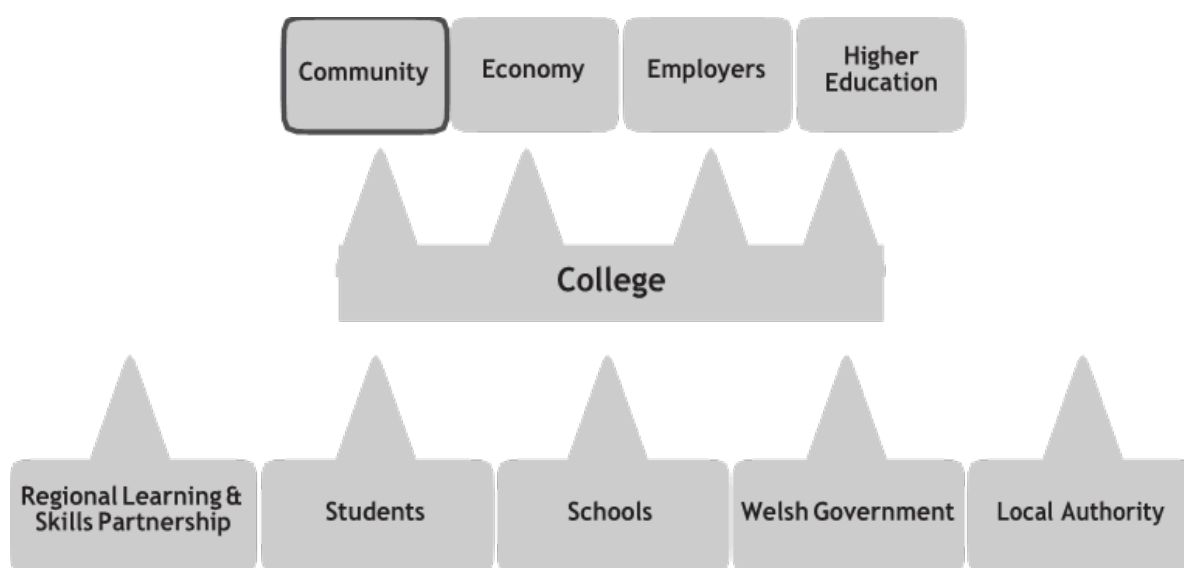
I also want to take this opportunity to sincerely thank the Governing Body for their selfless support and direction throughout a difficult academic year. As a College, we are indeed privileged to have such a committed and dedicated staff team and governing body and I thank them all for their contributions to the success of the College.

1. STRATEGY

Our mission: “To inspire excellence, empower individuals and develop the future workforce. To achieve this, we aim to provide the highest quality education, training and support services, enabling all our learners to realise their full potential.”

In delivering education and training, the College fulfils an important role within Pembrokeshire, the South West region and Wales in enhancing the skills of our students, which contribute to the success of local employers and, more generally, to the local economy.

The ‘stakeholders’ in the College:



The College provides education and training for 13,000 learners, the majority of whom are engaged in vocational studies, either at the College, at the premises of their employers, or through our B-wbl Consortium arrangements.

Given the diverse activities undertaken by the College, ranging from the teaching of basic skills (literacy, numeracy and digital), vocational studies (at the College and in the workplace), A levels and higher-level degrees and diplomas, the College works in collaboration with a number of stakeholders in order to achieve its strategy.

Local Authority

Over the past three years, we have been at the heart of significant change in the delivery of post 16 education in Pembrokeshire. Changes agreed for September 2017 meant that AS level students from Ysgol Penrhyn Dewi and Ysgol Bro Gwaun transitioned to Pembrokeshire College, prior to enacting a change of age category for both schools in 2018. FY21 was the last year of Milford Haven’s sixth form and learners have transitioned to the College for the new academic year. Transition plans and arrangements were put in place with Milford Haven School during FY21 to ensure a smooth a process as possible for their year 11 leavers. There are significant benefits for learners transitioning to College including:

1. STRATEGY Cont'd

- Access to a wide range of AS subjects and vocational pathways;
- Improved quality standards, due to access to excellent teaching and learning resources;
- Impartial advice and guidance for students, ensuring best fit with course choice;
- Investment in the development of the best teaching skills and resources for the benefit of the learner;
- Avoidance of duplication and waste, resulting in effective deployment of resources.

The outcomes of learners from these transitioning schools have been have been fed back to the Head Teachers and Chairs of Governing Bodies via our A Level Committee, a subcommittee of the Corporation Board chaired by the Director of Education. These learners' successes during the current challenging period is reflected not only in their results but also in their progressions to Oxbridge and other Russell Group Universities. The College's Advanced Level Centre – Campus6 – has been fully operational for four years. in the region of 300 full time students enrolled on A levels in September 2020 and an additional 50 students enrolled on a single A level through partnership arrangements with schools. Retention from AS to A2 was a pleasing 90% and outcomes provided strong evidence of value added and learners performing better than targeted outcomes at both AS and A2.

Further Education

The core of the College's work revolves around further education. The College continues to develop its provision to meet the needs of employers and industry, and fundamental to this, is the provision of learning for 16-19 year olds. The majority of the county's 16-year olds come to the College for further training, with others remaining in school to study A levels. This is one of the reasons why we have been committed to bringing all of post 16 together on the College campus.

Full time student numbers increased in FY20 to 1800 (FY19 1765), and this trend is expected to continue moving forward as the volume of year 11 leavers increases. Level 3 provision (A level and vocational equivalent Extended Diplomas) now accounts for over 60% of overall provision – reflecting Welsh Government priorities to increase higher level skills.

Pembrokeshire College remains committed to the development post 19 skills and whilst we saw a decline in enrolments in recent years following the reduction in part time funding, this was countered during FY20 by the reintroduction of ring-fenced part-time funding support. FY21 saw the College achieve 72% of its part-time target, well exceeding the 65% required by Welsh Government in light of periods of lockdown and the detrimental impact on part-time course delivery. Employer-led delivery remains a priority and Welsh Government has acknowledged this by reintroducing a discrete funding mechanism through Personal Learning Accounts and the College delivered all of its allocation in FY21.

Work Based Learning

The teaching of skills to employees who are in work is critical for “up-skilling the work force” and, therefore, is of significant relevance to:

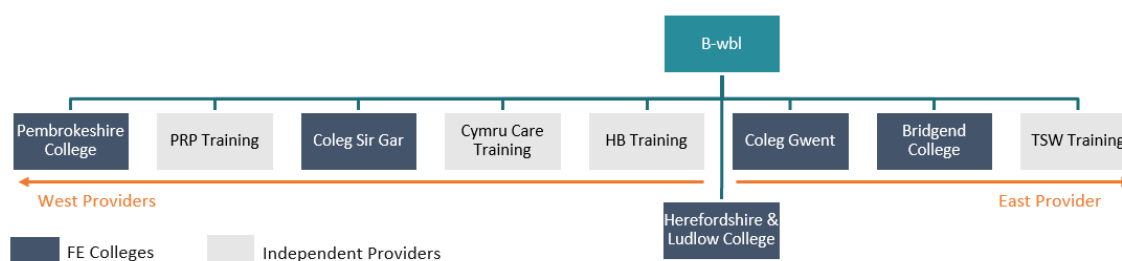
- Individuals by providing the means whereby they can fulfil their potential;
- Employers by improving the skills of their workforce;
- The local and national economy by improving the skill base available for driving economic growth.

1. STRATEGY Cont'd

The Welsh Government provides funding to organisations in the public and private sectors to deliver work-based learning. These training contracts are the subject of competitive tender and this process recommenced again Autumn 2020 for Apprenticeships.

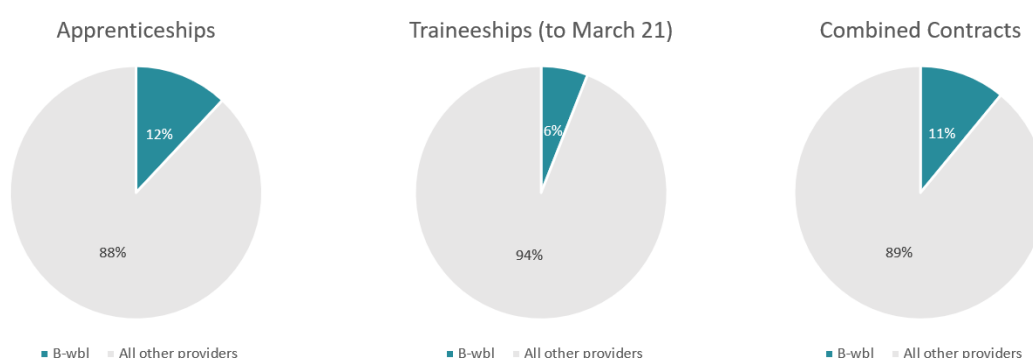
The College has, since August 2011, been leading a work-based learning consortium – “B-wbl”, delivering different levels of apprentice training and training for employment. The Consortium originally consisted of six partners (comprising further education colleges, private companies and voluntary sector organisations), and secured a contract for £6.5m in 2011. This composition of the Consortium has changed over the years and now operates as two ‘hubs’ – one in South West Wales and one in South East Wales – and the contract value increased to £13.6m in FY20. In April FY21 the College was successful in the retendering for a new WBL contract. However, a number of previous contract holders were unsuccessful in this process resulting in the number of prime contract holders reducing from 18 to 10. As a consequence of this change the new contract value for the B-wbl consortium now exceeds £20million.

B-wbl Consortium Members



The Consortium is now the second largest contract holder in Wales and the volume of delivery can be seen in the following chart:

Delivery Volume compared to the network FY21:

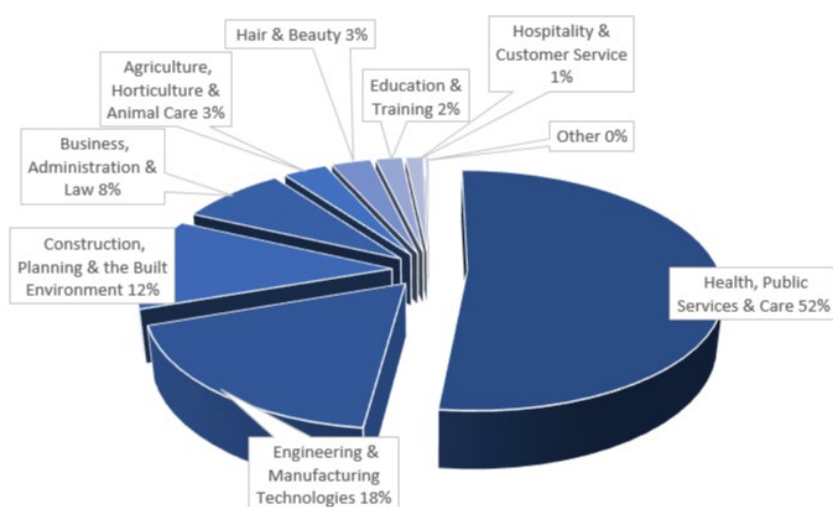


The total apprenticeships contract value across all the contract holders for FY21 was £115m (B-wbl £13.5m, 2nd largest provider) and traineeships (from Aug 20 to Mar 21) £22m (B-wbl £1.3m, 5th largest provider). Total work-based learning contract value for 2020/21 £137m (B-wbl 14.8m 2nd largest provider).

The Consortium delivers across a range of routes with Health, Public Services and Care sector (33%) being the largest, followed by Engineering and Manufacturing Technologies (31%).

1. STRATEGY Cont'd

Apprenticeship Starts 2020/21



Higher Education

The College fulfils an important role in delivering higher education courses in the county. Whilst this income stream represents just 3% of the Colleges overall income, the provision of such courses (full time and part time) is important to the learner in Pembrokeshire for the following reasons:

- There is no Higher Education Institution ('HEI') in Pembrokeshire, offering courses;
- Students who are in employment, who want to pursue higher education qualifications are able to do so;
- Some people for financial and/or family reasons are unable to go away to study and want to remain at home, but still want to pursue a higher education qualification;
- Employers want to up-skill their employees, by allowing them to take part-time in higher level courses;
- Adult returning learners can find the college environment more appropriate for their learning, and more convenient.

Since 2011, University of Wales, Trinity St. David (UWTSD) has provided the funding, the degree awarding powers and quality oversight for the majority of our Higher Education provision.

Our Locality

The College seeks to work closely with schools, employers and the business community in Pembrokeshire and realises that this remains an area for continuous development. We have some excellent working practice with schools and employers and we are seeking to replicate this across all sectors.

We continue to work in partnership with Folly Farm and use our learning centre based at their site for Animal Care Level 3 learners who work with the specialist animal keepers across the park to increase their knowledge of husbandry skills. In FY21 we opened an additional Learning Centre based at Withybush showground in collaboration with the Pembrokeshire Agriculture Society. This has been supported by the John Burns Foundation who have funded equipment for the centre by providing industry standard animal enclosures, vivaria and aquaria so that we can increase the range of species and opportunities for our Level 2 learners and improve their employability skills.

1. STRATEGY Cont'd

We deliver to 14-16 learners from Ysgol Hari Tudor and Ysgol Greenhill who are following pathways into Engineering and we aim to widen the scope of these pathways to include new provision with Ysgol Caer Elen and Milford Haven.

We have developed a highly successful partnership with the Pembrokeshire Agricultural Society. Whilst the pandemic presented many challenges for both businesses and education, partnership working between Pembrokeshire College and Pembrokeshire Agricultural Society ensured that learners were able to complete their construction qualifications in FY21 despite the lockdowns and requirements for social distancing.

In February 2021, the Education Minister announced that trade courses in engineering and construction could return to face-to-face learning, the challenge was how to accommodate learners given the social distancing restrictions that needed to be observed.

The restrictions at the time meant that learners could no longer 'bubble' in their groups which therefore reduced capacity in many of the College workshops, meaning that learners would only be able to attend once every four weeks whilst the social distancing arrangements remained in place. To tackle this, the College worked with Pembrokeshire Agricultural Society to open a temporary facility at the Withybush showground site. The conversion of the 2,500m² Camrose building into a brickwork workshop and the Brithdir Hall as a breakout space, took just two weeks from initial discussions to opening the doors to the first learners. The speed of the response led to more than 200 students being able to complete their qualification within the academic year, something that we could not have achieved without the additional workshop space.



In FY21 the College continued to be represented on the Haven Waterways Enterprise Zone which was introduced to highlight the location of Pembrokeshire for potential new energy sites. The Enterprise Zone has remained an attractive location for energy companies and the College wishes to ensure it is delivering the curriculum and skills required by the energy employers of the future. As a consequence, aligning the curriculum to needs of potential employers has become a key focus of College activity.

The College is also partner in the Pembrokeshire Public Services Board seeking to contribute to the improvement in well-being in Pembrokeshire with the mission of supporting the Well-being of Future Generations Act. The College was an active participant in the Recruitment and Employment Transformation Framework workstream in promoting the Personal Learning Account and Kickstart schemes launched in Autumn 2020. The College also led on the shared approach to staff well-being across partner organisations, producing a report from a workshop focussed on sharing of best practice in terms of supporting staff through periods of lockdown.

1. STRATEGY Cont'd

The College is also represented on the South West Wales Regional Learning and Skills Partnership Board, focussing on improving the economic and social well-being of people living and working across the south-west region.

We remain committed to supporting our local community. Despite funding challenges, we have, through alternative income sources, been able to maintain community provision. We also provide services to the community through charitable activity and use of the College estate for community groups. We see the College as a Community Asset and encourage wider participation for the benefit of the county.

Whilst we had limited opportunity to participate in face to face community activities last year we were able to work in partnership with Sandy Bear, carrying out virtual meetings, undertaking specific tasks requested by them to help grow their charity including the development of an employer database the production of marketing material and a promotional video filmed by our students. We also made pamper packs for their volunteer support workers as part of the National celebrate Volunteers week which were presented to their volunteers on behalf of Pembrokeshire College and shared on their social media pages.

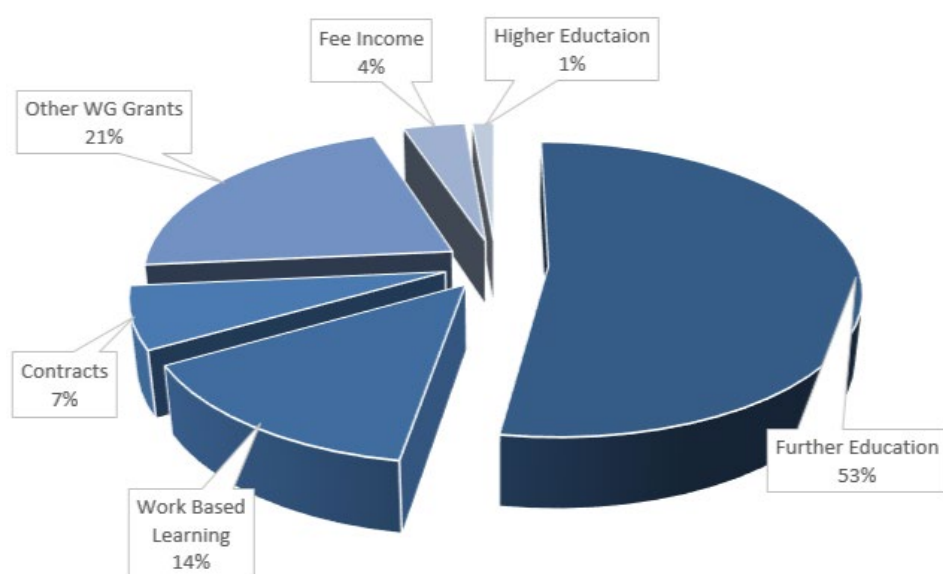
Within the curriculum we continued to promote Global citizenship, the importance of protecting our environment, ICT skills became more important than they ever had before with all learners being taught basic ICT as part of their courses and gave and increased focus to Welsh and the importance of learning basic workplace conversational skills to increased learner's knowledge to make them more desirable for future employment opportunities in Wales.

2. LEARNER PERFORMANCE

The success of a school, college or university is reflected in the success of its student outcomes. In this respect whilst FY21 has been a hugely challenging and a very different year, there have been a significant number of successes though many vocational learners still await final assessment and notification of their results.

The principal areas of the College's activities relate to further education – vocational and academic courses - and work-based learning (together 67% of our activities), as shown in the chart below:

Nature of Provision (by income stream)



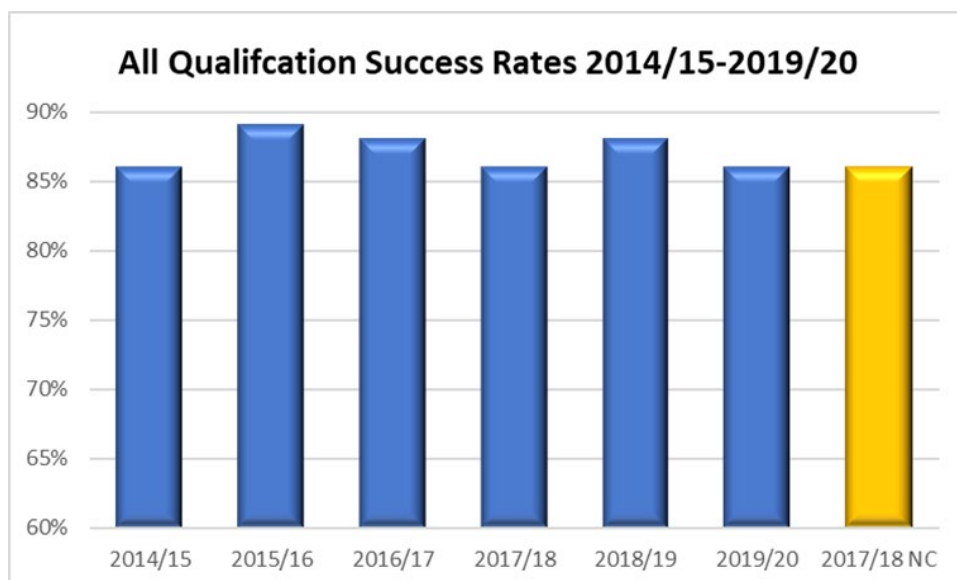
Further Education Outstanding Results

The College provides courses for full time students, mainly 16-18 years of age and part time students. The College believes it will maintain its strong 'all qualifications' success rate but this is not likely to be confirmed until early 2022. Some learners studying vocational routes in the Electrical, Plumbing and Health and Social Care and Childcare are continuing assessments and placements into the academic year 2021/22.

2. LEARNER PERFORMANCE Cont'd

All Qualifications Success Rate Trend

2018/19 and 2019/20 success rates are based on internal data only as Welsh Government no longer produce a Learner Outcome Report. Welsh Government is consulting with the sector regarding measuring outcome data in the form of new Post 16 Consistent Performance Measures. 2017/18 was the last year a National Comparator was published.



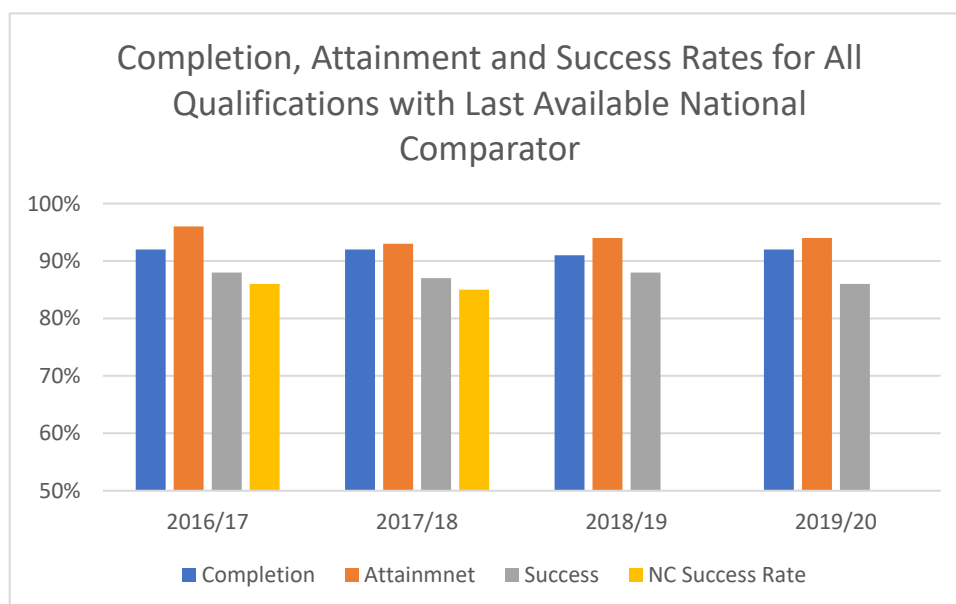
A-level Results

A level results for FY21 are confirmed with A*/A at 40.7%; A* - C 84.7%. The table and graph below show the trend over the last 4 years. Value added outcomes also show that the College is supporting A level learners to achieve better results than their GCSE grades indicate.

A Level Grades	2017/18	2018/19	2019/20	2020/21	2020/21 NC
A/A*	22.1%	20.0%	48.0%	40.7%	44.8%
A*-C	84.1%	82.0%	97.0%	84.7%	86.3%
A*-E	100.0%	99.7%	100.0%	95.2%	98.8%

2. LEARNER PERFORMANCE Cont'd

The chart below shows the outcomes for FY17-FY20 of key performance indicators for learner completion, attainment and success. The chart indicates Pembrokeshire College overall success rate at 86% which is above the last available National Comparator of 85%.



The table below shows performance by subject sector area (SSA) in the traditional Learner Outcome Record (LOR) style measures. The table shows a strong performance across all sectors with performance categorised as good (light green) or excellent (dark green) in Estyn standards.

SSA	Sector Title	Completion %	Attainment %	Success %
1	Health, Public Services and Care	90	97	87
2	Science and Mathematics	95	95	90
3	Agriculture, Horticulture and Animal Care	96	98	93
4	Engineering and Manufacturing Technologies	91	82	76
5	Construction, Planning and the Built Environment	91	89	84
6	Information and Communication Technology	94	95	88
7 b	Hair and Beauty	88	84	76
7 c	Hospitality and Catering	95	89	85
8	Leisure, Travel and Tourism	89	97	86
9a	Performing Arts	92	100	92
9b	Art and Design	92	97	91
10	History, Philosophy and Theology	96	97	93
11	Social Sciences	86	93	80
12	Languages, Literature and Culture	91	98	91
13	Education and Training	87	89	77
14 a	Independent Living Skills	99	100	99
14 c	Foundation for Work	85	94	78
15	Business, Administration and Law	87	84	78

2. LEARNER PERFORMANCE Cont'd

Work Based Learning: Apprentices and Trainees

For Pembrokeshire College as an organisation, framework success rates for FY21 are yet to be finalised. FY21 success rates will be impacted by learners from FY20 that rolled over into academic year 2020/21. Until lockdown, success rates had been improving in most providers involved within the Consortium, and where problems have been identified, relevant action implemented. The ability to improve learners' outcomes, regardless of where learners are situated or from whom they receive direct delivery, was commented on in the Estyn Inspection report of June 2015 and reflects the success of the management team in adapting to managing a large number of sub-contractors.

Higher Education and Progression to University

The ability to provide both A level and Extended Diploma qualification routes allows students to choose the best pathway for them to progress to higher education. BTEC Extended Diplomas are the equivalent of 3 A-levels and in FY21 the College is delighted to report that 245 learners progressed to Higher Education of which 117 (48%) were A level students and 128 (52%) were vocational students.

Community Learning

The College's Adult and Community Learning (ACL) provision comprises short courses under the brand of Community provision and includes a selection of accredited and recreational courses.

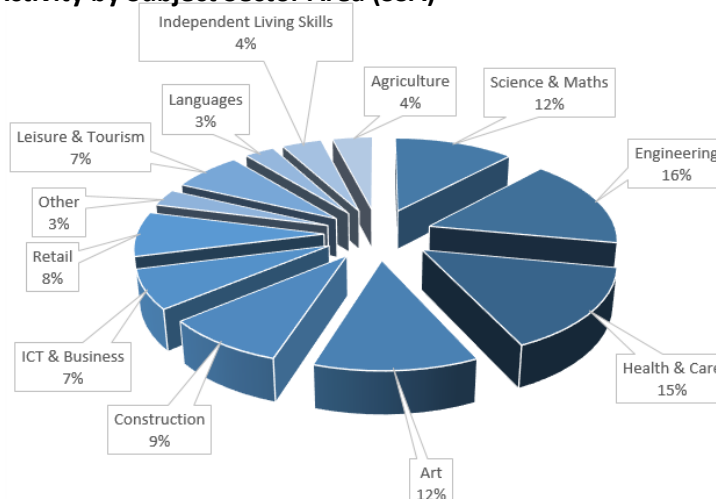
Effective employer engagement allows enhanced opportunities for local employers and also to those seeking work. The College continues to deliver employability programmes funded by the Wales Council for Voluntary Action (WCVA) working specifically with those furthest from the employment market.

Voluntary work is a key part of the Work Experience strategy and it ensures learners engage with relevant course related activity and are work ready for progression into the workplace.

Skills

The College provides vocational provision in all sector subject areas enabling access to learners in Pembrokeshire to the broadest curriculum offer. The sectors for which vocational courses are offered largely reflect the economy of Pembrokeshire. The College has worked hard to develop strong links with local employers. The College estimates that it works with 4,000 employers and, therefore, is uniquely placed to help students realise their potential for employment.

Volume of College Activity by Subject Sector Area (SSA)



2. LEARNER PERFORMANCE Cont'd

Prior to students embarking on courses and employment, the College has to improve their basic skill levels. All students not having achieved a grade C in English or Mathematics at school are required to resit these qualifications when they come to the College. We are currently working with approximately 600 full time students in these areas, on provision which improves their levels of skills and better prepares them for the world of work. All learners are required to undertake a WEST initial assessment upon entry to College. These assessments show on average 70% of learners are below Level 2 in numeracy, literacy and communication on entry to the College. These initial assessment results enabled us to enrol learners on to the appropriate skills sessions. Of the 217 enrolled on GCSE English 52% achieved an A*-C in their resit. For Maths and Numeracy, 245 learners were enrolled on GCSEs that enabled a pass grade to be achieved and 54% of these learners achieved an A*-C grade.

In addition, the provision of work-based learning allows employers to up-skill their workforce and gain essential skills qualification. The level of part-time students in the College reflects the engagement that employers have with the College and their commitment to investing in their workforce.

OTHER AREAS OF FOCUS

Welsh Language and Culture

In accordance with the requirements of the Welsh Language Standards, the College published its latest report on the implementation of the Standards on 31st January 2021, providing a comprehensive overview of the College's compliance with the Standards and its promotional activity. The report can be accessed here, in [Cymraeg](#) or [English](#). The College has maintained a good working relationship with the Welsh Language Commissioner's Link Officer through its annual feedback meetings and participation in the Commissioner's sharing best practice events and research surveys. Throughout the pandemic a "business as usual" approach has been applied, with staff being reminded to continue to comply with the Standards and offer language choice in all aspects of College provision.

In terms of curriculum delivery, Welsh Language continued to be integrated into programmes and despite the challenging circumstances, the number of learners completing assessments in Welsh or bilingually increased to 907. This included 158 in the main qualification and 749 Bilingualism for the workplace units. The total is a significant increase on the previous year's 584. Due to the pandemic, it proved challenging to engage learners in Welsh language and cultural events although a small group of A level learners benefitted from digital Welsh language awareness inputs delivered by external guest speakers from various vocational fields.

Academic year 2020/21 saw some new Welsh language initiatives being developed, supported by funding from Y Coleg Cymraeg Cenedlaethol. These included:

- Funding for an additional Bilingual Tutor in Public Services was secured from the Coleg Cymraeg Cenedlaethol. This followed on from the success of the role of Bilingual Tutor in Health & Social Care, which provided increased Welsh-medium/bilingual provision and support to Welsh speaking learners and the Welsh language skills development of all H&SC learners. This initiative was acknowledged as good practice by the Coleg Cymraeg Cenedlaethol;
- Welsh Language Ambassadors supporting the College's Welsh Language Development Team to promote the Welsh language digitally and on campus;
- The College received funding from the Coleg Cymraeg Cenedlaethol to develop, pilot and create a new digital course 'Sgiliau proffesiynol: Dwyieithrwydd ar gyfer y gweithle';

2. LEARNER PERFORMANCE Cont'd

- The e-badge scheme has been running in the College for 4 years and had proven effective with learners. The scheme has been adopted by the Coleg Cymraeg Cenedlaethol as its preferred method of acknowledging Welsh language skill development and is being rolled out to all FE colleges in Wales with the Bilingual Champion providing support and advice to other colleges as they adopt the scheme;
- The Bilingual Champion was asked to contribute to a webinar run by the Coleg Cymraeg Cenedlaethol. The theme was 'Trosi Myfyrwyr' (how to ensure students continue with Welsh medium education post-16).

Staff continued to engage in the 'Cymraeg Gwaith' national scheme in order to develop their Welsh language skills in the classroom environment. A total of 18 staff signed up to the project and received weekly one-to-one mentoring sessions via digital platforms. This was a drop from 25 during the previous academic year but all staff achieved the 120-hour minimum requirement. Staff were also supported by the Bilingual Champion and the Welsh Language Development Officer to increase Welsh-medium/bilingual provision, opportunities and learning and teaching materials for learners. The Welsh Language Development Team have embraced digital to support staff and learners, sharing information via a Facebook page and creating a YouTube channel.

Blended Learning

The College has invested strategically in embedding blended learning methods into curriculum delivery for the enhancement of learning, teaching and assessment. This traditionally took place in Directed Study, where planned curriculum content was used to encourage learners to grow as independent learners and develop intellectual curiosity. Our dedicated e-Learning Design Team continues to work with teaching teams to provide modules of online learning as an element of curriculum delivery, encouraging staff to develop further as inspiring and imaginative teachers. In addition to encouraging learners to explore their capacity for growth and development, blended learning also empowers both staff and learners to embrace opportunities to inspire learning through the use of technology. This hybrid model of learning with aspects of remote and face to face learning is supported with a continuous programme of professional development to support digital innovation.

Student Wellbeing and Safeguarding

The College continues to focus on improving all aspects of safeguarding, care, wellbeing, resilience and support for learners. During FY21, significant emphasis has remained on the Safeguarding and Well-being agenda, raising awareness of and protecting learners from newly identified risks and matters pertaining to 'Everyone's Invited'. Our safeguarding team has continued to fulfil a pivotal role, especially during the lockdowns, where over 1,000 calls have been made to vulnerable learners who had been identified at risk. Areas of development activity have included mental health and resilience training and successful bids for funding to underpin 24/7 counselling support, including a 'Live Therapy' module. Regional partnerships and multi-agency working remains a significant strength of the College and all internal and external services have continued to work together to support learners through the pandemic and whilst returning to normality. A Health and Well-being Co-ordinator for learners has been appointed to take forward the College's work in meeting the requirements of the University and Colleges Health Standards, together with a Health and Wellbeing Officer for staff. The College has been a pilot College for the implementation of the 'Trauma Informed Toolkit' and sharing work with the sector.

2. LEARNER PERFORMANCE Cont'd

Quality Assurance

Quality Assurance is critical in ensuring the College delivers outstanding quality learning programmes and support services. Quality has to be placed front and centre in all that we do in order to be recognised as one of the best performing colleges in the UK. We pride ourselves on our continual focus to improve. The structure of Aspire consists of Quality Improvement, Quality Assurance, Learning and Teaching and Continuous Professional Development, enabling the Aspire Team to effectively integrate all aspects of Quality Improvement. This structure utilises the way these elements of provision impact on each other, supporting and inspiring staff, improving systems and processes and building on the existing aspirational culture of the College.

Continuing Professional Development under our ASPIRE programme remains a priority and, in addition, we continue to drive forward a mandatory training programme for safeguarding, positive behaviour management, equality and diversity and safer working practices. Aspire encourages staff to undertake their own development and offers support to teaching staff using innovative coaching method and models. We continually review the development needs of our management teams and have an on- going leadership and management development programme, further enhancing our effectiveness as managers, our knowledge, understanding and skills.

The quality assurance processes in the College could not be achieved without the active support and engagement of our staff. Their commitment to quality is what drives the success of the College. The performance of the College in the 2017 Estyn inspection is a testament to the excellence of our staff in all areas of the College, aspiring to be best we can be, in everything we do.

FE: Estyn's Judgements - January 2017

Quality Indicator	Judgement
Current Performance Judgement:	Good
Prospects for Improvement Judgement:	Excellent
Key Question 1 – Outcomes	Good
1.1 Standards	Good
1.2 Wellbeing	Good
Key Question 2 – Provision	Good
2.1 Learning Experiences	Good
2.2 Teaching or Training	Good
2.3 Care, Support and Guidance	Excellent
2.4 Learning Environment	Excellent
Key Question 3 – Leadership and Management	Excellent
3.1 Leadership	Excellent
3.2 Improving Quality	Good
3.3 Partnership Working	Excellent
3.4 Resource Management	Good

3. OUR STAFF

The success of our learners is ultimately down to their own hard work. However, we are very fortunate to have a dedicated workforce that strive to provide our learners with the opportunity to fulfil their potential.

Pembrokeshire College is an aspirational organisation, proud of both the quality of teaching and learning and the support that the College provides for all its staff. Our collective aim is to improve the experience of our learners and the outcomes that they achieve.

In developing people practices, we nurture the pride and aspiration of our staff, help to focus it and increase the visibility of all College achievements. We aim to attract staff who value the opportunity to advance and share knowledge within an open and transparent, supportive and inspirational environment. In doing so we have the following priorities:

- recruit and retain the best staff;
- remunerate staff fairly;
- develop positive employee engagement and morale;
- develop a high-performance aspirational culture;
- promote a safe, healthy and equal environment in which staff take a proactive approach to their own wellbeing.

Pay Equality

The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017, requires organisations employing more than 250 employees to provide an annual report showing the pay gap between its male and female employees. There is no statutory duty for Colleges in Wales to publish that data but Pembrokeshire College has chosen to do so.

The gender pay gap is the difference between the average earnings of men and women. Any gap is expressed as a percentage of male earnings.

A positive percentage shows that on average, women have lower pay than men. A negative percentage show that on average, men have lower pay than women.

The College is required to provide:

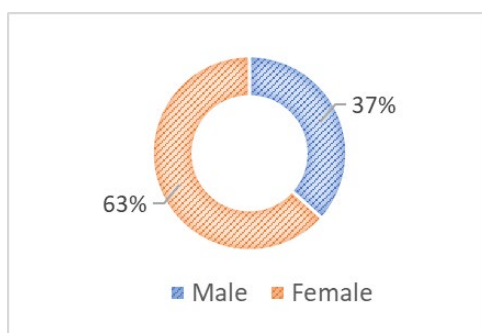
- The difference in mean pay between genders;
- The difference in median pay between genders;
- The number of men and women in each quartile of the range

Calculated Pay Gap	Median	Mean
Pembrokeshire College	10.0%	7.8%

3. OUR STAFF Cont'd

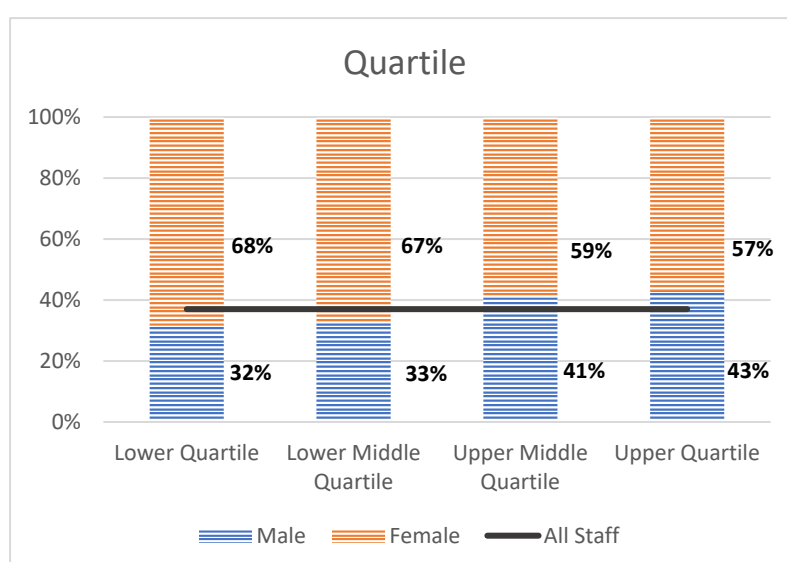
The Breakdown of Roles held by Employees as at 31st March 2021:

All Employees



Pembrokeshire College has a current split of 63% female staff and 37% male staff.

Gender Split by Quartile



The quartiles reflect the lowest paid in the College (lower quartile) through to the highest paid in the College (upper quartile).

The highest proportion of males to females is within the upper quartile - 43% male while the College split overall is only 37% male. This shows that a higher proportion of the senior posts are held by males in comparison to the overall split.

The implementation of the National Living Wage Foundation minimum rate of pay to which the College is committed, has created a flatter structure for large numbers of employees in the lower pay quartile.

Pembrokeshire College has a fair and transparent pay system using the nationally agreed 'Starting Salaries Matrix', with structured pay spines (in the case of the Lecturing pay spine, agreed nationally with the recognised Trade Unions). Appointment to any role is based objectively on qualifications, skills and experience regardless of gender.

3. OUR STAFF Cont'd

Equality & Diversity

The College promotes equality and diversity and welcomes its legislative responsibilities under the Equality Act 2010. Strategically, we aspire toward a College Community which is fair, inclusive and has a people focus, respecting and valuing each other.

We value the talent, skills and knowledge of every individual and we recognise that this is a key contributing factor in achieving excellent standards. We create an environment that respects the diversity of staff and learners and enables them to achieve their full potential, to contribute fully and to derive maximum benefit and enjoyment from their involvement in the life of the College.

At the 2017 inspection, Estyn quoted “a strength of the College’s provision is that the College is sensitive to the needs of vulnerable groups and supports them very well. There is a highly inclusive and integrated approach to supporting independent living skills learners. These learners are integrated very well into all aspects of College activities”.

As a provider of employment, training and education, we value the diversity of our staff and learners. We are committed to providing a fair, equitable and mutually supportive learning and working environment for our learners and staff and this is reflected in the core values of the College and in our Strategic Equality Plan.

4. RECOGNITION OF EXCELLENCE

The College encourages students and staff to take part in competitions, locally, within Wales, the UK and globally. We believe that such competitions have the following benefits:

- allow students and staff to achieve recognition for their outstanding skills;
- enable the College to benchmark the skills of its students and staff with the best in Wales and the UK;
- provide exemplars of excellence, which can inspire current and future students to raise their sights with regards to performance.

This academic year the impact of Covid-19 meant that far fewer learners were able to participate in competitions than in previous years, with many competitions switching to an online format. Despite the unique circumstances, our learners rose to the challenge with many achieving success in their discipline. Our "Roll of Honour" is as follows:

WorldSkills Team UK:

Molly Lawton: Health & Social Care

Zara Morgan: Beauty Therapy

Throughout the year both Molly and Zara have undergone intensive training in their bid to be selected as part of the UK squad competing in Shanghai in 2022.



Skills Competition Wales – Medal Winners

Web Design	Bramwell Simpson	Gold
Graphic Design	Zoe Price	Gold
Welding	Deriece Raimann	Gold
Welding	Ross Jones	Silver
Inclusive Fitness	Kyle Robertson	Silver
Popular Music	Zac Worthington Mollie Evans Izzy Nixon Ffion Rees Emilie Zatac	Silver
Inclusive Media	Declan Morrissey	Bronze

Skills Competition Wales – Finalists

Web Design	Ieuan Goldsworthy
Graphic Design	Brynley Moore
Digital Video Production	Rhys Edwards and Rhys Smedley

Eisteddfod

Creating an App (U19's)	Rosie Pulley	Gold
	Andra Darabont	Bronze
Creating an App (U25's)	Ryan Hill	Gold
	Iestyn Nevatte	Silver
	Eleanor Walker	Bronze

Miscellaneous

Next Tourism Generation Competition	Evan Davies - Industry Engagement Award Category Winner & Overall Winner
Road Safety Wales Social Media Competition	Naomi Charnley
World Monologue Games	Ruby Wilson - Second place in the Global Youth Finals
Trade Apprentice of the Year	Conor Ratcliffe - Finalist
Concept Hair Magazine UK Final	Three learners placed in the top six in the UK for each of their categories: <ul style="list-style-type: none"> • Holly Mathias - Create a Look, Level 2 Styling • Leah Rees and Jenna Kilgallon - Colouring • Helaina Thomas also made the final shortlist
Worshipful Livery Company of Wales	Michaela Protheroe - Literacy Award

5. FINANCIAL PERFORMANCE

Overview

Covid-19 remains a factor in how we operate and the ever-changing restrictions this has placed upon Colleges. The interruption to normal business operations since March 2020 due to the pandemic places a very different perspective on the immediate to medium term financial plans of the College and makes planning ahead challenging.

The Welsh Government has been both supportive and swift to act from the outset in order to reassure Colleges and maintain educational provision as far as practicable. Additional funding streams have been numerous and have reacted to each challenge Colleges have faced.

Whilst several commercial areas of the College have closed or been subject to reduced activity, WG grants have been forthcoming and ensured the overall financial stability of the College for FY21.

Performance Indicators

The key performance indicators (KPI) in the table below are the main measures used to evaluate how successful the College has been in its financial performance.

Key Performance Indicators	Actual FY20	Actual FY21
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) (£'000)	£1,219	£1,820
EBITDA as % Total Income	4.01%	5.23%
EBITDA as % Total Income (excl. Third Party Provision)	6.26%	8.07%
Deficit After Other Gains and Losses (£'000)	(£1,075)	(£567)
Deficit After Other Gains and Losses as % Total Income	(3.54%)	(1.63%)
Surplus Before Non Cash Pension Charge (£'000)	£421	£1,307
Unrestricted Reserves Without Defined Benefit Pension Provision (£'000)	£13,199	£14,607
Unrestricted Reserves With Defined Benefit Pension Provision (£'000)	(£8,550)	(£6,097)
Days Net Liquid Assets to Total Expenditure	57	75
Current Ratio	1.68	1.77
Gearing Ratio (External Borrowing/Unrestricted Reserves Without Defined Benefit Pension)	0.05	0.01
WG Grant as % Total Income (excl. Third Party Provision)	85.27%	87.67%
Total Pay Expenditure as % of Total Income (excl. Third Party Provision)	79.11%	73.97%

5. FINANCIAL PERFORMANCE Cont'd

The results for the FY21 are positive, when compared to pre-pandemic levels. Given the operating restrictions for Covid-19 and the rural challenges of the County along with the associated costs of delivering in a sparsely populated area, this is a major achievement.

One of the main measures the College uses to assess financial performance is 'adjusted EBITDA' (Earnings Before Interest, Taxes, Depreciation and Amortisation) (as calculated on the Statement of Comprehensive Income page 54). The 'adjusted EBITDA' removes non-cash and one-off costs. It is an important measure and is considered a better indicator of operating performance than the reported Surplus / Deficit. The College generates significant EBITDA each year to ensure future capital investment. This has been achieved by tight financial control and also through innovation and creativity in leveraging the funds from the Welsh Government (which provides the majority of our funding) and other external sources of income.

The College is reporting a deficit of £567k for the year, in comparison to the deficit of £1,075k reported in FY20. This is after accounting for £1,846k (FY20 £1,609k) of pension adjustments. The College made a surplus of £1,279k (FY20 £534k) before accounting for these 'non-cash' pension adjustments. The following table explains the movement between the EBITDA of £1,820k and the deficit position of £567k.

	FY20 £'000	FY21 £'000
Adjusted EBITDA (see page 54)	1,219	1,820
Net Interest credit/(charge)	4	(7)
Staff restructuring costs	(12)	(18)
Depreciation	(1,190)	(1,281)
Release of deferred capital grant	568	792
(Loss) on sale of fixed assets	(55)	(27)
Surplus before pension adjustments	534	1,279
FRS 102 service charge to staff costs	(1,221)	(1,535)
FRS 102 pension interest charge to interest and other finance costs	(276)	(339)
Enhanced pension (cost)/credit	(112)	28
Deficit for the year	(1,075)	(567)

The College's reliance on Welsh Government (WG) funding is highlighted in the KPI tables (page 22) where WG grants account for 87.67% of income (Total Income excluding third party provision) to the College. The College's Financial Strategy highlights the importance of generating income streams other than those that come directly from the Welsh Government. This is particularly important at times of austerity or funding reductions as it lessens the reliance we place upon it.

The final KPI in the table (Pay to Income ratio) shows that 73.97% of the Colleges income is spent directly on pay costs therefore maintaining control of these is critical. Factors affecting this include the rurality of the College which has a negative impact on class sizes when compared to urban colleges. The College also does not benefit from the economies of scales the larger colleges do.

5. FINANCIAL PERFORMANCE Cont'd

The majority of the College's funding comes from the Welsh Government as recurrent funding. The grant to the College is based on the volume of education provided. The further education element of the table below shows an increase in funding for FY21 of £226k 1.9% on the previous year. This relates to unit price increase which consolidates pay funding for previous years and the remaining percentage relates to FE pay grant in-year. Therefore, the underlying inflationary increase in FY21 was 0%.

Welsh Government Grant Income (excl. franchised provision)	FY17 £'000	FY18 £'000	FY19 £'000	FY20 £'000	FY21 £'000
Further Education Recurrent Funding	9,730	10,293	11,170	11,716	11,942
Work Based Learning Funding	3,521	3,637	3,290	3,124	3,216
Total Welsh Government Grant Received	13,251	13,930	14,460	14,840	15,158

The table below shows full time learners have grown by 2.6%. As in FY20, due to the pandemic there has been a decrease in part time learners, FY21 numbers down 302% on FY19 numbers.

FE Learner Numbers	FY17	FY18	FY19	FY20	FY21
Full-time	1,669	1,733	1,727	1,781	1,828
Part-time	3,818	4,026	4,734	3,306	3,206
Total Learners	5,487	5,759	6,461	5,087	5,034

Work Based Learning - DfES Contract Learners

The College is the lead provider for a successful work-based learning consortium arrangement with eight others – a mixture of FE, private providers and the voluntary sector within South Wales.

During FY21, the College saw a 3% increase in its own work-based learning income.

WBL Learner Numbers	FY17	FY18	FY19	FY20	FY21
Employability Programmes	403	292	242	210	167
Apprentices	882	974	907	705	779
Total Learners	1,285	1,266	1,149	915	946

HE Learner Numbers

Higher Education enrolments over the same years are presented in the table below:

HE Learner Numbers	FY17	FY18	FY19	FY20	FY21
Full-time	51	55	56	43	26
Part-time	125	108	87	85	74
Total Learners	176	163	143	128	100

5. FINANCIAL PERFORMANCE Cont'd

Overall higher education numbers continue to decline. This is at odds with the Colleges strategy to drive up Higher Education activity within the College. Whilst this remains a priority little headway has been made in recent years.

Other External Funding Streams

The College is committed to its income generation strategy and is continuing to pursue and exploit alternative funding sources in order to support innovative developments in line with the needs of the learner.

During FY21 the College continued delivery of two significant European Social Fund projects. These are: 'Skills for Industry' led by Gower College Swansea which aims to upskill the existing workforce of SMEs and 'Cynnydd' led by Pembrokeshire County Council which provides support to learners at most risk of becoming NEET (Not in Education, Employment or Training). Both projects are strongly linked to the Colleges core business.

The College has yet to see the full impact of the UK departure from the EU on its existing funding streams. There is currently no confirmation on where replacement funding will come from and the respective priorities with no clarity on how much will be available and what the aims and objectives will be.

A new Government initiative referred to as Personal Learning Accounts (PLAs) was introduced during FY21. The funding allocation for the College was £424K and it is provided to support upskilling and reskilling of employed workers.

Pembrokeshire College Professional Development Funding for the third year. This enables the College to invest in relevant staff training in priority areas and course development and or delivery aligned with regional industry priorities.

Cash flow

The generation of cash surpluses allows the College to invest in its infrastructure. The College has used the cash it has generated over the last five years, as follows:

	FY17	FY18	FY19	FY20	FY21
	£'000	£'000	£'000	£'000	£'000
Cash flows from operating activities	1,094	1,321	1,170	556	4,034
Cash flows from Capital (net of grants)	(2,397)	(1,631)	(59)	(740)	(1,092)
Cash flows from investments	11	9	24	16	3
Cash flows from financing	365	(147)	(146)	(135)	(626)
Increase/(Decrease) in cash & cash equivalents	(927)	(448)	989	(303)	2,319
Cash balance (Including deposits):					
- Opening balance	5,606	4,679	4,231	5,220	4,917
- Closing balance	4,679	4,231	5,220	4,917	7,236

5. FINANCIAL PERFORMANCE Cont'd

Over the last 5 years the College has invested £16.5m (of which £10.4m was funded by capital grants) on capital expenditure. Despite the £5.9m net cash outlay on capital expenditure, the College cash balance has increased by £1.6m over the period. This is due to the significant cash generated through operating results each year.

In FY19 Pembrokeshire College secured Welsh Government Band B Capital funding for developments to the main campus and learning facilities of £4.7m. The Courtyard Development project was completed during FY21 and works on the new Engineering facility started the construction phase in July 2021, planned for completion by September 2022.

Balance Sheet

The Balance Sheet is set out on page 56. This shows a healthy and liquid balance sheet, if you remove the impact of accounting for a significant pension deficit. Net current assets having increased from £3.5m to £4.2m. Despite large capital outlay in the year, the Colleges cash position has improved by £2.3m to £7.2m. The liability for the LGPS pension fund however stands at £20.7m although a slight improvement from £21.7m at the same point last year. The reporting requirement of this liability on the Balance Sheet is the same for all organisations included in this scheme, including local authorities and other public bodies. Actuarial assumptions that are used to calculate the liability, such as the discount factor and CPI are not within the College's control or a reflection of its performance.

Despite a modest improvement in the Pension Liability from last year, the Balance Sheet is still in negative reserves. However, it should be noted that this is no reflection on the College as a "Going Concern" as it is a long-term non-cash liability. The underlying Balance Sheet is healthy and strong with no concerns on the College's operations or its ability to deliver the strategic aims and objectives in the short medium or long term.

6. ENVIRONMENT & ECONOMY

The College plays an important part in the economy of Pembrokeshire. The key role from an economic perspective is the improvement in the skill base of young people and employees in work. ESF Projects support workforce development and close links with curriculum areas exist through FE and WBL delivery.

Employer Engagement

The College Employer Incentive Strategy focuses on how our curriculum can train employees of the future and how our part-time delivery can assist current employees. Having over ten years' experience delivering a range of programmes for the Department for Work and Pensions (DWP) the College has continued to support partnership working through the Active Inclusion Get Going project, basing ourselves out of all three job centres providing 1-2-1 mentoring support for those aged between 16-24 and who are NEET, and for those aged 25 plus and who are long term unemployed. The College returned to face to face appointments as soon as was practicable to do so in order to support those who were keen to take advantage of the post Covid-19 recovery job opportunities.

The College has successfully delivered the Kickstart programme since its launch in September 2020 and have increased employer contacts through this provision.

The Employment Bureau

Our Employment Bureau comprises teams of Business Engagement, Work Experience, Kickstart and Employment Advisors who worked together, sharing opportunities and knowledge which has been a benefit. The Employment Bureau was able to offer virtual recruitment events in the summer of 2021 with the Work Experience team also working with employers to the benefit of learners and employers. The Employment Bureau team continues to provide a free recruitment service has been inundated with opportunities particularly in hospitality as part of the post Covid-19 recovery across Pembrokeshire. The team have worked with learners in classroom visits and 1-2-1 appointments as well as remotely where needed to ensure that learners understand the job market demand and where they are looking for work are matched to these opportunities.

The Work experience team are responsible for carrying out employer Health and Safety visits. Placement numbers and requests have increased and so responding to this demand is now a focus.

The Environment

The College has invested approximately £16.5 million over the past 5 years in capital schemes and continues to invest a high level of expenditure in maintenance programmes to provide an environment conducive to learning.

Capital Expenditure	FY17	FY18	FY19	FY20	FY21
	£'000	£'000	£'000	£'000	£'000
Land & buildings	5,755	778	774	2,702	2,340
IT equipment	743	350	394	797	642
Other equipment	660	235	95	130	72
Total	7,158	1,363	1,263	3,629	3,054

6. ENVIRONMENT & ECONOMY Cont'd

Estyn Report on Management of Resources

The College's Learning Environment was classed as Excellent in the January 2017 Estyn inspection.

The report identified:

"All College buildings and facilities provide learners with learning facilities and classrooms that are of a high standard, with good access to ICT and resources. There is good internet connectivity that enables learners to use their own devices, and the College provides all learners with software. Learners have a broad range of learning options that help them to develop digital competence. Nearly all workshops and specialist classrooms contain modern, industry standard equipment that meets the needs of learners well. A classroom based at a local riding centre is well equipped with ICT and 3D learning resources. The College has developed an exceptional virtual control room that enables learners to simulate a wide range of industrial process control operations in a realistic environment."

In terms of Resource management this was classed as Good. The report identified the following areas:

- It routinely reinvests savings, such as £750k from reduced energy costs, into improving College services and provision further;
- During a period of reduced funding, the College has grown its reserves, enabling it to invest in building new provision to meet its strategic aims of supporting local learners;
- The College takes very good account of sustainability and energy efficiency in the management of its estate. For example, it has reduced its carbon footprint by about a third in the past year;
- Overall, outcomes for learners are good and the College offers good value for money.

The College embarked on the implementation of its 5-year Estate Strategy, which has received Full Business Case approval from the Welsh Government, with the College successfully obtaining 65% Band B funding towards this. The College has delivered a number of key strategic projects, on time and to budget, in relation to its Estate Strategy over the last three years. This has included the creation of more flexible accommodation for learning and teaching and the delivery of additional refectory and social space and enhancements to the LRC which was completed in January 2021 and was undertaken during the height of the pandemic. The next phase of development is the construction of a new Engineering building. Work commenced on site in July 2021 and the project is due for completion in July 2022. The College has also been successful in obtaining approval and 75% funding from Welsh Government for a new Independent Living Skills Centre which will be based at Withybush alongside the College's animal care centre. This new centre is awaiting final planning permission and is due to open for teaching in September 2022.

Sustainable Development

The College has committed to Carbon Net Zero by 2030. This is an ambitious target which will take time, effort and funding to achieve but the College is impassioned and feels a moral obligation to contribute to the global effort especially now, at this critical time in climate change. A strategy will be developed detailing each stage of the process, the physical works required, potential barriers and costs, ensuring it remains realistic and achievable.

6. ENVIRONMENT & ECONOMY Cont'd

The College has made a good start towards this target and has been actively working to reduce carbon emissions since 2002, through many energy saving initiatives including (but not limited to);

- installing more efficient gas boilers;
- building management systems;
- operational changes to how the College runs;
- installing green technology in new builds;
- significant investment to replace lighting across the estate, meaning over 70% is LED standard;
- procuring all electricity through a green tariff since 2018;
- improving the percentage of waste recycled.

The above initiatives and others have driven a 52% reduction in gas, a 30% reduction in electricity and a 50% reduction in water despite growing floor space by 47% since 2002 to 2018 (2018 as a baseline for pre-pandemic consumption).

The College has been certified to Level 5 (the highest) of the Green Dragon Environmental Standard for around 10 years after developing the College's environmental management system and moving up through the levels of the standard. Certification is granted through an annual audit. The College is currently undertaking further work to fully understand its current carbon emissions in line with the Welsh Government's Carbon Net Zero Reporting Guidelines. This includes expanding its carbon accounting boundary to include carbon emissions from its supply chain and in the future, employee commuting etc. The College developed an Environmental Improvement Plan just before the Covid-19 pandemic and good progress was made; however, the pandemic has had an impact on progress made on energy savings and waste reduction etc.

The College is a member of the Pembrokeshire Public Service Board's (PSB) Climate Change Group and is collaborating with members to work towards a Carbon Net Zero Pembrokeshire.

7. GOVERNANCE

Other Stakeholders

The Board introduced a membership body back in FY14 - the Pembrokeshire College Advisory Forum. This Forum has representatives from our stakeholders in Pembrokeshire and beyond, including Trade Bodies, Chamber of Commerce, Higher Education and DWP. This Forum, chaired since February 2021 by Helen Murray and in the previous year by Jocelyn Llewhellin has proved to be of significant advantage to the College over the past 7 years, in both an advisory and consultative role, and in securing community ownership and involvement in the College's future.

FY18 saw Caroline Oakley take on the role as Chair of the Corporation Board and we are greatly indebted to Caroline for the work she undertakes on behalf of the College. Caroline stepped down from the role of chair as of 31st July 2021 when Iwan Thomas took over. I was appointed permanent Principal by the Corporation Board in April 2019.

We had two student governors serving on the Board in FY21. Sam Marshallsay and Bethan Mathias were appointed to the Board, following their election by fellow students and their contribution to the Board has been exceptional. For FY22 the Board has two new student governors, Tomos Davies and Ava Thomas (Both A Level students).

8. FUTURE PROSPECTS

Changing Landscape

Pembrokeshire College is facing an exciting future. Having grown – physically and financially in recent years – we are extremely well placed to deliver quality education for Pembrokeshire and South Wales.

The face of our further education provision has changed over the last few years as we have welcomed post 16 learners from Ysgol Bro Gwaun, Ysgol Penrhyn Dewi and now Milford Haven School. The range of A level curriculum on offer to these students at a single location, the focus of support and the collaborative arrangements between the College and the schools means that these students will have the very best opportunities we can offer to help them progress in their chosen career. The work undertaken on the courtyard development throughout FY21 has also provided an up-to-date environment for learners to socialise and work.

The competitive tender outcome for the next round of the work-based learning was announced in April for the new apprenticeship programme. The College has also been successful in the tendering for the new Jobs Growth Wales Youth Traineeship contract and this will commence delivery in April of FY22.

Our Higher Education future has taken on a new dynamic, having partnerships with two Universities, both of whom have different, but complementary visions. With the development of Degree Apprenticeships and the future implementation of recommendations from the Diamond Review, we are reviewing how best we can grow our higher education and seek to reverse the declining trend in numbers.

Welsh Government Policies

In October 2017, the Welsh Government completed a consultation on ‘Public Good and a Prosperous Wales – Building a reformed PCET sector’. This consultation proposed that an overarching body for all post 16 education and training be established, at ‘arms-length’ from Government. The body – to be known as the Commission for Tertiary Education and Research (CTER) – will have responsibility for planning, funding and other functions currently undertaken by Welsh Government for post 16 education. Consultation outcomes were published in October 2018 and appear broadly supportive, but with suggestions for further refinement in many areas. The draft Bill has been created and we await update on its progress to the Senedd following the government elections in FY21.

The regional agenda is also growing in pace and funding allocations have been influenced by regional employment and skills plans. The Regional and Learning Skills Partnership are now also influencing enrolment targets in sector subject areas and the College plays a key role in determining of targets and sectors.

Funding

Further Education Colleges in Wales continue to face challenging funding settlements. For FY21, a 5.5% increase to the unit rate for recurrent further education funding was allocated, but this only reflected pay settlement funding for the previous year. This puts pressure on the underlying core activity of the College, and the need to identify and implement efficiencies year on year. The Welsh Government continues to be supportive in order for colleges to achieve parity between lecturers pay and that of school teachers, having made funding available in FY21 to support cost of living increases. The sector is grateful for this support.

8. FUTURE PROSPECTS Cont'd

Both part-time further education and work-based funding are largely used to up-skill and are, therefore, critical to the economic prosperity of Pembrokeshire. Maintaining these income levels are important not only to the College but to the wider region.

Pay cost pressures continue to be a cause for concern. The cost of the introduction of the national contract for all staff, annual incremental increases, an increase in the employer pension contribution rates along with the removal of the rebate for national insurance contributions, add a significant pressure to our cost base.

The College continues to address the challenge to become more 'commercial' in its operations. In practice, this means reducing course choices, increasing group sizes, being cost focused about our employer provision, seeking alternative income streams from commercial operations such as internal projects, applying for larger scale commercial work and pursuing relationships with other organisations. These imperatives will be key features of our work as we progress into FY22.

Tight control of costs has enabled us to reduce our cost base in real terms. We have also continued to subsidise activity which we believe is 'mission critical', including the operation of the A Level Federation and higher education.

In addition, on a global level, the implications of BREXIT on education are beginning to impact. Our learners and local employers have benefited from European Funding, and this will be a concern if it were removed with nothing to replace it. ESF funding has underpinned learner support – Cynnydd Project and also is a contributor to the apprenticeship contract funding. We will work with the relevant agencies to influence the outcomes of the educational debate in relation to the shared prosperity fund or whatever replacement funding is made available.

Our Approach

The College remains committed to delivering against its key objectives of: “developing highly skilled, creative and confident individuals”.

Accordingly, the College intends to ensure that it will:

- Work collectively with Pembrokeshire County Council in the delivery of the 14-19 agenda;
- Continue to drive work-based learning and expand provision whilst improving quality of outcomes;
- Engage with HEIs and the Regional Learning Partnership in the delivery of higher levels of learning;
- Improve our learner outcomes and progression into employment and other education and training routes;
- Consider carefully the curriculum we offer, ensuring that it is adaptable and meets economic needs, and that it can be delivered sustainably;
- Continue to deliver value to the local economy and will be active in supporting the economic development activities in the area;
- Play an active role in promoting the region to outside investors and take a leading role in promoting the Enterprise Zone and accruing benefits;
- Work to engage with our community, in many ways, including through our Advisory Forum;
- Work closely with the Welsh Government to ensure the College is prepared for the implementation of the Post Compulsory Education and Training (PCET) Bill should this proceed in this new Government term;
- Invest in development activity to ensure that our teams are able to deliver to the best of their ability;

8. FUTURE PROSPECTS Cont'd

- Increase our commercial operation, in whichever way best underpins the strategic aims of the College;
- Seek to diversify our income sources and produce viable projects to underpin core levels of activity;
- Continue to respond to the debate with reference to the alternative to European funding.

Given some of the uncertainties we face, our aim remains to generate cash reserves in order to achieve our long-term strategy.

The success of the College could not be achieved without the enthusiasm, creativity and commitment of the staff. I am proud to have their support, commitment and energy to build the College and deliver the highest quality provision for the benefit of our learners. My thanks go to the staff, whose dedication and commitment have consistently delivered excellent results even through the most challenging of periods, and to the Corporation Board for their support, counsel and continued commitment – the contribution they make through their knowledge, experience and skills will ensure that the College will position itself as one of the most successful in Wales.



Dr Barry Walters
Principal

REPORT OF THE CORPORATION BOARD

Introduction

The Corporation Board of Pembrokeshire College has pleasure in presenting the report and audited financial statements for Pembrokeshire College for the FY21.

The Corporation Board

The members who served on the Corporation Board of the College during the year and subsequent to the year-end, up to the date of signing the financial statements are listed on page 48 and 49.

The Corporation Board is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality and personnel-related matters. The Corporation Board meets each term as a minimum.

The Corporation Board conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation Board. Audit, Search and Remuneration, Quality and Standards and A Level.

Full minutes of all meetings, except those deemed to be confidential by the Corporation Board, are available from the Governance Officer at Pembrokeshire College, Haverfordwest, Pembrokeshire, SA61 1SZ.

Professional Advisers

The professional advisers of the Corporation Board who provide advice to the members and management of the College during the year were:

Independent External Auditors:	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors One Kingsway Cardiff CF10 3PW
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Internal Auditors:	TIAA LLP Artillery House Fort Fareham Newgate Lane Fareham Hampshire PO14 1AH
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Bankers:	Barclays Bank plc 32 High Street Haverfordwest Pembrokeshire SA61 2DG HSBC Bank plc Coventry DSC Harry Weston Road Binley CV3 2SH
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REPORT OF THE CORPORATION BOARD Cont'd

Stakeholder Relationships

The College recognises the importance of the relationship with its Stakeholders and maintains strong communication links with:

- Learners;
- Staff;
- The local community;
- Work-based learning consortium members;
- HE Institutions;
- Local employers (with specific links);
- Local Authorities;
- Government Offices (DWP)/ Regional Bodies;
- Other FE institutions;
- Trade Unions;
- Professional bodies;
- Third Sector and voluntary organisations.

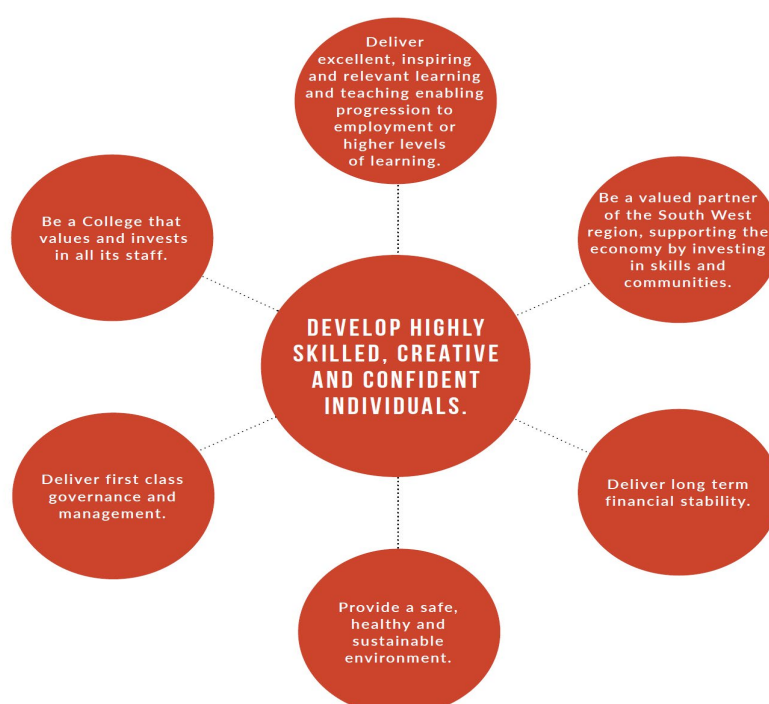
College Mission

The College's Mission for FY21 as approved by its members is "To inspire excellence, empower individuals and develop the future workforce".

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

Strategic Goals 2019-2024

Within the period of this institutional plan Pembrokeshire College aims to:



REPORT OF THE CORPORATION BOARD Cont'd

These strategic goals are broad statements of intent which capture the vision, values and ethos of the College. The goals will be addressed by a series of aims, some short term, others longer.

Legal Status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting education and training. The College is an exempt charity for the purposes of the Charities Act 2011. The College is subject to the additional requirements of the Accounting and Reporting by Charities' Statement of Recommended Practice (revised 2019) and the Charities Act 2011.

Charitable and Taxation Status

The College is an exempt charity for the purposes of the Charities Act 2011 and is not liable for corporation tax.

Governance

The College has an excellent and committed Board of Governors who continue to play an important role in the operation of the College. The Corporation Board and committee meetings are generally very well attended, as are training sessions and other events.

The Governors are provided with clear and succinct information from the College senior management, which is rigorously challenged where appropriate. Governors have a good understanding of their role and key curriculum and resource areas have Link Governors assigned.

The Link Governor scheme encourages each Governor to participate more fully in the activities of the particular directorate or functional area of the College to which he or she is linked. This scheme has generally worked very well.

The Audit Committee monitors the audit reports and any other matters referred to it by the Corporation Board or other Committees. The Committee meets four times a year. This Committee also looks at risk management and complex issues affecting the College in an endeavour to give assurance to the Board.

Governors are asked to undertake training as well as attendance at Board meetings and committees. The Governors provide the College management and staff with a broad range of knowledge and experience. In particular, the Governors' knowledge of estates, health and safety, finance, Local Authority operations, health and social service sectors etc, can often aid in the growth of College activities. In addition, there is time spent on strategic planning and other activities including attendance at award and learner events.

Apart from chairing Board meetings, the Chair of Governors has responsibility for the line management of the Principal and the Governance Officer. In addition, there are meetings with strategic partners, inspectors and other external bodies, which require their attendance on behalf of the College. They consult regularly with the Principal.

Additionally, the Corporation Board agreed its current governance structure, which came into effect from September 2013. This structure is a direct response to the Review of Governance in the Further Education Sector and has resulted in an increased focus on community consultation and involvement.

REPORT OF THE CORPORATION BOARD Cont'd

Principal Risks and Uncertainties

The College has identified eleven Corporate Risks which are aligned to the Strategic Plan. The Leadership Team review the Corporate Risk Management Plan termly and have ranked the risks with the Covid-19 pandemic impact considered. The Audit Committee review the full risk management plan annually and review any relevant new and emerging risks as and when they arise. The Plan identifies the risks, the cause, the potential impact, the inherent risk rating, three lines of defence controls and a residual risk rating. Management also consider the College's risk appetite for each risk, this determines if the controls in place are adequate to minimise the risks.

The Risk Management Group continues to meet and review whether risks are being controlled appropriately and this group is chaired by the Assistant Principal for Client and Commercial services. There are a number of delegated members of staff who sit on this group and the invitation has also been extended to any interested member of staff. At each meeting, at least one corporate risk is challenged with a 'deep dive' approach to ensure there are adequate controls in place and to provide assurance that risks are being managed.

TIAA LLP internal audit focussed on the College's Pandemic Response as part of the Corporate Risk Management during FY21 and Substantial Assurance was awarded.

Human Resources (HR)

The College is committed to developing policy and good practice to ensure that the recruitment and development of staff remains a key priority in order to provide the highest standards of education, training and support services.

The College's work is supported by approximately 506 (328 Female: 178 Male) full time and part time staff as at 31 July 2021 which translates into 373 FTE for FY21. Staff perform a number of Academic and Support roles and functions.

Effective human resource management practices are in place and are continually updated with consultation with the Joint Trade Unions to ensure they are current and fit for purpose. The College is committed to the health and well-being of staff and learners and has comprehensive support arrangements in place to promote this ethos. The College is very proud to have been awarded Disability Confident Leader status.

Communication and Consultation

College management always aim to maintain good communication across the organisation and consultation with staff and trade unions are paramount to ensure that good communication channels are maintained. The Local Joint Consultative Committee meetings with joint Trade Unions continue termly and various opportunities through surveys, informal meetings and Tea & Talk sessions with the Principal play an important role in staff relations. These meetings have been more frequent during the lockdown periods in order to ensure impact on staff and learners were considered at the earliest point. Other regular communication arrangements which are in place include "Latest College News" bulletins, all staff briefings and discussion forums on specific topics. During the pandemic period, weekly Coronavirus Blogs were issued directly by the Principal to all staff which were very well received and appreciated by staff whilst working remotely.

REPORT OF THE CORPORATION BOARD Cont'd

Learner Involvement

The College considers good communication with our learners to be very important and is committed to involving learners in shaping all aspects of College life, which is managed both strategically and operationally via the Learner Voice Strategy. The Strategy has two overriding objectives, which are for learners to be actively involved in the management of the College and their learning; and for College managers to act promptly on learner feedback creating a College environment which is informed by the views of its learners. The mechanisms used to drive and encourage learner involvement include the management of Learner Voice engagement, learner representatives, learner governors, learner membership of formal committees and the Corporation Board. The quality assurance element of learner involvement is managed by the Aspire Team, who facilitate Learner Voice surveys, analysing the response and data to inform improvement planning.

Continual Professional Development (CPD)

The Aspire Team is responsible for supporting the College management teams in planning, organising and evaluating the individual and collective learning and development needs of all staff, facilitating learning and development activities and events and responding to local and national initiatives and statutory requirements. Staff training and development is a key mechanism in ensuring that the College can meet its strategic targets, deliver its plans and ensure a quality service for all learners. The Quality, Learning and Teaching Manager (QLTM) has overall responsibility for the CPD/Staff Development budget which is allocated annually in line with the College budget year. The QLTM is responsible for driving forward a culture of continued professional development and professional learning, ensuring that learning and teaching strategies are consistent across College. The Aspire Team manage and facilitate the staff development of all College departments, reflecting individual training, curriculum, administrative, technical and management needs in order to fulfil the College's strategic direction. The QLTM chairs the South West Wales Professional Learning Network, which enables the College to collaborate on development projects with other colleges in the region. This offers valuable and diverse opportunities, ensuring that the College is at the core of regional developments and sector innovation, especially in light of the inevitable future consequences and requirements of the Covid-19 pandemic.

Safeguarding

The College has a mandatory safeguarding training programme in place. All staff are required to attend the Pembrokeshire Safeguarding training, which is a certificated course and is delivered by the College's Designated Lead for Safeguarding who is an approved trainer. The programme has continued throughout this academic year and is now available online.

Equality

The Equality Act 2010 and the Equality Act 2010 (Specific Duties) Regulations 2011 requires public bodies to publish relevant, proportionate information demonstrating their compliance with the Equality Duty and to set themselves specific, measurable equality objectives.

REPORT OF THE CORPORATION BOARD Cont'd

The Equality Act 2010 introduced a Public Sector Equality Duty (PSED), under which Public Bodies must consider how they can positively contribute to a fairer society in their day-to-day activities and are under a general duty to have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation and other conduct that is prohibited by the 2010 Act;
- advance equality of opportunity between people who share a relevant protected characteristic and those who do not; and
- foster good relations between people who share a protected characteristic and those who do not.

The College is committed to creating and sustaining a positive and supportive working environment for its staff and an excellent learning and teaching experience for its learners. The College is committed to ensuring equality of opportunity for all learners and staff. The College respects and positively values differences in race, sex, disability, sexual orientation, religion or belief, gender reassignment, adoption, pregnancy and maternity, being married or in a civil partnership and age. It vigorously strives to remove any barriers which place individuals at a disadvantage.

The College's Strategic Equality Plan 2019-2022 is approved and monitored by the Equality and Diversity Committee to ensure compliance with the Equality legislation. The College seeks to achieve the objectives set down in its Strategic Equality Plan. These relate to Curriculum, Learner Outcomes, Learner Services, Employment and the Physical Environment.

The College has an Equality and Diversity Policy, which is supplemented with a range of relevant Equality Procedures relating to individual protected characteristics. Equality impact assessments are undertaken for all College Policies and in relation to decisions made at Curriculum Cluster.

The College's progress towards meeting its legislative equality responsibilities is recorded in an Annual Equality Report and Action Plan, which is published on the College website.

In relation to all aspects of procurement, the College is committed to the Welsh Government's Code of Practice on ethical employment in supply chains. The College expects its suppliers to sign up to the Code of Practice to help ensure that ethical employment practices are carried out throughout the supply chain. In the tendering process, the College utilises the SQuID questionnaire template for tender exercises on Bravo. The College will fail tenders that do not meet our requirements.

Learning Support Services Statement

Pembrokeshire College creates opportunities for learners to achieve personal, educational and employment ambitions, which applies equally to learners with learning difficulties and/or disabilities and is a very important part of our drive to provide equality of opportunity for everybody.

Pembrokeshire College's Learning Support Services Statement sets out the way in which we will support learners with Additional Learning Needs, learning difficulties and or disabilities. We aim to provide a welcoming and enabling learning environment to support learners in their studies. Our staff have been trained to make sure that learners are provided with every opportunity to identify personal strengths, develop skills and to recognise and value individual aims and ambitions.

We are pleased to provide support, specialist advice, equipment and resources to allow access for learners with learning difficulties, physical disabilities and sensory impairments, together with a wide range of educational facilities and support.

REPORT OF THE CORPORATION BOARD Cont'd

Employment of Disabled Persons

The College is committed to considering 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 the College continues. The College's policy is to provide training, career development and opportunities for promotion that are, as far as possible, identical to those for other employees. This statement is borne out in the accreditation of the College as a Disability Confident Leader.

Health and Safety

The College is committed to aligning with BS OHSAS 18001, and is now committed to aligning with the new ISO 45001. The College continues to embed a positive HSE culture, this is carried out through a number of initiatives such as Management Tours. Last year, over 100 HSE improvements were made through the HSE action tracking system. Thorough audits are conducted on a risk basis and there is good cooperation from managers, all staff and learners.

Environment

The College is committed to sustainable development and ensuring resources are used effectively. The adverse impact on the environment arises from the consumption of energy, transport, generation of waste and consumption of office materials. An environmental strategy is being produced in order to improve environmental management and performance and to reduce the College's environmental impact. The College has developed a sustainable development strategy and has set up an environmental group to drive forward action to improve sustainability and environmental performance.

Financial Statements

Financial objectives and review of out-turn for the year

The financial statements are set out from page 54. The College out-turned a deficit of £567,000 after contribution to depreciation from the capital reserve (-1.6% of gross income) for the year compared with a deficit of £1,075,000 (-3.5% of gross income) for the previous year. The balance on the general reserve at 31 July 2021 stood at a deficit -£6,097,000 (2020 -£8,550,000) including pension reserve.

Review of performance

The financial performance and financial position of the Corporation is regarded as satisfactory. A review of performance and key performance indicators is set out in the Principal's Report on pages 3-33.

Payment performance

The late payment of Commercial Debts (Interest) Act 1998, which came in to force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within thirty days of either the provision of goods or services or the date on which the invoice was received. At the year end, creditors represented 5 days of trade purchases. The College incurred no interest charges in respect of late payment for this financial year.

REPORT OF THE CORPORATION BOARD Cont'd

The target set by the Treasury for payment to suppliers within thirty days is 95%. As at 31 July 2021 the College had 5 creditor days. The College incurred no interest charges in respect of late payment.

Creditors balance at 31 July 2021	£99,854
Amounts invoiced during the year by suppliers	£7,394,101
Number of days in the financial year	365 days
Trade creditor days at 31 July 2021	5 days

Pensions Trade

The financial statements report the share of the pension scheme deficit on the College's balance sheet in line with the requirements of FRS 102.

Disclosure of information to auditors

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

Approved by order of the members of the Corporation Board on 7 December 2021 and signed on its behalf by:



Iwan Thomas
Chair

CORPORATE GOVERNANCE STATEMENT INCORPORATING THE STATEMENT OF INTERNAL FINANCIAL CONTROL

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and financial statements of the College to obtain a better understanding of its governance and legal structure. This statement covers the financial year from 1st August 2020 to 31st July 2021 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

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

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College has adopted and complied with the Code. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2021. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Governance Code for Further Education published by Colegau Cymru in January 2016, which it formally adopted on 23 February 2016.

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

The Corporation Board

The composition of the Corporation Board is set out on page 48 and 49. It is the Corporation Board's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Corporation Board is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues. The Corporation Board meets six times per year as a minimum.

The Corporation Board conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation Board. These committees are Audit, Search and Remuneration, Quality and Standards and A Level.

CORPORATE GOVERNANCE STATEMENT INCORPORATING THE STATEMENT OF INTERNAL FINANCIAL CONTROL Cont'd

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

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

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

There is a clear division of responsibility in that the roles of the Chair and Principal are separate. The Corporation Board has adopted a governance structure that includes the "Membership Body" to further develop relationships with businesses, schools, voluntary organisations and the wider public and encourage greater community participation and integration with the College. This Body is known as the Pembrokeshire College Advisory Forum.

Appointments to the Corporation Board

Any new appointments to the Corporation Board are a matter for the consideration of the Corporation Board as a whole. The Corporation Board has a Search and Remuneration Committee comprising up to five members who are responsible for the selection and nomination of any new member for the Corporation Board's consideration. The Corporation Board is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation Board are appointed for a term of office not exceeding four years and are eligible for reappointment for a second term.

Search and Remuneration Committee

The Corporation Board merged the duties of the Search Committee and Remuneration Committee to form a single committee. The Committee has up to five members. The Committee's responsibilities include making recommendations to the Board on the remuneration and benefits of Senior Post Holders including the Principal and the Clerk to the Corporation Board.

Details of remuneration for the year ended 31 July 2021 are set out in note 7 to the financial statements.

Audit Committee

The Audit Committee comprises of six members of the Corporation Board (excluding the Principal and Chair). The Committee operates in accordance with written terms of reference approved by the Corporation Board.

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

CORPORATE GOVERNANCE STATEMENT INCORPORATING THE STATEMENT OF INTERNAL FINANCIAL CONTROL Cont'd

The College'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 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 advises the Corporation Board on the appointment of internal and financial statement auditors and their remuneration for both audit and non-audit work.

Quality and Standards Committee

The Board established a Quality and Standard Committee to determine and advise on such matters relating to the improvement of quality of performance. The remit of the Committee is to analyse the College's current performance, including the performance information for further education, work based learning and higher education.

The constitution of the Committee is: the Chair (a governor nominated by the Board), the Principal, Assistant Principal for Vocational Studies, 2 Student Governors, 2 Staff Governors and a co-opted representative from higher education along with Faculty Heads, Quality Assurance and the Director of Education, Pembrokeshire County Council (who is also a governor).

The Committee's remit includes Learner Voice and monitoring compliments and complaints.

A Level Committee

The Board established an A level Centre Committee following the increase of A Level provision into Campus6. The remit of the Committee is to oversee the operation of the A Level Centre.

The constitution of the Committee is: the Chair (a governor nominated by the Board), the Principal, Assistant Principal for Vocational Studies, 2 Student Governors, 2 Staff Governors and a co-opted representative from higher education along with Faculty Heads, Quality Assurance and the Director of Education, Pembrokeshire County Council (who is also a governor).

The Committee provides strategic advice and direction to the ALC Faculty Management Team.

CORPORATE GOVERNANCE STATEMENT INCORPORATING THE STATEMENT OF INTERNAL FINANCIAL CONTROL Cont'd

Internal Control

Scope of Responsibility

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

The Corporation Board has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which they are personally responsible, in accordance with the responsibilities assigned to them in the Financial Memorandum between the College and Welsh Government. They are also responsible for reporting to the Corporation Board any material weaknesses or breakdowns in internal control.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and their impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the College for the year ended 31 July 2021 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Corporation Board has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation Board is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the year ending 31 July 2021 and up to the date of approval of the annual report and financial statements. The Corporation Board regularly reviews this process.

The Risk and Control Framework

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

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

CORPORATE GOVERNANCE STATEMENT INCORPORATING THE STATEMENT OF INTERNAL FINANCIAL CONTROL Cont'd

The College has an internal audit service, which operates in accordance with the requirements of the Welsh Government. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed and annual internal audit plans are based on this analysis. The Corporation Board, on the recommendation of the Audit Committee, endorses the analysis of risks and the internal audit plans.

At a minimum annually, the Head of Internal Audit provides the Corporation Board with a report on internal audit activity in the College. The report includes the Head of Internal Auditor's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Review of Effectiveness

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

- The work of the Internal Auditors;
- The work of the senior managers within the College who have responsibility for the development and maintenance of the internal control framework;
- The comments made by the College's financial statements auditors and the Welsh Government's auditors in their management letters and other reports.

The Principal 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 members' attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation Board's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

At its December 2021 meeting, the Corporation Board carried out the annual assessment for the year ended 31 July 2021 by considering documentation from the senior management team, the internal audit and taking account of events since 31 July 2021.

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

Going Concern

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

CORPORATE GOVERNANCE STATEMENT INCORPORATING THE STATEMENT OF INTERNAL FINANCIAL CONTROL Cont'd

Bribery Act 2010

The Bribery Act 2010 came into effect on 1 July 2011 and applies to any organisation which is incorporated in the UK irrespective of where it carries out its business. The College is covered by the Act as it engages in commercial activities.

The Act contains two general offences:

- Active Bribery – offering or giving a bribe; and
- Passive Bribery – requesting or accepting a bribe.

Training has been provided to staff that have been identified as being most at risk. Any staff member who has suspicion of bribery being carried out must report it immediately to the Director of Resources.



Date: 7 December 2021
Iwan Thomas
Chair



Date: 7 December 2021
Dr Barry Walters
Principal

**MEMBERS OF THE CORPORATION BOARD –
FOR THE YEAR ENDED 31 JULY 2021**

Name	Date of Appointment / Re-Appointment	Term of Office	Committees	Attendance			Notes
				Board	Cmttees	Audit	
Iwan Thomas (Chair of Corporation Board)	August 2019 (First Term)	4 yrs	Search & Remuneration	6/6	4/4	N/A	Appointed as Chair 1st Aug 21
Caroline Oakley	September 2020 (Second term)	4 yrs	Search & Remuneration (Chair)	5/6	5/6	N/A	Resigned as Chair of Corp Board 31st Jul 21
Sue Leonard (Vice Chair of Corporation Board)	October 2017 (Third term)	4 yrs	Search & Remuneration Quality & Standards (Chair)	6/6	9/9	N/A	End of Term Oct 21, Review Sep 21
John Gammon	November 2019 (First term)	4 yrs		4/6	N/A	N/A	End of Term Dec 23, Review Oct 23
Andy Jones	May 2021 (Second term)	4 yrs	Audit	4/6	4/4	4/4	End of Term May 25, Review April 25
Graham Morgan	May 2021 (Second term)	4 yrs		6/6	N/A	N/A	End of Term May 25, Review Apr 25
Andrew Phillips	December 2017 (First term)	4 yrs		6/6	N/A	N/A	End of Term Dec 21, Review Oct 21
Dylan Harries	January 2020 (First term)	4 yrs	Audit (Chair)	6/6	4/4	4/4	End of Term Jan 24, Review Dec 23
Marc Blockwell	January 2020 (First term)	4 yrs	Audit	4/6	3/4	3/4	End of Term Jan 24, Review Dec 23
Louise Wilkinson	May 2021 (First term)	4 yrs		2/2	N/A	N/A	End of Term May 25, Review Apr 25
Lisa Gostling	October 2021 (First term)	4 yrs		N/A	N/A	N/A	End of Term Aug 25 Review Jul 25
Local Authority Governors							
Steven Richards-Downes	January 2020 (First term)	4 yrs	A Level Centre (Chair) Quality & Standards	5/6	5/6	N/A	End of Term Jan 24, Review Dec 23
Jonathan Haswell	October 2018 (Second term)	4 yrs	Audit	3/6	3/4	3/4	End of Term Oct 22, Review Aug 22
Cris Tomos	September 2017 (First term)	4 yrs	Audit	1/6	3/4	3/4	End of Term Sept 21, Review July 21
Staff Governors							
Steven Evans	August 2019 (First term)	4 yrs	Quality & Standards	1/6	1/3	N/A	End of term Aug 23, Review June 23
Charlie Royal	September 2020 (Second term)	4 yrs	Quality & Standards	5/6	2/3	N/A	End of Term Sept 24, Review July 24
Dr Barry Walters	July 2018		Search & Remuneration Quality & Standards A Level Centre	6/6	12/12	N/A	Principal

**MEMBERS OF THE CORPORATION BOARD –
FOR THE YEAR ENDED 31 JULY 2021 Cont'd**

Student Governors 2020/21							
Sam Marshallsay	October 2020 (1 Year Term)	1 yr	Quality & Standards	1/5	0/2	N/A	Student Gov to be elected new academic year
Bethan Mathias	October 2020 (1 Year Term)	1 yr	Quality & Standards	1/5	1/2	N/A	Student Gov to be elected new academic year
Student Governors 2021/22							
Ava Thomas	August 2021 (1 Year Term)	1 yr	Quality & Standards	N/A	N/A	N/A	Student Gov to be elected new academic year
Tomos Davies	August 2021 (1 Year Term)	1 yr	Quality & Standards	N/A	N/A	N/A	Student Gov to be elected new academic year
Observer – President of PCAF							
Helen Murray	CITB	2 yrs	Pembrokeshire College Advisory Forum				End of Term Feb 23, Review Dec 22
Recent Changes							
Chris Martin	December 2019 (Second term)	4 yrs	Audit (Chair) Search & Remuneration	2/2	4/4	2/2	Resigned December 2020
Jocelyn Llewellyn	July 2019	4 yrs	Search & Remuneration	1/2	0/2	N/A	Resigned in January 2021
Paula Ellis	February 2019 (First term)	4 yrs	A Level Centre	5/5	1/2	N/A	Resigned May 2021

The Members of the Corporation Board of the College are responsible for the administration and management of the College's affairs, including ensuring an effective system of internal control and are required to present audited financial statements for each financial year.

Within the terms and conditions of the Financial Memorandum agreed between WG and the Corporation, the Corporation, through its Chief Accounting Officer, is required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the College, the surplus/deficit and cash flows for that year.

STATEMENT OF THE RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION BOARD

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

- Select suitable accounting policies and apply them consistently;
- Make judgments 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;
- Assess whether the college is a going concern, noting the key supporting assumptions, qualifications or mitigating actions, as appropriate (which must be consistent with other disclosures in the financial statements and auditor's report)
- Prepare financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation.

The Corporation is satisfied that it has adequate resources to continue in operation for the foreseeable future; for this reason, the going concern basis continues to be adopted in the preparation of financial statements.

The Corporation Board is required to prepare a Members' Report describing its aims and how these are being addressed, including the legal and administrative status of the College.

The Corporation Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and enable it to ensure that the financial statements are prepared in accordance with guidance issued by WG and other relevant accounting standards. It has general responsibility for taking such steps that are reasonably open to it to safeguard assets of the College and to prevent and detect fraud and other irregularities.

Members of the Corporation Board are responsible for ensuring that funds from WG are used only in accordance with the financial memorandum with WG and any other conditions which WG may from time to time prescribe. Members of the Corporation Board must ensure that there are appropriate financial and management controls in place sufficient to safeguard public funds and funds from other sources and ensure that these are used only in accordance with the conditions under which they have been made available. Members of the Corporation Board are responsible for safeguarding the assets of the College and prevention and detection of fraud. In addition, members of the Corporation Board are responsible for securing the economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds by WG are not put at risk.

Approved by order of the members of the Corporation Board on 7 December 2021 and signed on its behalf by:



Iwan Thomas
Chair

INDEPENDENT AUDITORS' REPORT TO THE CORPORATION OF PEMBROKESHIRE COLLEGE (THE "INSTITUTION")

Report on the audit of the financial statements

Opinion

In our opinion, Pembrokeshire College's financial statements (the "financial statements"):

- give a true and fair view of the state of the College's affairs as at 31 July 2021, and of the College'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 Financial Statements (the "Annual Report"), which comprise the Balance Sheet as at 31 July 2021; the Statement of Comprehensive Income, the Statements of Changes in Reserves and the Statements of Cash Flows for the year then ended; and the notes to the financial statements, which include a summary of significant accounting policies.

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 then College 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

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

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

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

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

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 Corporation 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 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 Corporation for the financial statements

As explained more fully in the Statement of the responsibilities of the members of the corporation board, the Corporation 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 Corporation 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 Corporation is responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Corporation either intends to liquidate the College 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.

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.

Based on our understanding of the College/industry, we identified that the principal risks of non-compliance with laws and regulations related to health & safety and employment legislation together with the Financial Memorandum between the College and the Welsh Government, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Accounts Direction issued by the Welsh Government. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to manipulation of results of the College. Audit procedures performed included:

- Evaluation of the adequacy of the design of management's controls to prevent and detect irregularities;
- Enquiry of management around known or suspected instances of non-compliance with laws and regulations and fraud;
- Review of minutes of meetings with those charged of governance;
- Challenging assumptions made by management in its significant accounting estimates, in particular the assumptions around the local government pension scheme; and
- Identify and testing validity of journal entries, in particular any journal entries with unusual accounting combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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 or intentional misrepresentations, or through collusion.

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.

Use of this report

This report, including the opinions, has been prepared for and only for the College's Corporation as a body in accordance with Article 18 of the College'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 2015 issued by the Welsh Government

In our opinion, in all material respects:

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



PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
9 December 2021

PEMBROKESHIRE COLLEGE
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2021

	<u>Note</u>	2021 £'000	2020 £'000
Income			
Funding body grants	2	32,112	27,607
Tuition fees and education contracts	3	1,502	1,419
Other income	4	1,196	1,346
Investment income	5	3	16
Donations		12	35
Total income		34,825	30,423
Expenditure			
Staff costs	6	16,676	15,403
Other operating expenses	8	17,059	14,562
Depreciation	11	1,281	1,190
Interest and finance costs	9	349	288
Total expenditure		35,365	31,443
Adjusted EBITDA before one off costs and non-cash items		1,820	1,219
Net Interest (Payable)		(346)	(272)
Staff Restructuring Costs	6	(18)	(12)
<i>Non-Cash Items:</i>			
Depreciation	11	(1,281)	(1,190)
Release of Capital Grants	16	792	568
FRS 102 Pension & Early Retirement Charge		(1,507)	(1,333)
Deficit before other losses		(540)	(1,020)
(Loss) on disposal of fixed assets		(27)	(55)
Deficit for the year retained within general reserves		(567)	(1,075)
Actuarial Gain/(Loss)		2,919	(7,271)
Total Comprehensive Income/(Expense) for the year		2,352	(8,346)

The income and expenditure account is in respect of continuing activities of the College.

PEMBROKESHIRE COLLEGE
STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 JULY 2021

	Income and Expenditure £'000	Capital Reserve £'000	Total unrestricted Reserves £'000
Balance at 1 August 2019	(305)	5,400	5,095
Deficit from the income and expenditure account	(1,075)	-	(1,075)
Other comprehensive expense	(7,271)	-	(7,271)
Transfers between revaluation and income and expenditure reserves	101	(101)	
Total comprehensive expense for the year	<u>(8,245)</u>	<u>(101)</u>	<u>(8,346)</u>
Balance at 31 July 2020	<u>(8,550)</u>	<u>5,299</u>	<u>(3,251)</u>
Deficit from the income and expenditure account	(567)	-	(567)
Other comprehensive income	2,919	-	2,919
Transfers between revaluation and income and expenditure reserves	101	(101)	-
Total comprehensive income for the year	<u>2,453</u>	<u>(101)</u>	<u>2,352</u>
Balance at 31 July 2021	<u><u>(6,097)</u></u>	<u><u>5,198</u></u>	<u><u>(899)</u></u>

PEMBROKESHIRE COLLEGE
BALANCE SHEET AS AT 31 JULY 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Tangible assets	11	<u>29,978</u>	<u>28,254</u>
Current assets			
Stocks		45	44
Debtors	12	2,286	3,771
Cash & cash equivalents		7,236	4,917
Total current assets		<u>9,567</u>	<u>8,732</u>
Creditors - amounts falling due within one year	13	(5,406)	(5,205)
Net current assets		<u>4,161</u>	<u>3,527</u>
Total assets less current liabilities		34,139	31,781
Creditors - amounts falling due after more than one year	14	(13,564)	(12,433)
Less: Provisions for liabilities			
Defined benefit obligations	18	(20,704)	(21,749)
Other provisions	17	(770)	(850)
Net (liabilities)		<u>(899)</u>	<u>(3,251)</u>
Unrestricted reserves			
Income and expenditure account		(6,097)	(8,550)
Capital reserve		5,198	5,299
Total unrestricted reserves		<u>(899)</u>	<u>(3,251)</u>

The financial statements on pages 54 to 82 were approved by the Corporation Board on 7 December 2021 and were signed on its behalf by:



Iwan Thomas
Chair



Dr Barry Walters
Principal



Caroline James
Director of Resources

PEMBROKESHIRE COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2021

	2021	2020
	<u>£'000</u>	<u>£'000</u>
Cash flow from operating activities		
Deficit for the year	(567)	(1,075)
Adjustments for non-cash items		
Depreciation	1,281	1,190
Release of capital grants	(792)	(568)
(Increase) in stock	-	(6)
Decrease/(Increase) in debtors	1,485	(1,459)
Increase in creditors due within one year	799	868
(Decrease)/Increase in provisions	(80)	58
Pension costs less contributions paid	1,535	1,221
Adjustment for investing or financing activities		
Investment income	(3)	(16)
Interest payable	349	288
Loss on sale of fixed assets	27	55
Net cash flows generated from operating activities	<u>4,034</u>	<u>556</u>
Cash flows from investing activities		
Proceeds from sale of fixed assets	22	1
Investment income	3	16
Payments made to acquire fixed assets	(3,785)	(3,027)
Capital grants received	2,671	2,286
Net cash flows used in investing activities	<u>(1,089)</u>	<u>(724)</u>
Cash flows from financing activities		
Interest paid	(10)	(12)
Repayments of amounts borrowed	(616)	(123)
Net cash flows used in financing activities	<u>(626)</u>	<u>(135)</u>
Increase/(Decrease) in cash and cash equivalents in the year	<u>2,319</u>	<u>(303)</u>
Cash and cash equivalents at beginning of the year	4,917	5,220
Cash and cash equivalents at end of the year	7,236	4,917

Notes to the Financial Statements for the Year Ended 31 July 2021

1 Statement of Principal Accounting Policies

The following accounting policies have been applied consistently in dealing with items that 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 and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2020 to 2021 and in accordance with Financial Reporting Standard 102 - "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102. The financial statements conform to guidance published by WG in the Accounts Direction Handbook.

Basis of Accounting

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

Going concern

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

The College currently has £0.1m of loans outstanding with bankers on terms negotiated in 2007 which will be fully repaid within the next financial year. In addition, there was a Revolving Credit Facility in place for £1.5m available to the College which ceased in October 2021. However, at the financial year end, the College had no funds owing on this facility. The College currently has adequate cash holding levels to fully repay borrowings with no adverse effect on operations.

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

Due to the financial uncertainty around the Covid-19 pandemic, further measures have been tested beyond that of normal process to provide assurance around preparation of financial statements on a Going Concern basis. Financial forecasts have been prepared along with sensitivity analysis to ensure covenants placed upon the College by the Banks where loans are held are compliant and will remain so into the forthcoming year. There is nothing to suggest that the College has any issues with regards Going Concern in to the short and medium term and its cash holding levels are sufficient.

Whilst Local Government Pension Scheme non-cash liabilities have increased significantly over the last two years, it should be noted that this does not pose a threat to ongoing operations. The pension scheme liability as at the Balance Sheet data is now such that the overall Balance Sheet position shows negative reserves, however this is a liability that will need settling over a long term (over 25 years) and cash holding levels are sufficient to cover any cash pension contributions as and when they fall due. Therefore, the negative reserves position on the Balance Sheet as at 31 July 2021 does not cause any Going Concern issues that College Management need to consider.

Notes to the Financial Statements for the Year Ended 31 July 2021

Cont'd

Recognition of Income

The recurrent grants from Welsh Government (WG) and specific government grants are accounted for under the accrual model as permitted by FRS 102. Recurrent grants are recognised in line with planned activity. Any under-achievement against this planned activity is adjusted in-year and reflected in the level of recurrent grant recognised in the Statement of Comprehensive Income.

The Work Based Learning grant from WG is accounted for under the accrual model as permitted by FRS 102. The income is recognised in line with when delivery took place.

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

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102.

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

Income from contracts and other services rendered is included to the extent of the completion of the contract or service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs.

Income from the sale of goods or services is credited to the Statement of Comprehensive Income when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

All income from short-term deposits is credited to the income and expenditure account in the financial year in which it is earned.

Accounting for post-employment benefits

Post-employment benefits to employees of the College are principally provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes, 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 College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method.

The TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as an expense in the Statement of Comprehensive Income in the year during which services rendered by employees.

Notes to the Financial Statements for the Year Ended 31 July 2021

Cont'd

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 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 financial year 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 other recognised gains and losses.

Short-term Employment Benefits

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

Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the College annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the college's Income in the year that the member of staff retires. In subsequent years a charge is made to the income statement to reflect any required changes to the provision in the balance sheet.

Non-current Assets - Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation. Certain items of fixed assets that had 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.

Land and Buildings

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of deemed cost. Land and buildings acquired since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated on a straight-line basis over their expected useful lives as follows:

	Years
Buildings	100
Building and major refurbishment projects	66 - 80
Minor refurbishment projects	10 - 15

Notes to the Financial Statements for the Year Ended 31 July 2021

Cont'd

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

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were re-valued in 1998, but not to adopt a policy of revaluations of these properties in the future.

Assets Under Construction

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

Equipment

Equipment costing less than £1,000 per individual item or group of related items is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

Equipment is depreciated on a straight-line basis over its estimated useful economic life at the following rates:

Plant and machinery	10 - 25% per annum
Fixtures, fittings and Equipment	10 - 40% per annum

Capital Reserve

The value of tangible fixed assets inherited from the Local Education Authority on 1 April 1993 was transferred to the College's Capital Reserve. An amount equal to the depreciation charged on the inherited assets is transferred from the Capital Reserve to the Income and Expenditure Account each year.

Borrowing Costs

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised, all other 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.

Stocks

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

Cash and Cash Equivalents

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

Notes to the Financial Statements for the Year Ended 31 July 2021

Cont'd

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

Financial Liabilities

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

All loans are classified as basic financial instruments in accordance with FRS 102. The loan is 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, the College has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans that are payable or receivable within one year are not discounted.

Taxation

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

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

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

Provisions and Contingent Liabilities

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

Agency Arrangements

The College acts as an agent in the collection and payment of Financial Contingency Funds and Educational Maintenance Allowances. Related payments received from WG and subsequent disbursements to learners are excluded from the Statement of Comprehensive Income are shown separately in the notes to the financial statements, except for the 3 per cent of the grant received which is available to the College to cover administration costs relating to the grant. The College employs one member of staff dedicated to the administration of Financial Contingency Fund applications and payments.

Notes to the Financial Statements for the Year Ended 31 July 2021

Cont'd

Investments in Subsidiaries

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

The results of Pembrokeshire Apprenticeship Scheme have not been consolidated with those of Pembrokeshire College as the Corporation Board considers that the amounts involved are not material.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

The College acts as the lead provider in the Work Based Learning Contract. The College subcontracts some of the delivery of this contract to other partner institutions and companies. Pembrokeshire College holds the contract directly with the Welsh Government and therefore, this is not considered to be a consortia arrangement. Income is recognised on the basis of the College acting as "Principal". Therefore, and in accordance with the Accounts Direction issued by Welsh Government, the College has recognised income from this contract on a gross basis in these financial statements (see note 2).

Determined whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis:

Determined whether there are indicators of impairment of the college's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Other Key Sources of estimation uncertainty:

Useful Economic Life of Fixed Assets

Tangible fixed assets, are depreciated over their useful lives considering 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 considered. 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. Any changes in these assumptions, which are disclosed in note 18, will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 to value the pensions liability at 31 July 2021. 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 Financial Statements for the Year Ended 31 July 2021

Cont'd

2 Funding Body Grants

	2021	2020
	<u>£'000</u>	<u>£'000</u>
Recurrent grant	11,856	11,662
Work Based Learning grant (WBL)	3,216	3,124
Franchised provision - WBL	12,193	10,897
- FE	86	54
Release of deferred capital grants		
- Buildings	245	199
- Equipment	516	338
Specific grants	4,000	1,333
	<u>32,112</u>	<u>27,607</u>

The College is a lead in the Work Based Learning contract. All income derived through the contract is shown in these financial statements. The breakdown of monies allocated is as below:

	2021	2020
	<u>£'000</u>	<u>£'000</u>
WBL Contract Income	15,409	14,021
Payments to FE partners	(7,338)	(8,093)
Payments to non FE partners	(4,855)	(2,804)
Total Payments to Partners	(12,193)	(10,897)
Pembrokeshire College WBL income as provider and contract lead	<u>3,216</u>	<u>3,124</u>

3 Tuition Fees and Education Contracts

	2021	2020
	<u>£'000</u>	<u>£'000</u>
Further Education		
- Tuition Fees	801	614
- International Students' Fees	65	71
Higher Education (HE) income	170	327
Tuition Fees Total	1,036	1,012
Higher Education (HE) Franchised income	131	100
Department of Work and Pensions income	29	-
Other Educational Contracts	306	307
	<u>1,502</u>	<u>1,419</u>

Notes to the Financial Statements for the Year Ended 31 July 2021

Cont'd

4 Other income

	2021 £'000	2020 £'000
European Funds	592	530
Catering and Residences Operations	9	63
Release of deferred capital grants (non WG)	31	31
College Facilities	86	151
International Discrete Provision	26	32
Salary & Other Grants	223	246
Other Income Generating Activity	229	293
	1,196	1,346

5 Investment income

	2021 £'000	2020 £'000
Bank Interest receivable	3	16

6 Staff Costs

The average number (No.) of persons (including senior post holders) employed by the College during the year, also expressed as full-time equivalents (FTE) with the associated staff costs was:

	No.	FTE.	2021 £'000	No.	FTE	2020 £'000
Teaching departments - Teaching staff	224	173	8,002	224	167	7,501
- Other staff	132	102	3,521	127	95	3,092
Teaching support services	37	29	839	39	29	789
	393	304	12,362	390	291	11,382
Other support services	16	12	404	16	12	356
Administration and central services	49	38	1,767	51	38	1,676
General education expenditure	5	4	164	6	4	155
Premises	13	10	326	15	11	325
Other income generating activities	7	5	128	9	7	164
Total	483	373	15,151	487	363	14,058
FRS 102 non-cash pension adjustment			1,535			1,221
Early retirement (income)/costs			(28)			112
Staff restructuring			18			12
			16,676			15,403

Notes to the Financial Statements for the Year Ended 31 July 2021

Cont'd

6 Staff Costs Cont'd

	2021 £'000	2020 £'000
Wages and salaries	11,827	11,050
Social security costs	1,103	1,021
Other pension costs (including FRS 102 (28) adjustments)	3,756	3,208
Early retirement (income)/costs	(28)	112
Staff Restructuring	18	12
Total	16,676	15,403

	2021 £'000	2020 £'000
Employment costs for staff on permanent contracts	14,021	13,185
Employment costs for staff on short-term and temporary contracts	1,130	873
FRS 102 (28) adjustment	1,535	1,221
Early retirement (income)/costs	(28)	112
Staff Restructuring	18	12
Total	16,676	15,403

All Staff

In line with a nationally agreed award by all Colleges and the joint unions, the College awarded a cost of living settlement with effect from 1 August 2020 as follows:

- Main Grade 1 teaching staff of 8.5%
- Other Main Grade teaching grades 3.75%
- Business support staff 3.1%
- Upper Pay teaching Grades 2.75%
- Managers 2.75%

Notes to the Financial Statements for the Year Ended 31 July 2021

Cont'd

7 Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College. The key management personnel comprise of the Principal, Deputy Principal and Assistant Principal.

Emoluments of Key Management Personnel, Accounting Officer and other higher paid staff

The number of key management personnel and other staff, stated in Full Time Equivalent (FTE) who received (or would have done, had they been employed by the College for the full year) annual emoluments, excluding pension contributions but including benefits in kind, in the following ranges was:

	Key Management Personnel		Other Staff	
	2021 No.	2020 No.	2021 No.	2020 No.
£60,001 to £65,000	-	-	7	2
£70,001 to £75,000	-	1	-	1
£75,001 to £80,000	1	-	1	-
£80,001 to £85,000	-	-	0.2	-
£85,001 to £90,000	-	1	-	-
£90,001 to £95,000	1	-	-	-
£115,001 to £120,000	-	-	-	0.2
£120,001 to £125,000	-	1	-	-
£125,001 to £130,000	1	-	-	-

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

	Key Management Personnel		Other Staff	
	2021 £	2020 £	2021 £	2020 £
Salaries	294,680	286,797	525,591	218,018
Benefits in Kind	-	-	-	-
	294,680	286,797	525,591	218,018
Pension Contributions	59,479	55,915	93,794	41,093
	354,159	342,712	619,385	259,111

Notes to the Financial Statements for the Year Ended 31 July 2021

Cont'd

7 Key Management Personnel Cont'd

The emoluments paid to the Principal who is the Accounting Officer and who is also the highest paid member of staff are set out below.

	2021	2020
	£	£
Emoluments of the Principal		
Salary	126,691	123,300
Benefits in Kind	-	-
	<u>126,691</u>	<u>123,300</u>
Pension Contributions	30,000	28,477
	<u>156,691</u>	<u>151,777</u>

The Search and Remuneration Committee undertook a robust investigation into the determination of salary. This included comparison with the most recent figures of average salaries of the Accounting Officers within the FE sector in Wales (as reported in financial accounts), taking into account income and Work Based Learning contract holders. Based on this evidence recommendations were made to the Corporation Board that were subsequently approved. In addition, the pay award for cost of living approved for staff has also been applied to all Senior Post Holders including the Accounting Officer. Performance of the Accounting Officer and other Senior Post Holders is reviewed annually through appraisals, setting of objectives and final outcomes.

Relationship of the Accounting Officer's emoluments and that of all other employees

	2021	2020
Accounting Officer's basic salary divided by the median pay of all other employees	4.7	4.7
Accounting Officer's total emoluments divided by the median pay of all other employees	5.8	5.8

The previous Accounting Officer who left the role of Principal on the 30 June 2018 returned as an employee on a consultative post on an ad-hoc basis. Total emoluments for the year ending 31 July 2021 was £16,284 (2020: £19,587).

There were no amounts due to key management personnel or higher paid staff that were waived in the year.

Notes to the Financial Statements for the Year Ended 31 July 2021

Cont'd

7 Key Management Personnel Cont'd

The Principal was awarded a Cost of Living increase in line with other Management posts of 2.75% effective 1 August 2020. This took the salary from £123,300 to £126,691.

The Assistant Principal Commercial and Client Services and the Assistant Principal Vocational Studies were each awarded a Cost of Living increase in line with other Management posts of 2.75% effective 1 August 2020.

The pension contributions of the Principal and key management personnel are in respect of employer's contributions and are paid at the same rate as for other employees.

The members of the Corporation, other than the Principal and the two staff members, did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

Notes to the Financial Statements for the Year Ended 31 July 2021

Cont'd

8 Other Operating Expenses

		2021 £'000	2020 £'000
Teaching departments	- Learner Related Expenditure	983	589
	- Projects Expenditure	496	114
Teaching support services		955	942
Other support services		129	84
Administration and central services		591	561
Unrecoverable VAT		384	302
Transformation		56	-
General education expenditure		30	43
Premises costs	- Running costs	315	344
	- Maintenance	190	235
	- External Contracts	327	205
	- Rents and Leases	75	74
Planned maintenance and Condition Survey Work		129	22
Other income generating activities		42	57
Catering and residences		78	39
Subtotal before Franchised provision		4,780	3,611
Franchised provision	- FE	86	54
	- WBL	12,193	10,897
		17,059	14,562

		2021 £'000	2020 £'000
Other operating expenses include:			
Examination Fees (included in Teaching support services)		422	429
Auditors' remuneration	- external audit	17	19
	- internal audit	19	20
	- other services regulatory	5	5
Operating leases	- plant and machinery	7	8
	- land and buildings	75	74

9 Interest and Finance Costs

	Note	2021 £'000	2020 £'000
Bank loans		10	12
Pension finance costs	18	339	276
		349	288

Notes to the Financial Statements for the Year Ended 31 July 2021

Cont'd

10 Taxation

The College is not liable for any corporation tax arising out of its activities during the year due to its charitable status.

11 Tangible Assets

	Freehold Land and Buildings £'000	Plant and Machinery £'000	Fixtures Fittings and Equipment £'000	Assets in the Course of Construction £'000	Total £'000
Cost or valuation					
At 1 August 2020	34,866	919	9,389	1,920	47,094
Additions	345	20	694	1,996	3,055
Disposals	(573)	(23)	(593)	-	(1,189)
Transfer	3,273	-	-	(3,273)	-
At 31 July 2021	37,911	916	9,490	643	48,960
Accumulated depreciation					
At 1 August 2020	10,839	866	7,135	-	18,840
Charge for year	620	14	647	-	1,281
Eliminated in respect of disposals	(532)	(20)	(587)	-	(1,139)
At 31 July 2021	10,927	860	7,195	-	18,982
Net book value					
At 31 July 2021	26,984	56	2,295	643	29,978
At 31 July 2020	24,027	53	2,254	1,920	28,254
Inherited	5,198	-	-	-	5,198
Financed by capital grant	11,698	46	1,987	643	14,374
Other	10,088	10	308	-	10,406
Net book value at 31 July 2021	26,984	56	2,295	643	29,978

Land and buildings were valued as at 31 January 1994 at their depreciated replacement cost by Chestertons International PLC, Property Consultants. Other tangible fixed assets inherited from the Local Education Authority at incorporation were valued by the College at their estimated depreciated replacement cost.

Land and buildings with a net book value of £5,197,594 (2020: £5,298,714) have been funded from Local Education Authority sources. Should these assets be sold, the College would either have to surrender the sale proceeds to WG or use them in accordance with the financial memorandum of the WG.

Notes to the Financial Statements for the Year Ended 31 July 2021

Cont'd

11 Tangible Assets Cont'd

Assets in the Course of Construction represents the capital investment funded through the WG Band B 21st Century Schools Programme. The projects are due to be completed during 2022/23, with a total value circa £8,800,000.

12 Debtors

	2021	2020
	<u>£'000</u>	<u>£'000</u>
Amounts falling due within one year		
Trade debtors	1,976	3,423
Prepayments and accrued income	310	348
	<u>2,286</u>	<u>3,771</u>

13 Creditors - Amounts falling due within one year

	Note	2021	2020
		<u>£'000</u>	<u>£'000</u>
Bank and other loans	15	103	116
Payments received in advance		218	209
Creditors - Trade		100	97
- Capital		320	1,050
Taxation and social security		321	261
Accruals		1,082	672
Other Creditors		1,598	1,635
Deferred revenue grants		854	500
Deferred capital grants	16	810	665
		<u>5,406</u>	<u>5,205</u>

14 Creditors - Amounts falling due after more than one year

	Note	2021	2020
		<u>£'000</u>	<u>£'000</u>
Bank and other loans	15	-	603
Deferred capital grant	16	13,564	11,830
		<u>13,564</u>	<u>12,433</u>

Notes to the Financial Statements for the Year Ended 31 July 2021

Cont'd

15 Maturity of Debt

Bank loans

The College has the following loan facilities in place:

Barclays Bank plc

The loan facility bears interest at 0.45% above base and is repayable over 15 years. The balance on this account at 31 July 2021 was £103,194 (2020: £215,322).

HSBC Bank plc

The College entered into a Revolving Credit Facility (RCF) with HSBC Bank plc in October 2016. The facility of £1,500,000 is in place for a 5-year term which allows the College access to funds up to this value as and when required. The RCF bears interest at 1.75% above LIBOR on amounts drawn down. A non-utilisation fee of 0.25% is charged on any undrawn balance. As at 31 July 2021 the College had drawn down £0 of the facility (2020: £500,000) and the Facility ceased in October 2021.

The loans are repayable as follows:

	2021 £'000	2020 £'000
In one year or less	103	116
Between one and two years	-	603
	103	719

Notes to the Financial Statements for the Year Ended 31 July 2021

Cont'd

16 Deferred Capital Grants

	WG Grants		Other Grants		Total
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000	
Balance at 1 August 2020	9,753	1,590	1,106	46	12,495
Cash received	1,746	925	-	-	2,671
Released to Statement of Comprehensive Income	(245)	(516)	(20)	(11)	(792)
At 31 July 2021	11,254	1,999	1,086	35	14,374

	2021 £'000	2020 £'000
In one year or less	810	665
In one year or more	13,564	11,830
	14,374	12,495

Notes to the Financial Statements for the Year Ended 31 July 2021

Cont'd

17 Other Provision

	<u>£'000</u>
At 1 August 2020	850
Expenditure for year	(48)
Transferred from Statement of Comprehensive Income	(32)
At 31 July 2021	<u>770</u>

The enhanced pension provision relates to future payments in respect of early retirees. This provision has been recalculated in accordance with guidance issued by the funding body.

The provision includes £189,504 (2020: £194,746) in respect of early retirement pension payable to former key management personnel.

The principal assumptions for this calculation are:

	2021	2020
Interest rate	1.6%	1.3%
Inflation rate	2.6%	2.2%

Notes to the Financial Statements for the Year Ended 31 July 2021

Cont'd

18 Pension and Similar Obligations

The employees of the College belong to two principal pension schemes, the unfunded Teachers' Pension Scheme (TPS) and the funded Dyfed Local Government Pension Scheme (LGPS). The total pension cost was £2,220,942 (2020 £1,986,988).

The principal assumptions for this calculation are:

	2021	2020
	<u>£'000</u>	<u>£'000</u>
TPS contributions Paid	1,196	1,096
LGPS contributions paid	1,025	891
LGPS FRS 102 (28) charge	1,535	1,221
LGPS total	<u>2,560</u>	<u>2,112</u>
Enhanced Pension charge to the Statement of Comprehensive Income		
TPA	(32)	108
LGPS	4	4
Total	<u>(28)</u>	<u>112</u>
Total Pension Cost for Year within staff costs	<u>3,728</u>	<u>3,320</u>

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

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

Notes to the Financial Statements for the Year Ended 31 July 2021

Cont'd

18 Pension and Similar Obligations Cont'd

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

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

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

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

The pension costs paid to TPS in the year amounted to £1,195,571 (2020: £1,095,700)

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Dyfed Local Authority. The total contributions made for the year ended 31 July 2021 were £1,390,045 of which employer's contributions totalled £1,025,371 and employees' contributions totalled £364,674. The agreed contribution rates for future years are 19.1% for employers and range from 5.5% to 12.5% for employees, depending on salary.

Notes to the Financial Statements for the Year Ended 31 July 2021

Cont'd

18 Pension and Similar Obligations Cont'd

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2021 by a qualified independent actuary.

	2021	2020
Rate of CPI inflation	2.6%	2.3%
Rate of increase in salaries	4.1%	3.8%
Rate of increase in pensions	2.7%	2.4%
Discount rate	1.6%	1.6%

The assumed life expectations on retirement age 65 are:

	2021 Years	2020 Years
Retiring Today – Males	23.1	23.0
Retiring Today – Females	25.0	24.9
Retiring in 20 years' time – Males	24.7	24.5
Retiring in 20 years' time – Females	27.2	27.1

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

	Value at 31 July 2021 £'000	Value at 31 July 2020 £'000
Equities	25,958	19,779
Government Bonds	623	1,214
Other Bonds	2,838	2,648
Property	3,599	3,283
Other	1,592	662
	34,610	27,586

The amount included in the balance sheet in respect of the defined benefit pension plan

	2021 £'000	2020 £'000
Fair value of plan assets	34,610	27,586
Present value of plan liabilities	(55,314)	(49,335)
	(20,704)	(21,749)

Notes to the Financial Statements for the Year Ended 31 July 2021

Cont'd

18 Pension and Similar Obligations Cont'd

The analysis of amounts charged to the Statement of comprehensive income and expenditure is as follows

	2021	2020
	<u>£'000</u>	<u>£'000</u>
Charged to staff costs		
Current service costs	(2,541)	(2,020)
Administration expenses	(23)	(21)
Past service cost	-	(75)
Total Charge to staff costs	<u>(2,564)</u>	<u>(2,116)</u>
Charge for net return on pension scheme		
Interest Income	449	627
Interest cost	(788)	(903)
Net interest charged	<u>(339)</u>	<u>(276)</u>
Credit/(Charge) to other comprehensive income		
Return on pension plan assets	5,626	(1,868)
Changes in assumptions underlying the present value of plan liabilities	(2,707)	(5,403)
Actuarial Gain/(Loss)	<u>2,919</u>	<u>(7,271)</u>
Total credit/(charge) to the Income Statement	<u>16</u>	<u>(9,663)</u>

Movement in net defined liability during the year

	2021	2020
	<u>£'000</u>	<u>£'000</u>
Deficit at 1 August	(21,749)	(12,981)
Movement in year:		
Current service cost	(2,541)	(2,020)
Net interest on the defined liability	(339)	(276)
Administration costs	(23)	(21)
Past service cost	-	(75)
Employer contributions	1,029	895
Actuarial gain/(loss)	2,919	(7,271)
Net defined liability at 31 July	<u>(20,704)</u>	<u>(21,749)</u>

Notes to the Financial Statements for the Year Ended 31 July 2021

Cont'd

18 Pension and Similar Obligations Cont'd

Asset and liability reconciliation

Changes in the present value of defined benefit obligations

	2021 £'000	2020 £'000
Defined benefit obligations at start of financial year	(49,335)	(41,137)
Current service cost	(2,541)	(2,020)
Interest cost	(788)	(903)
Contribution by scheme participants	(365)	(335)
Past service cost	-	(75)
Changes in financial assumptions	(2,707)	(5,403)
Benefits paid	422	538
Net defined liability at 31 July	(55,314)	(49,335)

Changes in fair value of plan assets

	2021 £'000	2020 £'000
Fair value of plan assets at start of year	27,586	28,156
Return on plan assets	449	627
Remeasurements (assets)	5,626	(1,868)
Administration costs	(23)	(21)
Employer contributions	1,029	895
Contributions by scheme participants	365	335
Benefits paid	(422)	(538)
Fair value of plan assets at 31 July	34,610	27,586

19 Capital Expenditure

	2021 £'000	2020 £'000
Purchase of tangible fixed assets	(3,785)	(3,027)
Proceeds from sale of tangible fixed assets	22	1
Capital grants received	2,671	2,286
Net cash outflow from capital expenditure	(1,092)	(740)

Notes to the Financial Statements for the Year Ended 31 July 2021

Cont'd

20 Analysis of Changes in Net Funds

	At 1 August 2020 <u>£'000</u>	Cash flow <u>£'000</u>	Non-cash Movement <u>£'000</u>	At 31 July 2021 <u>£'000</u>
Cash at bank and in hand	4,917	2,319	-	7,236
Bank loans due within one year	(116)	616	(603)	(103)
Bank loans due after one year	(603)	-	603	-
Net funds	<u>4,198</u>	<u>2,935</u>	<u>-</u>	<u>7,133</u>

21 Capital commitments

	2021 <u>£'000</u>	2020 <u>£'000</u>
Capital expenditure contracted for at 31 July not provided for in the Financial statements.	<u>3,378</u>	<u>1,866</u>

22 Financial Commitments

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

	2021 <u>£'000</u>	2020 <u>£'000</u>
Expiring less than one year	110	86
Expiring between two and five years inclusive	58	85
Expiring in more than five years	68	77
	<u>236</u>	<u>248</u>

Notes to the Financial Statements for the Year Ended 31 July 2021

Cont'd

23 Related Party Transactions

The College entered into the following transactions with organisations in which a member of the Board of Governors had an interest:

Details of related party	Sales to related party		Purchases from related party		Balances (owed to)/ owed by at year end	
	2021	2020	2021	2020	2021	2020
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Pembrokeshire County Council	520	368	625	623	(124)	46
Milford Haven Port Authority	-	2	98	95	(2)	-

24 Financial Contingency Fund

The College acts as agent in the administration of learner support funds which are available solely for learners. The grants and related disbursements are excluded from the Statement of Comprehensive Income.

	2021 <u>£'000</u>	2020 <u>£'000</u>
Brought Forward 1 August	8	19
Received from WG	232	216
	<u>240</u>	<u>235</u>
Disbursed to Learners	(199)	(227)
Balance unspent	<u><u>41</u></u>	<u><u>8</u></u>
Summary of balance unspent at 31 July		
Retained for following year	41	8
Balance unspent	<u><u>41</u></u>	<u><u>8</u></u>