

**HARLOW  
COLLEGE**

**Annual Report  
& Financial  
Statements**

Year ended 31 July 2022



# **HARLOW COLLEGE**

## **Annual Report and Financial Statements for the year ended 31 July 2022**

### **Key Management Personnel, Board of Governors and Professional advisers**

#### **Key management personnel**

Key management personnel are defined as members of the College Executive Team and were represented by the following:

K Spencer MBE – Principal, Chief Executive and Accounting officer  
W Allanson – Deputy Principal  
R Jones – Vice Principal  
P Whitehead – Vice Principal

S Abdelmoula – Assistant Principal  
K Craig – Assistant Principal – Joined Executive 23<sup>rd</sup> November 2021  
A King – Assistant Principal  
W Martin – Assistant Principal  
J Sample – Assistant Principal – Left Executive 1<sup>st</sup> February 2022  
L Wedgbury-Glew – Assistant Principal  
S Appleby – Executive Director of HR Services  
S Boyce – Executive Director of Student Services – Joined Executive 1<sup>st</sup> August 2022  
K Edwards – Executive Director of Quality  
D Morgan – Executive Director of Finance & MIS  
B Nicholls – Executive Director of IT

#### **Board of Governors**

A full list of Governors is given on page 25 to 27 of these financial statements.  
R Lucas Head of Governance acted as Clerk to the Corporation.

#### **Professional advisers**

##### **Financial statements auditors and reporting accountants:**

Buzzacott LLP  
130 Wood Street  
London  
EC2V 6DL

##### **Internal auditors:**

Scrutton Bland LLP  
Fitzroy House  
Crown Street  
Ipswich  
Suffolk  
IP1 3LG

##### **Bankers:**

Clydesdale Bank PLC  
88 Wood Street  
London  
EC2V 7QQ

##### **Solicitors:**

Eversheds LLP  
Bridgewater place  
Water Lane  
Leeds  
LS11 5DR

Burness Paull LLP  
50 Lothian Road  
Festival Square  
Edinburgh  
EH3 9WJ

# **HARLOW COLLEGE**

## **Annual Report and Financial Statements for the year ended 31 July 2022**

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## Annual Report and Financial Statements for the year ended 31 July 2022 Members' Report

### OBJECTIVES AND STRATEGIES

The governing body present their annual report together with the financial statements and auditor's report for Harlow College for the year ended 31 July 2022.

#### Legal status

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



Stansted Airport College which is part of Harlow College opened in September 2018. It is the UK's first all-round aviation further education institute. It is named Stansted Airport College as it is located at London Stansted Airport.

#### Mission

Harlow College is committed to ensuring that we change and transform the lives of young people and adults in our community. We want all of our learners to achieve their ambitions, contribute significantly to the productivity of the economy and have happy and purposeful lives. We have a relentless focus on "More than Courses. Careers".

At the core of our strategy is:

- S: **Students** at the heart
- T: **Teamwork** - work together, achieve together
- A: Be **Ambitious**, Build Futures
- R: **Respect** each other, share similarities and celebrate differences

Harlow College is a medium sized FE college with 2 campuses and 4 smaller satellite learning centres. The College's main campus is on the edge of Harlow's town centre, with Stansted Airport College (part of Harlow College) located at London Stansted Airport. The smaller satellite learning centres within Harlow and at Stansted Airport are used to deliver the majority of its adult provision. The College offers a wide variety of vocational, technical and professional qualifications and in 2021/22 had over 5,000 students enrolled on courses. The College draws just under half of its learners from Harlow, with the remainder primarily from West Essex, East Hertfordshire and North London.

#### Strategic Plan: More than Courses. Careers. (2019-2024)

We are building on key partnerships we have established with employers, businesses, community groups, schools, colleges and universities – we pride ourselves on our enterprising approach, ensuring that we develop the skills needed for our thriving innovation corridor. The plan has been updated to include any changes we may have to make due to the impact of COVID-19.

We have shaped our plan around the following intentions:

- Career-led curriculum.
- Quality of Education.
- Resources.

## **Annual Report and Financial Statements for the year ended 31 July 2022 Members' Report**

### **Career-led Curriculum**

- Our curriculum planning will focus on the maintenance and development of the 'More than courses. Careers' approach, in particular partnerships with key employers including Stansted Airport, Princess Alexandra Hospital, and development linked to the Garden Towns.
- Our students, whatever their age, background or mode of study will have access to a career-led curriculum that develops more than a qualification and allows them to successfully progress to their next stage.
- The College's curriculum will be designed with clear pathways for learners to enter the system at every level and succeed. This will be increasingly important as we identify lost learning from the COVID-19 pandemic, embrace curriculum reform (for example T-Levels) and review our partnerships with employers.
- We will build on our successful Learning, Teaching and Assessment Strategy to ensure that students are equipped with the digital skills, industry skills, and the English and Maths skills required to be successful.
- We will develop our students to be independent learners and thinkers, equipping them with the flexibility and resilience they will require for an unknown future. We will use digital technologies to equip them for a changing world, in particular the 4<sup>th</sup> Industrial Revolution and rapid technological changes.
- Our students will need the skills to be active citizens, understanding and changing habits, in terms of sustainability, low carbon technologies and health. We will build these, alongside our digital approach, into the curriculum, as well as College policies and procedures.
- We are committed to the Carbon Reduction Roadmap from the Association of Colleges and as such are putting in place Carbon Literacy champions through the Carbon Literacy Trust Programme.
- We are working across Greater Essex with the Chamber of Commerce, as part of the Strategic Development Fund and Local Skills Improvement plans to develop sector-based employer boards to inform our curriculum. As well as working with large employers, like Stansted Airport, we will also ensure small and medium sized enterprises have a voice. National and global trends will be considered, as well as, the local economy. We have partnered with Essex Based colleges to have a coherent voice and approach.
- We will continue to work with employers and community partners, to develop pre-apprenticeship programmes for young people and adults.
- Our curriculum will be designed to meet industry standards and wherever possible provide students and apprentices with the professional status required in their sector.
- We will develop our technical provision, including new T-levels and progression pathways to Levels 4 and 5, reviewing our Higher Education Strategy and ensuring we have a sustainable model for the future. We have been successful in bidding for a new Institute

**T-LEVELS**  
**THE NEXT LEVEL QUALIFICATION**

## **Annual Report and Financial Statements for the year ended 31 July 2022 Members' Report**

for Technology (IoT) with South Essex College and colleges within our Local Enterprise Partnership (LEP).

- We will continue our regional work with job centres supporting adults back into work in a flexible and pro-active way. However, we also need to shift the balance of this work to in-work training with the current post-pandemic low unemployment rates. We are also committed to life-long learning and ensuring that our response to the Government White paper is strong, providing good opportunities to retrain and up-skill.

### **Quality of Education**

We want everyone to reach their full potential and receive a good quality education, to do this we will:

- Set aspirational targets that ensure the highest outcomes in terms of achievement, progress, value added and destinations
- Build on our successful Ofsted Inspection of 2019, with the aim of being Outstanding under the new Education Inspection Framework
- Establish and embed the practice of our Maths Centre for Excellence, developing a strong network of other colleges and an action research-led approach to educational improvement
- Be seen as a regional centre of excellence for the delivery of technical education, in particular focusing on our partnerships with key employers in the region and launching an IoT
- Be recognised through the achievement of awards, and celebrate success, for example, the maintenance of Apple Distinguished School status

### **Resources**

The biggest challenge is to manage the investment in the College infrastructure whilst responding to a challenging policy and funding environment from Government.

Our priorities will be to:

- Achieve continued 'Good' financial health and meet our bank covenants, in order for us to invest in our curriculum, resources and staff
- To improve the efficiency of the curriculum whilst offering high quality outcomes, with a focus on managing group sizes and staffing to ensure value for money alongside effectiveness
- To manage the increasing cost-base as effectively as possible, reviewing processes and procedures to ensure we are getting best value for money, including reviewing approaches to sustainability across our buildings and infrastructure as part of the Carbon Reduction Roadmap
- To manage the complexity of the apprenticeship levy, continuing to secure new business from employers

## **Annual Report and Financial Statements for the year ended 31 July 2022 Members' Report**

- To secure project based work that complements existing provision and allows us to best meet the needs of the labour market
- To review and develop a sustainable funding model for the delivery of the Adult Education Budget, Higher Education and Level 4 and 5 work with a focus on higher level technical skills
- We will work to develop pathways for industry professionals into teaching, providing a 'scaffolded' system of development and training, bidding for funds to support new teachers where available and introducing a new applicant tracking system
- A commitment to our unions to ensure staff pay awards are planned into our budgeting and measures are put in place to ensure we meet the recommended thresholds
- To invest in our staff through continued support for professional development, digital development and our well-being programmes
- The further rejuvenation of our estate, including capital funds as part of the IoT and undertaking a campus "master planning" exercise to ensure we have shovel ready projects focused on areas of growth and refurbishment
- Consolidation of our previous strategy, including embedding of HAMEC with a Skills Advisory panel, work on Sustainable Construction, partnerships with UK Health Security Agency (UKHSA) and Stansted Airport College
- Continued investment in new technologies to support the development of digital skills



HAMEC - £11m  
investment in our new  
Engineering Centre

### **RESOURCES**

Harlow College has various resources that it can deploy in pursuit of its strategic objectives.

#### *People*

During the year the College employed on average 477 people (in 2020/21 463 people), of whom 313 are teaching staff (in 2020/21 311 people). The growth in staff is mainly due to increasing the support for student industry placements.

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The College enrolled the following students during the year:

Type of provision	2021/22 Numbers of Learners	2020/21 Number of Learners	2019/20 Number of Learners
16 to 19 Study Programmes	2,679	2,695	2,752
Apprenticeships (starts)	662	448	677
Adult learning programmes	2,071	2,055	2,915

Due to increased economic activity post pandemic Apprenticeships are showing signs of recovery. Adult courses which suffered during the national lockdown continue to be challenging post pandemic due to changes in referrals from job centres and low unemployment.

### *Tangible Resources*

Tangible resources include the main Harlow College site (consisting of land space and several buildings), Stansted Airport College site consisting of one building and three other small sites in Harlow, including an adult training centre "Bright Futures" in Harlow Town Centre and a hair and beauty education provision in the Town Centre "The Salon". The majority of teaching and training is delivered from Harlow College's main site, a central location close to Harlow's principal shopping centre and a short walk away from Harlow's bus station and main railway station. In July 2020 the College was donated the University building from Anglia Ruskin University which is located on the main Harlow College campus. The College has been occupying the building for the purposes of Higher Education and maintaining the building since it was constructed in 2010. The Harlow College site has modern facilities for engineering, performing arts, visual arts, construction, science and motor vehicle maintenance. During 2021/22 the College has improved several areas on the main campus including refurbishments to its oldest building and other facilities in readiness for T-Level delivery. Over four thousand computers/devices are available for the students and trainees. In pursuance of the e-learning initiative the College makes provision for all 16-18 full-time students to have access to a portable tablet/device. This will enable students to develop their digital skills, encourage more independent and creative approaches to learning and streamline assessment processes.

### *Reputation*

We are graded Good by Ofsted (January 2019) and have won awards for our innovative approach to learning. In 2017 we were the first college in the UK to be given Apple Distinguished School status for our pioneering approach to the use of new technology, which we have once again maintained in 2022 for a further three years. During the third application of Apple Distinguished School it provided a great retrospective of the College's progress and allowed the College to understand how the pandemic lockdown positively accelerated the development of the College's digital strategy.



Apple Distinguished  
School status for the  
2nd consecutive time





## **Annual Report and Financial Statements for the year ended 31 July 2022 Members' Report**

### *Financial*

The College has £37 million of net assets (2020/21 £26 million) including £1.2 million pension liabilities (2020/21 £12 million), long term debt of £4 million (2020/21 £5m) and long term capital grant funding of £19 million (2020/21 £17 million).

The Corporation refinanced a £3m loan that was refinanced over the period May 2021 to November 2026 to reflect the asset investment for which the original loans were for.

### **Stakeholders**

The College has many stakeholders including:

- Our current, future and past students and trainees.
- Our staff and their trade unions (UCU, Unison and NEU). The Executive team named on page 2.
- Local community groups and employers (including Stansted Airport (Manchester Airport Group)).
- Local schools and other education institutions (including Anglia Ruskin University).
- Local councils – Harlow District Council, Uttlesford District Council and both Essex and Hertfordshire County Councils.
- Government departments / Regional Development Agencies / Local Enterprise Partnerships.
- Education sector funding bodies.
- FE Commissioner.

Harlow College recognises the importance of these relationships and engages in regular communication with them.

### **Public benefit**

Harlow College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 25 to 27. In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education.

In delivering its mission, the College provides identifiable public benefits through the advancement of education to thousands of students, including students with high needs. The College provides courses without charge to young people, to those who are unemployed and adults taking English and Maths courses. The College adjusts its courses to meet the needs of local employers and provides training to apprentices. The College is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.

## Annual Report and Financial Statements for the year ended 31 July 2022 Members' Report

### DEVELOPMENTS

The College is well placed to deliver high quality education and training for West Essex. Harlow is located in a strong position within the UK Innovation Corridor (UKIC), which has an ambitious infrastructure plan to support the growing industries between London and Cambridge.

In 2018 the College was chosen to be one of 21 Centres for Excellence in Maths (CfEM). The national program is aimed at delivering sustained maths outcomes for 16-19 year olds up to Level 2 in post-16 settings. The practice of our CfEM is continuing into 2022/23.



We are a Centre  
for Excellence  
in Maths

Harlow College is 1 of 20 schools and colleges awarded the prestigious EdTech demonstrator status. The scheme is part of the government's £10 million EdTech strategy, to help education providers who are "using technology effectively" to share their expertise. The advice and training Harlow College is providing is particularly useful in light of the COVID-19 pandemic as it includes guidance on using online learning platforms more effectively. Harlow College continues to help other schools and colleges develop their longer-term digital capability.



At the centre of The  
London-Stansted-Cambridge  
Innovation Corridor

The College is a lead college in Greater Essex focusing on the Further Education Professional Grant, which is collaborative initiatives to improve professional development and support the staff; and Strategic Development Fund, which is to help different English regions respond to skills need.

### FINANCIAL PERFORMANCE

#### Financial Results

The College generated a deficit from operations of £1.4m (in 2020/21 surplus of £32k) excluding LGPS pension surplus £389k (2020/21 surplus £1.42m). The college received 90% of its total income for 2021/22 as grants from funding bodies, most notably from the Education and Skills Funding Agency for 16-18 provision. The decline in performance from the prior year was largely due to an increase in staff costs from £18m to £19m.

The movement and the gain in the pension scheme balance have resulted in a total comprehensive gain for the year of £11.3m (2021: £4.5m gain).

The College has received £20m of government grants which have not yet been recognised as income and are being held as a liability on the balance sheet. At the balance sheet date the College held net current assets of £1.5m and net assets of £37m, which includes a pension liability of £1.2m.



## **Annual Report and Financial Statements for the year ended 31 July 2022 Members' Report**

### **Cash Flow and Liquidity**

At £450k (2020/21 £5,133k), net cash flow from operating activities was satisfactory. The movement from the prior year is mainly due to creditors.

The size of the College's total borrowing and its approach to interest rates has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cash flow. During the year this margin was not exceeded.

### **Developments**

Tangible and intangible fixed asset additions during the year amounted to £3,961k. This was split between land and buildings including enhancements of £3,280k, £675k equipment, £6k software and goodwill. In 2021/22 the College was allocated £1.4m from the government's Getting Building Fund (GBF) to meet skills needs by addressing the capital needs of the estate and £1m from the Department for Education for T Level capital improvements.

### **Reserves**

The College has accumulated reserves of £37m (2021/22 £26m) including the revaluation reserve of £12m (2020/21 £12m) and cash balances of £5m (2020/21 £7m). The College wishes to accumulate reserves and cash balances in order to support the strategic plan and create funding for future improvements and developments.

### **Sources of income**

The College relies extensively on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2021/22 this represented 90% (2020/21 92%) of the College's total income.

### **FUTURE PROSPECTS**

Harlow is set for significant growth over the next few years. The current population is projected to grow with thousands of new homes planned as part of the Harlow and Gilston Garden Town Project. Harlow's Enterprise Zone of three areas in Harlow continues to build on the Harlow tradition for innovation and enterprise with a campus environment for dynamic businesses creating new technologies and generating economic growth. The inclusion of a planned new hospital, a redevelopment of Harlow town centre and other significant infrastructure projects, will all bring with them challenges and opportunities for skills and employment in construction, health and science, engineering, technical and digital. The College will respond to these changes by ensuring the curriculum offered meets the needs of the community and employers we serve.

### **Strategic Development Fund**

The College is a lead for the Strategic Development Fund (SDF) for Essex. The SDF provides capital investment and programme funding to support changes in local teaching and training facilities and provision, enabling further education (FE) providers to meet the needs of employers, support local innovation and economic growth, and develop a more efficient overall delivery infrastructure.

## Annual Report and Financial Statements for the year ended 31 July 2022 Members' Report

The purpose of the fund is to support providers to upgrade their facilities, equipment and curriculum to better meet the needs of their local economy, FE providers to build their overall capacity to meet local skills priorities, and to drive more effective and efficient use of funds through a more coordinated FE offer. The funds will support quality improvement through FE workforce training, peer-to-peer support and sharing good practice including two-way industry exchanges with FE providers. The fund is also to stimulate employer demand for and investment in skills leading to more sustainable provision, including by raising awareness about new technologies and driving the adoption of innovation in local businesses, especially in small medium enterprises.

### T-LEVELS THE NEXT LEVEL QUALIFICATION

Harlow College has been a T Level provider since September 2021. T Levels are a new technical qualification which combines classroom theory, practical learning and an industry placement. With government capital funding for T Levels the College has refurbished and upgraded facilities for T Level delivery. The College is planning on introducing more T Levels over the next few years, with a full compliment by 2026.

Harlow College has also received funding from the South East Local Enterprise Partnership (SELEP) in relation to the Getting Building Fund (GBF) investment for refurbishments to support new T Levels. The funding has allowed for remodelling which has provided additional workshop spaces, higher quality teaching areas, and a sustainable energy centre, supporting significant job creation in key sectors for Harlow and the surrounding areas.

In 2021 Harlow Town was successful in its application for a "Town Deal" up to £23.7 million (part of the government's £3.6 billion Towns Fund) to deliver long-term and sustainable economic growth in Harlow, which also includes the development of Harlow College's Institute of Technology (IoT). Institutes of Technology are unique collaborations between employers, colleges and universities that specialise in offering high-quality Higher Technical Education and training in subjects such as advanced manufacturing, digital and cyber security, aerospace and healthcare, which will deliver the skilled workforce businesses need and get more people into jobs closer to home.



Stansted Airport College (STAC) continues in its offer of courses ranging from aviation operations and cabin-crew training, to engineering and aircraft maintenance. STAC offers students an alternative to higher-education options such as a university degree. Karen Spencer, Principal and CEO of Harlow College and Stansted Airport College, received an MBE (Member of the Order of the British Empire) in November 2021 in recognition of her contribution to Further Education and Aviation.



Part of Harlow College As STAC is closely aligned with airport employment needs, the recovery from the pandemic by the airline industry continues to be closely monitored so that the College can meet the needs of the airport and the local community.

The Stansted Airport Employment and Skills Academy, under the management of the Airport in partnership with Harlow College is a one stop shop for finding out about on-site vacancies. In addition, tailored aviation training programmes and apprenticeship schemes provide job seekers with the opportunity to effectively learn and gain the necessary skills to enable them to secure employment with one of more than 200 on-site employers.

## **Annual Report and Financial Statements for the year ended 31 July 2022 Members' Report**

Harlow Advanced Manufacturing and Engineering Centre (HAMEC) is a state-of-the-art facility developing aspiring young engineers and operations/maintenance engineers with hands-on experience and real cutting-edge technical skills. It continues to provide upskilling, reskilling and professional development for those in employment. This area is benefiting from Pre-Apprenticeship programmes which enable both learners and employers the opportunity of extended work placements prior to embarking on the full apprenticeship.



The College continues to embed significant curriculum and staffing changes for our High Needs learners, to ensure that all High Needs learners undertake a bespoke learning journey. An effective partnership with the main local authority provider has enabled a five day week provision to be funded.

The College envisages that it will play a key role locally in the government's initiatives to recover from COVID-19. The College is prepared to diversify and expand its adult delivery to meet the challenge, including elearning programmes and community initiatives.

Harlow College is committed to continued self-assessment and improvement. It continues to embrace fully the new requirements for students on 16-18 study programmes in relation to enabling students without a grade 4 in GCSE English and Maths to achieve the grade and for all students to be fully prepared for employment or higher level study.

The College is keeping its apprenticeship recruitment modest in order to concentrate on improving tracking, reporting and improving employer relationships.

The College curriculum is reviewed annually during which strong use is made of local labour market information, changing demographics and employer feedback. The curriculum is closely aligned with the local employment and skills priorities. The College intends to continue different project work for the benefit of the community, which also enables the College to receive alternative sources of income.

### **Financial Plan**

The governors approved a financial plan for the period 2021/22 to 2023/24 in July 2022 which set objectives for this period. The College aims to maintain the minimum financial health rating of "Good" and ensure that bank covenants will be met.

Adult education budget continues to be challenging and as such the College is diversifying the Adult and project income portfolio. There is an expectation of 16-19 funding to increase as the College recovers the learners lost during the pandemic because national restrictions prevented the College's normal interactions outside of the immediate Harlow area. Stansted Airport College is expected to recover post pandemic with this recovery continuing into 2022/23.

### **Treasury Policies and Objectives**

The College has treasury management arrangements in place to manage cash flows, banking arrangements and the risks associated with those activities. All borrowing requires the authorisation of the Corporation.



## Annual Report and Financial Statements for the year ended 31 July 2022 Members' Report

The College currently has no plans to increase borrowings and is confident that the existing loans will be repaid according to the scheduled repayment plans.

### Reserves

The College has no formal Reserves Policy, but recognises the importance of reserves in the financial stability of an organisation, and ensures that there are adequate reserves to support the College's core activities. The College currently holds no restricted reserves. As at the balance sheet date, the Income and Expenditure account reserve stood at £25,257k (2020/21 £13,872k). The movement in the reserve is mainly due to the Local Government Pension Scheme (LGPS) liability reducing to nil as 31 July 2022 (2020/21 deficit £10,888k). The total LGPS pension actuarial movement during 2021/22 is £12,464k gain (2020/21 £4,463k actuarial gain). The substantial movement in the deficit can be mainly attributed to the increase in discount rate from 1.60% to 3.4% and a slight decrease in life expectancy. The initial FRS102 actuarial valuation showed a net asset of £4m however as the LGPS surplus is not a realisable asset and is likely to change over the long period, the actuarial valued asset position has been reduced to nil in the accounts. Pension deficits are not an immediate liability, it would be met in the form of incremental employer contributions over an agreed time period. The Corporation intends to maintain the reserves over the life of the strategic plan.

## PRINCIPAL RISKS AND UNCERTAINTIES

### Risk Management

The College has well developed strategies for managing risk and strives to embed risk management in all that it does. Risk Management processes are designed to protect its assets, reputation and financial stability. The governing body has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement of Corporate Governance.

A comprehensive risk register is maintained at the College level which is reviewed each time the Audit Committee meet. The risk register identifies the key risks, the likelihood of those risks occurring, the potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

The main risks affecting the College are outlined below along with action taken to minimise them. Not all the factors are within the College's control. There are other factors besides those listed below which may also adversely affect the College.

### Some of the key risks identified:

- (1) *Student recruitment: Not recruiting to the 19+ Adult Education Budget (AEB) target. Transition from relying on unemployed students as the sole sources of recruitment.*

#### *Control measure:*

Income targets in the management accounts are low but realistic for achievable income. AEB has been separated for each avenue of AEB with clear activities set out to recruit learners, these include e-learning and online programmes. Marketing activities are established to support recruitment activities. Additional qualifications are to be undertaken by adult learners undertaking access learners to maximise income and this is planned to be rolled out across adults in study programme provision across the College. Community learning provision established.

## **Annual Report and Financial Statements for the year ended 31 July 2022 Members' Report**

- (2) *Staff recruitment and retention: Failure to train and retain specialist staff to support the curriculum, specifically aeronautical engineering and electrical and to support Industry staff into teaching, learning and assessment.*

*Control measure:*

A methodology in place allowing industry uplift for teaching staff. This is to support the recruitment and retention in specialist areas. Specialist support for Learning Teaching and Assessment (LTA) and new staff allocated mentors to model good practice in the classroom. Teacher training and regular CPD slots in place to cover "back to basics" - planning, pace and structure of lessons, behaviour management and models of assessment. The College has implemented an Association of Colleges (AoC) graduate recruitment scheme and has received Taking Teaching Further grant funding to help address this risk.

- (3) *Quality (Apprenticeships): Failure to improve rapidly the quality of Apprenticeships, specifically tracking of progress, achievement, and teaching, learning and assessment, as well as outcomes.*

*Control measure:*

Senior group established to drive change in the delivery of apprenticeships over a longer period. Systems being reviewed to improve tracking and reporting. Monitoring the recruitment of Apprentices. Improve employer relationships. Removal of new starts for oversubscribed apprenticeships.

- (4) *Curriculum reform: replacing vocational and technical programmes with successor qualifications e.g. T-levels. Ensuring our academic offer is viable and implementing any related government reforms e.g. integration of shorter applied qualifications into the academic offer.*

*Control measure:*

Director of T-Levels is in place and working effectively with delivery teams to plan for T-Levels for each year. T Level grant funding from the ESFA has been used for delivery teams to appoint T-Level coordinators. Two out of the four T level routes planned are running for 2022/23 and no transition programmes running. Controlled reduction due to curriculum mapping to Apprenticeship and the narrow pathways not appealing to students.

- (5) *Finances: Maintenance of Good Financial Health: Good cash generation and meet banking/covenant requirements. Generate income/cash to support ongoing capital investment, including the rising cost of utilities and materials.*

*Control measure:*

Monitoring of enrolment numbers and banking covenants (Management Accounts) and control action (diversify income and/or reduction/deferral in spending). Banking covenants are monitored through the monthly management accounts. Regular communication with Clydesdale Bank Relationship Manager. Income/Expenditure and the cash position is monitored closely by the Principalship lead to ensure covenants are met. Management accounts are reviewed monthly by the Principalship and shared with Governors.

## Annual Report and Financial Statements for the year ended 31 July 2022 Members' Report

### Streamlined Energy and Carbon Reporting (SECR)

The College is committed to reducing its carbon emissions and has taken the following measures in the year to improve energy efficiency:

- Homeworking where appropriate and feasible
- Use of virtual technology for meetings, training and staff development
- Use of digital documents in favour of printed documents
- Car sharing between sites
- Staff attending network/awareness events
- Capital works: LED lighting, cladding and glazing

The College's greenhouse gas emissions and energy use for the period are set out below:

<b>UK Greenhouse gas emissions and energy use data for the period</b>	<b>1 August 2021 to 31 July 2022</b>	<b>1 August 2020 to 31 July 2021</b>
Energy consumption used to calculate emissions (kWh)	4,413,559	5,174,901
<u>Scope 1 emissions in metric tonnes CO<sub>2</sub>e</u>		
Gas consumption	555.29	650.27
Owned transport	7.42	Data not available
<b>Total</b>	<b>562.71</b>	<b>650.27</b>
<u>Scope 2 emissions in metric tonnes CO<sub>2</sub>e</u>		
Purchased electricity	265.23	344.96
<u>Scope 3 emissions in metric tonnes CO<sub>2</sub>e</u>		
Business travel in employee owned vehicles	29.82	13.37
<b>Total gross emissions</b>	<b>857.76</b>	<b>1008.60</b>
<u>Intensity ratio</u>		
<b>Metric tonnes CO<sub>2</sub>e per square foot</b>	<b>2.17</b>	<b>2.55</b>
<b>Metric tonnes CO<sub>2</sub>e per FTE staff member</b>	<b>2.27</b>	<b>2.67</b>

### Quantification and Reporting Methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2022 UK Government's Conversion Factors for Company Reporting.

### Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO<sub>2</sub>e per staff member, the recommended ratio for the sector.

## KEY PERFORMANCE INDICATORS AND ACHIEVEMENTS



## Annual Report and Financial Statements for the year ended 31 July 2022 Members' Report

Below are a selection of the College's key performance indicators for 2021/22:

Measure	Target	Performance
Launch T Level Engineering Launch transition year Construction & Built Environment	In place for September 2022	Transition in Engineering 2022 Engineering 2023 start. New Construction and built environment Transition being trialled
Institute of Technology (IoT) bid with South Essex College	Successful IoT bid	Successful
Overall Student Satisfaction (16-18, Apprentices, Adult)	85%	Overall Satisfaction 80% Apprenticeship 78% 16-18 80%
16-18 Attendance	90%	88% (excluding English & Maths)
16-18 Retention	95%	85.8%
16-18 Achievement	86%	88% (excluding English & Maths)
Apprenticeship overall Achievement	66%	49%
Adult overall achievement rate	90%	87.6%
ESFA Good Financial Health	Good	Good
Meet Test 1 and Test 2 of the bank covenants	Yes/Yes	No – waiver in place/Yes
Maintain a staff turnover rate below the Association of Colleges benchmark (15% 2019/20)	15%	9%

The College continues to implement **T Levels** aiming for all pathways in place by 2024.

Harlow College is proud to be part of the new South East **IoT**, which covers the Local Enterprise partnership area of Essex, Kent and East Sussex. Harlow College has been awarded £1.8 million to upgrade facilities and equipment to boost access to higher technical training. This investment is supported by a further £0.5 million from the Harlow Towns Fund.

## Annual Report and Financial Statements for the year ended 31 July 2022 Members' Report

16-18 outcomes (Main Study Programme Learners)	2018/19 (pre- pandemic)	2019/20	2020/21	2021/22
Achievement %	82.6%	82.7%	78.0%	<b>88%</b>
Retention %	90.9%	92.8%	89.7%	<b>85.8%</b>

Strategies to improve achievement of **16-18** year olds on main study programs including forensically checking each student's predicted outcome and flag have proved effective in improving achievement. A retention task force is in place for 2022/23 to examine the reasons and identify strategies to improve retention.

This year student grades were generated in the traditional manner with learners sitting their exams as opposed to Teacher Assessed Grades during the pandemic. Despite the challenges of COVID-19, the A-Level students achieved fantastic results with an overall 97% pass rate. The A\*-B pass rate was 37% while the A\*-C pass rate was 70%.

Our A Level students have again secured places at some of the country's top universities including Queen Mary, University of London, Newcastle, York, Manchester, Southampton and Exeter to study subjects such as Dentistry, History, Law, Astrophysics and Philosophy.



70% of A Level grades  
achieved were A\*-C  
(2022)

Achievement for students on vocational courses mirrors the A Level success at a pass rate of 97%, with 36% of students gaining a majority Distinction grade and 67% of students gaining Merits or higher. These great results allow our students to progress directly to university or to take up Apprenticeships as the route to combine their studies with employment.

With the introduction of **apprenticeship** standards in 2019, combined with the impact of the pandemic we have seen a significant drop in achievement rates since 2018. The introduction of apprenticeship standards has meant that end point assessment created delays on learner achievement, but more significantly apprentices being furloughed or losing their jobs have impacted achievement in 2021/22. The achievement rates are significantly below national average and are an area of focus for improvement.

Apprenticeships	2018/19 (pre- pandemic)	2019/20	2020/21	2021/22
Achievement %	64.7%	45.6%	33.9%	49%

Poor functional skills performance also had a significant impact on the overall apprenticeship achievement as it caused legacy students to withdraw or go over their planned completion date.

## Annual Report and Financial Statements for the year ended 31 July 2022 Members' Report

**Adult** achievement rates continue to improve but not yet to pre-pandemic levels. There has been a significant improvement in Entry Level and Level 1 programmes which has aided the overall incline.

<b>Adults</b>	<b>2018/19</b> (pre-pandemic)	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
Achievement %	89.0%	82.0%	83.0%	87.6%
Retention %	98.0%	96.9%	94.2%	94.4%

Despite an accounting deficit, the underlying financial performance is measured as successful due to having good cash balances (£5m) and low borrowings (18% of income).

### Learners that declared a difficulty, disability and/or health problem

<b>Learners</b>	<b>2018/19</b> (pre-pandemic)	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
Achievement %	84.6%	84%	77%	82%
Retention %	94%	95%	91%	94%

These learners were retained well throughout the pandemic but overall achievement needs improvement. Students with High Needs funding achieve in line with other learners.

### Equality & Diversity

Achievement rates for males at 86% (83% 2020/21) are higher than for females 79% (77% 2020/21). However, although female achievement is improving, it is still below the overall College achievement benchmark of 86.7%. This is due to a significant gap in female achievement for Adult Learners in Maths and high proportions of females on E-Learning programmes for adults.

There is a small achievement gap between White learners 84% (81% 2020/21) and all other ethnicities 81% (80% 2020/21). For 2021-22 this gap appears to be most significant in African, Asian and Bangladeshi learners, which the College is working towards closing the gap.

### Higher Education (HE)

With a small cohort of HE students achievement decline was most impacted by students withdrawing due to gaining employment.

<b>HE Learners</b>	<b>2018/19</b> (pre-pandemic)	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
Achievement %	85%	87%	93%	84%

### Payment Performance

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

## Annual Report and Financial Statements for the year ended 31 July 2022 Members' Report

accounting period 1 August 2021 to 31 July 2022, the College paid 78% of its invoices within 30 days. The College incurred £50 in late payment fees and £Nil interest charges in respect of late payment for this period.

### Other Performance Measures



Ofsted Graded  
GOOD  
(2019)

The most recent Ofsted Inspection of the College dates from January 2019 when Ofsted concluded that Harlow College is a good College. The College's current self-assessment report for 2021/22 documents key strengths of the College and areas for improvement.

The College has been awarded Apple Distinguished School (ADS) Status for the third time (2022-2025). ADS centres are centres of leadership and educational excellence that demonstrated Apple's vision for learning with technology.

### Financial Performance

	2021/22 Target	2021/22 Performance	2022/23 Target
Income (adjusted)	£25m	£25m	£27m
Surplus/(Deficit)	c.£50k	(£1.4m)	(£500k)
EBITDA	7%	6%	7%
Borrowing as a % of adjusted income	21%	18%	18%
Staff Costs as a % of adjusted income	72%	73%	70%

## Annual Report and Financial Statements for the year ended 31 July 2022 Members' Report

### EQUALITY & DIVERSITY

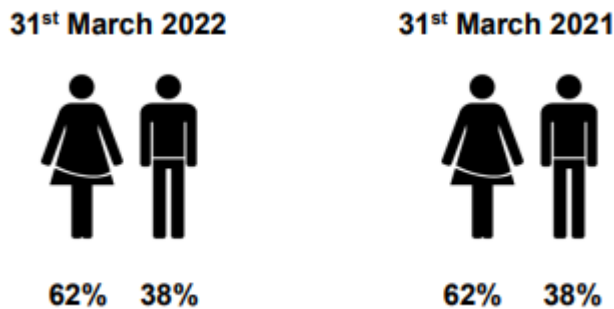
#### Equality

The College has a duty under the Equality Act 2010 and is committed to tackling inequality and discrimination, advancing equality of opportunity and promoting equal treatment regardless of any Protected Characteristic. The College seeks to ensure that this commitment is reflected in everything that it does and that all College members, staff, students, partners, visitors, contractors and sub-contractors working on behalf of the College share this commitment. The College's Equality & Diversity Policy is published on the College's website [www.harlow-college.ac.uk](http://www.harlow-college.ac.uk).

#### Gender pay gap reporting

Any organisation that has 250 or more employees must publish and report specific figures about their gender pay gap. The figures are calculated as a 'snapshot' as at 31 March for public sector organisations. The gender pay gap is the difference between the average earnings of men and women, expressed relative to men's earnings. For example, 'women earn 15% less than men per hour'.

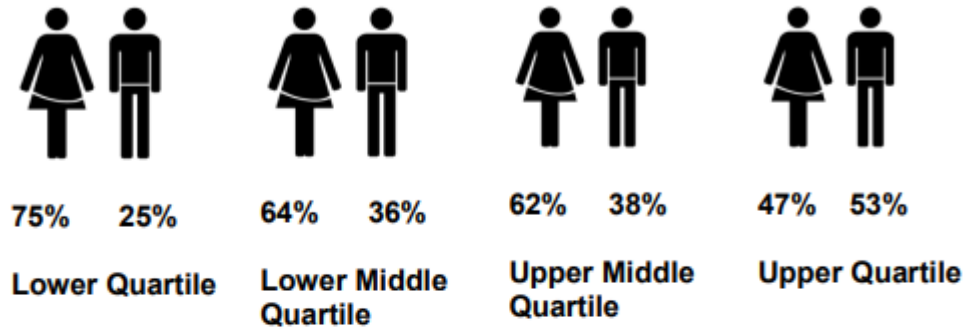
The overall gender split:



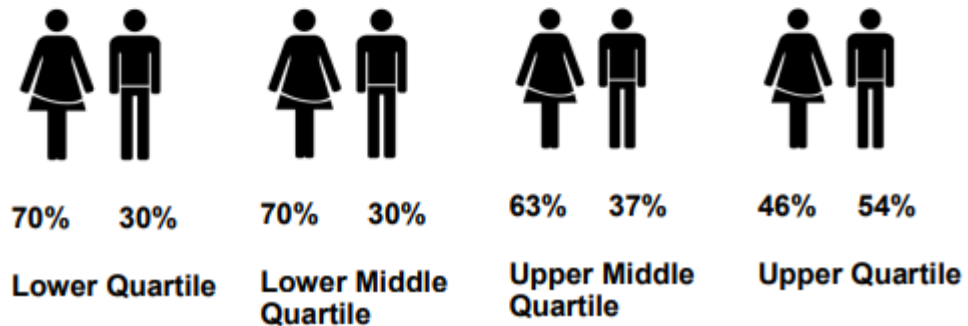
## Annual Report and Financial Statements for the year ended 31 July 2022 Members' Report

The images below show the gender distribution of all Harlow College staff across four equal quartiles.

### For 2022:



### For 2021:



There has been a very small increase to our overall Mean Gender Pay Gap this year and no real change to our overall Median Gender Pay Gap. Our analysis of the most significant changes the College has achieved is an improvement in the mean Gender Pay Gap in middle Managers. This has been mainly achieved through internal progression amongst female staff. The full report is published on the College's website [www.harlow-college.ac.uk](http://www.harlow-college.ac.uk).

### Disability statement

The College seeks to achieve the objectives set down in the Equality Act 2010:

As a College we are committed to helping all of our students succeed. We recognise the importance of providing high quality teaching, learning and assessment, alongside the specific support needed to achieve your goals.

The College recognises the barriers faced by people with disabilities in accessing and achieving Further Education. Our vision is to create an accessible and supportive environment for staff and students. We aim to provide equality of opportunity and freedom from discrimination on the grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation, in line with the Equality Act 2010 and the Children and Families Act 2014.

Our staff and the Special Educational Needs (SEND) team are here to provide support for individuals' needs to learn successfully and to progress. Harlow College will encourage individuals to discuss their needs and goals and to make sure they are supported effectively as

## Annual Report and Financial Statements for the year ended 31 July 2022 Members' Report

possible. The College is proud of the College's track record in opening up opportunities for students with disabilities and learning difficulties.

At Harlow College, students can expect to study in an environment that positively encourages equality of opportunity and refuses to tolerate discrimination, in any form. Our Disability Statement affirms our commitment to these principles and provides you with a guide to the support we have available. Our full disability statement is published on the College's website [www.harlow-college.ac.uk](http://www.harlow-college.ac.uk).

### Trade Union Facility Time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the College to publish information on facility time arrangements for trade union officials at the College.

Harlow College recognises three trade unions: UCU, Unison and NEU.

For the period 1st April 2021 to 31st March 2022:

Numbers of employees who were relevant trade union officials in the period	Full Time Equivalent employee number
5	5

Percentage of time	Number of employees
0%	-
1-50%	5
51-99%	-
100%	-

Total cost of facility time
£6,811
Total pay bill
£17,359,895
Percentage of total bill spent on facility time
0.04%

Time spent on paid trade union activities as a percentage of total paid facility time
48%

### Going concern

At 31 July 2022 the College has net current assets of £1,473k (2020/21 £1,511k) and cash balance of £5,277k (2020/21 £6,848k). The College has not had an overdraft facility during 2021/22. The 2022/23 student numbers are on target for securing Funding Body income for 2022/23 and 2023/24. Post pandemic the College was able resume its recruitment in the outer



## **Annual Report and Financial Statements for the year ended 31 July 2022 Members' Report**

areas of Harlow and expected this to manifest in student numbers returning to pre-pandemic levels. The College continues to look outward and forward to other avenues of funding.

The bank covenants were breached at year end and noted by the bank with no action being taken. The bank has confirmed they will not take any action during this period. There is a bank waiver in place for the period February 2022 to April 2023 to facilitate the College utilising cash generated in 2020/21 during the waiver period without breaching the bank covenants.

The College recognises that inflation may continue to rise and has started to curb spending in certain areas in anticipation. The College is in a fixed electric contract until September 2023 and fixed gas contract until September 2024. The College has included a moderate increase in utility prices in the 2023/24 financial plans. The College loans are on fixed interest rates until October 2026 and July 2027.

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

### **EVENTS AFTER THE REPORTING PERIOD**

On 29 November 2022, the Office for National Statistics reclassified all college corporations to Central Government sector with immediate effect. This will mean that colleges will now be subject to the framework for financial management set out in Managing Public Money (MPM) and the Department for Education will introduce new rules for colleges, some of which will take effect immediately including in relation to borrowings.

### **DISCLOSURE OF INFORMATION TO THE AUDITOR**

The members of the Corporation 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 auditor is 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 auditor is aware of that information.

Approved by order of the members of the Corporation on 15<sup>th</sup> December 2022 and signed on its behalf by:

Signature:

A handwritten signature in black ink that reads "Elizabeth Laycock".

Elizabeth Laycock, Chair



## Financial Statements year ended 31 July 2022

### Statement of corporate governance and internal control

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1<sup>st</sup> August 2021 to 31<sup>st</sup> July 2022 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 full accordance with the guidance to colleges issued by the Association of Colleges in 2015, which it formally adopted 2 July 2015 The Code of Good Governance for English Colleges (“the Code”)

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 2022. This opinion is based on an internal review of compliance with the Code reported to the board on 20 October 2022. The Corporation 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 Code.

#### The Corporation

The members who are also trustees who served on the Corporation during the year and up to the date of signature of this report were as listed in the table below.

Name	Date of appointment	Term of office	Date of resignation	Status of appointment	Committees served	Attendance
Sotirios Adamopoulos	Re-elected 22.10.2018	4 years	Term of office ended 21.10.2022	Teaching Staff	Standards and Curriculum	100% (5/5)
Paul Bartlett	Reappointed 19.07.2018	4 years	Term of office ended 18.07.2022	Governor	Chair of Audit, Remuneration	80% (4/5)
Julian Bedford	Reappointed 22.10.2019	4 years	28.02.2022	Governor	Resources	50% (1/2)
Jon Bouffler	Reappointed 14.07.2020	4 years		Governor	Standards and Curriculum	60% (3/5)
Rod Bristow	Appointed 02.01.2019	4 years		Governor	Standards and Curriculum Chair of Standards and Curriculum from 23.11.2022	80% 4/5)
Hannah Cheesman	Elected 13.10.2022	1 year		Student Governor	Standards and Curriculum	N/A
Julia Fillary	Appointed 08.07.2021	4 years		Governor	Resources	100% (5/5)
Ya'Eesh Ghodiwala	Elected 19.10.2021	1 year	Term of office ended 31.07.2022	Student Governor		40% (2/5)

**Financial Statements year ended 31 July 2022**  
**Statement of corporate governance and internal control**

<b>Name</b>	<b>Date of appointment</b>	<b>Term of office</b>	<b>Date of resignation</b>	<b>Status of appointment</b>	<b>Committees served</b>	<b>Attendance</b>
John Godley	Elected 22.10.2022	4 years		Teaching Staff	Standards and Curriculum	N/A
Alex Hanson	Elected 13.10.2022	1 year		Student Governor		N/A
Stephen Isherwood	Appointed 01.12.2022	4 years		Governor	Standards and Curriculum	N/A
Eddie Johnson	Reappointed 15.12.2018	4 years	Term of office ended 15.12.2022	Governor	Chair of Resources up to 06.12.2022, Search, Remuneration	80% (4/5)
Brian Keane	Appointed 25.03.2021	4 years	Term of office ended 26.07.2022	Governor	Audit	40% (2/5)
Elizabeth Laycock	Reappointed 19.05.2020	4 years		Governor	Chair of Corporation Standards and Curriculum, Remuneration Resources	100% (5/5)
Ray Levy	Reappointed 11.10.2020	4 years		Governor	Audit Chair of Audit from 10.10.2022 Vice-Chair of Corporation Chair of Search up to 20.10.2022 Search	100% (5/5)
Lily Lin	Reappointed 01.08.2022	4 years		Governor	Vice-Chair of Corporation from Chair of Standards and Curriculum up to 23.11.2022 Chair of Search from 20.10.2022	100% (5/5)
Rachel Miller	Appointed 01.08.2022	4 years		Governor	Resources	N/A
Maksymilian Peikert	Elected 19.10.2021	1 year	Term of office ended 31.07.2022	Student Governor	Standards and Curriculum	40% (2/5)
Brian Spencer	Reappointed 19.05.2019	4 years		Governor	Search, Resources, Remuneration	100% (5/5)
Karen Spencer	01.09.2013	Ex Officio		Principal	Resources, Search, Standards and Curriculum	80% (4/5)

**Financial Statements year ended 31 July 2022**  
**Statement of corporate governance and internal control**

Paul Taylor	Reappointed 05.04.2021	4 years		Governor	Resources Chair of Resources from 06.12.2022	80% (4/5)
Michael Travers	Elected 21.03.2021	4 years		Staff Governor	Audit	100% (5/5)
Dawn Turner	Appointed 07.07.2022	4 years		Governor	Audit	100% (1/1)
Edward Whittle	Appointed 01.11.2022	4 years		Governor	Resources	N/A
Gail Wootton	Appointed 15.03.2018	4 years	Term of office ended 14.03.2022	Governor	STAC Advisory Group	50% (1/2)

Ruth Lucas, Head of Governance, acts as Clerk to the Corporation.

In addition, Harlow College Governors provide instrumental support in attending Corporation Committees, College working group meetings, governor training, strategic planning events, College functions and other meetings in the College. The Search Committee as well as considering formal meeting attendance, considers the entire support and expertise a Governor brings to the College.

**The governance framework**

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

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

The Corporation conducts its business through a number of Committees. Each Committee has terms of reference, which have been approved by the Corporation. These Committees are Resources, Remuneration, Search, Standards and Curriculum and Audit. At the Corporation meeting on 20<sup>th</sup> October 2022, the Corporation unanimously approved for the Search Committee to become the Search and Governance Committee. Terms of Reference were approved at this meeting and authority was given to the Head of Governance to update the Standing Orders for 2022-2023. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the website [www.harlow-college.ac.uk](http://www.harlow-college.ac.uk) or from the Head of Governance at:

Harlow College  
 Velizy Avenue  
 Harlow  
 Essex  
 CM20 3EZ

The Head of Governance maintains a register of financial and personal interests of the Governors. The register is available for inspection at the above address.

## Financial Statements year ended 31 July 2022

### Statement of corporate governance and internal control

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

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

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

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

#### **Post pandemic**

Members were able to continue to carry out their duties despite COVID-19 and robust governance arrangements are in place.

There is a provision in the Corporation's Instrument and Articles of Government that allows for virtual meetings to be held. All Corporation and Committee meetings took place as planned throughout 2021/22 and were held virtually via video conferencing, with the exception of the Standards and Curriculum Committee meeting held on 29 June 2022 and the Corporation meeting held on 7 July 2022, which were both held in person at the College.

Following on from consultation with Governors, for 2022/23 all Corporation and the majority of Committee meetings are scheduled to be in person with video conferencing available where it is not possible for a Governor to attend in person. The Audit Committee and the joint Audit and Resources Committee meetings will be held virtually due to the attendance of the auditors and best use of time. Search Committee meetings are likely to continue to be held virtually and the Standards and Curriculum Committee have one out of three of their meetings scheduled to be held virtually.

#### **Appointments to the Corporation**

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search Committee, consisting of four members of the Corporation, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding four years. Governors may serve for more than two terms, with reappointment taking place after consideration is given to College need and performance.

## Financial Statements year ended 31 July 2022

### Statement of corporate governance and internal control

#### Corporation performance

A strategic planning session was held on 29 June 2022 attended by the Corporation and Senior Managers with briefings and guest speakers. Governors and the Head of Governance also attended the following training and development sessions during the year:

- AoC / ETF Regional Governance Conference
- AoC / ETF New Governor Induction
- AoC Annual Conference
- AoC Finance and Audit Committee Chairs' Network
- NSPCC Safer Recruitment in Education
- Effective Self-Assessment of Governance
- ETF Governance Professionals Development Workshop – Whose Time Is It Anyway?
- AoC Curriculum and Quality Committee Chairs' Network
- Annual Safeguarding Update Training
- ETF Board Review Session
- AoC Audit Committee Masterclass
- AoC East Governance Professionals Network
- FutureLearn - Understanding Your Role in the Self-Assessment and Quality Improvement Cycle
- FutureLearn - Introduction to Curriculum Design and Planning
- FutureLearn - Safeguarding in the FE and Skills Sector
- FutureLearn - Prevent for FE and Training
- AoC Governance Finance Masterclass – Funding and Data
- Changes to Ofsted Inspection for 2022/2023
- AoC East of England Chairs' Network
- Safer Recruitment and People Management
- Raising Awareness of Domestic Abuse
- AoC Chairs and Vice-Chairs Q&A
- C2 Leadership Online Training Module
- Steve Frampton – Carbon Reduction
- ETF Staff Governor Conference
- ETF Competency Framework Steering Group
- Changing the Game - Equality Diversity and Inclusion
- Chairs' Leadership Session
- Ofsted Review of Sexual Abuse in Schools and Colleges Training Session

The Corporation has considered Department for Education (DfE) guidance on board reviews and has plans to commission an external reviewer in future but did not carry out a formal review in 2021/22.

The Corporation is committed to the vision set out in its current Strategic Plan, underpinned by core values, which is to provide transformational opportunities through delivering exceptional student success, enrichment and progression into work or further study. In January 2019, Ofsted judged that Governors and leaders have a clear vision and high ambitions for learners and apprentices. It was also judged that Governors are keenly involved in setting the strategic direction of the College and use their wide range of skills to provide suitable support and challenge to leaders; Governors have ensured that through good financial management, including good financial risk management; Governors know the strengths and weaknesses of the provision well.

## Financial Statements year ended 31 July 2022

### Statement of corporate governance and internal control

#### Search committee

Throughout the year ending 31 July 2022, the Search Committee comprised four members of the Corporation. The Committee met three times throughout the year, with an average attendance of 92%.

The Committee's responsibilities throughout the year were to advise the Corporation on the appointment and reappointment of members of the Corporation and co-optees to Committees of the Corporation and have regard at all time to the provisions of the Instrument and Articles of Government including eligibility criteria, the policy and needs of the Corporation including expertise and interests sought and equality and diversity and the evaluation of the contribution of members seeking reappointment.

The Committee reviewed its skills, knowledge and experience profile of Governors and the register of membership at every meeting to ensure that the Board was best placed to address upcoming strategic risks and opportunities. The Committee constantly had due regard for the diversity of the Board and to ensure where practically possible, that the Corporation profile broadly matches that of the College's student profile and local community. During the year, through its pro-active search activities, the Committee recommended to Board the appointment of two highly suitable external Governors and the reappointment of one highly suitable external Governor.

The Committee has reviewed the size and diversity of the board to ensure that any future recruitment takes account of the demands of the sector and the skills and knowledge required to successfully deliver against these.

The Committee considered the independence of governors prior to appointment / reappointment through robust due diligence in accordance with the Corporation's appointment procedure and policy.

#### Remuneration Committee

Throughout the year ending 31 July 2022, the Remuneration Committee comprised five members of the Corporation. The Committee's responsibilities are to make recommendations to the Corporation regarding the remuneration and benefits of the Accounting Officer, other senior post-holders and the Head of Governance.

The College adopted AoC's Senior Staff Remuneration Code in full in May 2019 to meet the requirements for registration with Office for Students (OfS), ESFA reporting requirements and provide consistency.

The Committee met 18 November 2021 to consider the Pension Cash Allowances In Lieu Of Pension Contribution Policy and 7 July 2022 to consider the remuneration of the Principal, Deputy Principal and Head of Governance. The Committee recommended to the Corporation a pay award of 1.5% for these three members of staff effective from 1 August 2022 in line with the College's staff pay award, of 1.5% from 1 August 2022. This was approved by the Corporation on 7 July 2022.

Details of Senior Post Holders' remuneration for the year ended 31 July 2022 are set out in note 8 to the financial statements.

**Financial Statements year ended 31 July 2022**  
**Statement of corporate governance and internal control**

**Audit Committee**

The Audit Committee comprises four members of the Corporation (excluding the Accounting Officer and Chair). The Committee operates in accordance with written terms of reference approved by the Corporation.

The Audit Committee meets four times per year, at least once per term and provides a forum for reporting by the College’s internal auditor, reporting accountants and financial statements auditors, who have access to the Committee for independent discussion without the presence of College management. The Committee also receives and considers reports from the main FE Funding Bodies as they affect Harlow College’s business.

The College’s internal auditor reviews 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 audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented.

The Audit Committee also advises the Corporation on the appointment of internal auditors, reporting accountants and financial statements auditors and their remuneration for audit and non-audit work as well as reporting annually to the Corporation.

The Audit Committee met four times in the year to 31 July 2022. The members of the committee and their attendance records are shown below:

<b>Committee member</b>	<b>Meetings attended</b>
Paul Barlett	3 of 4
Brian Keane	4 of 4
Ray Levy	4 of 4
Michael Travers	3 of 4

**Internal control**

*Scope of responsibility*

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of its policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Funding Agreement between Harlow College and the funding bodies. She is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

## Financial Statements year ended 31 July 2022

### Statement of corporate governance and internal control

#### *The purpose of the system of internal control*

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Harlow College for the year ended 31 July 2022 and up to the date of approval of the annual report and accounts.

#### *Capacity to handle risk*

The Corporation has reviewed the key risks to which Harlow College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2022 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

#### *The risk and control framework*

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

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

Harlow College has an internal audit service, which operated in accordance with the requirements of the ESFA's Post 16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. At minimum, annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

#### **Risks faced by the Corporation**

The College has well developed strategies for managing risk and strives to embed risk management in all that it does. Risk management processes are designed to protect its assets, reputation and financial stability. The Corporation has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement of Corporate Governance.



## Financial Statements year ended 31 July 2022

### Statement of corporate governance and internal control

A risk register is maintained at the College level which is reviewed each time the Audit Committee meet. The risk register identifies the key risks, the likelihood of those risks occurring, the potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system. See Strategic Report for the key risks.

The College has a Risk Management Policy to manage risks and their potential impact. The risk management process also identifies risks which are above and beyond the level of risk the College would choose to accept. As the core business of the College is teaching and learning, the College has to find and maintain the appropriate balance of effective risk management whilst at the same time driving towards its vision of excellence for learners. The risk management process is mindful of how the College maintains organisational flexibility and how we ensure the College remains financially viable.

Our assessment of current risks facing the College are plotted on a Risk Assessment Matrix. The assessment of each risk and where it might be placed on the Risk Assessment Matrix is based on the College's knowledge and understanding of the risk and is in part subjective. The Risk Assessment Matrix is divided into 3 parts. The high risk area (coloured red), medium risk area (coloured amber) and low risk area (coloured green).

- a) For a new risk being assessed for the first time it is assumed that there are no controls in place.
- b) Each risk is assessed and given a score between 1 (low score) and 5 (high score) for both impact (I) and likelihood (L). A set of descriptors for each impact or likelihood score is attached to the matrix. When assessing the likely impact of a risk, consideration should be given to the impact on College finances, college reputation and our ability to provide excellence in teaching and learning.
- c) Each risk is allocated (to a named person to take the lead responsibility) and monitored by the Executive.
- d) Subsequent assessment of impact and likelihood are completed with knowledge of the controls which are already in place and with knowledge of any further controls which we have put in place to further reduce / control the risk.
- e) The multiplying of the impact score (I) X likelihood score (L) will give the assessed risk score for each issue being assessed. This score is then plotted on the matrix.
- f) The College has a maximum risk tolerance of 20. Any risk scored above 20 will be regarded as an intolerable risk which we would not voluntarily accept given the choice. Any risk which scores 25 means the College must accept it being placed in the High Risk sector of the matrix and will be subject to monthly review (and action as necessary) by the Executive.
- g) Risks which score between 10 and 20 will be placed in the High Risk sector of the matrix and be subject to monthly review and action as necessary by the Executive. All managers must have a contingency plan for dealing with these risks should they arise. Managers should also have appropriate control measures to prevent the risk occurring or mitigate its likelihood / impact.
- h) Risks which score between 5 and 9 will be placed in the Medium Risk sector of the matrix. All managers must have a contingency plan for dealing with these risks should they arise. Managers should also have appropriate control measures to prevent the risk occurring or mitigate its likelihood / impact. It is not expected that the Executive will review risks in the Medium risk sector with the same frequency as those in the High Risk sector unless there is reason to believe the risk needs to be rescored (upwards or downwards) on the basis of intelligence received. Risks identified in the Medium Risk sector should be subject to monthly review by managers, termly reviews by the Executive and as requested by the Audit Committee.

## Financial Statements year ended 31 July 2022

### Statement of corporate governance and internal control

- i) Risks which score between 2 and 4 will be placed in the Low Risk sector of the matrix. All managers must have a contingency plan for dealing with these risks should they arise. Managers should also have appropriate control measures to prevent the risk occurring or mitigate its likelihood / impact. It is not expected that the Executive will review risks in the Low Risk sector with the same frequency as those in the High Risk sector unless there is reason to believe the risk needs to be rescored (upwards or downwards) on the basis of intelligence received. Risks identified in the Low Risk sector should be subject to monthly review by managers, termly reviews by the Executive and as requested by the Audit Committee.

The College's key risks are identified in the Strategic Report.

#### Control weaknesses identified

No significant internal control weaknesses or failures have been identified which required action.

#### Responsibilities under funding agreements

The Corporation has met its contractual responsibilities under its funding agreements and contracts with the ESFA.

#### Statement from the Audit Committee

The Audit Committee has advised the board of governors that the Corporation has an effective framework for governance and risk management in place. The Audit Committee believes the Corporation has effective internal controls in place.

The specific areas of work undertaken by the audit committee in 2021/22 and up to the date of the approval of the financial statements are:

<b>Audit</b>	<b>Assurance level provided</b>
Safeguarding and Prevent	Strong
Carbon Management	Advisory
T Level Implementation	Strong
Cyber Security	Significant
Ed Tech Demonstrator certification	Positive Outcome
FE Professional Development Grant	Strong
Learner Records Funding Compliance (Classroom based and Apprenticeships)	Significant
Key Financial Controls (Income and Debtors including Apprenticeship Fees)	Significant

## Financial Statements year ended 31 July 2022

### Statement of corporate governance and internal control

#### *Review of effectiveness*

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

- the work of the internal auditor; and
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework; and
- comments made by the College's financial statements auditors and the reporting accountant for regularity assurance in their management letters and other reports.

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

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

The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Executive Group and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its meeting on 15 December 2022, the Corporation carried out the annual assessment of internal control for the year ended 31 July 2022 by considering documentation from the Executive Group and the internal audit taking account of events since 31 July 2022.

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

**Approved by order of the members of the Corporation on 15<sup>th</sup> December 2022 and signed on its behalf by:**



Elizabeth Laycock, Chair



Karen Spencer MBE, Accounting Officer

**HARLOW COLLEGE**  
**Financial Statements year ended 31 July 2022**

**Statement of Regularity, Propriety and Compliance**

As Accounting Officer I confirm that the corporation has had due regard to the requirements of grant funding agreements and contracts with Education and Skills Funding Agency (ESFA) and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with terms and conditions of funding. I confirm on behalf of the Corporation that after due enquiry, and to the best of my knowledge, I am able to identify any material irregular or improper use of funds by the Corporation, or material non-compliance with the terms and conditions of funding, under the corporation's grant funding agreements and contracts with ESFA, or any other public funder.

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



Karen Spencer MBE, Accounting Officer  
15 December 2022

**Statement of the Chair of Corporation**

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



Elizabeth Laycock, Chair  
15 December 2022

## **HARLOW COLLEGE**

### **Financial Statements year ended 31 July 2022**

#### **Statement of Responsibilities of the Members of the Corporation**

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

Within the terms and conditions of the Corporation's grant funding agreements and contracts with ESFA and other funding bodies, the Corporation is required to prepare financial statements to prepare financial statements which give a true and fair view of the financial performance and position of the corporation for the relevant period. Corporations must also prepare a strategic report which includes an operating and financial review for the year. The bases for the preparation of the financial statements and strategic report are the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction and the UK's Generally Accepted Accounting Practice. In preparing the financial statements, the corporation is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess whether the Corporation is a going concern, noting the key supporting assumptions qualifications or mitigating actions as appropriate; and
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the college will continue in operation.

The Corporation is also required to prepare a strategic report, in accordance with paragraphs 3.23 to 3.27 of the FE and HE SORP, that describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the corporation.

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

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA and any other public funds are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the ESFA or any other public funder. Members of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the Corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from the ESFA and other public bodies are not put at risk.

**HARLOW COLLEGE**  
**Financial Statements year ended 31 July 2022**

Approved by order of the members of the Corporation on 15<sup>th</sup> December 2022 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Laycock', written in a cursive style.

Elizabeth Laycock, Chair

## Independent auditor's report to the Corporation of Harlow College

### Opinion

We have audited the financial statements of Harlow College (the 'College') for the year ended 31 July 2022 which comprise the statement of comprehensive income, the statement of changes in reserves, the balance sheet, the statement of cash flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2022 and of its surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- in all material respects, funds from whatever source administered by the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- in all material respects, funds provided by the OfS, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of OfS's accounts direction have been met

### Basis for opinion

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

### Conclusions relating to going concern

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

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

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

### Other information

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

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

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

We have nothing to report in this regard.

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

We have nothing to report in respect of the following matters in relation to which the Post 16 Code of Practice issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or
- all the information and explanations required for the audit were not received.

We have nothing to report to you in respect of the following matter, in relation to which the Office for Students requires us to report to you, if in our opinion:

- The College's grant and fee income, as disclosed in the notes to the financial statements, has been materially misstated.

### **Responsibilities of the Corporation**

As explained more fully in the statement of responsibilities of members of the Corporation, the members of the Corporation are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members of the Corporation 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 members of the Corporation are 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 members of the Corporation either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

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

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the College through discussions with management, and from our knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the College, including the Further and Higher Education Act 1992, funding agreements with the ESFA and associated funding rules, ESFA regulations, data protection legislation, anti-bribery, safeguarding, employment, health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the College's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias;

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of Corporation meetings;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing any available correspondence with HMRC and the College's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the members of the Corporation and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

### **Use of our report**

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



Buzzacott LLP  
Chartered Accountants  
130 Wood Street  
London  
EC2V 6DL  
Date: 15 December 2022

## **Reporting accountant's assurance report on regularity**

### **To: The Corporation of Harlow College and Secretary of State for Education, acting through Education and Skills Funding Agency (the ESFA)**

In accordance with the terms of our engagement letter dated 2 June 2021 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Harlow College during the period 1 August 2021 to 31 July 2022 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the Code) issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record data returns, for which the ESFA has other assurance arrangements in place.

This report is made solely to the Corporation of Harlow College and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Corporation of Harlow College and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept, or assume, responsibility to anyone other than the Corporation of Harlow College and the ESFA for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Harlow College and the reporting accountant**

The Corporation of Harlow College is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed, and income received, are applied for the purposes intended by Parliament, and the financial transactions conform to the authorities that govern them. Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received, during the period 1 August 2021 to 31 July 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Code issued by the ESFA. We performed a limited assurance engagement as defined in that framework. The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a

reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion. Our engagement includes examination, on a test basis, of evidence relevant to the regularity of the Corporation's income and expenditure.

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across all of the College's activities;
- Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

## **Conclusion**

In the course of our work nothing has come to our attention which suggests that in all material respects, the expenditure disbursed and income received during the period 1 August 2021 to 31 July 2022 has not been applied to purposes intended by Parliament, and the financial transactions do not conform to the authorities that govern them.



Buzzacott LLP  
Chartered Accountants  
130 Wood Street  
London  
EC2V 6DL  
Date: 15 December 2022

## Statements of Total Comprehensive Income

	Notes	Year ended 31 July			Year ended 31 July		
		Before actuarial pension adjustments	2022 Actuarial pension adjustments	After actuarial pension adjustments	Before actuarial pension adjustments	2021 Actuarial pension adjustments	After actuarial pension adjustments
		£'000	£'000	£'000	£'000	£'000	£'000
<b>INCOME</b>							
Funding body grants	2	22,962	-	22,962	22,946	-	22,946
Tuition fees and education contracts	4	734	-	734	530	-	530
Other income	6	1,829	-	1,829	1,372	-	1,372
Investment income	7	27	-	27	3	-	3
<b>Total income</b>		<b>25,552</b>	<b>-</b>	<b>25,552</b>	<b>24,851</b>	<b>-</b>	<b>24,851</b>
<b>EXPENDITURE</b>							
Staff costs	8	17,955	1,196	19,151	16,905	1,200	18,105
Other operating expenses	9	5,089	16	5,105	3,873	-	3,873
Depreciation and amortisation	11,12	2,241	-	2,241	2,339	-	2,339
Interest and other finance costs	10	281	167	448	317	185	502
<b>Total expenditure</b>		<b>25,566</b>	<b>1,379</b>	<b>26,945</b>	<b>23,434</b>	<b>1,385</b>	<b>24,819</b>
Taxation		-	-	-	-	-	-
<b>(Deficit)/Surplus for the year</b>		<b>(14)</b>	<b>(1,379)</b>	<b>(1,393)</b>	<b>1,417</b>	<b>(1,385)</b>	<b>32</b>
Hedge of variable interest rate, fair value gain		208	-	208	10	-	10
Actuarial gain in respect of pensions schemes	22	197	12,267	12,464	7	4,456	4,463
<b>Total Comprehensive Income for the year</b>		<b>391</b>	<b>10,888</b>	<b>11,279</b>	<b>1,434</b>	<b>3,071</b>	<b>4,505</b>



## Statement of Changes in Reserves

	Income and Expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
<b>Balance at 1st August 2020</b>	9,261	12,120	21,381
Surplus from the income and expenditure account	32	-	32
Other comprehensive income	4,473	-	4,473
Transfers between revaluation and income and expenditure reserves	106	(106)	-
<b>Total comprehensive income for year ended 31 July 2021</b>	<b>4,611</b>	<b>(106)</b>	<b>4,505</b>
<b>Balance at 31st July 2021</b>	13,872	12,014	25,886
Surplus from the income and expenditure account	(1,393)	-	(1,393)
Other comprehensive income	12,672	-	12,672
Transfers between revaluation and income and expenditure reserves	106	(106)	-
<b>Total comprehensive income for the year</b>	<b>11,385</b>	<b>(106)</b>	<b>11,279</b>
<b>Balance at 31st July 2022</b>	<b>25,257</b>	<b>11,908</b>	<b>37,165</b>



## Balance Sheet as at 31 July

	Notes	Year ended 31	Year ended 31
		July 2022 £'000	July 2021 £'000
<b>Fixed assets</b>			
Tangible fixed assets	11	59,573	57,835
Intangible fixed assets	12	76	94
		<b>59,649</b>	<b>57,929</b>
<b>Current assets</b>			
Stocks		14	19
Trade and other receivables	13	2,297	1,714
Cash and cash equivalents	18	5,277	6,848
		<b>7,588</b>	<b>8,581</b>
<b>Less: Creditors – amounts falling due within one year</b>	14	(6,115)	(7,070)
<b>Net current assets</b>		<b>1,473</b>	<b>1,511</b>
<b>Total assets less current assets</b>		<b>61,122</b>	<b>59,440</b>
Less: Creditors – amounts falling due after more than one year	15	(22,713)	(21,140)
<b>Provisions</b>			
Defined benefit obligations	17, 22	-	(10,888)
Other provisions	17	(1,244)	(1,526)
<b>Total net assets</b>		<b>37,165</b>	<b>25,886</b>
<b>Unrestricted reserves</b>			
Income and expenditure account		25,257	13,872
Revaluation reserve		11,908	12,014
<b>Total unrestricted reserves</b>		<b>37,165</b>	<b>25,886</b>

The financial statements on pages 45 to 80 were approved and authorised for issue by the Corporation on 15 December 2022 and were signed on its behalf on that date by:

**Elizabeth Laycock**  
Chair

**Karen Spencer MBE**  
Accounting Officer



**Statement of Cash Flows**

		Year ended 31 July	Year ended 31 July
	Notes	2022 £'000	2021 £'000
<b>Cash inflow from operating activities</b>			
(Deficit) / Surplus for the year		(1,393)	32
<b>Adjustment for non cash items</b>			
Depreciation and amortisation	11,12	2,241	2,339
Decrease in stock		5	3
Increase in debtors	13	(583)	(709)
(Decrease) / Increase in creditors due within one year	14	(3,744)	1,852
Increase in creditors due after one year	15	2,203	147
Decrease in enhanced pension provision	17	(282)	(98)
Pensions costs less contributions payable		1,773	1,274
<b>Adjustment for investing or financing activities</b>			
Investment income	7	(27)	(3)
Interest payable	10	257	296
		<u>450</u>	<u>5,133</u>
<b>Net cash flow from operating activities</b>			
<b>Cash flows used in investing activities</b>			
Investment income		27	3
Payments made to acquire fixed assets		(3,961)	(2,273)
Capital funding received		2,861	1,369
		<u>(1,073)</u>	<u>(901)</u>
<b>Cash flows from financing activities</b>			
Interest paid		(248)	(278)
Interest element of finance lease rental payments		(9)	(18)
Repayments of amounts borrowed		(555)	(518)
Capital repayments of finance lease payments		(136)	(178)
		<u>(948)</u>	<u>(992)</u>
<b>Increase in cash and cash equivalents in the year</b>			
		<b>(1,571)</b>	<b>3,240</b>
Cash and cash equivalents at beginning of the year	18	<u>6,848</u>	<u>3,608</u>
Cash and cash equivalents at end of the year	18	<u>5,277</u>	<u>6,848</u>





## **Financial Statements for the year ended 31 July 2022**

### **Notes to the Financial Statements**

#### **1. Statement of accounting policies and estimation techniques**

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

Harlow College is a Corporation established under the Further and Higher Education Act 1992 as a general College of further education. The address of the College's principal place of business is Harlow College, Velizy Avenue, Harlow, Essex CM20 3EZ and the nature of the College's operations are set out in the Strategic report.

#### **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 2021/22 and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102). The college is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

#### **Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention.

The principal accounting policies applied in preparation of these financial statements are set out below. These policies have been applied consistently applied to all the years presented, unless otherwise stated.

The financial statements are presented in sterling which is also the functional currency of the College. Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

#### **Basis of consolidation**

In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities.

#### **Going concern**

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Strategic 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 £4,456k of loans outstanding with bankers on terms negotiated in 2017 and May 2021.

## Financial Statements for the year ended 31 July 2022

### Notes to the Financial Statements

The College's prudent financial plans reflect recovering from the COVID-19 pandemic and moderate increases for rising inflation. The College is in a fixed electric contract until September 2023 and fixed gas contract until September 2024 and therefore included a moderate increase in utility prices in the 2023/24 financial plans. The College loans are on fixed interest rates until October 2026 and July 2027. The College's forecasts and financial projections indicate that it will be able to operate within these existing facilities and covenants for the foreseeable future.

The Bank covenants were breached at year end and noted by the bank with no action being taken. The bank has confirmed they will not take any action during this period. There is a bank waiver in place for the period February 2022 to April 2023 to facilitate the College utilising cash generated in 2020/21 during the waiver period without breaching the bank covenants.

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

#### Recognition of income

##### *Revenue grant funding*

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 funding is not subject to reconciliation and is therefore not subject to contract adjustments.

Levy-funded and ESFA funding for co-investment model apprenticeships income is measured in line with best estimates of the provision delivered in the year.

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

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

Grants from non-government sources, including grants relating to assets, are recognised in income when the performance-related conditions have been met and the grant will be received. Income received in advance of performance related conditions being met is recognised as a liability within creditors on the balance sheet and released to income as the conditions are met.

##### *Capital grant funding - government grants*

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

## Financial Statements for the year ended 31 July 2022

### Notes to the Financial Statements

Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as conditions are met.

#### *Other income*

Income from the supply of services is recognised at fair value of the consideration received or receivable and represents the value of services to the extent there is a right to consideration.

Income from tuition fees, including employer funding for co-investment funded apprenticeships is recognised over the period for which it is received.

#### *Investment income*

All income from short-term deposits is accrued in the period in which it is earned on a receivable basis.

### **Agency arrangements**

The College acts as an agent in distributing Bursary support funds from the funding bodies. Related payments received from the funding bodies and subsequent disbursements to students are excluded from income and expenditure of the College where the College does not have control of the economic benefit related to the transactions.

### **Accounting for post-employment benefits**

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

#### *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 but sufficient information is not available to use defined benefit accounting. The TPS is therefore accounted for as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

## Financial Statements for the year ended 31 July 2022

### Notes to the Financial Statements

#### *Essex Local Government Pension Scheme (LGPS)*

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

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

If the present value of the defined pension scheme obligations at the balance sheet date is less than the fair value of the scheme assets at that date, the scheme is in surplus. The College only recognises a scheme surplus as a defined benefit pension scheme asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

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

#### **Short term Employment benefits**

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

#### **Enhanced Pensions**

The actual cost of any enhanced ongoing pension to a former member of staff is paid by a college annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to comprehensive income in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

#### **Tangible fixed assets**

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

## Financial Statements for the year ended 31 July 2022

### Notes to the Financial Statements

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

#### *Land and buildings*

Land and buildings are stated in the balance sheet at cost or deemed cost for land and building revalued at the date of transition to FRS102. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis.

The land gifted from Stansted Airport in 2018 with a commercial value of £3m has been included in the accounts as £1,663k based on an educational value.

Freehold buildings including associated professional fees are depreciated on a straight line basis over their expected useful life to the College of between 10 and 52 years. Freehold land is not depreciated as it is considered to have an infinite useful life.

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 buildings, land was revalued at the date of transition to FRS102, as deemed cost but the College did not 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 each year. They are not depreciated until they are brought into use.

#### *Subsequent expenditure on existing fixed assets*

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

#### *Equipment*

Equipment costing less than £500 per individual item is recognised as expenditure in the period of acquisition, with the exception of some computer hardware items costing less than £500 which have been capitalised. All other equipment is capitalised and recognised at cost less accumulated depreciation.

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

- motor vehicles and general equipment – between 5 and 10 years straight-line basis
- computer equipment – between 3, 5 or 10 years on a straight-line basis
- furniture, fixtures and fittings – between 3 and 10 years straight-line basis.

## Financial Statements for the year ended 31 July 2022

### Notes to the Financial Statements

#### Intangible assets

Intangible fixed assets including software is initially recognised at cost and are subsequently amortised. Intangible assets are amortised to the statement of comprehensive income on a straight line basis over their useful lives, and for software this is over 3 to 5 years. Purchased Goodwill arising in respect of the acquisition of the trade and assets of a trading company is amortised over 10 years.

#### Borrowing costs

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

#### Leased assets

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

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

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

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

#### Stock

Stock is valued at the lower of their cost and net realisable value and estimated selling price less costs to complete and sell. Where necessary, provision is made for obsolete, slow-moving and defective items.

#### Cash and cash equivalents

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

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

## Financial Statements for the year ended 31 July 2022

### Notes to the Financial Statements

#### Financial instruments

Trade and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

#### 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, investments and short term deposits held by the College are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the 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 and investments 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 of the 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 less than 1% 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.

#### 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 reliable estimate can be made of the amount of the obligation.

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

## Financial Statements for the year ended 31 July 2022

### Notes to the Financial Statements

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

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

### Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

#### *Other key sources of estimation uncertainty*

- *Tangible fixed assets*

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

- *Gifted University College Building*

The College has assessed the value of the building at £7,918k, being the depreciated published values of the original project. This valuation reflects the building being used for educational use only. The building has been included as a donated asset and capitalised on the balance sheet as an asset and will be depreciated over its deemed remaining useful life.

- *Local Government Pension Scheme and Enhanced Pension Provision*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, 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 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.





## **Financial Statements for the year ended 31 July 2022**

### **Notes to the Financial Statements**

The enhanced pension provision (disclosed in note 17) relates to the cost of staff who have already left the College's employment and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with guidance issued by the funding bodies.

## Notes to the Accounts (continued)

### 2 Funding body grants

	Year ended 31 July 2022	Year ended 31 July 2021
	£'000	£'000
<b>Recurrent grants</b>		
ESFA - 16-18	14,468	14,624
ESFA - Adult Education Budget	2,833	3,320
GLA - Adult Education Budget	266	122
ESFA - Apprenticeships	1,914	1,970
Office for Students (Note 3)	19	42
<b>Specific Grants</b>		
ESFA – COVID testing	13	33
ESFA - High needs	846	786
ESFA – T Level early adoptor / incentive	-	200
ESFA – Excellence in maths	253	220
ESFA – Tuition fund	413	202
DfE - FE professional development grant	420	-
DfE - Strategic development grant	50	-
Teacher pension scheme contribution grant	557	573
Releases of government capital grants	910	854
	<b><u>22,962</u></b>	<b><u>22,946</u></b>
<b>Total</b>		

### 3 Total grant and fee income

	Year ended 31 July 2022	Year ended 31 July 2021
	£'000	£'000
Grant income from the OfS	19	42
Grant income from other bodies	22,943	22,904
<b>Total Grants</b>	<b><u>22,962</u></b>	<b><u>22,946</u></b>
Fee income for non-qualifying courses (exclusive of VAT)	734	530
Total tuition fees and education contracts	<b><u>734</u></b>	<b><u>530</u></b>
	<b><u>23,696</u></b>	<b><u>23,476</u></b>
<b>Total grant and fee income</b>		

## Notes to the Accounts (continued)

### 4 Tuition fees and education contracts

	Year ended 31 July 2022	Year ended 31 July 2021
	£'000	£'000
Adult education fees	98	55
Apprenticeship contracts	39	33
Fees for FE loan supported courses	352	336
Fees for HE loan supported courses	245	106
<b>Total</b>	<b><u>734</u></b>	<b><u>530</u></b>

Included within the above amounts are tuition fees funded by bursaries of £352k (2021: £336k).

## Notes to the Accounts (continued)

### 5 Other grants and contracts

	Year 2022	Year 2021
	£'000	£'000
Other grant income (High Needs)	837	805
Other grant income	14	8
Coronavirus Job Retention Scheme grant	-	10
	<hr/>	<hr/>
<b>Total</b>	<b><u>851</u></b>	<b><u>823</u></b>

High Needs funding is from local authorities to provide support packages for learners with special educational needs and disabilities.

The corporation furloughed non-curriculum catering staff, under the Government's Coronavirus Job Retention Scheme. The funding received of £Nil (2020/21 £10k) relates to staff costs which are included within the staff costs note as appropriate.

### 6 Other income

	Year 2022	Year 2021
	£'000	£'000
Catering	366	56
Other income generating activities	612	493
Other grants and contracts (note 5)	851	823
	<hr/>	<hr/>
<b>Total</b>	<b><u>1,829</u></b>	<b><u>1,372</u></b>

### 7 Investment income

	Year 2022	Year 2021
	£'000	£'000
Other interest receivable	<hr/> 27	<hr/> 3
	<b><u>27</u></b>	<b><u>3</u></b>

## Notes to the Accounts (continued)

### 8 Staff costs - College

The average **headcount** of persons (including key management personnel) employed by the College during the year, expressed as average head count and calculated on a monthly basis, was:

	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>
Teaching staff	313	311
Non-teaching staff	165	152
	<u><b>478</b></u>	<u><b>463</b></u>

#### Staff costs for the above persons

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	13,400	12,943
Social security costs	1,364	1,258
Other pension costs (Note 22)	4,021	3,769
	<u><b>18,785</b></u>	<u><b>17,970</b></u>
<b>Payroll sub total</b>	<b>18,785</b>	<b>17,970</b>
Contracted out staffing services	331	135
	<u><b>19,116</b></u>	<u><b>18,105</b></u>
Restructuring costs -		
Contractual	21	-
Non contractual	14	-
	<u><b>19,151</b></u>	<u><b>18,105</b></u>

Staff costs include a premises maintenance team, in house catering service and in house cleaners.

Salary sacrifices available to all staff are child care vouchers and cycle to work scheme.

## Notes to the Accounts (continued)

### 8 Staff costs - College (continued)

#### Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Executive Team (which comprises the Principal, Deputy Principal, Vice Principals, Assistant Principals and Executive Directors) and the Head of Governance.

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

	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>
The number of key management personnel including the Accounting Officer was:	14	14

The number of key management personnel and other staff (including part time staff grossed up to full time equivalent) who received emoluments, excluding pension contributions and employer's national insurance but including benefits in kind, in the following ranges was:

	<b>Key Management Personnel</b>		<b>Other staff</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
£45,001 to £50,000	1	1	-	-
£55,001 to £60,000	1	1	-	-
£60,001 to £65,000	7	7	1	-
£65,001 to £70,000	1	1	-	-
£75,001 to £80,000	2	2	-	-
£85,001 to £90,000	-	-	-	-
£90,001 to £95,000	1	1	-	-
£140,001 to £145,000	1	1	-	-
	<b>14</b>	<b>14</b>	<b>1</b>	<b>0</b>

## Notes to the Accounts (continued)

### 8 Staff costs - College (continued)

Key management personnel compensation is made up as follows:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Basic salary	992	984
Benefits in kind	2	2
Payment in lieu of pensions	22	-
Pension contributions	188	220
	<u>1,204</u>	<u>1,206</u>
<b>Total key management personnel compensation</b>	<b><u>1,204</u></b>	<b><u>1,206</u></b>

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

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Salaries	142	140
Benefits in kind	2	2
Payment in lieu of pensions	22	-
Pension contributions	8	33
	<u>174</u>	<u>175</u>
<b>Total</b>	<b><u>174</u></b>	<b><u>175</u></b>

The members of the Corporation other than the Accounting Officer and the staff members did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses £Nil (2020/21 £25) incurred in the course of their duties.

The pension contributions in respect of the Accounting Officer and key management personnel are in respect of employer's contributions to the Teachers' Pension Scheme and Local Government Pension Scheme and are paid at the same rate as for other employees.

The salaries of senior post-holders (Principal & Deputy Principal) are dealt with by the Corporation's Remuneration Committee. The Committee met 18 November 2021 to consider the Pension Cash Allowances In Lieu Of Pension Contribution Policy and 7 July 2022 to consider the remuneration of the Principal, Deputy Principal and Head of Governance. The Committee recommended to the Corporation a pay award of 1.5% for these three members of staff effective from 1 August 2022 in line with the College's staff pay award, of 1.5% from 1 August 2022. The Committee considers this to be appropriate based on comparisons with sector benchmarks derived from the Association of Colleges (AoC) report on its annual survey of senior staff salaries. No bonuses or other salary enhancements were awarded to any of these staff in 2021/22.

The relationship between the Accounting Officer's pay and remuneration expressed as a multiple of all other employees based on full-time equivalents, is set out below for both basic salary and total remuneration. Casual staff have been excluded from the calculation.

	<b>2022</b>	<b>2021</b>
	<b>No</b>	<b>No</b>
Basic salary as a multiple of median basic salary of staff	4.20	4.20
Total remuneration as a multiple of median total remuneration of staff	4.20	4.37

## Notes to the Accounts (continued)

### 9 Other operating expenses

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Teaching costs	931	421
Non teaching costs	2,707	2,371
Premises costs	1,467	1,081
	<u>5,105</u>	<u>3,873</u>
<b>Total</b>	<b><u>5,105</u></b>	<b><u>3,873</u></b>

#### Other operating expenses includes the following charges:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Auditors' remuneration (excluding VAT):		
Financial statements audit	27	27
Internal audit	17	25
Other services provided by the financial statements auditor		
Audit of separate schemes / grants	2	2
Other services provided by the internal auditors	8	
Lease Service Charge	31	31
Operating Lease expense	150	39
	<u>150</u>	<u>39</u>

### 10 Interest and other finance costs

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
On bank loans, overdrafts and other loans:	233	232
Net swap interest	15	46
	<u>248</u>	<u>278</u>
On finance leases	9	18
Net interest on defined pension liability (note 22)	167	185
Enhanced pension provision interest	24	21
	<u>24</u>	<u>21</u>
<b>Total</b>	<b><u>448</u></b>	<b><u>502</u></b>



## Notes to the Accounts (continued)

### 11 Tangible fixed assets

	Land and buildings		Equipment	Assets in the Course of Construction	Total
	Freehold	Long leasehold			
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
At 1 August 2021	70,186	103	11,312	-	81,601
Additions	3,256	-	675	24	3,955
Disposals	-	-	(366)	-	(366)
<b>As at 31 July 2022</b>	<b>73,442</b>	<b>103</b>	<b>11,621</b>	<b>24</b>	<b>85,190</b>
<b>Depreciation</b>					
At 1 August 2021	15,119	103	8,544	-	23,766
Charge for the year	1,300	-	917	-	2,217
Elimination in respect of disposals			(366)	-	(366)
<b>As at 31 July 2022</b>	<b>16,419</b>	<b>103</b>	<b>9,095</b>	<b>-</b>	<b>25,617</b>
<b>Net book value at 31 July 2022</b>	<b>57,023</b>	<b>-</b>	<b>2,526</b>	<b>24</b>	<b>59,573</b>
Net book value at 31 July 2021	55,067	-	2,768	-	57,835

Land was valued 31 July 2016 by Lambert Smith Hampton a firm of independent chartered surveyors. The date of transition for the revaluation is 31 July 2014.

The value of land included above, which is not depreciated totals £9.5m (2020: £9.5m).

Assets under construction includes the South East Institute of Technology (IoT) and preparation for J Building refurbishments.

Stansted Airport College came into use in September 2018. In 2017/18 Stansted Airport gifted 1.97 acres of land with a commercial value of £3m, the land was included at an educational use value of £1.66m. A 99 year lease (peppercorn) has been in place since October 2017. Stansted Airport Limited remains the freeholder of the land.

There is a 125 year lease agreement (from January 2015) between the College and Burnt Mill Academy Trust (BMAT), formerly the UTC for use of the College land. The College remains the freeholder of the land.

Clydesdale Bank has a fixed and floating charge over the Harlow College land and buildings.

The net book value of tangible fixed assets includes an amount of £275k (2021: £455k) in respect of equipment held under finance leases. The depreciation charge on these assets for the year was £163k (2020: £153k).



## Notes to the Accounts (continued)

### 11 Tangible fixed assets

If the College's fixed assets had not been revalued they would have been included at the following historical cost amounts:

	<b>£'000</b>
Cost	69,887
Aggregate depreciation based on cost	(22,222)
	<hr/>
<b>Net book value based on cost</b>	<b><u><u>47,665</u></u></b>

**Notes to the Accounts (continued)**
**12 Intangible fixed assets**

	<b>Software</b>	<b>Goodwill</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or valuation</b>			
At 1 August 2021	742	63	805
Additions	6	-	6
	<u>748</u>	<u>63</u>	<u>811</u>
<b>As at 31 July 2022</b>	<b>748</b>	<b>63</b>	<b>811</b>
<b>Amortisation</b>			
At 1 August 2021	685	26	711
Charge for the year	<u>18</u>	<u>6</u>	<u>24</u>
<b>As at 31 July 2022</b>	<b>703</b>	<b>32</b>	<b>735</b>
<b>Net book value at 31 July 2022</b>	<b>45</b>	<b>31</b>	<b>76</b>
Net book value at 31 July 2021	<u>57</u>	<u>37</u>	<u>94</u>

The amortisation for the year appears in the depreciation and amortisation in the statements of comprehensive income

## Notes to the Accounts (continued)

### 13 Trade and other receivables

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Amounts falling due within one year:		
Trade receivables	308	42
Prepayments and accrued income	740	981
Amounts owed by the ESFA	1,249	691
<b>Total</b>	<b><u>2,297</u></b>	<b><u>1,714</u></b>

### 14 Creditors: amounts falling due within one year

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Bank loans	579	554
Obligations under finance leases	50	136
Trade payables	449	601
Other taxation and social security	338	309
Accruals and deferred income	1,218	1,827
Deferred income - government capital grants	973	1,225
Amounts owed to the ESFA	2,508	2,418
<b>Total</b>	<b><u>6,115</u></b>	<b><u>7,070</u></b>

### 15 Creditors: amounts falling due after one year

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Bank loans	3,877	4,457
Obligations under finance leases	49	99
Deferred income - government capital grants	18,787	16,584
<b>Total</b>	<b><u>22,713</u></b>	<b><u>21,140</u></b>

## Notes to the Accounts (continued)

### 16 Maturity of debt

#### (a) Bank loans

Bank loans are repayable as follows:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
In one year or less	579	554
Between one and two years	607	579
Between two and five years	3,270	1,894
In five years or more	-	1,984
<b>Total</b>	<b><u>4,456</u></b>	<b><u>5,011</u></b>

As part of the College's phase 4 accommodation strategy in 2007 the College has arranged a facility for a drawdown of two loans totalling £4,566,000. £3,044,000 is subject to a fixed loan rate of 8.07%. £1,522,000 was subject to a fixed loan rate until its review in November 2017 when it then reverted to a standard variable rate. In February 2018 a swap product was entered into to fix the rate of the latter loan value to 1.42% (plus 2% margin) until November 2027. The outstanding balance on the bank loans, totalling £1,774,680 (2021: £2,075,544) for phase 4 of the College's accommodation strategy is repayable by instalments between December 2007 and July 2027 and is secured on a portion of freehold land and buildings of the College.

A bank loan of £2,976,972 to replace two loans was drawn down in May 2021. The loan is subject to a variable Bank of England Base Rate + 3.5% margin. In June 2021 a swap product was entered into to fix the rate at 0.80% (plus 3.5% margin) until November 2026. The outstanding balance of £2,682,209 (2021: £2,935,656) is repayable by instalments between May 2021 and November 2026, with a final lump sum balance due in November 2026.

Clydesdale Bank has a fixed and floating charge over all land and buildings owned by Harlow College.

## Notes to the Accounts (continued)

### 16 Maturity of debt

#### (b) Finance leases

The net finance lease obligations to which the institution is committed are:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
In one year or less	50	136
Between two and five years	49	99
<b>Total</b>	<b><u>99</u></b>	<b><u>235</u></b>

Finance lease obligations are secured on the assets to which they relate.

**Notes to the Accounts (continued)**
**17 Provisions**

	<b>Defined benefit Obligation £'000</b>	<b>Enhanced pensions £'000</b>	<b>Total £'000</b>
At 1 August 2021	10,888	1,526	12,414
Expenditure in the period	(827)	(85)	(912)
Transferred from income and expenditure account	(10,061)	(197)	(10,258)
<b>At 31 July 2022</b>	<b><u>-</u></b>	<b><u>1,244</u></b>	<b><u>1,244</u></b>

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in Note 22.

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

The principal assumptions for this calculation are:

	<b>2022</b>	<b>2021</b>
Interest rate	3.3%	1.6%
Inflation rate	2.9%	2.6%

**18 Notes to cash flow statement**
**Consolidated analysis of changes in net funds**

	<b>At 1 August 2021 £'000</b>	<b>Cashflow £'000</b>	<b>New finance leases £'000</b>	<b>Other non cash changes £'000</b>	<b>At 31 July 2022 £'000</b>
Cash in hand, and at bank	6,848	(1,571)	-	-	5,277
Bank loans	(5,011)	555	-	-	(4,456)
Finance leases	(235)	136	-	-	(99)
<b>Net debt</b>	<b><u>1,602</u></b>	<b><u>(880)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>722</u></b>

## Notes to the Accounts (continued)

### 19 Capital commitments

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Commitments contracted for at 31 July	<u>-</u>	<u>215</u>

### 20 Lease obligations

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

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Future minimum lease payments due</b>		
<b>Land and buildings</b>		
Not later than one year	71	63
Later than one year and not later than five years	204	220
Later than five years	519	553
	<u>794</u>	<u>836</u>

Since May 2015 the College has been leasing for five years a premises in the local town for the delivery of adult courses, the College renewed this lease for a further five years from May 2020. Since August 2016 the College has been leasing two pieces of land next to the College for staff car parking both on a twenty-five year lease. Since September 2017 the College is leasing for twenty-five years a premises in the local town which the College refurbished and transformed for the use of hair and beauty teaching with classrooms, technical rooms and a retail outlet. It came into use April 2021, but due to the pandemic did not officially open until September 2021. In August 2021 the College expanded its occupation of one of the premises in the town, the new lease will run concurrent with the existing lease for the premise.

### 21 Post balance sheet event

On 29 November 2022, the Office for National Statistics reclassified all college corporations to Central Government sector with immediate effect. This will mean that colleges will now be subject to the framework for financial management set out in Managing Public Money (MPM) and the Department for Education will introduce new rules for colleges, some of which will take effect immediately including in relation to borrowings. There are no other events after the reporting period.



## Notes to the Accounts (continued)

### 22 Defined benefit obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2016 and of the LGPS was 31 March 2019.

<b>Total pension cost for the year</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
Teachers Pension Scheme: contributions paid	1,998	1,892
Local Government Pension Scheme:		
Contributions paid	827	821
FRS 102 (28) charge	<u>1,196</u>	<u>1,056</u>
Charge to the Statement of Comprehensive Income	<u>2,023</u>	<u>1,877</u>
	4,021	3,769
Enhanced pension charge to Statement of Comprehensive Income	(197)	(7)
<b>Total Pension Cost for Year within staff costs</b>	<b><u>3,824</u></b>	<b><u>3,762</u></b>

Contributions amounting to £228,286 (2020: £224,957) were payable to the Teachers' Pension Scheme and are included in creditors.

#### Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including colleges. 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 TPS 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.

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

## Notes to the Accounts (continued)

### 22 Defined benefit obligations (continued)

#### Valuation of the Teachers' Pension Scheme

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

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/9). The Department for Education has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2021/22 academic year.

A full copy of the valuation report and supporting documentation can be found on the TPS website.  
The pension costs paid to the TPS in the year amounted to £1,998,404 (2021: £1,892,104)

## Notes to the Accounts (continued)

### 22 Defined benefit obligations (continued)

#### Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Essex County Council. The total payroll contributions made for the year ended 31 July 2022 were £1051,000, of which employer's contributions totalled £827,000 and employees' contributions totalled £224,000. The agreed contribution rates is 19.3% from April 2020 plus an agreed deficit contribution of £140,486 (2021: £134,437). The contribution rates for employees range from 5.5% to 12.5% depending on salary according to a national scale.

#### Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the LGPS Fund at 31 March 2019 updated to 31 July 2022 by Barnett Waddingham.

	<b>At 31 July 2022</b>	<b>At 31 July 2021</b>
Rate of increase in salaries	3.75%	3.80%
Future pension increases	2.75%	2.80%
Discount rate for scheme liabilities	3.40%	1.60%
Inflation assumption (CPI)	2.75%	2.80%
Commutation of pensions to lump sums	50%	50%

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

	<b>At 31 July 2022</b>	<b>At 31 July 2021</b>
	<b>years</b>	<b>years</b>
<i>Retiring today</i>		
Males	21.00	21.60
Females	23.50	23.60
<i>Retiring in 20 years</i>		
Males	22.30	22.90
Females	24.90	25.10

## Notes to the Accounts (continued)

### 22 Defined benefit obligations (continued)

#### Local Government Pension Scheme (Continued)

The College's share of the assets in the LGPS plan and the expected rates of return were:

	Fair Value at 31 July 2021	Fair Value at 31 July 2020
	£'000	£'000
Equities	20,701	22,964
Gilts and other bonds	2,363	2,572
Property	3,420	2,504
Cash	1,320	999
Alternative assets	4,894	3,981
Other managed funds	3,546	2,855
<b>Total fair value of plan assets</b>	<b><u>36,244</u></b>	<b><u>35,875</u></b>
<b>Actual return on plan assets</b>	<b><u>(282)</u></b>	<b><u>5,608</u></b>

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

	Enhanced £'000	LGPS £'000	Total 2022 £'000	2021 £'000
Fair value of plan assets	-	36,244	36,244	35,875
Present value of plan liabilities	(1,244)	(32,122)	(33,366)	(48,168)
Present value of unfunded liabilities	-	(96)	(96)	(121)
<b>Net pensions (liability) (Note 17)</b>	<b><u>(1,244)</u></b>	<b><u>4,026</u></b>	<b><u>2,782</u></b>	<b><u>(12,414)</u></b>

The pension scheme surplus of £4,026,000 has not been recognised in the financial statements.

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

	2022 £'000	2021 £'000
<b>Amounts included in staff costs</b>		
Current service cost	(2,023)	(1,877)
Administrative expenses	(16)	(19)
<b>Total</b>	<b><u>(2,039)</u></b>	<b><u>(1,896)</u></b>

#### Amounts included in interest expenditure

Net interest expenditure	(167)	(185)
	<b><u>(167)</u></b>	<b><u>(185)</u></b>

#### Amounts recognised in Other Comprehensive Income

Return on pension plan assets in excess of interest	(282)	5,608
Experience losses arising on defined benefit obligations	-	801
Other actuarial gains	(4,026)	-
Changes in assumptions underlying the present value of plan liabilities	16,575	(1,953)
Actuarial loss on Enhanced Pension Provision	197	7
<b>Amount recognised in Other Comprehensive Income</b>	<b><u>12,464</u></b>	<b><u>4,463</u></b>

## Notes to the Accounts (continued)

### 22 Defined benefit obligations (continued)

#### Local Government Pension Scheme (Continued)

#### Movement in net defined benefit liability during the year

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Net defined benefit liability in scheme at 1 August	(10,888)	(14,084)
Movement in year:		
Current service cost	(2,023)	(1,877)
Employer contributions	827	821
Net interest on the defined (liability)	(167)	(185)
Administrative costs	(16)	(19)
Actuarial gain	12,267	4,456
<b>Net defined benefit liability as 31 July</b>	<b><u><u>-</u></u></b>	<b><u><u>(10,888)</u></u></b>

#### Asset and Liability Reconciliation

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Changes in the present value of defined benefit obligations</b>		
<b>Defined benefit obligations at start of period</b>	46,763	43,729
Current Service cost	2,023	1,877
Interest cost	742	587
Contributions by Scheme participants	224	226
Changes in financial assumptions	(16,575)	1,152
Estimated benefits paid	(959)	(808)
<b>Defined benefit obligations at end of period</b>	<b><u><u>32,218</u></u></b>	<b><u><u>46,763</u></u></b>
<b>Changes in fair value of plan assets</b>		
<b>Fair value of plan assets at start of period</b>	35,875	29,645
Interest on plan assets	575	402
Return on plan assets	(282)	5,608
Administration expenses	(16)	(19)
Employer contributions	827	821
Contributions by Scheme participants	224	226
Estimated benefits paid	(959)	(808)
<b>Fair value of plan assets at end of period</b>	<b><u><u>36,244</u></u></b>	<b><u><u>35,875</u></u></b>

## Notes to the Accounts (continued)

### 23 Related party transactions

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

The total expenses paid to or on behalf of the Governors during the year was £Nil (2021: £25). This represents travel and subsistence and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity. No Governor has received any remuneration or waived payments from the College or its Subsidiaries (2021: none).

#### Declarations of Interest - Governors

Cllr Eddie Johnson is an Essex County Councillor. During the year Harlow College had a number of financial transactions with Essex County Council. Amounts paid to Essex County Council of £3k (2021: £Nil). Amounts paid by Essex County Council of £541k (2021: £689k) which included payments for High Needs. Essex County Council - the year-end creditor balance amounted to £50 (2021: £Nil). The year-end debtor balance amounted to £241k (2021: £Nil). The College also paid £1,062k (2021: £1,059k) of LGPS payments, the relating year end creditor balance amounted to £75k (2021: £74k)

Cllr Eddie Johnson is a Non-Executive Director for HTS Group Ltd. The year-end debtor balance amounted to £450 (2021:£Nil) relating to Apprenticeship contribution.

Brian Keane has paid employment with Harlow District Council, Cllr Eddie Johnson is a member of Harlow District Council. During the year Harlow College had a number of financial transactions with Harlow District Council. £20k (2021: £149k) was paid to Harlow District Council mainly in respect of national non-domestic rates. Amounts paid by Harlow District Council of £406 (2021: £700) in respect of student awards. The year-end creditor balance amounted to £68k (2020: £83k). The year end debtor balance amounted to £Nil (2021: £700)

Gail Wotton has paid employment with Manchester Airport Group (owners of Stansted Airport Ltd). £Nil (2021: £Nil) was received from Stansted Airport and £36k (2021: £5k) from Manchester Airport Group in respect of course delivery. £65k (2021: £68k) was paid to Manchester Airport Group in respect of training at Stansted Academy. The year-end creditor balance for Stansted Airport £Nil (2021: £Nil) and for Manchester Airport Group amounted to £104 (2021: £nil). The year-end debtor balance for Stansted Airport is £Nil (2021: £Nil) and for Manchester Airport Group is £350 (2021: £Nil)

Julia Filary has paid employment with Raytheon Systems Ltd. Amounts paid by Raytheon Systems Ltd £Nil (2021: £13k) in respect of course delivery. There was no balance outstanding at year end (2021: £Nil)

Jon Bouffler has paid employment with Anglia Ruskin University. Anglia Ruskin University paid Harlow College £Nil (2021: £2k). Harlow College paid Anglia Ruskin £Nil (2021: £Nil). The year-end balances amounted to £Nil (2021: £Nil).

Karen Spencer is part of the Association of Colleges Advisory Group. £26k (2021: £25k) was paid to the Association of Colleges which includes an annual membership fee. The Association of Colleges paid Harlow College £147 (2021: £Nil) which includes training course costs. The year-end creditor balance amounted to £104 (2021: £Nil), the year-end debtor balance amounted to £Nil (2021: £Nil).

Karen Spencer is the Maths Hub Chair at Herts & Essex High School. £12,697 (2021: £689) was paid to Harlow College during the year in respect of course registrations and materials. The year-end debtor balance amounted to £Nil (2021: £Nil).

Lianne Sherry was a member of AAT. £14k (2021: £23k) was paid to AAT in respect of examination fees. The year end creditor balance is £348 (2021: £2k)

### 23 Related party transactions (continued)

Paul Taylor has paid employment with Titan Airways. The year end debtor amounted to £150 (2021: £Nil).

Rod Bristow is a member of the Confederation of British Industry (CBI). £Nil (2021: £6k) was paid to the CBI in respect of commercial membership. The year-end creditors balance amounted to £Nil (2021: £Nil)

Rod Bristow has several Directorships associated with Pearson and Sotirios Adamopoulos has paid employment with Pearson Education Ltd. £104k (2021: £175k) was paid to Pearson in respect of exam registrations and fees. The year-end creditor balance is £8k (2021: £3k). £Nil (2021: £Nil) was paid to Harlow College. The year-end debtor balance was £Nil (2021: £Nil)

Rod Bristow is a governor with Burnt Mill Academy Trust (BMAT). BMAT paid Harlow College £52k (2021: £37k) mainly in respect of rent/service charge for the UTC building. The year-end debtors balance was £Nil (2021: £Nil).

There is a lease agreement between the College and BMAT (formerly the UTC) for use of the College land and shared facilities. The College remains the freeholder of the land.

### Declarations of Interest - Key Management Personnel

Will Allanson has an unpaid directorship and is a board member of Essex Chamber of Commerce. £1k (2021: £1k) was paid to Essex Chamber of Commerce in respect of a yearly subscription. The year-end balance is £Nil (2021: £Nil).

Julien Sample is a member of Gateway Qualifications and Paul Whitehead is a trustee of Gateway Qualifications. £103k (2021: £129k) was paid to Gateway Qualifications in respect of exam and qualification fees. The year-end creditor balance amounted to £11k (2021: £32k). Gateway Qualifications Ltd paid Harlow College £Nil (2021: £400) in respect of student awards sponsorship. The year-end debtor balance amounted to £Nil (2021: £Nil).

**24 Amounts disbursed as agent**
**Learner support funds**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Funding body grants – bursary support	486	497
Funding body grants – discretionary learner support	46	81
	<u>532</u>	<u>578</u>
Disbursed to students	(459)	(403)
Administration costs	(18)	(22)
Balance unspent as at 31 July, included in creditors	<u><u>55</u></u>	<u><u>153</u></u>

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.