



**HARLOW
COLLEGE**

Annual Report & Financial Statements

**Year ended
31 July 2021**



**Distinguished
School**

HARLOW COLLEGE

Annual Report and Financial Statements for the year ended 31 July 2021

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:

Karen Spencer – Principal, Chief Executive and Accounting officer
Will Allanson – Deputy Principal
Rebecca Jones – Vice Principal
Paul Whitehead – Vice Principal
Sallyann Abdelmoula – Assistant Principal
Ann King – Assistant Principal
Wendy Martin – Assistant Principal
Julian Sample – Assistant Principal
Laura Wedgbury-Glew – Assistant Principal
Sally Appleby – Executive Director of HR Services
Kelly Edwards – Executive Director of Quality from 1st March 2021
Deanne Morgan – Executive Director of Finance, Facilities and Health & Safety
Ben Nicholls – Executive Director of MIS, IT & Exams

Board of Governors

A full list of Governors is given on page 27 to 29 of these financial statements.
Mrs Ruth Lucas 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

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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 2021.

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 and only 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 relentless focus on "Not Just Courses, Careers".

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 College also operates smaller satellite learning centres within Harlow and at Stansted Airport which are used to deliver the majority of its adult provision. The College offers a wide variety of vocational, technical and professional qualifications and in 2020/21 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: Not just courses. Careers. (2019-2024)

Our next phase builds 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.

At the core of our strategy are our values:

- Students at the heart.
- Be your best, be your future.
- Work hard, work together.
- Be innovative and enterprising.

We have shaped our plan around the following intentions:

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

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Career-led Curriculum

- Our curriculum planning will focus on the maintenance and development of the 'Not just Courses, Careers' approach, in particular partnerships with key employers including Stansted Airport, Public Health England (PHE), Princess Alexandra Hospital, any 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 4th 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 will work with the Chamber of Commerce 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 will partner 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 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.



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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 attainment, progress, value added and destinations.
- Invest in the highest quality learning, teaching and assessment, (LTA) building on our successful LTA Strategy.
- Embed our new LTA quality processes to continue our focus on peer evaluation, improvement, innovation and sharing good practice, integrating our innovative digital approach as a norm.
- Provide a head-start to our students through our extra curricula and work experience programmes, that builds their confidence and skills for the workplace.
- Ensure all our learners have meaningful, positive destinations.
- Continue our focus on improving English and Maths as a critical part of our curriculum.
- 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 (including T-Levels, the Institute of Technology and apprenticeships), in particular focusing on our partnerships with key employers in the region and establishing an Institute of Technology (IoT).
- Be recognised through the achievement of awards, 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.
- To manage the increasing cost-base as effectively as possible, reviewing processes and procedures to ensure we are getting best value for money

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- To meet the challenges of the apprenticeship levy and continue to secure new business from levy paying employers.
- To review and develop a sustainable funding model for 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.
- To invest in our staff through continued support for professional development, e-learning development, digital technology and our well-being programmes.
- The further rejuvenation of our estate, including identifying capital funds to redevelop Buildings J and K as a Health Technologies Innovation Centre, and the establishment of a 147 Training Centre at Stansted Airport.
- Consolidation of our previous strategy, including embedding of HAMEC, work on Modern Methods of Construction, the establishment of the CITB Hub, partnerships with PHE and Stansted Airport College
- Developing a sustainable model for investment in our technological infrastructure, including iPads and new technologies to support the continued development of digital skills.

COVID-19 and the College Objectives

As part of the COVID-19 national lockdown in March 2020 and January 2021, the College campus closed. The College's digital strategy and innovative approach to learning, teaching and assessment, enabled curriculum delivery to continue virtually. When partial reopening was permitted, the subjects requiring practical completion were prioritised for on-campus delivery. Apprenticeships became unstable during the COVID-19 pandemic as businesses were hit by economic difficulties, this instability continues. We are anticipating fundamental shifts in employment rates, and have a flexible team and programmes in place to quickly scale-up activity. In order to maintain COVID-19 secure campuses curriculum delivery continues to be a blend of on site and virtual delivery.

RESOURCES

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

Financial

The College has £26 million of net assets (2019/20 £21 million) including £12 million pension liabilities (2019/20 £16 million), long term debt of £5 million (2019/20 £2m) and long term capital grant funding of £17 million (2019/20 £16 million).

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

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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" which has been in use since April 2021. 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. The College is in the process of cladding its oldest building with government Further Education Capital Allocation (FECA) and improving 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 has made 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.

People

During the year the College employed on average 463 people (in 2019/20 454 people), of whom 311 are teaching staff (in 2019/20 285 people). This growth in teaching staff is a result of finding it difficult to recruit to vacant posts.

The College enrolled over five thousand students. The College's student population included 2,600+ 16-18 year olds, 400+ apprentices, 1,900+ adult learning programmes and 100+ high needs learners.

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 maintained in 2019 for a further three years.



Apple Distinguished
School status for the
2nd consecutive time

Stakeholders

The College has many stakeholders including:

- Our current, future and past students and trainees.
- Our staff.
- Trade Unions.
- Local community groups and employers (including Princess Alexandra Hospital and Stansted Airport (Manchester Airport Group)).
- Professional bodies.
- Other FE institutions.

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- Anglia Ruskin University.
- The local councils – Harlow District Council, Uttlesford District Council and both Essex and Hertfordshire County Councils.
- Government offices / Regional Development Agencies / LEPs.
- Education sector funding bodies.
- FE Commissioner.

Harlow College recognises the importance of these relationships and engages in regular communication with them. The College has seen first hand during the outbreak of COVID-19 how each stakeholder has played an integral part in the organisation. Using the College's existing digital strategy, learning and support services continued throughout the outbreak by virtual methods.

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 27 to 29. 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.

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), recognised as the fastest growing region in the UK with growth and Gross Value Added both above national averages. The corridor is home to 120,000 science, engineering and tech professionals.

Harlow College has been using the purpose-built training hub on the site of where Public Health England (PHE) is creating its new public health science campus, to deliver training programs for local people that meet the needs of employers and address employment skills shortage. This is particularly to meet the needs for the major growth and development planned in Harlow and the surrounding areas over the next 15 years for housing and the relocation of Public Health England.

In 2018 the College was chosen to be one of 21 Maths Centres for Excellence, to improve the quality of basic maths provision for low-attaining young people over the age of 16. Other objectives are to design new and improved teaching approaches, develop high-quality teaching resources, build teachers' skills and spread best practice across the country through maths networks. The practice of our Centre for Excellence in Maths (CfEM) has continued throughout COVID-19 with online webinars and workshops for teachers and managers.

Harlow College has been successful in becoming 1 of 20 schools and colleges to be awarded the prestigious EdTech demonstrator status. The scheme is part of the government's £10 million

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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 and the need for remote learning, as it includes guidance on using online learning platforms more effectively. This work has continued virtually throughout the COVID-19 pandemic. Harlow College is also helping other schools and colleges develop their longer-term digital capability.

FINANCIAL PERFORMANCE

Financial Results

The College generated a surplus in 2020/21 of £32k (in 2019/20 surplus of £7,607k) with total comprehensive income of £4,505k (2019/20 surplus £3,991k). The operating surplus for 2019/20 included the transfer of University College Harlow Building from Anglia Ruskin University to Harlow College valued at £7,918k located at Harlow College campus. The total comprehensive income is stated after the actuarial gain in respect of pension schemes of £4,463k (2019/20 actuarial loss £3,622k).

The LGPS pension deficit £10,888k (2019/20 £14,084k) has cost the College £1,877k (2019/20 £1,383k) to service the deficit which is included in staff costs and reflected in the operating surplus.

Cash Flow and Liquidity

At £5,133k (2019/20 £2,240k), net cash flow from operating activities was good.

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.

The College received a small amount of ESFA funding for providing and staffing a testing centre for students. The College benefited from tuition funds from the ESFA for schools, colleges and other 16-19 institutions which was used to mitigate the disruption to learning arising from COVID-19. During the spring 2021 lockdown the College sought and benefited from furlough (Coronavirus Job Retention Scheme grant) for catering staff that could no longer work as the campus was closed. No other COVID-19 related schemes or funding were utilised by the College during 2020/21.

Developments

Tangible and intangible fixed asset additions during the year amounted to £2,273k. This was split between land and buildings including enhancements of £1,528k, £739k equipment, £6k software and goodwill. In 2020/21 the College was allocated £1m from the ESFA to address the capital needs of the estate, allocated £1.5m from the Department of Education for T Level capital improvements and allocated £1.5m from South East Local Enterprise Partnership for building improvements. The College is drawing down on the latter two as building works are completed.

Reserves

The College has accumulated reserves of £26,286k (2019/20 £24,969k) before pension deficits including the Enhanced Pension Provision and revaluation reserve and has closing cash balances of £6,848k (2019/20 £3,608k). The cash closing balance includes provision for Adult

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Education Budget clawback for 2020/21 under delivery (due to the pandemic). The College wishes to accumulate reserves and cash balances in order to create a contingency fund 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. In 2020/21 this represented 92% (2019/20 67%) of the College's total income.

Due to the Campus being closed and a reduction of footfall on the sites, there has been a reduction of some operational costs.

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 during the pandemic where appropriate and feasible for curriculum delivery
- Encouraged use of virtual meetings, training and staff development

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

UK Greenhouse gas emissions and energy use data for the period	1 August 2020 to 31 July 2021	1 August 2019 to 31 July 2020
Energy consumption used to calculate emissions (kWh)	5,174,901	4,482,585
<u>Scope 1 emissions in metric tonnes CO₂e</u>		
Gas consumption	650.27	518.49
Owned transport	Data not available	
Total	650.27	518.49
<u>Scope 2 emissions in metric tonnes CO₂e</u>		
Purchased electricity	344.96	387.65
Business travel in employee owned vehicles	13.37	Data not available
Total	358.33	387.65
Total gross emissions	1008.60	906.14
<u>Intensity ratio</u>		
Metric tonnes CO₂e per square foot	2.55	2.29
Metric tonnes CO₂e per FTE staff member	2.67	2.47

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FUTURE PROSPECTS

Harlow is set for significant growth over the next 10 years. The current population is projected to grow with 16,000 new homes planned as part of the Harlow and Gilston Garden Town Project. Business growth projections are high with the relocation of Public Health England (PHE) moving to Harlow bringing with it 2,000+ new jobs to the town plus construction related jobs for the duration of the build. In addition, Harlow's Enterprise Zone has the capacity to attract new science and manufacturing businesses to the town. The inclusion of a planned new hospital, a full redevelopment of the 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.

Over the next 10 years the College is anticipating 25% more 16-18 year olds in Harlow. These figures exclude the significant projected growth in local housing. The College will respond to these changes by ensuring the curriculum offered meets the needs of the community and employers we serve.

T-LEVELS THE NEXT LEVEL QUALIFICATION

Harlow College will be a T Level provider from September 2021 for which we have received grant funding for the initial adoption project. T Levels are a new technical qualification which combine classroom theory, practical learning and an industry placement. With government capital funding the College is refurbishing and upgrading facilities in readiness to deliver the new qualification.

Harlow College has also received funding from the South East Local Enterprise Partnership (SELEP) in relation to the Getting Building Fund (GBF) investment and is currently in contract to refurbish two buildings within the College's estate. This will support three new T Levels in Construction, Digital and Early Years. GBF funding will extend the scope of the remodelling to provide 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). IoTs are new employer-focused providers specialising in delivering higher technical education across England. They are part of the government's plans to reform technical training to help employers get the skilled workforce they need and offer local people rewarding jobs.



The College has been successful in the early stages of an IoT bid. If successful the College would use the capital funding on specialist equipment for new technical qualifications at levels 3-5 and to refurbish an area of a building.



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

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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.

Outstanding progress has been made with regard to the College's digital strategy. The College has fully embraced the use of iPads and core applications and has been awarded Apple Distinguished School status for the second time. The core applications have underpinned individual innovation and creativity and approved effective in securing some great success in the classroom. The College's digital strategy enabled a swift transition to full time virtual delivery during the national lockdown and this strategy has enabled blended learning to continue.

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 in tackling the challenge of unemployment through specific programmes and projects aimed at the unemployed. The College is prepared to expand its adult delivery to meet the increase in demand. The College works with Job Centre Plus across Greater Essex, South Suffolk and North London providing 19+ classroom-based provision. This provision is a mixture of employability programmes and sector-based work academies.

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 in the final stages of successfully implementing a range of new standards-based apprenticeships and Ofsted 2019 reported that these meet the principles in full. For apprenticeships the College delivers good off-the-job training and makes effective links to the skills required in the workplace.

The College curriculum is reviewed annually during which strong use is made of local labour market information, changing demographics and employer feedback. The COVID-19 pandemic forced a review of how the campuses are used and how they could be flexed in order to accommodate a geographical increase in 16-18 year old learners. 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.

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Financial Plan

The governors approved a financial plan for the period 2020/21 to 2022/23 in July 2021 which sets objectives for this period. The projections and assumptions approved by governors in the financial plan indicate that the College will continue to maintain the minimum "Good" financial health, achieve a small surplus and that bank covenants will be met.

The College financial plans include recovering to pre-pandemic levels for Adult Education Budget, Apprenticeship and catering income.

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.

Reserves Policy

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 £13,872k (2019/20 £9,261k). The movement in the reserve is mainly due to the Local Government Pension Scheme (LGPS) deficit £10,888k (2019/20 deficit £14,084k). The total LGPS pension actuarial movement during 2020/21 is £4,463k gain (2019/20 £3,622k actuarial loss). The substantial movement in the deficit can be mainly attributed to the increase in discount rate from 1.35% to 1.6%. The LGPS deficit is not an immediate liability, it would be met in the form of incremental employer contributions over an agreed time period. The College wishes to continue to accumulate reserves and cash balances in order to create a contingency fund to meet future capital requirements.

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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 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.

Key risks identified:

- (1) *Government selects a funding policy for further education which runs counter to Harlow College's strategic direction. For example, it imposes cuts in further education budget which would be hard for the College to absorb without impact on student success and other performance measures.*

Control measure:

There are no wholly effective measures the College is able to put in place for this risk. However, the College will seek to limit the impact of the risk by assuming that government policy could change at any time (and adversely impact on the college strategic direction). The College has set realistic funding targets for high risk areas (AEB & Apprenticeships) in the financial plan and planned expenditure to align with lower income. Apprenticeship recruitment continues but has slowed in line with prediction. AEB delivery has been diversified to increase volumes of online delivery. New role created to focus on the marketing and recruitment of Adults (particularly focusing on e-learning).

- (2) *Failure to achieve strong outcomes for students in respect of government performance measures and the quality of learning, teaching and assessment.*

Control measure:

Key performance measures are set out in the college KPIs and the college Quality Improvement Plan. These measures are used to monitor performance at team level throughout the year. These measures are regularly reported to governors in Standards Committee meetings and to the whole governing body. The College Self-Assessment which addresses each of these measures is shared with Ofsted on an annual basis. Principalship leading on themed performance review meetings throughout the year which are complementary to quality and apprenticeship meetings. Curriculum planning to include an analysis of move to new technical qualifications and Standards, ensuring readiness for implementation. Monitoring of new initiatives at Executive and Governors, including "Power of 3", "4 steps" - evidence and impact.

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- (3) *Not recruiting to the 19+ AEB target; Transition from relying on unemployed students as the sole sources of recruitment.*

Control measure:

Income targets in the management accounts have been reduced to be realistic to achieve and income within the AEB has been broken down into separate lines with clear activities set out to recruit learners, these include e-learning and online programmes. A new post has been created in Marketing to focus on the engagement and recruitment of adult learners. 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.

- (4) *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:

New 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 planned 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. Engagement in the lesson. On-going monitoring of attendance, punctuality, pro-monitor, flags and completion of marked work. The College has implemented an AoC graduate recruitment scheme and has received Taking Teaching Further grant funding to help address this risk.

- (5) *Teachers' and Local Government Pension Scheme Pension – significant increase in pension liability (risk to cumulative reserves), increase of deficit contributions (risk to year end surplus) and increase in employer contributions and NI employer contributions (increase in staff costs and risk to year end surplus). New legislation relating to McCloud and Sargeant cases could increase costs.*

Control measure:

The key assumptions on the Local Government Pension Schemes (LGPS) are reviewed and challenged. Key finance personnel are keeping up to date with pension news. The service charge is a non-cash item and does not impact the financial health. However, the risk is that it has a future cash impact, following each triennial valuation cash payments to the fund could be increased to reduce the pension deficit, which would impact the College's financial health. To monitor COVID-19 economic and demographic movements that could impact the financial performance of the scheme. With regard to (LGPS) McCloud and Sargeant judgement the government will introduce new legislation when parliamentary time allows. Pension schemes will also run individual consultations on their specific scheme regulations. The College will monitor the proposed remedies to be applied in response to the McCloud and Sargeant cases. The College will continue to keep up with national insurance news.

- (6) *Failure to improve the quality of Apprenticeship, specifically tracking of progress, achievement and teaching, learning and assessment*

Control measure:

Senior group established to drive change in the delivery of apprenticeships. Systems being reviewed to improve tracking and reporting

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KEY PERFORMANCE INDICATORS

The following Strategic Objectives (SO) have formed the focus for 2020/21:

- Career-led Curriculum (SO1)
- Quality of Education (SO2).
- Resources (SO3).
- Quality of Experience (SO4).

Area	Measure	Target	Performance
Career-led curriculum (SO1)	Launch 4 new T-level routes	4 routes Sept 2021	3 routes Lack of demand for 4 th route
	Meet Industry Placement targets (CDF)	Level 2 – 144 Level 3 – 114	N/A process amended due to COVID-19
	Submit joint bid with South Essex College for IoT	Successful bid Phase 1	Moved to Phase 2
	Submit Partnership Project bid as part of Skills Accelerator/Strategic Development fund	Involve all 7 Essex colleges	6/7 (Colchester 6 th Form a Sponsor)
Learning, teaching and assessment (SO4)	50% completion 2-year Power of 3 peer observation process	50%	85%
	75% of observations demonstrate good challenge, pace, differentiation	75%	Suspended due to COVID-19 to resume November 2021
	Student Satisfaction	85%	80%
Learner Outcomes – 16-18 (SO2)	Attendance = 90%	90%	89.56%
	Achievement = 85%	85%	84.9% (excluding English & Maths)
	92% Known destinations	92%	91%
English and mathematics outcomes (SO2)	Attendance = 80%	80%	62.67%
	GCSE grade 9-4 pass target= 40% English, 40% Maths	40%	38% English 54% Maths
	GCSE overall achievement target	95%	91%

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Members' Report

Area	Measure	Target	Performance
	Functional Skills achievement target	60%	31%
Apprenticeship Achievement (SO2)	Overall Achievement = 69%	69%	33.9%
	Attendance	95	94.1%
Adult Achievement (SO2)	E-Learning Programmes - 75%	75%	61.1%
	Overall achievement rate (excluding e-learning)	92%	84.2%
Financial health and bank covenants (SO3)	Good Financial Health	Good	Good
	Meet Test 1 and Test 2 of the bank covenants	Yes/No	Yes
	Cash days	59	119 Await AEB clawback
Recruitment and Income targets (SO3)	16-18 (Recruitment)	2,809	2,695
	Apprenticeships	1.688m	1.972m
	AEB (ESFA + GLA)	3.573m	3.447m
	Advanced Learner Loans	420k	337k
	High Needs Funding	1.7m	1.591m
	Harlow College HE Income	220k	125k
	Project income	550k	838k

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Student numbers

Type of provision	2020/21 Number of Learners	2019/20 Number of Learners	2018/19 Number of Learners
16 to 19 Study Programmes	2,695	2,752	2,653
Apprenticeships (starts)	448	677	1,088
Adult learning programmes	2,055	2,915	2,819
Provision for learners with high needs	142	123	121
Higher Education (HNC/D)	34	54	52
Higher Education (Anglia Ruskin)			25
Advance Learner Loans	159	140	127

Student numbers have seen a decline overall, particularly at our Stansted campus which is linked to the impact the pandemic has had on the aviation and associated industries. New apprenticeships suffered during the pandemic as organisations were not taking on new apprentices due to national lockdowns or economic difficulties arising from the pandemic. Adult courses are mainly face to face, these could not take place during national lockdowns and were not able to take place during COVID-19 restrictions.

Student achievement

Challenging circumstances from the COVID-19 pandemic and national lockdowns is reflected in the rates below. Poor functional skills achievement is a major contributing factor to the overall achievement rates. Functional skills were kept as an examined assessment which presented challenges for both the College and students shielding, isolating or COVID-19 anxieties, compared to GCSE which was teacher assessed.

Outcomes for Study Programme Learners	18/19	19/20	20/21	Benchmark for 18/19 (national rate for FE Colleges)
Achievement %	82.6%	82.7%	78.0%	83.4%
Retention %	90.9%	92.8%	89.7%	91.0%
Pass%	90.9%	89.3%	87.2%	91.7%

The main study programmes were able to move seamlessly into online digital learning in response to the national lockdown as the College's established digital strategy ensures all learners and staff are equipped with a mobile IT device.

Students' grades were produced through a combination of Centre Assessed Grades and a national standardisation process by Ofqual, working with awarding bodies.

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The national change from delivering AS and then A2 to delivering full 2 year A level had a significant impact on A Level retention, reflected in the above retention figures. Despite the challenges of COVID-19, the A-Level students once again achieved fantastic results. A Level students achieved a 99% pass rate for the fourth year in a row.

The A Level students have again secured places at some of the country's top universities including King's College London, Cambridge, Durham, Nottingham, Sussex, University College London and Exeter to study subjects such as Medicine, Physics with Astronomy, History, Law, Politics, Sociology and East European Studies.

Apprenticeships

Apprenticeships	18/19	19/20	20/21	Benchmark
Achievement %	64.7%	45.6%	33.9%	66.7%
Retention %	N/A	N/A	N/A	N/A
Pass %	N/A	N/A	N/A	N/A

Apprenticeship achievement rates are notably below national benchmarks and below the College's historical performance partly due to the impact of COVID-19; which caused delays to assessments, apprentices being furloughed or losing their jobs. The decline is more significant on higher level and longer apprenticeship programs as it was difficult for many Apprentices to retain employment during the pandemic. Again, 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.

The College continues to establish its own higher education provision with a presence on the UCAS admission system with access to a wider network of potential external students.

Adult Learning Programs

Adults	18/19	19/20	20/21	Benchmark
Achievement %	89.0%	82.0%	83.0%	89.9%
Retention %	98.0%	96.9%	94.2%	94.7%
Pass %	90.8%	84.7%	88.3%	94.9%

Despite adult learning programmes being difficult to deliver due to the national lockdowns and COVID-19 restrictions limiting face to face delivery, there have been marginal improvements which are due to e-learning improvements.

High Need Funding (HNF)

These learners were retained well throughout the pandemic (94.3%) but overall outcomes were down (76.2% compared to 83.3% in 2019/20). There were a large number of HNF students taking functional skills that had no COVID-19 adaptations in 2020/21 which has impacted the achievement rate.

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Higher Education

Level 4 and HE (Higher Education) student achievement improved from 87% in 2019/20 to 93% on 2020/21. The adult learners on these programs were well supported and learners were retained (retention 98%).

Financial Performance

	2020/21 Target	2020/21 Performance	2021/22 Target
Income (adjusted)	£24m	£24m	£25m
Surplus/(Deficit)	c.£100k	£32k	c.£50k
EBITDA	7%	12%	7%
Borrowing as a % of adjusted income	27%	22%	21%
Staff Costs as a % of adjusted income	72%	73%	72%

Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires organisations, in the absence of an agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the accounting period the College paid 79.9% of its invoices within 30 days. The College incurred £Nil interest charges in respect of late payment for this period.

Other Performance Measures

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 2020/21 documents key strengths of the College including governors and leaders having clear vision, high ambition for learners and apprentices, learners make good progress and are successful in moving on to their next steps.

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices data available on the GOV.UK website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Education and Skills Funding Agency ("ESFA"). The College is currently assessed by the ESFA as having a "Good" financial health grading. The current rating of Good is considered an acceptable outcome.

The College has retained its affiliation with the Office for Students, to continue to deliver higher education funding provision with them.

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EQUALITY & DIVERSITY

Equality

The College is committed to ensuring equality of opportunity for all who learn and work at the College. We respect and value positively differences in race, gender, sexual orientation, disability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage and will actively combat bigotry. The College's Equality & Diversity Policy is published on the College's website www.harlow-college.ac.uk.

The College's Equality & Diversity Policy ensures compliance with all relevant legislation including the Equality Act 2010. The Equality & Diversity Policy and the Equality Action Plan is on the College website. The College undertakes equality impact assessments on all new policies.

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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:

31st March 2020



63% 37%

31st March 2019



62% 38%

**Mean Gender Pay Gap for
2020**



**6.29% difference between
male and female hourly pay**

**The average hourly rate for a
female was £16.54 and a
male was £17.65**

**Mean Gender Pay Gap for
2019**



**4.68% difference between
male and female hourly pay**

**The average hourly rate for a
female was £16.08 and a
male was £16.87**

**Median Gender Pay Gap for
2020**



**10.98% difference between
male and female hourly pay**

**The median hourly rate for a
female was £15.41 and a
male was £17.31**

**Median Gender Pay Gap for
2019**



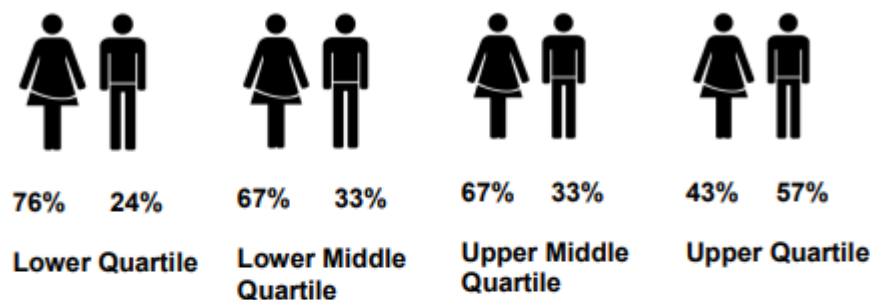
**12.08% difference between
male and female hourly pay**

**The median hourly rate for a
female was £15.00 and a
male was £17.06**

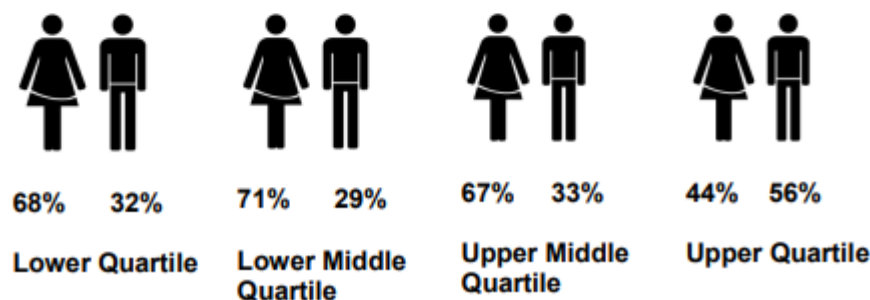
Annual Report and Financial Statements for the year ended 31 July 2021 Members' Report

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

For 2020:



For 2019:



Whilst the pay gap remains relatively low there has been an increase to the mean Gender Pay Gap of 6.29%, however the median has decreased to 10.98%, this compares well to a national average of 15.5% The College continues to work hard to reduce this figure but as staff turnover remains low, implementing any significant changes that might affect this measurement, is difficult.

Disability statement

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, sexual orientation, in line with the Equality Act 2010 and the Children and Families Act 2014.

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.

Our staff and the Special Educational Needs (SEND) team are here to provide support individuals need 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 possible. The College is proud of the College's track record in opening up opportunities for students with disabilities and learning difficulties.

Annual Report and Financial Statements for the year ended 31 July 2021 Members' Report

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 available on the College's website.

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.

For the period 1st April 2020 to 31st March 2021:

Numbers of employees who were relevant in the period	FTE employee number
5	5

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

Total cost of facility time	£8,219
Total pay bill	£16,618,412
Percentage of total bill spent on facility time	0.05%

Time spent on paid trade union activities as a percentage of total paid facility time	55%
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Going concern

The College is a going concern and has adopted this basis of accounting in preparing the accounts. The Corporation believes that it will be able to continue in operation and meet its liabilities for the foreseeable future. At 31 July 2021 the College has net current assets of £1,511k (2019/20 (£2,158k) net current liability) and cash balance of £6,848k (2019/20 £3,608k). The College has not had an overdraft facility during 2020/21. The 2021/22 student numbers are on target for securing Funding Body income for 2021/22 and 2022/23. The College continues to look outward and forward to other avenues of funding, such as government announced opportunities for Level 3 adult funded learning.

During the second national lockdown the College sought Furlough, Job Retention Scheme (JRS) for its catering staff, as due to the campus closure there was no possibility of earning income to cover these salaries. As campus use has returned to pre-pandemic levels all these staff have returned to work.



Annual Report and Financial Statements for the year ended 31 July 2021 Members' Report

Bank covenants were not breached during 2020/21 and are not expected to breach for 2021/22 and 2022/23. The College financial plans reflect that 2021/22 income progression may be slower as a result of COVID-19 and has planned financial activity accordingly in order to remain solvent.

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.

DISCLOSURE OF INFORMATION TO THE AUDITOR

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's 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 21st December 2021 and signed on its behalf by:

Signature:

A handwritten signature in black ink, appearing to read "Laycock", written over a horizontal line.

Elizabeth Laycock, Chair

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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 1st August 2020 to 31st July 2021 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in full accordance with the March 2015 guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges (“the Code”), formally adopted by the College 2 July 2015.

In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2021. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of the 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		Teaching Staff	Standards and Curriculum	100% (5/5)
Paul Bartlett	Reappointed 19.07.2018	4 years		Governor	Vice-Chair of Corporation until 22 nd October 2020, Chair of Audit, Remuneration	60% (3/5)
Julian Bedford	Reappointed 22.10.2019	4 years		Governor	Resources	80% (4/5)
Jon Bouffler	Reappointed 14.07.2020	4 years		Governor	Standards and Curriculum	80% (4/5)
Jo Breen	Reappointed 01.05.2017	4 years	Term of office ended 30.04.2021	Governor	Resources	33% (1/3)
Rod Bristow	Appointed 02.01.2019	4 years		Governor	Standards and Curriculum	100% (5/5)
Chris Chatt	Elected 21.03.2017	4 years	Term of office ended 20.03.2021	Support Staff	Audit	100% (2/2)
Anthony Durcan	Reappointed 11.12.2018	2 years	Term of office ended 10.12.2020	Governor	Audit	0% (0/1)
Julia Fillary	Appointed 08.07.2021	4 years		Governor	Resources	100% (1/1)

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Statement of corporate governance and internal control

Name	Date of appointment	Term of office	Date of resignation	Status of appointment	Committees served	Attendance
Eddie Johnson	Reappointed 15.12.2018	4 years		Governor	Chair of Resources, Search, Remuneration	100% (5/5)
Brian Keane	Appointed 25.03.2021	4 years		Governor	Audit	66% (2/3)
Elizabeth Laycock	Reappointed 19.05.2020	4 years		Governor	Chair of Corporation from 22 nd October 2020 Vice-Chair of Corporation until 22 nd October 2020, Chair of Standards and Curriculum until 25 November 2020, Remuneration Resources from 3 rd December 2020	100% (5/5)
Ray Levy	Reappointed 11.10.2020	4 years		Governor	Audit Vice-Chair of Corporation from 22 nd October 2020 Chair of Search	100% (5/5)
Lily Lin	Appointed 01.08.2018	4 years		Governor	Audit to 3 rd December 2020 Vice-Chair of Corporation from 22 nd October 2020 Chair of Standards and Curriculum from 25 th November 2020	80% (4/5)
Peace Oduware	Elected 01.08.2020	1 year	Term of office ended 31.07.2021	Student Governor		80% (4/5)
Eva Scott	Elected 01.08.2020	1 year	Term of office ended 31.07.2021	Student Governor	Standards and Curriculum	100% (5/5)
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	100% (5/5)
Paul Taylor	Reappointed 05.04.2021	4 years		Governor	Chair of Corporation until 22 nd October 2020, Resources	100% (5/5)

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Statement of corporate governance and internal control

Name	Date of appointment	Term of office	Date of resignation	Status of appointment	Committees served	Attendance
Michael Travers	Elected 21.03.2021	4 years		Staff Governor	Audit	66% (2/3)
Gail Wootton	Appointed 15.03.2018	4 years		Governor	STAC Advisory Group	60% (3/5)

Ruth Lucas, Head of Governance has acted as Clerk to the Corporation since 1 August 2019.

In addition, Harlow College Governors provide instrumental support in attending Corporation Committees and working group meetings, College working group meetings, governor training and 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. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the website www.harlow-college.ac.uk or from the Clerk to the Corporation at:

Harlow College
Velizy Avenue
Harlow
Essex
CM20 3EZ

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

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

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

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Statement of corporate governance and internal control

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.

COVID-19

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

When colleges were ordered by the Government to close campuses from 20 March 2020, all Corporation and Committee meetings from this date were held virtually via video conferencing. This includes all Corporation and Committee meetings that took place in 2020-21. There was already provision in the Corporation's Instrument and Articles of Government that allowed for virtual meetings to be held. Governors were briefed in advance of the first virtual meeting and a set of virtual meeting protocols was developed and circulated to all Governors in advance of the first meeting.

All Corporation and Committee meetings took place as planned throughout 2021-2021.

The format for Committee and Corporation meetings for the next academic year is under review.

The Procurement Policy Notice 02/20 in respect of supplier relief due to coronavirus (COVID-19) was applied by the College for the payment of examination registrations, this was necessary in order that examination registrations for students could continue in the knowledge that the actual examinations would not take place in the usual manner. The amounts paid to these suppliers has been reviewed with repayments or credit notes obtained for any overpayments.

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.

In the Corporation meeting on 22nd October 2020 Paul Taylor, the Chair of the Corporation stepped down as Chair, Elizabeth Laycock was appointed as the new Chair of the Corporation. Paul Taylor continues to serve as a governor. Two new Vice-Chairs were also appointed at the same Corporation meeting: Lily Lin and Ray Levy.

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Statement of corporate governance and internal control

Corporation performance

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. The Corporation has continued to take a strong focus on the progress, success and destinations of the learners at Harlow College in order that they can reach sustainable careers. 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.

In December 2021, the Corporation carried out a self-assessment of its own performance for the year ended 31st July 2021 and graded itself as “Good” on the Ofsted scale.

Remuneration Committee

Throughout the year ending 31 July 2021, the Remuneration Committee comprised five members of the Corporation. The Committee’s responsibilities are to make recommendations to the Corporation regarding the salaries, conditions of service and benefits of the Accounting Officer and other senior post-holders, as well as those of the Clerk.

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 last met on 8 July 2021 to consider the remuneration of the Principal, Deputy Principal and Head of Governance. The Committee agreed a pay increase of 1.5% for these three members of staff effective from 1 August 2021 in line with the College’s staff pay award, of 1.5% from 1 August 2021. Details of Senior Post Holders’ remuneration for the year ended 31 July 2021 are set out in note 8 to the financial statements.

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 internal auditor and the reporting accountant for regularity and financial statements auditor, 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 Committee considers the risk register each time it meets.

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 the auditors report their findings to management and the Audit Committee.

Financial Statements year ended 31 July 2021**Statement of corporate governance and internal control**

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, regularity 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 4 times in the year to 31 July 2021. The members of the committee and their attendance records are shown below:

Committee member	Meetings attended
Paul Barlett	3 of 4
Christopher Chatt	3 of 3
Anthony Durcan	0 of 2
Brian Keane	1 of 1
Ray Levy	4 of 4
Lily Lin	1 of 1
Michael Travers	1 of 1

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.

The purpose of the system of internal control

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

Financial Statements year ended 31 July 2021

Statement of corporate governance and internal control

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 2021 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. The report includes the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

COVID-19

The College produced an additional COVID-19 risk register along with a COVID-19 risk assessment and COVID-19 risk assessment outcome summary, which was shared with the Corporation.

The Head of Governance attends the weekly Executive meetings where there is a regular interchange and update of COVID-19 matters. A Coronavirus Governance and Leadership Group was established, comprising of the Chair and Vice-Chairs of the Corporation, the Principal and the Head of Governance. The Deputy Principal was also invited to attend where appropriate. The Group met initially on a weekly basis and now continues to meet on a fortnightly basis and oversees the College's overall response to COVID-19, including risk assessment and risk management, student grading and assessment, quality, student recruitment, resources and staffing.

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 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.

Financial Statements year ended 31 July 2021

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 Members' 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 2021**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 Members' 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.

Financial Statements year ended 31 July 2021

Statement of corporate governance and internal control

Statement from the Audit Committee

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

COVID-19

The internal audit plan for 2020 – 2021 was completed despite COVID-19. There were a number of small amendments to the plan which were agreed by the Audit Committee and reflected the College's current priorities in terms of audit coverage. All audits took place remotely.

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 21 December 2021, the Corporation carried out the annual assessment of internal control for the year ended 31 July 2021 by considering the Audit Committee's annual report and making enquiries of the Committee, the auditors and the Executive Group, and taking account of events since 31 July 2021.

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"*.



Financial Statements year ended 31 July 2021
Statement of corporate governance and internal control

Approved by order of the members of the Corporation on 21st December 2021 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Laycock', written over a horizontal line.

Elizabeth Laycock, Chair

A handwritten signature in black ink, appearing to read 'K. Spencer', written over a horizontal line.

Karen Spencer MBE, Accounting Officer

HARLOW COLLEGE
Financial Statements year ended 31 July 2021

Statement of Regularity, Propriety and Compliance

The Corporation has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the Corporation's grant funding agreement and contracts with the ESFA. As part of our consideration we have had due regard to the requirements of the grant funding agreements and contracts with the ESFA.

We confirm on behalf of the Corporation that after due enquiry, and to the best of our knowledge, we are able to identify any material irregular or improper use of funds by the Corporation, or material non-compliance with the terms and conditions of funding, under the Corporation's grant funding agreements and contracts with the ESFA, or any other public funder.

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



Karen Spencer MBE, Accounting Officer
21 December 2021



Elizabeth Laycock, Chair
21 December 2021

HARLOW COLLEGE

Financial Statements year ended 31 July 2021

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, the Corporation, through its Accounting Officer, is required to prepare financial statements and an operating and financial review for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's college accounts direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the Corporation and its surplus of income over expenditure for that period.

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 Members' Report which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the 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 2021

Approved by order of the members of the Corporation on 21 December 2021 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Elizabeth 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 2021 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 2021 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. 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: 21 December 2021

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 2020 to 31 July 2021 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 2020 to 31 July 2021 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 2020 to 31 July 2021 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: 21 December 2021

Statements of Total Comprehensive Income

	Notes	Year ended 31 July 2021	Year ended 31 July 2020
		£'000	£'000
INCOME			
Funding body grants	2	22,946	21,443
Tuition fees and education contracts	4	530	817
Other income	5, 6	1,372	9,628
Investment income	7	3	16
Total income		24,851	31,904
EXPENDITURE			
Staff costs	8	18,105	16,901
Other operating expenses	9	3,873	4,718
Depreciation and amortisation	11, 12	2,339	2,109
Interest and other finance costs	10	502	569
Total expenditure		24,819	24,297
Surplus before other gains and losses		32	7,607
(Deficit)/surplus before tax		32	7,607
Taxation		-	-
(Deficit)/surplus for the year		32	7,607
Hedge of variable interest rate, fair value gain / (loss)		10	6
Actuarial gain / (loss) in respect of pensions schemes	22	4,463	(3,622)
Total Comprehensive Income for the year		4,505	3,991

Statement of Changes in Reserves

	Income and Expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
Balance at 1st August 2019	5,164	12,226	17,390
Surplus from the income and expenditure account	7,607	-	7,607
Other comprehensive income	(3,616)	-	(3,616)
Transfers between revaluation and income and expenditure reserves	106	(106)	-
Total comprehensive income for year ended 31 July 2020	4,097	(106)	3,991
Balance at 31st July 2020	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)	-
Total comprehensive income for the year	4,611	(106)	4,505
Balance at 31st July 2021	13,872	12,014	25,886



Balance Sheet as at 31 July

	Notes	2021 £'000	2020 £'000
Fixed assets			
Tangible fixed assets	11	57,835	57,879
Intangible fixed assets	12	94	116
		57,929	57,995
Current assets			
Stocks		19	22
Trade and other receivables	13	1,714	1,005
Cash and cash equivalents		6,848	3,608
		8,581	4,635
Less: Creditors – amounts falling due within one year	14	(7,070)	(6,793)
Net current assets (liabilities)		1,511	(2,158)
Total assets less current liabilities		59,440	55,837
Less: Creditors – amounts falling due after more than one year	15	(21,140)	(18,748)
Provisions			
Defined benefit obligations	17, 22	(10,888)	(14,084)
Other provisions	17	(1,526)	(1,624)
Total net assets		25,886	21,381
Unrestricted reserves			
Income and expenditure account		13,872	9,261
Revaluation reserve		12,014	12,120
Total unrestricted reserves		25,886	21,381

The financial statements on pages 47 to 81 were approved and authorised for issue by the Corporation on 21 December 2021 and were signed on its behalf on that date by:

Elizabeth Laycock
Chair

Karen Spencer MBE
Accounting Officer

Statement of Cash Flows

	Notes	2021 £'000	2020 £'000
Cash inflow from operating activities			
Surplus for the year		32	7,607
Adjustment for non cash items			
Depreciation and amortisation	11,12	2,339	2,109
Pensions costs less contributions payable		1,274	770
Investment income	7	(3)	(16)
Interest payable	10	296	341
Decrease / (Increase) in stock		3	(11)
(Increase) / Decrease in debtors	13	(709)	(92)
Decrease / (Increase) in creditors due within one year	14	1,852	95
Increase / (Decrease) in creditors due after one year	15	147	(641)
Decrease in enhanced pension provision	17	(98)	(4)
Assets gifted to the College	11	-	(7,918)
		5,133	2,240
Net cash flow from operating activities			
Cash flows from investing activities			
Investment income		3	16
Payments made to acquire fixed assets		(2,273)	(1,088)
Capital funding received		1,369	-
		(901)	(1,072)
Cash flows from financing activities			
Interest paid		(278)	(300)
Interest element of finance lease rental payments		(18)	(41)
Repayments of amounts borrowed		(518)	(427)
New finance leases		-	235
Capital repayments of finance lease payments		(178)	(332)
		(992)	(865)
Increase in cash and cash equivalents in the year		3,240	303
Cash and cash equivalents at beginning of the year		3,608	3,305
Cash and cash equivalents at end of the year	18	6,848	3,608

Financial Statements for the year ended 31 July 2021

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 Members' 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 2020 to 2021 and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102). The college is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The 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 £5,011k of loans outstanding with bankers on terms negotiated in 2017 and May 2021.

Financial Statements for the year ended 31 July 2021

Notes to the Financial Statements

The College's prudent financial plans reflect the impact of COVID-19 until July 2022, with signs of recovery in autumn 2021. The government's COVID-19 recovery plan includes Further Education playing a pivotal part in training the unemployed.

The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

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. 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.

Financial Statements for the year ended 31 July 2021

Notes to the Financial Statements

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.

Retirement 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 the Government Actuary 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.

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

Financial Statements for the year ended 31 July 2021

Notes to the Financial Statements

are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred.

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

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

Short term Employment benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the 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.

Fixed asset

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.

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.

Financial Statements for the year ended 31 July 2021

Notes to the Financial Statements

The building gifted from Anglia Ruskin University has been included in the accounts as £7,918k, which is the depreciated value of the original build costs.

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.

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.

Financial Statements for the year ended 31 July 2021

Notes to the Financial Statements

Borrowing costs

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

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure. Any lease premiums or incentives relating to leases signed after 1st August 2014 are spread over the minimum lease term. The 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 1st 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 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 Statements for the year ended 31 July 2021

Notes to the Financial Statements

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.

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.

Financial Statements for the year ended 31 July 2021

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 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The enhanced pension provision (disclosed in note 17) relates to the cost of staff who have already left the College's employ 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 2021	Year ended 31 July 2020
	£'000	£'000
Recurrent grants		
Education and Skills Funding Agency - Adult	3,442	4,133
Education and Skills Funding Agency - 16-18	14,624	12,848
Education and Skills Funding Agency - Apprenticeships	1,970	2,026
Office for Students	42	64
Specific Grants		
Education and Skills Funding Agency – COVID Testing	33	-
Education and Skills Funding Agency – Excellence in Maths	220	237
Education and Skills Funding Agency - High Needs	786	768
Education and Skills Funding Agency – Provider Relief	-	5
Education and Skills Funding Agency – Tuition Fund	202	-
Education and Skills Funding Agency – T Level Early Adopter	200	-
Teacher Pension Scheme contribution grant	573	510
Releases of government capital grants	854	852
Total	22,946	21,443

Under the provider relief scheme, in 2019/20 the Corporation received funding of £23k from the ESFA. Of this, £5k was spent in the year. The remaining funding was repayable.

3 Total grant and fee income

	Year ended 31 July 2021	Year ended 31 July 2020
	£'000	£'000
Grant income from the OfS	42	64
Grant income from other bodies	22,904	21,379
Total Grants	22,946	21,443
Fee income for non-qualifying courses (exclusive of VAT)	530	817
Total tuition fees and education contracts	530	817
Total grant and fee income	23,476	22,260

Notes to the Accounts (continued)

4 Tuition fees and education contracts

	Year ended 31 July 2021	Year ended 31 July 2020
	£'000	£'000
Adult education fees	55	175
Apprenticeship fees and contracts	33	33
Fees for FE loan supported courses	336	418
Fees for HE loan supported courses	106	156
Education contracts	-	35
Total	530	817

Included within the above amounts are tuition fees funded by bursaries of £336k (2020: £418k).

Notes to the Accounts (continued)

5 Other grants and contracts

	Year 2021	Year 2020
	£'000	£'000
Other grant income (High Needs)	805	780
Other grant income	8	-
Coronavirus Job Retention Scheme grant	10	-
	<hr/>	<hr/>
Total	<u>823</u>	<u>780</u>

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 £10k (2019/20 Nil) relates to staff costs which are included within the staff costs note as appropriate.

6 Other income

	Year 2021	Year 2020
	£'000	£'000
Catering	56	331
Other income generating activities	493	8,517
Miscellaneous income	-	-
Other grants and contracts (note 5)	823	780
	<hr/>	<hr/>
Total	<u>1,372</u>	<u>9,628</u>

Catering income was minimal due to the lockdown closure and restricted footfall (due to the pandemic) in the autumn 2020 and summer 2021 on the Campus.

Other income generating activities in 2019/20 includes the transfer of a building on the College campus from Anglia Ruskin University to the College of £7,918k based on the depreciated value from the amount spent to construct the building.

7 Investment income

	Year 2021	Year 2020
	£'000	£'000
Other interest receivable	<hr/> 3	<hr/> 16
	<u>3</u>	<u>16</u>

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:

	2021 No.	2020 No.
Teaching staff	311	285
Non-teaching staff	152	169
	463	454

Staff costs for the above persons

	2021 £'000	2020 £'000
Wages and salaries	12,943	12,325
Social security costs	1,258	1,199
Other pension costs	3,769	3,148
Payroll sub total	17,970	16,672
Contracted out staffing services	135	207
	18,105	16,879
Exceptional restructuring costs - contractual	-	9
non contractual	-	13
	18,105	16,901

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

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.

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

	2021 No.	2020 No.
The number of key management personnel including the Accounting Officer was:	14	13

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:

	Key Management Personnel		Other staff	
	2021 No.	2020 No.	2021 No.	2020 No.
£45,001 to £50,000	1	1	n/a	n/a
£55,001 to £60,000	1	1	-	-
£60,001 to £65,000	7	6	-	-
£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	-	-
	14	13	0	0

Notes to the Accounts (continued)

8 Staff costs - College (continued)

Key management personnel compensation is made up as follows:

	2021	2020
	£'000	£'000
Salaries - gross of salary sacrifice and waived emoluments	984	923
Benefits in kind	<u>2</u>	<u>4</u>
	986	927
Pension contributions	<u>220</u>	<u>196</u>
Total emoluments	<u>1,206</u>	<u>1,123</u>

There were no amounts due to key management personnel that were waived in the year.

The above emoluments includes nil severance payments for key management personnel (2020: Nil). The above emoluments also include amounts payable to the Accounting Officer (who is also the highest paid officer) of:

	2021	2020
	£'000	£'000
Salaries	140	140
Benefits in kind	<u>2</u>	<u>4</u>
	<u>142</u>	<u>144</u>
Pension contributions	<u>33</u>	<u>32</u>
Total	<u>175</u>	<u>176</u>

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 £25 (2019/20 £133.71) 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 8 July 2021 to consider and agree a 1.5% pay award for Senior Post Holders and the Head of Governance with effect from 1st August 2021. This is in line with the College's staff pay award of 1.5% from 1st August 2021. 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 2020/21.

The relationship between the Accounting Officer's emoluments, 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.

	2021	2020
	No	No
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	4.37	4.56

Notes to the Accounts (continued)

9 Other operating expenses

	2021	2020
	£'000	£'000
Teaching costs	421	618
Non teaching costs	2,371	2,834
Premises costs	1,081	1,266
	<u>3,873</u>	<u>4,718</u>
Total	<u>3,873</u>	<u>4,718</u>

Non teaching costs includes £759k (£981k 2019/20) for examination fees, which includes GCSE resits.

Included in the 2019/20 teaching costs is £5k expenditure relating to the Provider Relief scheme (of the total £22k received, the remainder was repayable and included in creditors)

Other operating expenses includes the following charges:	2021	2019
	£'000	£'000
Auditors' remuneration (excluding VAT):		
Financial statements audit	26	31
Internal audit	18	25
Other services provided by the financial statements auditor		
Audit of separate schemes / grants	2	4
Corporation Tax Services	-	3
Lease Service Charge	33	33
Operating Lease expense	14	14
	<u>14</u>	<u>14</u>

10 Interest and other finance costs

	2021	2020
	£'000	£'000
On bank loans, overdrafts and other loans:	232	263
Net swap interest	46	37
	<u>278</u>	<u>300</u>
On finance leases	18	41
Pension finance costs (note 22)	185	195
Enhanced pension provision interest	21	33
	<u>21</u>	<u>33</u>
Total	<u>502</u>	<u>569</u>

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
Cost or valuation					
At 1 August 2020	68,658	103	10,580	-	79,341
Additions	28	-	739	1,500	2,267
Disposals	-	-	(7)	-	(7)
At 31 July 2021	68,686	103	11,312	1,500	81,601
Depreciation					
At 1 August 2020	13,990	103	7,369	-	21,462
Charge for the year	1,129	-	1,182	-	2,311
Elimination in respect of disposals			(7)	-	(7)
At 31 July 2021	15,119	103	8,544	-	23,766
Net book value at 31 July 2021	53,567	-	2,768	1,500	57,835
Net book value at 31 July 2020	54,668	-	3,211	-	57,879

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

Assets under construction includes cladding and replacing windows on the oldest building on the campus. It also includes refurbishments for T level delivery.

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 £1,663k. 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 £455k (2020: £670k) in respect of equipment held under finance leases. The depreciation charge on these assets for the year was £216k (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:

	£'000
Cost	66,298
Aggregate depreciation based on cost	(20,477)
	<hr/>
Net book value based on cost	<u>45,821</u>

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

Notes to the Accounts (continued)

12 Intangible fixed assets

	Software	Goodwill	Total
	£'000	£'000	£'000
Cost or valuation			
At 1 August 2020	736	63	799
Additions	6	-	6
	<u>742</u>	<u>63</u>	<u>805</u>
At 31 July 2020			
Amortisation			
At 1 August 2020	664	19	683
Charge for the year	<u>21</u>	<u>7</u>	<u>28</u>
At 31 July 2021	<u>685</u>	<u>26</u>	<u>711</u>
Net book value at 31 July 2021	<u>57</u>	<u>37</u>	<u>94</u>
Net book value at 31 July 2020	<u>72</u>	<u>44</u>	<u>116</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

	2021	2020
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	42	90
Prepayments and accrued income	981	477
Amounts owed by the ESFA	691	438
Total	<u>1,714</u>	<u>1,005</u>

14 Creditors: amounts falling due within one year

	2021	2020
	£'000	£'000
Bank loans	554	3,453
Obligations under finance leases	136	178
Trade payables	601	313
Other taxation and social security	309	299
Accruals and deferred income	1,827	1,176
Deferred income - government capital grants	1,225	857
Amounts owed to the ESFA	2,418	517
Total	<u>7,070</u>	<u>6,793</u>

As part of the College's review of the COVID-19 impact on cash flow the College took a capital loan repayment holiday for three months during April, May, June and July of 2020. Bank loans of £646,389 and £2,330,583 matured May 2021 and were refinanced.

15 Creditors: amounts falling due after one year

	2021	2020
	£'000	£'000
Bank loans	4,457	2,076
Obligations under finance leases	99	235
Deferred income - government capital grants	16,584	16,437
Total	<u>21,140</u>	<u>18,748</u>

Notes to the Accounts (continued)

16 Maturity of debt

(a) Bank loans

Bank loans are repayable as follows:

	2021 £'000	2020 £'000
In one year or less	554	3,453
Between one and two years	579	618
Between two and five years	1,894	1,063
In five years or more	1,984	395
Total	5,011	5,529

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 £2,360,589 (2019: £2,602,324) 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.

To refurbish and improve an older building on the College campus a £1,000,000 loan was taken out in December 2014. The loan was subject to a variable loan rate of 2.75% margin + LIBOR. In February 2018 a swap product was entered into to fix the rate at 1.42% (plus 2.75% margin) until November 2027. The outstanding balance of £Nil (2020: £693,619) was repayable by instalments between December 2014 and May 2021, with a final lump sum balance due in May 2021.

A further bank loan for the HAMEC of £3,000,000 was drawn down in May 2017. The loan was subject to a variable loan rate of 2.75% margin + LIBOR. In February 2018 a swap product was entered into to fix the rate at 1.42% (plus 2.75% margin) until November 2027. The outstanding balance of £Nil (2020: £2,474,407) was repayable by instalments between May 2017 and May 2021, with a final lump sum balance was paid in May 2021.

A bank loan of £2,976,972 to replace the two loans above 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 £2,935,656 (2020: £Nil) is repayable by instalments between May 2021 and November 2026, with a final lump sum balance due in November 2026.

As part of the initial cash flow review for COVID-19 the College had a four month capital loan repayment holiday over April, May, June & July 2020. The capital amounts were added for repayment along with the two loans due for repayment in May 2021.

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:

	2021	2020
	£'000	£'000
In one year or less	136	178
Between two and five years	99	235
Total	<u>235</u>	<u>413</u>

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

Notes to the Accounts (continued)
17 Provisions

	Defined benefit Obligation £'000	Enhanced pensions £'000	Total £'000
At 1 August 2020	14,084	1,624	15,708
Expenditure in the period	(821)	(112)	(933)
Transferred from income and expenditure account	(2,375)	14	(2,361)
At 31 July 2021	<u>10,888</u>	<u>1,526</u>	<u>12,414</u>

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:

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

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

	At 1 August 2020 £'000	Cashflow £'000	New finance leases £'000	Other non cash changes £'000	At 31 July 2021 £'000
Cash in hand, and at bank	3,608	3,240	-	-	6,848
Bank overdrafts	-	-	-	-	-
Debt factoring	-	-	-	-	-
	<u>3,608</u>	<u>3,240</u>	<u>-</u>	<u>-</u>	<u>6,848</u>
Bank loans	(5,529)	518	-	-	(5,011)
Finance leases	(413)	178	-	-	(235)
Current asset investments	-	-	-	-	-
Net debt	<u>(2,334)</u>	<u>3,936</u>	<u>-</u>	<u>-</u>	<u>1,602</u>

Notes to the Accounts (continued)

19 Capital commitments

	2021 £'000	2020 £'000
Commitments contracted for at 31 July	<u>215</u>	<u>-</u>

20 Lease Obligations

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

	2021 £'000	2020 £'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	63	48
Later than one year and not later than five years	220	186
Later than five years	553	739
	<u>836</u>	<u>973</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.

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.

Total pension cost for the year	2021 £'000	2020 £'000
Teachers Pension Scheme: contributions paid	1,892	1,685
Local Government Pension Scheme:		
Contributions paid	821	667
FRS 102 (28) charge	<u>1,056</u>	<u>716</u>
Charge to the Statement of Comprehensive Income	1,877	1,383
Enhanced pension charge to Statement of Comprehensive Income	(7)	80
Total Pension Cost for Year within staff costs	<u>3,762</u>	<u>3,148</u>

Contributions amounting to £224,957 (2020: £206,947) 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 agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019-20 and 2020-21 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 £1,892,104 (2020: £1,685,285)

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 2021 were £1,047,000, of which employer's contributions totalled £821,000 and employees' contributions totalled £226,000. The agreed contribution rates is 19.3% from April 2020 plus an agreed deficit contribution of £134,437 (2020: £118,046). The contribution rates for employees range from 5.5% to 12.5% depending on salary.

The actuarial valuation assumption for Guaranteed Minimum Pension (GMP) is that the LGPS Fund will pay limited increases for members that have reached State pension Age (SPA) by 6 April 2016, with the government providing the remainder of the inflationary increase. For members that reach SPA after this date, the actuary has assumed that the LGPS Fund will be required to pay the entire inflationary increase.

The results in the actuarial report include an allowance to reflect the Court of Appeal judgement in respect of the McCloud and Sargeant cases which relate to age discrimination within the Judicial and Fire Pension schemes, respectively. This allowance was incorporated into the accounting results as at 31 July 2019. These results, including the allowance, have been rolled forward and remeasured to obtain the accounting results as at 31 July 2021.

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 2021 by Barnett Waddingham.

	At 31 July 2021	At 31 July 2020
Rate of increase in salaries	3.80%	3.25%
Future pension increases	2.80%	2.25%
Discount rate for scheme liabilities	1.60%	1.35%
Inflation assumption (CPI)	2.80%	2.35%
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:

	At 31 July 2021 years	At 31 July 2020 years
<i>Retiring today</i>		
Males	21.60	21.80
Females	23.60	23.80
<i>Retiring in 20 years</i>		
Males	22.90	23.20
Females	25.10	25.20

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 £'000	Fair Value at 31 July 2020 £'000
Equities	22,964	18,369
Gilts and other bonds	2,572	2,925
Property	2,504	2,303
Cash	999	806
Alternative assets	3,981	3,444
Other managed funds	2,855	1,798
Total fair value of plan assets	35,875	29,645
Actual return on plan assets	5,608	374

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 2021 £'000	2020 £'000
Fair value of plan assets	-	35,875	35,875	29,645
Present value of plan liabilities	(1,526)	(46,642)	(48,168)	(45,220)
Present value of unfunded liabilities	-	(121)	(121)	(133)
Net pensions (liability) (Note 17)	(1,526)	(10,888)	(12,414)	(15,708)

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

	2021 £'000	2020 £'000
Amounts included in staff costs		
Current service cost	(1,877)	(1,383)
Administrative expenses	(19)	(19)
Total	(1,896)	(1,402)

Amounts included in interest expenditure

Net interest expenditure	(185)	(195)
	(185)	(195)

Amounts recognised in Other Comprehensive Income

Return on pension plan assets	5,608	374
Experience losses arising on defined benefit obligations	801	(168)
Other actuarial gains	-	672
Changes in assumptions underlying the present value of plan liabilities	(1,953)	(4,420)
Actuarial gain / (loss on Enhanced Pension Provision)	7	(80)
Amount recognised in Other Comprehensive Income	4,463	(3,622)

Notes to the Accounts (continued)

22 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

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

	2021	2020
	£'000	£'000
(Deficit) in scheme at 1 August	(14,084)	(9,612)
Movement in year:		
Current service cost	(1,877)	(1,383)
Employer contributions	821	667
Net interest on the defined (liability)	(185)	(195)
Administrative costs	(19)	(19)
Benefit changes, gain/(loss) on curtailment and gain/(loss) in settlement	4,456	(3,542)
Deficit in scheme at 31 July	<u>(10,888)</u>	<u>(14,084)</u>

Changes in the present value of defined benefit obligations

	2021	2020
	£'000	£'000
Defined benefit obligations at start of period	43,729	37,670
Current Service cost	1,877	1,383
Interest cost	587	784
Contributions by Scheme participants	226	220
Experience gains and losses on defined benefit obligations	(801)	168
Changes in financial assumptions	1,953	4,420
Estimated benefits paid	(808)	(916)
Defined benefit obligations at end of period	<u>46,763</u>	<u>43,729</u>

Reconciliation of Assets

Fair value of plan assets at start of period	29,645	28,058
Interest on plan assets	402	589
Return on plan assets	5,608	374
Other actuarial gains	-	672
Administration expenses	(19)	(19)
Employer contributions	821	667
Contributions by Scheme participants	226	220
Estimated benefits paid	(808)	(916)
Assets at end of period	<u>35,875</u>	<u>29,645</u>

Notes to the Accounts (continued)

23 Related party transactions

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

The total expenses paid to or on behalf of the Governors during the year was £25 (2020: £133.71). 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 (2020: 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 £Nil (2020: £2k). Amounts paid by Essex County Council of £689k (2020: £704k) which included payments for High Needs. Essex County Council - the year-end creditor balance amounted to £Nil (2020: £Nil). The year-end debtor balance amounted to £Nil (2020: £Nil). The College also paid £1,059k (2020: £979k) of LGPS payments, the relating year end creditor balance amounted to £74k (2020: £74k)

Cllr Eddie Johnson is a Non-Executive Director for HTS Group Ltd. Harlow College received £400 for student awards sponsorship. The year-end debtor balance amounted to £Nil (2020:£Nil).

Brian Keane has paid employment with Harlow District Council, Cllr Eddie Johnson and Cllr Anthony Durcan are members of Harlow District Council. During the year Harlow College had a number of financial transactions with Harlow District Council. £149k (2020: £149k) was paid to Harlow District Council mainly in respect of national non-domestic rates. Amounts paid by Harlow District Council of £700 (2020: £7k) in respect of student awards. The year-end creditor balance amounted to £83k (2020: £79k). The year end debtor balance amounted to £700 (2020: £700)

Gail Wotton has paid employment with Manchester Airport Group (owners of Stansted Airport Ltd). £Nil (2020: £Nil) was received from Stansted Airport and £5k (2020: £47k) from Manchester Airport Group in respect of course delivery. £68k (2020: £61k) was paid to Manchester Airport Group in respect of training at Stansted Academy. The year-end debtor for Stansted Airport is £Nil (2020: £Nil). The year-end debtor balance for Manchester Airport Group is £Nil (2020: £Nil)

Jo Breen and Julia Filary have paid employment with Raytheon Systems Ltd. Amounts paid by Raytheon Systems Ltd £13k (2020: £Nil) in respect of course delivery. There was no balance outstanding at year end (2020: £Nil)

Jon Bouffler has paid employment with Anglia Ruskin University. Anglia Ruskin University paid Harlow College £2k (2020: £2k plus £7,918k for donated value of UCH building). Harlow College paid Anglia Ruskin £Nil (2019: £750). The year-end balances amounted to £Nil (2019: £Nil).

Karen Spencer is part of the Association of Colleges Advisory Group. £25k (2020: £42k) was paid to the Association of Colleges which includes an annual membership fee. The Association of Colleges paid Harlow College £Nil (2020: £4k) which includes training course costs. The year-end debtor balance amounted to £Nil (2020: £Nil).

Karen Spencer is a member of the Passmores Co-operative Learning Community (including Passmores Academy). £Nil (2020: £2k) was paid to Harlow College during the year in respect of a school link programme for supported studies. No outstanding balance at year end (2020: £Nil).

Karen Spencer is the Maths Hub Chair at Herts & Essex High School. £689 (2020: £370) was paid to Harlow College during the year in respect of course registrations and materials. The year-end debtor balance amounted to £Nil (2020: £Nil).

Lianne Sherry was a member of AAT. £23k (2020:18k) was paid to AAT in respect of examination fees. The year end creditor balance is £2k (2020: £147)

23 Related party transactions (continued)

Liz Laycock is a trustee of Gateway Qualifications Ltd. £129k (2020: £271k) was paid to Gateway Qualifications in respect of exam and qualification fees. The year-end creditor balance amounted to £32k (2020: £678). Gateway Qualifications Ltd paid Harlow College £400 (2020: £Nil) in respect of student awards sponsorship. The year-end debtor balance amounted to £Nil (2020: £400).

Rod Bristow is member of the Confederation of British Industry (CBI). £6k (2020: £6k) was paid to the CBI in respect of commercial membership. The year-end creditors balance amounted to £Nil (2020: £Nil)

Rod Bristow has several Directorships associated with Pearson and Sotirios Adamopoulos has paid employment with Pearson Education Ltd. £175k (2020: £142k) was paid to Pearson in respect of exam registrations and fees. The year-end creditor balance is £3k (2020:£Nil). £Nil (2020: £Nil) was paid to Harlow College. The year-end debtor balance was £Nil (2020: £Nil)

Rod Bristow is a governor with Burnt Mill Academy Trust (BMAT). BMAT paid Harlow College £37k (2019: £43k) mainly in respect of rent/service charge for the UTC building. The year-end debtors balance was £Nil (2020: £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.

Lily Lin is a Director at Excellence First Enterprise Consultancy Ltd. £Nil (2020: £20k) was paid to Excellence First Enterprise Consultancy Ltd in respect of a Maths study tour as part of the College's Centre for Excellence in Maths program. The year end balance is Nil (2020: £Nil)

Brian Spencer has paid employment at Gateway Freedom Church. £Nil (2020: £697) was paid to Gateway Freedom Church in respect of childcare for a Bursary student. The year end balance is £Nil (2020: £Nil).

Declarations of Interest - Key Management Personnel

Will Allanson has an unpaid directorship and is a board member of Essex Chamber of Commerce. £1k (2020: £1k) was paid to Essex Chamber of Commerce in respect of a yearly subscription. The year-end balance is £Nil (2020: £Nil).

Julien Sample is a member of Gateway Qualifications and Paul Whitehead is a trustee of Gateway Qualifications. £129k (2020: £271k) was paid to Gateway Qualifications in respect of exam and qualification fees. The year-end creditor balance amounted to £32k (2020: £678). Gateway Qualifications Ltd paid Harlow College £400 (2020: £Nil) in respect of student awards sponsorship. The year-end debtor balance amounted to £Nil (2020: £400).

Deanne Morgan is a trustee of Passmores Co-operative Learning Community (including Passmores Academy). £Nil (2020: £2k) was paid to Harlow College during the year in respect of a school link programme for supported studies. No outstanding balance at year end. (2020: £Nil).

24 Amounts disbursed as agent

Learner support funds

	2021	2020
	£'000	£'000
Funding body grants – bursary support	497	600
Funding body grants – discretionary learner support	81	60
	<u>578</u>	<u>660</u>
Disbursed to students	(403)	(484)
Administration costs	(22)	(28)
	<u>153</u>	<u>148</u>
Balance unspent as at 31 July, included in creditors	<u>153</u>	<u>148</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.