

HARLOW COLLEGE FURTHER EDUCATION CORPORATION

JOINT AUDIT & RESOURCES COMMITTEE MEETING

**Minutes of the meeting held virtually on MS Teams
at 10.15am on Tuesday 9 December 2025**

Membership	Matt Braund *Julia Fillary *John Godley *Ray Levy *Karen Spencer	Dan Swords *Paul Taylor Ian Tompkins *Ed Whittle (Chair) Heather Wilson
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*denotes present

In attendance	Shachi Blakemore, Buzzacott Paul Goddard, Scrutton Bland Paul Whitehead, Deputy Principal Kirstie Craig, Vice-Principal Ruth Lucas, Head of Governance
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1 Chair for the Joint Meeting

Ed Whittle was elected as the Chair for the joint meeting.

2 Apologies for Absence

Apologies for absence were received from Ian Tompkins, Matt Braund, Dan Swords and Heather Wilson due to work commitments.

3 Declarations of Interest

There were no additional declarations of interest.

4 Minutes of the Previous Meeting

The minutes of the joint Audit and Resources Committee meeting held on 09 December 2024 were noted as a true and accurate record which had been signed by the Chairs of the Audit and Resources Committees at their meetings held on 04 March 2025 and 06 March 2025 respectively.

5 Audit Findings Report

5.1 To receive, consider and approve the Post Audit Management Report 2024-2025 for recommendation to the Corporation.

The Audit and Resources Committee received and considered the Post Audit Management Report 2024-2025, presented by Shachi Blakemore, Buzzacott.

Shachi Blakemore reported that the College was well-prepared for the audit,

the work was completed as planned and there were no surprises, and thanked Deanne Morgan and Lynsey Fisher.

Governors were informed that there is only one unadjusted item and the only outstanding items are two funding reconciliations from the DfE and one from the GLA. Paul Whitehead confirmed that these have been received and will be forwarded onto Buzzacott. Shachi Blakemore reported it is not unusual to have some differences in the reconciliations that are not material, however they become material if it affects the financial health rating, therefore a final check will be undertaken.

Governors noted that the operating result, as detailed on page 7 in the report, is a £204k surplus which is a small decrease compared to the previous year. What is key for Governors is how this aligned with forecasts and what has been communicated with Governors throughout the year.

Paul Whitehead confirmed that the outturn in the financial statements is in line with what has been presented to Governors in the management accounts throughout the year.

Risk areas include bank loan covenants, estates and student numbers, however internal audit work and the DfE funding assurance review have provided additional assurance.

External audit has confirmed that income is materially stated satisfactorily in the accounts and that capital and revenue have been treated appropriately.

Governors' attention was brought to the one recommendation raised in the report around having an AI policy for staff, as well as new digital standards. Karen Spencer reported that the College is working with other colleges and JISC. There is expertise on the Corporation for Governors to question the College on the digital approach. An AI Strategy will be developed next term and then brought to the Corporation.

Paul Whitehead reported that through the work being undertaken on IT infrastructure, the College has already met a number of the digital standards and is working towards the others. The next five years of IT investment is being mapped out.

Shachi Blakemore reported that previously only the in-year financial indicators were reported however this year, three years have been reported to build up some trend analysis.

Shachi Blakemore highlighted the FE Commissioner's financial benchmarks published in June 2025.

Governors' attention was brought to the current ratio which is 0.9, compared to 1.3 last year. The College's EBITDA is 4.3% compared to 4.9% last year however it has been reasonably consistent for the last three years. Cash days at the end of July 2025 were 56 days, compared to the FE Commissioner's benchmark of 40 days.

Paul Whitehead reported that at the beginning of the 2024 – 2025 year, the College paid off one of its bank loans which has had an impact on the ratios and cash days however the Corporation thought it was a prudent approach to reduce its borrowings.

A Governor asked about the payroll as a total percentage of income and asked if the College's rate was due to not subcontracting out some of its staffing and if other colleges with lower rates included ancillary staff. Shachi Blakemore reported that some colleges would be around 50% - 60% where they outsource some staffing and services.

Karen Spencer reported that outsourced services would not usually be included in the staffing line of the accounts, resulting in a potentially lower percentage of staff costs to income ratio. A review with other Essex colleges took place a few years ago and some colleges had outsourced and others had a shared services company. This is not the approach taken by Harlow College and the College's model is much more aligned to that of sixth form colleges. The College's ratio is discussed annually with the DfE and the FE Commissioner's team at the College's Annual Strategic Conversation and they have not raised a concern about college finances.

Paul Whitehead reported that a contributing factor is that the College directly employs staff rather than contracting out for services such as catering, cleaning, campus and minor works. This increases the College's staffing costs however there are limited external costs.

Shachi Blakemore reported that the FE Commissioner's expectation is that sixth form colleges have a 70% ratio and further education colleges a 65%.

A Governor reported that they did not find the comparators particularly helpful as they do not always compare like for like. The Corporation makes decisions based on what is in the best interests of the learners at the College. Karen Spencer reported that it is necessary to be aware of the benchmarks and be clear about the College's approach, whilst ensuring it is solvent. It is important that Governors understand the context of the benchmarks being used. Paul Whitehead reported that context is important with any comparators and that the key is to ensure that funding is being used for students and is being managed effectively throughout the year.

A Governor highlighted that is useful to have the three-year trend data in the Post-Audit Management Report so that the College could compare itself with previous years.

Paul Whitehead reported that staff costs are higher for the year 2024/2025 due to an increase in agency staff linked to growth in student numbers.

Shachi Blakemore highlighted the LGPS contributions and that 86 out of 87 LGPS schemes in England are in a genuine surplus where the investment pot exceeds the liability they forecast to pay out in the next three years therefore reductions in contribution rates are being seen. Paul Whitehead confirmed that the College's rate has reduced from 21.6% to 17.3%, which is

the lowest in Essex, with the average rate being 18.5%. The saving for the College could be significant.

Governors' attention was brought to the sector developments around digital standards coming in by 2030 which need to be monitored and AI and AI governance.

Paul Whitehead thanked Shachi Blakemore and the Buzzacott team for work on the external audit.

The Audit and Resources Committee approved the draft Post Audit Management Report for 2024-2025, subject to the final reconciliation checks and updates, and recommended it for full approval at the Corporation meeting on 18 December 2025.

5.2 To receive and approve the Letter of Representation for recommendation to the Corporation

The Audit and Resources Committees received and considered the draft Letter of Representation for recommendation to the Corporation on 18 December 2025.

Shachi Blakemore confirmed that the letter is a standard letter, containing nothing unusual.

The Audit and Resources Committee approved the draft Letter of Representation for 2024-2025 and recommended it to the Corporation for approval and signature by the Chief Accounting Officer and the Chair of Governors at the meeting on 18 December 2025.

6 Annual Report and Financial Statements for 2024-2025

The Audit and Resources Committees received and considered the annual report and the financial statements for 2024-2025, presented by Paul Whitehead, Deputy Principal.

Paul Whitehead thanked Ray Levy for his feedback on the financial statements and confirmed that Buzzacott has reviewed them in detail.

Governors were informed that the report presents the final position for 2024 – 2025.

A Governor asked about the large increase in the pension costs when the contribution rate was the same. Paul Whitehead reported that part of the increase is due to the increase in staff numbers however half of the increase was due to the increase in the TPS contribution rate which is funded through the TPS grant however the costs have increased and are reported accordingly.

A Governor asked if the £211k movement between the provisional results and the draft financial statements is roughly in line with previous years. Paul Whitehead confirmed that it is slightly less than in previous years.

The Audit and Resources Committees approved the draft annual report and the financial statements for 2024-2025, subject to any final amendments, and recommended them to the Corporation on 18 December 2025, to be signed by the Chair and Accounting Officer.

Key Points From The Meeting For Corporation:

1. Post Audit Management Report and the Letter of Representation

To receive and approve the Post Audit Management Report for the period to 31 July 2025 and the Letter of Representation.

2. Annual Report and Financial Statements 2024-2025

To receive and approve the Annual Report and Financial Statements 2024-2025.