

**APPROVED MINUTES OF FINANCE & RESOURCES COMMITTEE
MEETING HELD ON 13TH MAY 2025 – PART ONE**

Present:

Stuart Pedley-Smith (Chair)
David Wheeler
Helen Troalen
Tony Sadla
Nelson Tanyanyiwa
Jat Sharma

In Attendance:

Jacky Leek (Interim Director of Finance) (IDoF)
Lesley Venables (Head of Governance) (HoG)
James Norris (Assistant Principal, Adults & WBL) minutes 244 to 256
Lee Bate (Head of Estates & Facilities – minutes 280 to 291
Kirsti Lord (Deputy Principal)
Deb Rajania (Director of Capital Projects) – minutes 269 to 275

	APOLOGIES FOR ABSENCE	
219	There were no apologies for absence.	
	DECLARATIONS OF INTEREST	
220	There were no declarations of interest in any agenda item.	
	MINUTES	
221	Resolved – That the minutes of the meeting held on 11 th February 2025 be approved as a correct record and signed by the Chair,	
	MATTERS ARISING	
222	Governors received a progress report on actions identified at the previous meeting, the majority of which had either been completed or were featured on the agenda.	
223	In relation to minute 141 the Interim Director of Finance reported that the clawback of funding for apprenticeship provision was £350K for 2022/2023 for withdrawals and a further £250K for 2023/2024. A provision would be made in the 2024/2025 financial statements for the latter element.	
	CHAIR'S ACTION	
224	The Chair advised that, in line with discussions at the previous meeting, he had recently approved.	
	FINANCE REPORT TO MARCH 2025	
225	The Interim Director of Finance presented the management accounts to 31 st March 2025. These indicated that the College was £503K ahead of the approved budget, a 'Good' financial health rating, and an adjusted EBITDA of 3.48%. Cash balances were £10.0m and net assets were £58.1m.	
226	Recruitment on 16-18 programmes remained strong, however, there was downward pressure on adult funding streams due to under-recruitment and the impact of the unexpected prior year clawback on Apprenticeships (£350k).	
227	Expenditure was in line with the budget but maintenance costs continued to be closely monitored as they were likely to increase. Total capital investment for the year was £1,370k compared to the forecast for the whole year of £2.76m . The College would be notified by the DfE shortly of a	

	further capital allocation of £2.1m which will be focused on repairs and the replacements of some aspects of the estate.	
228	With the exception of the average class size, performance against the financial KPIs was positive. A review of room and staffing utilisation was underway but any impact would not be apparent until 2025/2026. The level of EBITDA and the staff costs to income ratio were under pressure.	
229	Although overall performance was satisfactory, there were concerns on income levels for adults, HE, apprenticeships, together with some unexpected or unknown issues (eg apprenticeship clawback, increase in employers' NI contributions). These would have an impact on EBITDA (which was expected to be 2.5% at the year-end after provision for the apprenticeship clawback) and the College's ability to give staff a pay award in 2024/2025.	
230	Income levels for 16-18 growth and T-levels had now been confirmed and although the former represented two-thirds of the full amount it was felt that this was offset the T-level adjustment.	
231	Additional funding to support the increased NI contributions and staff costs had not yet been confirmed and a 75% figure had been built into the forecast. Governors were reminded that, due to the current uncertainties around funding, the Corporation had deferred any decision on a pay award until April 2025 and would backdate this to February 2025.	
232	Discussions continued with the bank regarding updating the loan covenant.	
233	An agreement had been reached with Walsall Council over the funding of high needs places for 2024/2025 and 2025/2026.	
234	The variation in income was forecast as £964K for the full year or £1298K to the end of March. This was counter-balanced by an underspend on staffing costs of £800K, due to the deferment of a decision on the 2024/2025 pay award and not recruiting to non-essential posts.	
235	The difference in depreciation (£400K) was due to the timing of capital expenditure and would have no adverse effect on EBITDA, which was forecast to be 3.03% (2.5% after provision for apprenticeships clawback) compared to 3.53% in the budget.	
236	As reported earlier, the College would need to make provision for a further £250K clawback of apprenticeship funding (in addition to the £350K that had already been included in the current forecast). This represented a 0.5% reduction in EBITDA. It was noted that there had been a total clawback of £600K in relation to the last 3 years, but management gave an assurance that the data on the College's MIS system was now much more robust, reducing the risk of any further issues.	
237	The budget indicated that the outturn would be a deficit of £2,840K, compared to the latest forecast of a deficit of £2,273K. The Interim Director of Finance advised that the College's financial position was likely to deteriorate further by the end of the year. It was suggested that a re-forecasting process should be undertaken, together with a reconciliation between the £964K variance and the forecast outturn.	JL

238	A governor sought clarification on the year in which restructuring costs would fall and was advised that this would be split between 2024/2025 and 2025/2026 depending on staff exit dates, but these costs had not been included in the budget or forecast. A more detailed analysis would be discussed under a later confidential agenda item.	
239	In response to a question about the disparity between the fall in commercial income and increase in costs of this provision, the Interim Director of Finance reported that staff sickness and specialisms had impacted on staffing costs at CCM requiring a higher level of agency staffing. Maximising contribution required the College to be able to switch staff between delivery and course type. Staff sickness and the College's generous contractual terms meant that a higher level of agency staffing was required to cover specific specialisms. The current ratio between permanent and part-time/flexible staff was 94% to 6%, which was extremely high within the FE sector.	
BUDGET-SETTING APPROACH 2025/2026		
240	The Committee received for information an update on the budget-setting process and an indicative top down budget and forecast for the next 2 years. Some assumptions had been made regarding allocations as these had not all been received from the DfE.	
241	The key assumptions on which the budget had been based so far included: • 2% pay award from 1 Feb 2026 • No change in employer pension contributions • Any 2024/25 pay award will be non-consolidated • Restructuring costs were not included in the draft budget.	
242	Governors were advised that the College was unlikely to be able to achieve the target staff costs to income ratio for 2025/2026 and the EBITDA target could also be under pressure. In discussions with the Committee Chair and the Principal it had been suggested that building in some capacity to the former KPI would provide the College with a degree of flexibility in 2025/2026. Additionally, it was felt that the maintaining a high level of EBITDA should not be an over-riding priority if this meant that quality and the student experience were impacted.	
243	It was agreed that the report to be submitted to the Corporation would include all known risks.	JL
APPRENTICESHIPS & WORK-BASED LEARNING UPDATE		
244	James Norris joined the meeting. The AP Adults & WBL presented a report on apprenticeships and work-based learning provision in 2024/2025.	
245	Performance by the College's two main Adult Education Budget contractors was on track and no concerns with quality had been identified. The Committee was asked to approve an additional £50K for 3EEs to the end of the academic year. Governors were advised that achievement of this extra income would push the College towards the 97% delivery threshold for AEB provision. If the extended 3EEs contract was approved by the Combined Authority this would require ratification at the next Committee meeting.	JN
246	The College had ceased all activity with Learning Curve in relation to the Free Courses for Jobs contract.	

247	The Committee received information on enrolments (currently 477) against the identified target of 648 and noted that areas such as Engineering, Automotive, Sign-making and Electrical were positive. Management was confident that the directorate would be close to the budgeted targets by the end of the academic year.	RJ/JN
248	It was felt that the overall level of performance had been negatively impacted by the clawback of funding by the DfE and that the more robust processes that had been introduced in 2024/2025 minimised the risk of any recurrence.	
249	Apprenticeship performance against the Accountability Framework continued to be on track for the key indicators. The number of Out of Funding apprentices was 161 out of a total cohort of 1131 (or 14%).	
250	It was agreed that a further column would be added to the new data dashboard that was being developed by the MIS department.	
251	Information was provided on bidding activity, including a Bootcamp for Scaffolding and a project to upskill staff at Dudley Council in operations management.	
252	A governor queried whether the College had received any details of the Government's new initiative on Colleges of Technical Excellence. The AP reported that it was likely that the DfE would be seeking 'shovel-ready' projects and that the land purchased adjacent to Portland Street Campus could be considered in this category, subject to some repurposing. Several other local colleges would also be bidding for this	
253	The College was currently working with a key local employer on a potential construction skills academy for the built environment and it was noted that the Combined Authority was attempting to obtain Government approval for two CTEs due to the geographical size of the area.	Exec
254	Further activity was underway with a local brick manufacturer in terms of work experience, staff CPD, site visits and sponsored materials.	
255	It was agreed that the Executive Report to the Corporation should contain more information on employer engagement activities and strategic opportunities.	
256	Resolved – That the extension of the sub-contracting arrangements with 3EEs by £50K be approved for 2024/2025 James Norris left the meeting.	
TENDER PROCESS UPDATE		
257	The Committee received a report on progress on the tendering of a number of key College systems - Employer Responsive, Human Resources & Payroll and the Individual Learning Plan (ILP) & MIS, which were being procured using an appropriate framework with detailed specifications set out within each tender.	

258	Tenders for the ER system had now closed and were being scored against the relevant criteria. Initial conclusions were that, although more expensive, one bid provided a greater level of functionality and future-proofing. In response to questions about the shortlist the AP MIS reported that this had resulted from demonstrations carried out as part of the tender process. Both shortlisted systems would provide a better service than the current system.	
259	A further question was asked about whether price was assessed separately from quality. Governors were advised that the College had followed the latest guidance in the Procurement Act, which required any decision to be made on providing the best value, rather than such a prescriptive framework.	
260	Demonstrations of the bidders for the HR/Payroll system would take place over the next 2 weeks.	
261	The Committee queried whether the outline costs identified in the report related to revenue or capital. The AP MIS advised that the implementation costs would be capitalised and the operational/running costs would be part of the College's revenue budget and were included in the Three Year Financial Forecast. It was suggested that a cost-benefit analysis should be undertaken for the Aptem system if that proved to be the best option.	
262	Tenders for the ILR system had not yet been submitted. From a total of 4 potential suppliers, 2 had been IT development companies that were unable to meet the College's requirements and these bids had not, therefore, proceeded to the next stage.	
263	Governors sought and were provided with assurance that the MIS systems under consideration were used in a large number of FE colleges. References had been requested from current users to provide additional information from end-users.	
264	Resolved – That the Committee Chair be given delegated authority to approve the preferred supplier for the ER, HR and MIS systems	
PENSIONS DISCRETIONS POLICY		
265	The Interim Director of Finance presented an updated policy on Pensions Discretions.	
266	The five discretions that it is mandatory to have a policy on were outlined. It was recommended that 2 of the discretions were not adopted and the other 3 would be considered on a case by case basis. Discretion would only be granted where it was essential and there was a specified benefit, with any costs to be recovered within a two year period.	
267	In response to questions about the decision-making process governors were advised that the Chief Financial Officer (or equivalent) would be responsible, with any significant pension 'strain' costs being submitted to the Finance & Resources Committee for consideration. It was suggested that an appeal process could be incorporated and the Interim Director was asked to consult with sector colleagues to determine whether this was used more widely in the sector.	
268	Resolved - That the Corporation be recommended to approve the Pensions Discretions Policy, subject to any further amendments	

ADULT LEARNING CENTRE & OTHER ESTATES MATTERS		
269	Deb Rajania joined the meeting. The Director of Capital Projects presented a progress report on the Adult Learning Centre project. There had been a delay in the process being undertaken by Walsall Council, which was further complicated by discussions on the future of the Leather Museum. Work on the ALC design was continuing and there were no risks to the College at this stage.	
270	However, the delivery date for the project was now September 2027 and approval from the Corporation would be sought at the October 2025 meeting.	
271	A decision would be made by the Council on the Leather Museum by December 2025, with works starting in June 2026. A task and finish group had been established between the Council and the College to handle any communications.	
272	The Committee questioned when the College would assume responsibility for the whole of the Hawbush site and was advised that this was extremely unlikely.	
273	A governor asked whether there was any risk of clawback by central Government of the Towns Fund monies due to the delay in the projects. The Director of Capital Projects advised that any risk was minimal as a contract had been signed between the relevant Government department and the Council. It was also necessary that the Council committed to spending the grant by March 2026.	
274	The Principal commented that the delay in the process was useful as it meant that the current restructuring process had time to embed before introducing any further change within the organisation. Adult provision was an area of concern and the deferment of the ALC project would enable suitable programmes to be developed.	
275	At the moment no progress on the plans for the redevelopment of the town centre could be seen by the community. This would change once The Link building had been demolished. Stakeholders using that facility would be informed of future plans through the business development team.	
	Deb Rajania left the meeting.	
HUMAN RESOURCES UPDATE		
276	Governors received a report on HR issues including performance against key indicators. The College's total staffing complement was 940 compared to 934 in the previous report (which equated to 712.5 and 714 FTEs respectively).	
277	Sickness absence for August 2024 to March 2025 was 6.99% compared to 6.18 for the 2023/2024 academic year. A total of 36% was due to minor illnesses and 22% due to mental health issues. Approximately 37% of absence for the latter reason was work-related.	
278	A total of 11 disciplinary and grievance cases were currently in progress, 3 of which were for misconduct for safeguarding reasons.	

279	From the 14 current vacancies, 6 were at the pre-employment stage. The majority of these posts were for business support staff. Turnover was 7.4% for Term 2 compared to 10% for 2023/2024. The published sector average was 17.8% and the Midlands & East Region average of 15.3%.	
RESOURCES UPDATE		
	Lee Bate joined the meeting.	
280	The Head of Estates & Facilities presented a report on resources issues.	LB/JL
281	All work at the Green Lane Campus had now been completed, although some further amendments to the ventilation system had been identified.	
282	As reported previously the College was ineligible to apply for loan funding from Salix in support of its decarbonisation agenda. The College had signed a letter of intent to participate in a similar scheme operated by the Combined Authority, which would be useful given the increased cost of replacing some of its lighting arrangements. The Interim Director of Finance reported that under previous Salix schemes colleges had been required to make a 25% contribution. The possibility of using some of the recent Capital Funding grant from the DfE to match fund any costs would be examined.	
283	A floor by floor replacement programme had been prepared, which included the installation of motion sensors for lighting. Installation would take 3 to 4 years in total and management was currently working on a realistic capital budget.	
284	Governors were advised that the College's sustainability activities needed to be strengthened and that there was currently a vacancy within the structure for a dedicated sustainability manager/officer that needed to be filled.	
285	A contract for the College's energy supply had now been awarded to the EIC Partnership. This was for a 12-month flexible supply contract, commencing on 1 st April 2025. Savings of approximately £120k had already been made for the year, but it was noted that any such contract needed to valance the volatility of the market with a degree of certainty of costs. A risk management process was in place for energy usage, with monthly monitoring and the ability to vary the amount and purchase price.	
286	All subsidence works at CCM had now been completed within the agreed budget and timescale. Management felt that there was no further risk of recurrence. This project had been funded through the DfE's Transformation Fund. Some further minor works were required and would be completed by July 2025, all of which would be covered by the grant allocation.	
287	The Committee was informed that planning was underway to enhance the control and safety at each campus through the installation of new security barriers. The estimated cost for Wisemore, The Hub and Green Lane was approximately £400k plus £50k installation, but this would be partly offset by efficiencies in the level of security staffing required. Dependent n the timing of installation, Chair's action may be required to approve this project.	
288	The DfE had now confirmed that the College's capital allocation would be £2,095k, which was to be used to maintain, improve and ensure the future suitability of the College estate. A governor asked how priorities for spending	

	this grant would be determined and the oversight arrangements. The Head of Estates reported that a small group of senior managers would review bids from across the College and prepare a 'wishlist' for the next years, which would then be further assessed in line with the yearly budgets. It was agreed that a report on capital bids/projects would be brought to a future Committee meeting.	LB/JL
289	Governors were advised that the majority of the College's estate was classified as category A by the DfE, with a small amount of category C. An onsite condition survey had been planned for June 2025. It was likely that future capital allocations from central government would be reduced. One of the College's main priorities would be an investment in its IT infrastructure to address any potential cyber security issues.	
290	The Principal thanked the Head of Estates & Facilities for the engaging training session provided to the management team.	
291	Resolved – That the Chair be given delegated authority to approve the successful tender for the purchase of security barriers	
DATE OF NEXT MEETING		
	24 th June 2025	