

**APPROVED MINUTES OF FINANCE & RESOURCES COMMITTEE
MEETING HELD ON 24TH JUNE 2025**

Present:

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

In Attendance:

Jacky Leek (Interim Director of Finance) (IDoF)
Lesley Venables (Head of Governance) (HoG)

	APOLOGIES FOR ABSENCE	
303	Apologies for absence were received from Helen Troalen.	
	DECLARATIONS OF INTEREST	
304	There were no declarations of interest in any agenda item.	
	MINUTES	
305	Resolved – That the minutes (Parts 1 and 2) of the meeting held on 13 th May 2025 be approved as a correct record and signed by the Chair,	
	MATTERS ARISING	
306	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.	JL CFO
307	In relation to minute 274 the Interim Director of Finance reported that CCM's performance would be shown separately from adult and apprenticeship provision in order that the respective budgets and contributions of each element could be monitored.	
308	The Financial Strategy (which would align to the Corporate Strategy) would be prepared by the new Chief Financial Officer and would be brought to a future Committee meeting in 2026 (minute 218).	
309	Under minute 288 the Principal advised that the College was ineligible to bid for the Construction College initiative due to its performance against key financial indicators. This could have implications for future growth opportunities if the situation did not improve.	
	CHAIR'S ACTION	
310	The Chair advised that, in line with the delegated authority granted at the previous meeting, he had recently approved two tenders for the purchase of new HR/Payroll and Employer Responsive systems (discussed under a later agenda item). Approval had also been given for the purchase of security barriers to improve on-site safety (which had been debated at the May 2025 meeting).	
	FINANCE REPORT TO APRIL 2025	
311	The Interim Director of Finance presented the management accounts to 30 th April 2025. These indicated that the College was £552K ahead of the approved budget, had a financial health rating of 'Good' and an adjusted EBITDA of 3.54%. Cash balances were £11.6m and net assets were £58.1m.	

312	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). It was likely that a further provision for apprenticeships would be required by the end of the academic year (£250k). The forecast net deviation from the 2024/2025 was explained as follows: <table><tr><td>2024/25 Income Target</td><td>£4,770k</td></tr><tr><td>Forecast overachievement to target for activity in 2024/25</td><td>£100k</td></tr><tr><td>Unexpected clawback already taken and accounted for in the management accounts</td><td>(£350k)</td></tr><tr><td>Anticipated provision for clawback in 2025/26 (relating to withdrawals made in 2023/24). Not yet accounted for but included in year-end forecast.</td><td>(£250k)</td></tr><tr><td>2024/25 total forecast</td><td>£4,270k</td></tr><tr><td>Difference to budget</td><td>(£500k)</td></tr></table>	2024/25 Income Target	£4,770k	Forecast overachievement to target for activity in 2024/25	£100k	Unexpected clawback already taken and accounted for in the management accounts	(£350k)	Anticipated provision for clawback in 2025/26 (relating to withdrawals made in 2023/24). Not yet accounted for but included in year-end forecast.	(£250k)	2024/25 total forecast	£4,270k	Difference to budget	(£500k)	
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313	Expenditure was in line with the budget but maintenance costs continued to be closely monitored. Total capital investment for the year was £1,456k compared to the forecast for the whole year of £2.76m. The College had been notified by the DfE of a further capital allocation of £2.1m, which will be focused on repairs and the replacements of some aspects of the estate.													
314	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).													
315	The College was required to achieve the threshold of 97% delivery of its AEB provision, otherwise there would be a further clawback by the Combined Authority. A governor asked about the implications of achieving under the tolerance threshold and was advised that, for example, a 96% performance level would mean a clawback of 4% of AEB provision or circa £300k. College management was concerned that the 97% would not be met as margins in the current forecast were small and the actual outturn could be on either side of the 97% threshold. An update would be provided to the next Corporation meeting as part of the Executive Report as there were still some enrolments to be input to the College's MIS and achievement funding (20% of the total) would not be confirmed until September/October 2025.	JS												
316	All of the above 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 implement a staff pay award in 2024/2025. After restructuring costs (which were estimated to be £700k) the level of EBITDA would decrease to just over 1%. An EBITDA below 1% would mean moderation of the College's financial health grading to Requires Improvement.													
317	Governors noted that, although the College had under-achieved by £1.4m against its income target for the year, it had offset this by a reduction in staff costs of £1.1m currently (projected to be £800k at the year end). This position had been achieved through a number of factors – the deferment of a decision on any pay increase for staff in 2024/2025, the savings achieved through the 2030 Project and not recruiting to non-essential vacancies.													

318	Income had reduced in year due to the clawbacks on apprenticeships (£600k) and bursaries (£118k), under-performance on adult courses, FE loans, Free Courses for Jobs, HE and full cost tuition fees. High Needs income was below the target by £200k but this was offset by savings in pay costs.	
319	A governor questioned whether management was placing a particular focus on the 'weaker' departments to ensure that all possible support was in place to avoid the possibility of any clawback. The Interim Director of Finance reported that monthly meetings took place between members of SMT and the Curriculum Development Managers to review budgets. Recruitment had been poor compared to previous years for Access to HE, Professional and Digital Skills courses.	
320	The Committee emphasised the importance of staff being accountable and questioned what additional measures could be implemented to achieve the required outcome. The Interim FD advised that under-recruitment in any area could cause a removal of resources. The current shortfall was due to the under-recruitment on adult programmes, which was dependent on an active student choice and had different drivers from the 16-18 cohort. It was more difficult to hold managers to account for decisions outside of their control.	
321	The Principal explained that the identification of a shortfall in adult recruitment could have been handled earlier in the 2024/2025 academic year. Provision for 16-18s was easier to predict, whereas adult enrolments were difficult as they needed to balance their qualifications with their employment.	
322	The current adult offer required review and needed a greater level of accountability for teaching, learning and assessment and for student outcomes.	
323	The College had advertised recently for a Director of Adults post who would develop a new curriculum that aligned with student and employer needs, together with meeting local/regional/national skills priorities. A significant part of the role would be the preparation, delivery and promotion for the College's Adult Learning Centre and it was felt that there were some further opportunities in distance learning provision. It was agreed that the Adult Curriculum Strategy would be submitted to a future Corporation meeting on the recommendation of the Learning & Quality Committee. Governors were informed that other colleges within the combined authority area had met their AEB contracts	JS/KL
324	The Committee was advised that the budget for 2024/2025 was for a deficit of £2480k, against the current year-end forecast of £2523k. Performance against each of the financial KPIs and any mitigating factors was detailed in the report, for example, the staff costs to income ratio was higher than the recommended norm and the College's target.	
325	In the original budget EBITDA had been set at 3.53%. The current projected outturn was £2.56% (1.18% after restructuring costs), which would give a financial health rating of Good.	

326	The Principal reported that in 2025/2026 the tolerance level for AEB programmes would be removed by the Combined Authority. This meant that if the contract value was not achieved, the College's provision would be re-based and it would be more difficult to build it back up.	JS/KL
327	A governor suggested that perhaps the budget for 2024/2025 had been over-ambitious and that the curriculum plan had not taken account of the changing external environment and market trends. The Principal agreed that there had been a lack of innovation in the design of the curriculum for a number of years which was exacerbated by the inflexibilities of teaching staff contracts and improvements required in marketing the College's provision. The recruitment of an experienced CFO would also add to the rigour of financial and curriculum planning processes.	
328	The Committee was of the view that the College needed to re-evaluate its adult offer at an early stage in the academic year so that appropriate interventions could be made if recruitment did not meet the agreed targets.	
329	A governor questioned the implications of not providing a pay award to staff in 2024/2025. There was a concern that lower morale may cause staff to leave, impacting on future delivery and the student experience. The Interim Director of Finance reported that levels of pay at the College were relatively high compared to the rest of the local area and that staff may consider it inappropriate to receive a pay increase when a number of colleagues had just left the organisation through redundancy.	
330	The guidelines attached to the additional non-consolidated allocation received from the DfE to support staffing were less prescriptive than anticipated, which meant that it was possible to offset some of the restructuring costs incurred by the College and to improve the level of EBITDA. A recommendation on pay would be brought to the July Corporation meeting.	JS/JL
331	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, however it was noted that ascertaining accurate data was difficult under the current timetabling model and MIS system. The level of EBITDA and the staff costs to income ratio were also under pressure for the reasons outlined earlier in the meeting.	
THREE YEAR FINANCIAL FORECAST & BUDGET FOR 2025/2026		
332	The Interim Director of Finance presented the Three Year Financial Forecast, the first year of which formed the budget for 2025/2026. A prudent approach had been taken that took account of the year-end projection for 2024/2025. EBITDA was predicted to improve over the next 3 years, even once restructuring costs were included, but the staff costs to income ratio would not fall below 70% due to NI increases.	
333	The College was forecast to make a deficit of £2.5m in 2024/2025 (which was almost in line with the budget) but this did not include £0.7m of restructuring costs associated with the 2030 Project.	
334	A sensitivity analysis of the College's income was included in the Budget for 2025/2026 which reduced the level of EBITDA (before staff restructuring	

	costs) from 5.38% to 4.11%. By 2027/2028 EBITDA would increase to 6% and the staff costs ratio would be 70.16%.	
335	Cash generation after restructuring and capital expenditure was positive, but minimal in 2025/2026 and was planned to increase to over £1m in 2027/2028. Cash days remained well above the new FEC benchmark of 40 days (formerly this was 25 days) throughout the 3-year period.	
336	The College had not yet received confirmation of its final 16-18 funding allocation but this was predicted to be raised by approximately £1m . This had not been included in the proposed budget, as the intention was for this to be used to address the disparity of pay between schools and FE colleges. There would be an equivalent increase in pay costs, so the impact on the budget would be negligible. In view of the uncertainty of allocations in 2025/2026 management proposed to submit a re-based budget to the Corporation for approval in the Autumn. A governor requested that information on the best and worst case scenarios should be considered within the revised budget.	JL
337	The Committee was advised that if the EBITDA level fell below 1% the College's financial health would automatically be classified as Requires Improvement but that this would not be a trigger for intervention through the FE Commissioner's team. The Principal added that the DfE was starting to use the financial health score to assess eligibility for other, competitive funding allocations, such as the Colleges of Technical Excellence.	
338	The Committee commented that this strategy meant that it was even more important for the College to attain the AEB threshold and maximise its income in future years. A governor questioned whether the adult provision target was too high given previous levels of performance, but was assured by management that the proposed level was realistic and achievable.	
339	In response to queries about the possibility of delaying some restructuring costs so that they fell into 2025/2026 the Interim Director of Finance reported that this could not be done due to the voluntary redundancy scheme offered to affected staff. Governors acknowledged that the restructuring process would have an impact for the life of the 3 Year Forecast, but that the bottom line would start to improve in 2026/2027 (when the deficit would be £941k).	
340	Provisions had been included in the Budget to enable the College to address any unexpected items or under-delivery. Questions were raised about the level of optimism within the proposed Budget, on which the Interim Director of Finance advised that the forecast outturn was 2.5% in 2024/2025, rising to 4.1% in 2025/2026 due to growth in 16-18 funding and staffing savings resulting from the 2030 Project, both of which had a high degree of certainty. As outlined earlier it was difficult to estimate adult enrolments each year which had led to the sensitivity factors included in the draft Budget.	
341	The College's capital base would erode over time, but that was the purpose of making cost savings now. It was important that governors were aware of the consequences of not meeting the enrolment and income targets for 2025/2026, whilst acknowledging that management had planned sufficient contingencies.	

342	The number of cash days for the next 3 years was between 63 and 73, which was significantly above the FEC target of 40 days. Capital investment in the estate had supported improvements in the student experience and would increase to £2m in 2027/2028. However, it was likely that capital grants would not be available for colleges whose buildings were in good condition. A number of refurbishment projects had been identified including upgrading the kitchens and salons, improving energy efficiency and the network infrastructure to enable the College to raise its cyber-security resilience.	
343	The Principal reported that the College needed to focus on 4 key areas for 2025/2026 – financial stability, improving levels of attendance, the quality of teaching, learning and assessment and Maths & English.	
344	Resolved - 1 That the Corporation be recommended to approve the Three Year Financial Forecast and Budget for 2025/2026 2 That a re-based budget for 2025/2026 be submitted to the Corporation for approval in the Autumn Term	
BAD DEBTS ANNUAL REPORT 2024/2025		
345	The Interim Director of Finance presented for information the annual report on Bad Debts for 2024/2025.	
346	The Committee noted that the amount within this classification was reducing year on year). A set of 3 criteria were used to assess how bad debts would be dealt with, ranging from internal/F&R Committee write-offs (between £5K and £45K), seeking DfE approval for any single debt over £45K or collective debts over £250K. The latter 2 measures had been introduced following the reclassification of FE colleges in November 2022 but had not been invoked in 2024/2025	
347	Risk factors had been reduced significantly over the past few years, as students now paid their tuition fees in advance and the majority of adult courses were fully-funded by the Combined Authority or Department for Education.	
348	At the end of April 2025 the total provision for bad debts was £128k, a reduction of £21k on the previous year. No debts had been referred to the collection agency in the period and recoveries against previously referred debts amounted to £21.5k.	
349	Governors were advised that the majority of student debts related to unpaid tuition fees and £3.3k had been written off by the College in 2024/2025.	
350	Management felt that the level of debt reflected the profile of the College's learners, with many looking to upskill themselves and improve their earning potential.	
351	In response to questions, the Interim Director of Finance advised that to insure against the level of bad debts would be prohibitive for the College in terms of costs.	

TUITION FEES POLICY 2025/2026		
352	Governors received an updated Tuition Fees Policy for 2025/2026. The most significant changes were in relation to better clarification regarding the circumstances in which refunds would be given; where a course was cancelled by the College or if the student withdrew from their programme before the course start date. Other circumstances were considered on a case by case basis with the decision being made by the Director of Finance with a right of appeal to the Chief Financial Officer.	
353	Resolved – That the Corporation be recommended to approve the revised Tuition Fees Policy for 2025/2026	
APPRENTICESHIPS & WORK-BASED LEARNING UPDATE		
354	In the absence of the Assistant Principal Adults & WBL the Interim Director of Finance presented a report on apprenticeships and WBL.	
355	Performance by the College's two main Adult Education Budget contractors was on track and no concerns with quality had been identified. The additional £50K that the Committee had approved for 3EEs to the end of the academic year had now been included in their Maximum Contract Value.	
356	There was currently a total of 332 apprentices who had exceeded their end date (OoFs). This was in line with the College's Accountability Agreement.	
357	Income levels for the faculty were 92% against the target and management was confident that the annual target would be met excluding the clawbacks.	
358	The Committee was advised that the draft Budget for 2025/2026 included an amount equivalent to the current year's contract for 3EEs and Embark (there would be no further engagement with Learning Curve due to quality concerns), which was approximately £778K. It was agreed that approval of sub-contracting arrangements for 2025/2026 would be included in the budget paper for the July Corporation meeting.	JN
359	Governors were advised that the College had recently submitted a bid to the national Trailblazer Pilot Programme that aimed to target those 18–21-year-olds on study programmes who had not yet identified a positive future destination following on from completing their current course. There would be 2 elements to the initiative: a) generic leavers – focusing on students who are asylum seekers, live in deprived wards and reside in social housing; b) students who have not progressed in their current sector, particularly on Engineering or Health & Social Care courses. Governors requested further information on the amount of income this would generate and the level of costs involved.	JN
RESOURCES UPDATE		
360	The Committee received for information an update on resources issues	
361	The College had submitted an expression of interest to participate in the WMCA's Devolved Buildings Retrofit Pilot, further details on which would be provided shortly.	
362	Following a tender process for utility supplies completed in March 2025, the College is projected to save a total of £93K, mainly as a result of favourable market conditions and the timing of fixed-price procurement.	

363	The contract for new security barriers on the Wisemore and Green Lane Campuses had been awarded to Custom Technology Solutions, with installation planned for Summer 2025.	
364	Under the latest DfE capital programme the College had been allocated £2.095m, which should be used to maintain, improve and ensure the sustainability of the estate. The College capital plan had been updated to determine priorities for the distribution of these funds, which would include Estates, IT and Curriculum areas.	
HUMAN RESOURCES UPDATE		
365	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).	
366	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.	
367	A total of 11 disciplinary and grievance cases were currently in progress, 3 of which were for misconduct for safeguarding reasons.	
368	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%.	
369	Governors were advised that there were currently 2 employment tribunals processes underway.	
TENDER PROCESS UPDATE		
370	The Assistant Principal MIS presented 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. The first two of these had been completed using Chair's action, whereas the MIS tender had been approved by the Corporation at its meeting in May 2025, as only one tender had been received.	
371	It was noted that the phasing of the ER system implementation had been amended since the Committee Chair had approved the tender and process.	
372	Further progress updates would be provided to the Committee at regular intervals.	
DATES OF FUTURE MEETINGS		
	To be agreed in line with the revised governance structure.	