

**MINUTES OF FINANCE COMMITTEE
MEETING HELD ON TUESDAY 25TH NOVEMBER 2025 AT 10.00 A.M.
AT THE WISEMORE CAMPUS**

Present:

Stuart Pedley-Smith (Chair)
David Wheeler
Jat Sharma
Andrew MacIntosh (co-opted committee member)

In Attendance:

Maria Turnbull-Kemp (Chief Financial Officer)
Lesley Venables (Head of Governance)
Graham Ward, Chair of Audit Committee – minutes 69 to 78 only

	APOLOGIES FOR ABSENCE	
61	Apologies for absence were received from Helen Troalen.	
	DECLARATIONS OF INTEREST	
62	There were no declarations of interest in any agenda item.	
	MINUTES	
63	Resolved – That the minutes of the meeting held on 7 th October 2025 be approved as a correct record and signed by the Chair, subject to two minor amendments,	
	MATTERS ARISING	
64	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.	MTK
65	In relation to minute 218 the CFO reported that she had now drafted a new Financial Strategy, which had been discussed by SMT. This would be submitted to this Committee for recommendation to the Corporation in March 2026.	
66	The Committee asked whether there were any risks associated to the Budget within the Strategy and was advised that the volatile nature of public funding was already featured on the College’s risk register as this comprised 85% of its income. The position could be eased through higher contribution rates and a greater proportion of commercial activity and innovation to reduce the College’s cost base. The Executive viewed Finance as an enabler to the recovery and restructuring process and the Strategy aligned to the feedback from the CEFS review.	
67	The CFO advised that the Financial Strategy for the ALC had now been superseded by the work undertaken on the overall College Financial Strategy (minute 218 refers).	
68	In response to a question about the College’s 16-18 cohort following the Day 42 census point the CFO reported that enrolments for this cohort had exceeded the target by approximately 100 students, which equated to £600-700k payable in 2026/2027. However, it was uncertain as to whether the full amount of growth would be received as almost every FE provider had enrolled more students than the target. This increase in performance was partly offset by a reduction in T Level enrolments of £0.25m.	
	FINANCIAL STATEMENTS 2024/2025	
69	The Committee received the draft Financial Statements for 2024/2025, together with the draft External Auditor’s Management Report and the	

	accounts for the Student Union and Broadway Training Ltd (which was currently dormant). The CFO reported that the strategic report accompanying the accounts had been strengthened with additional contextual information, KPIs and strategic investments in the College's resources and estate. It was not anticipated that there would be any significant changes to the documents prior to the Corporation meeting in December 2025.	
70	The audit was almost complete and it was expected that an unqualified opinion would be issued on both the financial statements and the regularity audit. A small number of items (mostly relating to payroll issues, where staffing shortages and changes to key College systems had meant that responses to queries had taken longer than normal) had now been completed. This was confirmed by the Chair of the Audit Committee.	
71	Some further typographical and clarification points were identified by Committee members which would be addressed prior to the Statements being submitted to the Corporation for approval.	MTK
72	In response to questions about the inclusion of information on performance against a series of KPIs and whether this was commercially sensitive, the Head of Governance advised that this was part of the College's funding agreement with the DfE and was mandatory.	
73	The Chair commented that all governors needed to be able to understand and articulate the underlying narrative around the level of performance in 2024/2025 and this would be included in the Financial Statements for 2025/2026, as a significant change to the presentation of the annual accounts would require a re-audit.	MTK
74	It was noted that information on performance against environmental sustainability measures would be included in the Financial Statements next year.	MTK
75	The CFO reported that during the audit it had been highlighted that a number of staff were not members of the LGPS. Further work would be done in the New Year to provide information on the benefits of membership to staff.	
76	Information contained in the Financial Statements on the Principal's salary as a multiple of average pay would be included in the Annual Remuneration Report to be submitted to the People & Remuneration Committee at its meeting in February 2026.	LV
77	The Chair summarised that the audits of the Financial Statements and Regularity were unqualified and the Management Letters provided the Corporation with assurance in terms of internal controls and compliance. The level of materiality should be recognised by the Corporation and the reconciliation between the management accounts and the Financial Statements would link decisions made by governors during the year.	
78	Resolved: 1 That the Corporation be recommended to approve the Financial Statements for 2024/2025 subject to receipt of the reconciliation statements from the DfE and WMCA 2 That the External Auditor's Management Letter be noted	

	<p>3 That the annual accounts for the Student Union and for Broadway Training Limited be recommended for approval at the December 2025 Corporation meeting</p>	
<p>FINANCE REPORT TO SEPTEMBER 2025</p>		
79	<p>The CFO presented the management accounts to 30th September 2025. These indicated that the outcome for the year to date to September 2025 was a deficit of £66k compared to a budgeted loss of £677k, which was a positive variance of £612k. A full-year forecast against the budget for 2025/2026 would be included in the October 2025 management accounts.</p>	<p>MTK</p>
80	<p>The overall loss was lower than the figure in the budget and had inflated the financial health rating and the level of EBITDA. This position was mainly due to increased funding from the DfE for 16-18s and considerable number of staffing vacancies.</p>	
81	<p>However, HE Income was 10% lower than the approved budget and management was anticipating a clawback of T Level funding by the DfE due to enrolment targets not being met. All core contracts were performing in line with projections but performance against adult and apprenticeship provision targets would be challenging towards the end of the academic year and would be closely monitored.</p>	
82	<p>Operating costs had exceeded the budget and included lagged expenditure on work that should have been completed in 2024/2025 but had been carried over to this academic year. These costs would continue to be monitored.</p>	
83	<p>Cash balances as at 30th September 2025 were strong at £14.72m, excluding £2m of unspent capital grants. Governors noted that a cashflow statement had not been provided within the accounts due to delays in the finance system updating.</p>	
84	<p>A governor queried why the College paid interest on its loans whilst maintaining a high cash balance. The CFO advised that some of the cash balance comprised ring-fenced monies (such as capital grants) which needed to be spent on particular items. Additionally, the terms of the bank loans were such that there would be a significant penalty for early repayment.</p>	
85	<p>The CFO had planned financial training for the management team, including contribution analysis. Work was also underway on staffing costs to provide governors with an accurate picture and projections.</p>	
86	<p>The Committee was advised that a pay award had been included in the management accounts payable from February 2026. There was an element of staffing vacancies and overall a loss of £2.1m was predicted for 2025/2026.</p>	
87	<p>A governor asked whether it was possible to provide information to a future meeting on the respective contribution rates for different types of provision. The CFO responded that it was important that all costs were allocated correctly before this exercise could be completed. Management undertook to work towards this over the next few months.</p>	<p>Exec</p>

<p>88</p> <p>89</p> <p>90</p>	<p>It was agreed that the next governor strategic event would include an item on apprenticeships (quality, breadth of provision and local needs) to enable the Corporation to understand this important area more fully. Governors were of the view that it was acceptable to make financial losses over several years, as long as the rationale for doing so enabled the College to meet its strategic priorities.</p> <p>Governors discussed the level of the College’s contribution to the LGPS compared to other regions, where there had been a triennial review resulting in a reduction for colleges with no impact on staff benefits. The CFO stated that the West Midlands LGPS had been approached in the past but had declined to change the % contribution until the triennial review.</p> <p>The Head of Governance advised that it was good practice (and recommended by the FE Commissioner) for governors to receive the management accounts on a monthly basis and it was agreed that this would commence with the November 2025 accounts.</p>	<p>JS/LV</p> <p>MTK/LV</p>
<p>PAY AWARD 2025/2026</p>		
<p>91</p> <p>92</p> <p>93</p>	<p>At its most recent meeting the SMT had discussed proposals on a pay award for 2025/2026. Two options had been considered: a) flat rate increase of 3% for all staff; and b) a sliding scale of between 2% and 6%, with the lowest paid staff receiving the highest increase. Under the latter, all teaching staff would receive a 4% increase and managers 3%. All eligible staff would receive an increment in addition to the pay award. It was felt that this option would maintain the differential between teachers, curriculum managers and directors.</p> <p>The total amount for the pay award would be funded from the additional allocation of £1.5m received from the DfE for this purpose and was felt to be affordable. The implications for the 2026/2027 budget would be considered and currently this did not include any further pay increase.</p> <p>It was agreed that the CFO would share detailed proposals and benchmarking data with the Chair of the Committee and Chair of the Corporation prior to proposals being submitted for approval at the Corporation meeting on 11th December 2025.</p>	<p>MTK</p>
<p>DATES OF FUTURE MEETINGS</p>		
	<p>10th February 2026 13th May 2026 23rd June 2026</p>	