

**MINUTES OF FINANCE COMMITTEE
MEETING HELD ON TUESDAY 10TH FEBRUARY 2026 AT 10.00 A.M.
AT THE WISEMORE CAMPUS**

Present:

Stuart Pedley-Smith (Chair)
David Wheeler (minutes 104 to 140)
Jat Sharma
Helen Troalen
Andrew MacIntosh (co-opted committee member)

In Attendance:

Maria Turnbull-Kemp (Chief Financial Officer)
Lesley Venables (Head of Governance)

	APOLOGIES FOR ABSENCE	
94	There were no apologies for absence.	
	DECLARATIONS OF INTEREST	
95	There were no declarations of interest in any agenda item.	
	MINUTES	
96	Resolved – That the minutes of the meeting held on 25 th November 2025 be approved as a correct record and signed by the Chair	
	MATTERS ARISING	
97	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.	
98	In relation to minute 170 the CFO reported that the apprenticeships team had now taken into account the monthly start and likely end point assessment dates. These were now included in the management accounts to provide an improved level of accuracy in reporting.	
99	A governor questioned whether the associated income would be allocated to 2025/2026 or 2026/2027. The CFO advised that £120K had been included in the current year and there was a need to ensure that the updated forecast reflected the number of starts. Governors were reminded that EPAs often took a considerably longer time to complete.	
100	In relation to minute 250 the CFO reported that an additional column on performance would be added to the management accounts, together with projections and contextual information on apprenticeships, this would be done once the new APTE system was in place.	
101	Governors sought further clarification of the financial contribution of apprenticeships. The Principal commented that the College had been subject to a substantial clawback of funding in this area over the past 2 years, but that these issues had now largely been dealt with.	
102	Apprenticeship achievements had improved by 7% overall, however, margins were low and the College had to maintain its focus on a high level of compliance with the relevant DfE regulations. The new tracking system that was being installed (Aptem) should support this strategy and improve data flows.	

103	Although the College had an ambition to increase the amount of apprenticeships from £4m in the approved budget, this provision was risky and complex to deliver.	
104	The Learning & Quality Committee would continue to scrutinise apprenticeship performance from a curriculum perspective and the Audit & Risk Committee's remit included oversight of any audits and associated recommendations.	
105	Governors were advised that further work had been undertaken on analysing the College's commercial activities.	
FINANCE REPORT TO DECEMBER 2025		
106	The CFO presented the management accounts to 31 st December 2025. These indicated that the outcome for the year to date to December 2025 was a deficit of £87k compared to a budgeted loss of £1,245k which was a positive variance of £1,157k.	
107	The annual budget for 2025/2026 indicated a loss of £2.1m. Work was currently underway on the forecast which would be reviewed on a monthly basis. It was expected that the loss could reduce by £697k to £1.420m overall.	
108	Projections for the Adult Learning Centre and commercial income forecasts had been analysed, together with the underlying reasons for any variances.	
109	There had been significant movements in almost every area of the budget, for example, commercial income was £0.5m lower than anticipated and it was now felt that the original budget of £2.2m was unachievable. Funding for 16-18 provision had risen due to the additional allocation from the Department for Education (£1,535k).	
110	The forecast for apprenticeships income had been reduced (by £121k) as a result of the extra time taken for students to complete their End Point Assessments. 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. Performance against adult and apprenticeship provision targets would be challenging towards the end of the academic year and would be closely monitored. High Needs income had exceeded the budget by £18k.	
111	Bank interest receipts were higher than planned and the College's cash balance was £13.9m. Staff costs had a positive variance of £291k due to the number of vacancies being carried by the organisation, particularly in English and Maths. The latter was a risk due to the funding rules which required all 16-18s without a grade 4 GCSE in Maths and English to study these qualifications as part of their College programme, with funding penalties for under-performance on delivery. Agency staffing costs were felt to be higher than expected.	
112	Utility costs had reduced following a review of the College's VAT situation (£120k). An appendix to the management accounts set out the different elements of the Resources budget: planned expenditure, reactive maintenance and compliance.	

113	Marketing costs were over budget, whereas depreciation was less than anticipated . The Finance team was currently working on a new Fixed Asset database that would provide more accurate forecasts in future.	
114	The Principal reported that the College had performed well against its main income streams in a challenging environment, but that the situation was liable to become more difficult towards the year-end. The overall position included a clawback of T Level funding and improved student numbers on 16-18 and Adult provision.	
115	The Corporation’s decision to back-date the pay award for 2025/2026 to 1 st August 2025 had been received positively by staff. All costs had been accrued within the management accounts.	
116	A governor asked for further information to be included in the budget on the one-off items identified within the report such as the VAT regrading. This would be included in future reports.	MTK
117	The Chair felt that some governors may question the reasons for the overall £1.157m variance and asked for a summary explanation to be provided in the report that was submitted to the Corporation. A governor added that the variance may have been due to additional flexibility being added to the budget to accommodate the recent restructuring programme.	
118	The CFO provided a detailed report for CCM on performance against key indicators against the approved budget. Governors requested that future reports include contextual information on the original objectives for purchasing CCM. It was also agreed that a similar table would be prepared for apprenticeships to provide greater clarity and support monitoring by the Committee.	MTK
DRAFT FINANCIAL STRATEGY		
119	The CFO presented a revised Financial Strategy for 2025/2030 which aligned with the College’s Vision, Purpose and Values. The Strategy aimed to address key areas such as financial sustainability, supporting growth in provision, addressing sector challenges, modernising and innovating financial practices, strong financial governance and improving financial literacy for all staff.	
120	In response to questions, the CFO confirmed that the Strategy had a high level of commonality with the Corporate Plan approved in 2025, with an expanded set of KPIs for estates performance. Governors asked whether it would be more appropriate for the Strategy to pertain to 2026/2030 but were advised that management felt it should be implemented as soon as possible to maximise its impact.	
121	Objectives had been set against the Corporate Priorities, for example streamlining the bursary distribution process to improve the student experience. Management felt that there should be greater cost efficiencies across all areas of the College and that the organisation needed to be more commercially-driven to enable it to diversify its income streams. The Committee asked for broad timescales for the achievement of the objectives to be added to the Strategy.	MTK

122	A number of annual headline targets had been suggested, including a 16-18 cohort of 4400 FTEs, Adult Social Fund income of £8.1m (compared to £8.5m in the current budget, which was felt to be unrealistic), apprenticeship income of £4.4m, efficiency savings of £5.2m, an EBITDA level of X% and a staff costs to income ratio of between 69% and 70%. It was intended that achievement of these targets would enable the College to create a strong financial infrastructure that supported staff to grow and progress within the organisation.	
123	Key performance indicators had been included for 2025/2026 and the next 4 years. It was important to balance the College's aspirations to be 'outstanding' in terms of financial health with the greater restrictions and costs of maintaining this grading.	
124	A new finance system was planned for Year 3 of the Strategy, which would allow sufficient time for all other system changes to embed and be further refined.	
125	A governor questioned whether the College was already focusing on the identified areas for improvement, such as supporting the long-term unemployed back into work. The Principal responded that this was part of the role of The Link (a multi-agency hub established in conjunction with the DWP and the Combined Authority) that had been extremely successful and would be relocated into the new Adult Learning Centre.	
126	Following suggestions by governors it was agreed that addressing the Government's priority of reducing the proportion of those Not in Employment, Education or Training (NEET) and a sensitivity analysis on the achievement of the objectives should be included in the Strategy. The term 'financial oversight' would replace 'financial governance' throughout the document.	MTK
127	Governors felt that the College's ambition to be innovative in its operations had been lost over the past few years, due to having to respond to a difficult and ever-changing environment. New ideas and practices existed within the organisation but the Corporation was not necessarily aware of these.	
128	The Chair commented that the Strategy sought to address the need for the College to have sufficient financial resources to undertake the right activities, deliver a balanced budget, set out how its income would be spent and provided a framework for financial decision-making and the measurement of performance against a background of challenges and complexities.	
129	The Strategy was derived from and aligned to the Corporate Plan but included a number of items which were not purely of a financial nature. Performance against measures such as class sizes, staff utilisation and margins would drive efficiencies.	
130	Resolved - That, with the inclusion of the amendments suggested by the Committee, the Corporation be recommended to approve the Financial Strategy for 2025/2030	

FINANCIAL KPIs		
131	The Committee received for information a set of Key Performance Indicators against which the College was required to monitor and were currently included in the Management Accounts.	
132	It was proposed that to strengthen oversight by governors and to ensure clearer alignment with the College's strategic objectives a separate KPI report would be compiled for future meetings.	MTK
CAPITAL COMMITMENT REPORT		
133	The CFO presented a summary of current and planned capital projects, expenditure against allocated budgets and any associated variances requiring oversight by the Corporation. Information was also provided on the College's technology investment (covering hardware, software, digital learning platforms, cybersecurity enhancements and other key components of the College's Digital Strategy).	
134	Governors noted that there was some unspent capital allocation (£327k) from 2024/2025 which had been rolled forward into 2025/2026. A total of £1.3m had been received from the DfE for this academic year.	
135	Some of the current capital projects required completion by a particular deadline due to funding conditions, but others were less time-critical. In response to comments from the Committee it was agreed that this information, any relevant risks and a RAG-rating would be added to future versions of the report.	MTK
136	A governor asked about the forecast of depreciation and was advised that in the past the release of capital in the management accounts appeared when the monies were received, rather than when they were spent. The CFO reported that she was in discussions with the external auditors regarding future treatment of depreciation.	
137	Governors were advised that the level of expenditure from the College's own resources, as opposed to grant funding, was now clearer. Policy directives from central government would be reflected in the nature and scope of future projects. The CFO was asked to include a cost/benefit analysis of all future new projects that required Corporation approval. It was agreed that the March Corporation meeting would receive a financial update that combined the January 2026 management accounts	MTK MTK
HIGHER EDUCATION FEES POLICY 2027/2028		
138	The CFO explained that management's proposal for Higher Education fees in 2027/2028 was to maintain the current level of £6k per student and that this required approval from the Corporation.	
139	In response to questions regarding the impact of inflation on the amount of delivery, governors were advised that this would need to be factored into any future changes to fees, but it was acknowledged that raising the costs of HE programmes may impact negatively on recruitment and increase the amount of delivery. Future versions of the Policy would take account of the University of Worcester partnership arrangement, the Lifelong Learning Entitlement (which would be effective from January 2027) and the College's HE Strategy.	Exec

140	Resolved – That the Corporation be recommended to approve the Higher Education Fees Policy for 2027/2028	
DATES OF FUTURE MEETINGS		
	13 th May 2026 23 rd June 2026	