

**MINUTES OF FINANCE COMMITTEE
MEETING HELD ON TUESDAY 7TH OCTOBER 2025 AT 1.00 P.M.
AT THE WISEMORE CAMPUS**

PART ONE

Present:

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

In Attendance:

Jacky Leek (Interim Director of Finance)
Maria Turnbull-Kemp (Chief Financial Officer)
Lesley Venables (Head of Governance)
Deb Rajania (Director of Capital Projects) – minutes 40 to 55

	APOLOGIES FOR ABSENCE	
1	There were no apologies for absence. Andrew MacIntosh was welcome to his first Committee meeting.	
	DECLARATIONS OF INTEREST	
2	There were no declarations of interest in any agenda item.	
	APPOINTMENT OF CHAIR AND VICE-CHAIR	
3	Resolved - That Stuart Pedley-Smith and Helen Troalen be appointed as Committee Chair and Vice-Chair respectively for the 2025/2026 academic year.	
	MINUTES	
4	Resolved – That the minutes of the meeting held on 24 th June 2025 be approved as a correct record and signed by the Chair,	
	MATTERS ARISING	
5	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.	
6	In relation to minute 274 the Interim Director of Finance reported that CCM's future performance would be included in the current year's forecast. The profile of activities undertaken by CCM had changed from 70% full-cost provision to mostly apprenticeships, partly as a result of the pandemic, but which had impacted negatively on the margins.	JL/MTK
7	The new CFO would be reviewing all commercial activities undertaken by the College and would bring a report to a future Committee meeting. However, it was noted that it was difficult to separate the benefit that students obtained from realistic work experience from true commercial activity.	MTK
8	The CFO reported that work on the Financial Strategy (which would align to the Corporate Strategy) had commenced and would be submitted to the Committee's February 2026 meeting (minute 218). This would contain cost savings against key items, income generation opportunities and clear contribution levels for each curriculum area. It may be necessary to change some systems or processes to ensure the appropriateness of the financial data.	MTK
	TERMS OF REFERENCE	
9	The Head of Governance advised that following approval of a revised committee structure, the Terms of Reference for this Committee had been	

10	<p>updated. All elements relating to resources were now the responsibility of a separate committee.</p> <p>Resolved – That the Corporation be recommended to approve the Committee’s revised Terms of Reference</p>	
FINANCE REPORT TO JULY 2025		
11	<p>The Interim Director of Finance presented the management accounts to 31st July 2025. These indicated that the College had an overall deficit of £1992k, which was a positive variance of £636K against the forecast of £2628k. The financial health rating was ‘Good’ and an adjusted EBITDA of 3.27%. Cash balances were £12.5m and net assets were £57.4m.</p>	
12	<p>Governors were reminded that this level of performance was set against a background of high staffing costs, a reduction in income, clawback by the DfE and changes to National Insurance contributions during 2024/2025. At the end of the year, the position was just below the budget. Apprenticeships had outturned much stronger than anticipated (£200k increase).</p>	
13	<p>A governor asked whether the DfE clawback could have been anticipated if the College had been in possession of different information. The Interim Director of Finance felt that this was not possible, as complex criteria would need to be met and evidence was lacking last year. The apprenticeship audits had effectively opened up previously audited records and there had been 3 successive compliance audits. The CFO and the Principal were currently reviewing how the College could obtain external assurance on the accuracy of its ILR to minimise the risk of any recurrence.</p>	
14	<p>Further questions were raised on provisions for any clawback in 2025/2026. The IDoF advised that a provision of £180k had been included in the budget in relation to 2023/2024 and a further £58k for 2024/2025.</p>	
15	<p>The Committee noted that the £12.5m cash holdings included £2m capital grant from the DfE. A total of £2.17m had been invested in assets and teaching provision during 2024/2025 (such as a new CCTV system and security barriers).</p>	
16	<p>There had been a technical breach of the bank covenant in 2023/2024. Governors were advised that a waiver letter had been issued by Barclays and the covenant calculation had been simplified.</p>	
17	<p>At the end of July 2025 the value of the LGPS pension fund assets had increased to £19,082k (compared to £8,483 in 2023/2024). In accordance with FRS102 this asset would not be recognised in the statutory accounts and would have no impact on the loan covenant or financial health as this asset/liability is excluded from any such calculations.</p>	
18	<p>Initially the external auditors had requested that the Corporation approve the suggested assumptions for the pension fund. However, following a subsequent meeting, this had been rescinded and the Letter of Representation to be signed with the Financial Statements would include a sentence that reflected governors’ awareness of the movement in the value of the pension fund.</p>	

19	Employer pension contribution rates were set once every 3 years (with the next review in 2026) and the CFO reported that a reduction should be expected due to the current level of surplus in the fund. Previously this had been rejected by the West Midlands LGPS as its member colleges were not considered to be high risk.	MTK
20	In response to questions from governors, the CFO undertook to clarify the charges on the Portland Street building and The Hub in relation to the LGPS.	
21	A governor asked about the potential to offer staff a pay award in 2025/2026 and the impact on morale. The Principal advised that UCU was currently balloting its members for strike action at 75 colleges for rejecting its pay claim of 10% for 2025/2026. The College needed to remain competitive to be able to attract and retain high-quality staff.	
22	Although staff engagement was relatively low (38% in the most recent staff survey) there was an expectation that the Corporation would approve a pay increase this year, particularly after the restructuring exercise. The Association of Colleges had suggested a figure of 4% nationally, although it had noted that this was unaffordable for some organisations	
23	The CFO reported that there may be some capacity in the budget when it had been reviewed further. However, it was unrealistic for management to present a £2m loss to the Corporation each year. The College was not generating sufficient levels of cash to support pay increases and a continued investment in the estate, and it was important for it to break even at least. A pay increase from February 2026 may be possible, but the enrolment position for 2025/2026 needed to be confirmed before this could be modelled properly.	
24	The focus would be on reducing the overall cost base and it was proposed that the deficit/surplus £ rather than EBITDA would have a stronger focus in the finance report in future.	
25	A governor questioned whether any redundancy costs for staff that had left in 2024/2025 would be payable in 2025/2026 and was advised that this was not the case. The areas of adults and apprenticeships would be reviewed this year and would probably result in a similar structure as the main curriculum departments. A substantial investment had been made in creating fewer but larger curriculum areas, supported by cross-College functions, with managers supported in their roles by Programme Area Leaders.	
26	Progression pathways for adults and apprenticeships would be reviewed. There would also be a continued focus on English and Maths programmes, where enrolments had increased by approximately 500 learners.	
27	Currently recruitment on 16-18 programmes was 4500 and the College may be able to claim additional growth funding if this level remained after the October census date. Retention of students would be a high priority for all levels and qualification types. T Level enrolments were below the identified target which would trigger a clawback by the DfE.	
28	It was too early in the academic year to determine whether adult enrolments had achieved the target. A number of areas were being monitored closely,	

<p>29</p> <p>30</p> <p>31</p>	<p>such as Electrical Engineering. The CFO was working with the AP Adults and WBL on maximising contribution levels and ensuring that the College had a suite of short courses to fill any gaps in provision.</p> <p>Governors were reminded that there had been a funding rate increase for 16-18s, which equated to an additional income of £1.5m for 2025/2026 and would be consolidated into future years. If this was to be used to support a further pay increase for staff, the budget for 2025/2026 may need to be revised and an updated version approved by the Corporation.</p> <p>The CFO advised that the Committee should now focus on the forecast for 2025/2026, rather than the budget, which represented a snapshot. It was agreed that an additional column should be included in the management accounts to provide broad assumptions based on current information. The percentage of capital investment made in each year would also be incorporated into the monthly accounts.</p> <p>Contribution levels and the staff to income ratio were under-performing against the targets. The FE Commissioner had recommended a figure of 65% for the latter, but this was felt to be too low for the College, with 68% being more realistic and to be achieved over the next 2 to 3 years. It was noted that some colleges excluded National Insurance costs when calculating this ratio, which was contrary to current practice at Walsall College.</p>	
APPRENTICESHIPS & WORK-BASED LEARNING UPDATE		
<p>32</p> <p>33</p> <p>34</p> <p>35</p> <p>36</p> <p>37</p>	<p>The Director of Apprenticeships presented a report on apprenticeships and WBL.</p> <p>Apprenticeship financial performance for 2024/2025 had exceeded the projected, with further achievements to be processed which would have a further positive impact. The improvements were mainly due to higher rates of retention and the achievement outturn (currently at 66%).</p> <p>A governor asked about the differences in achievement rates between programmes and was advised that 3 out of 5 were above 65%. Nationally the poorer performing courses were similar and could be attributed partly to difficulties in recruiting students particularly for traditional trades which tended to be longer programmes. Management was confident that the position would improve further and that the current monitoring framework was effective.</p> <p>Recruitment for Apprenticeship starts for 2025/2026 was positive, however this was not reflected in the financial position due to delays in ILR processing.</p> <p>In response to questions about staff retention the Director of Apprenticeships reported that the marketplace was highly competitive and the pool of applicants tended to be small. It had not been possible to succession plan for staff departures due to the current lack of capacity. For some new staff the transition from the trades to education was challenging and it had been agreed that the College's onboarding process needed to be reviewed to alleviate any issues.</p> <p>Performance against the College's 2 sub-contractors for mainstream Adult Skills Fund (ASF) contracts had been higher than anticipated for 2024/2025 and the Committee was asked to recommend approval by the Corporation of</p>	

<p>38</p> <p>39</p>	<p>an additional allocation for 3EEsformed. New contract activity for 2025/2026 for each sub-contractor had now commenced.</p> <p>The Chair commented that the report was complex and difficult for governors to navigate, particularly those who were newly-appointed, It was agreed that further work on the format and content would take place prior to the next Committee meeting and that benchmarks and the financial impact of this provision would be included.</p> <p>Resolved – That the Corporation be recommended to approve payment to 3EEs of £11,054 (82%) for the additional activity in 2024/2025.</p>	<p>RS/ MTK/ LV</p>
<p>INSURANCE RENEWAL 2025/2026</p>		
<p>40</p> <p>41</p>	<p>The Interim Director of Finance presented proposals for the College’s insurance cover for 2025/2026. The Committee noted that these were within the 3 year expenditure envelope that had been approved previously. It was agreed that if the total costs of cover exceeded this amount Chair’s action would be used to approve this item. It was confirmed that cyber-insurance cover was included in the draft proposals.</p> <p>Resolved – That the outline insurance renewal for 2025/2026 be approved</p>	
<p>COMMITTEE SELF-ASSESSMENT 2024/2025</p>		
<p>42</p> <p>43</p>	<p>Governors received the final draft of the completed Committee Self-Assessment for 2024/2025.</p> <p>Resolved – That the Committee Self-Assessment for 2024/2025 be approved</p>	
<p>DATES OF FUTURE MEETINGS</p>		
	<p>25th November 2025, 10.00 a.m.</p>	