

Minutes of the Finance & Estates Committee held on Monday 10th March 2025 at 4.30pm in Conference Room 2, Broadway

Members Present: Diana Martin
Mphathisi Ncube
Paul Noon
Jason Parker (Chair)
Sarah Wood

In attendance: Gill Darwood (Director of Corporate Governance) (DCG)
Steve Johnson (Executive Director Estates & Capital Projects) (EDECP)
Louise Jones (Chief Finance Officer) (CFO)

Committee administrative matters

1 Confirmation of quorum

1.1 The Director of Corporate Governance (DCG) confirmed that the meeting was quorate.

2 Apologies for absence and welcome to new members

2.1 Apologies for absence were received from Ana Ferreira and Deborah Ibojo.

3 Declarations of interest

3.1 There were no declarations of interest.

4 Approve minutes of previous meeting held on 28th November 2024

4.1 The minutes of the meeting held on 28th November 2024 were accepted as a true record.

5 Matters arising

5.1 There were no matters arising.

Finance matters

6 Management accounts to January 2025

6.1 The CFO presented the management accounts for January 2025 which showed the position at the mid point of the financial year, against the revised budget approved by Corporation at the December meeting. The key points to note were as follows:

- Income was adverse to budget by £609k mainly due to the following:
 - Devolved ASF (£295k) - Althaus income received and recognised in 2023/24 (£198k budgeted in 24/25 with an offset of expenditure which reduced overall negative variance).
 - Adult Skills Fund (ASF) Bursary allocation increase of (£60k).
 - Other Tuition and Commercial income (£130k) which was an improved position from prior month, and Catering (£78k).
- Pay Costs were £171k favourable to budget, although this was a drop of £87k compared to December.

- All vacancies were reviewed on a regular basis to ensure that these were still required, and to monitor how additional pay costs (NICs, AoC recommendation) were impacting financial performance.
 - Currently the revised budget had assumed NIC costs would be fully funded. If this were not to be the case and only 75% funding was available then the College would have a cost exposure of circa £94k for 24/25, this assumption would be built into the next revised budget.
 - Non pay costs were favourable to budget by £377k, mainly driven by administration costs and the sub-contractors budget being overstated as explained above and the timing of exams £126k.
 - Surplus of £321k was £235k favourable to a budget surplus of £86k.
 - The cash position continued to remain positive. The cash position of £4.1m at the end of January compared adversely to the forecast of £5.5m. This was due to:
 - Lower opening balance in January compared to budget.
 - Higher spend in January than profiled.
 - A thorough review of the College's cash position was being undertaken as part of the revised budget 2 and it was expected that the adverse gap would close in the next few months.
 - KPIs showed a positive position with most rated as green. The four red KPIs all reflected the drop in the cash position, and this may not be reversed by the year end.
 - 19+ WMCA discretionary hardship fund showed a year to date spend of £482k against an annual budget of £520k, however this included committed spend. To the end of January £237k was the actual spend.
- 6.2 An update on loan covenants, financial health and sensitivity testing was included in the report none of which gave rise to any concern that these measures would not be met at the year end.
- 6.3 The CFO provided further clarification in relation to points of detail raised by members of the committee, including further explanation of the operation of the Adult Skills Fund and adult bursary awards, and the variance on Althaus sub-contracted provision.
- 6.4 The CEP advised that the WMCA performance review had recently been undertaken and the College was over-delivering in some areas so would meet the overall allocation.
- 6.5 In relation to a point raised by the chair on borrowing as a percentage of income, the CFO advised that she would clarify this figure prior to the report being submitted to the Corporation.
- 6.6 **It was resolved** to recommend the management accounts to January 2025 to the Corporation.

7 **Revised budget 2024/25**

- 7.1 The CFO presented the revised budget at quarter 2 which reflected a number of changes expected over the remaining months of the financial year. EBITDA and operating position had decreased slightly, driven by a small decrease in income. There continued to be opportunities to increase income generation, particularly on Adult Skills Fund, however a prudent approach had been taken in this budget to reflect planned activity against which there was confidence of securing.
- 7.2 The financial strategy remained in a good position, and KPIs relating to EBITDA/operating surplus and cash were showing an amber position however this was expected to be an improved position by the year end. Financial health score and loan covenant measures were not affected.
- 7.3 The CFO provided further clarification in response to questions from members relating to capital expenditure, which represented additional spending through capital grants but no change to the College's previously approved capital budget.
- 7.4 **It was resolved** to recommend the revised budget for 2024/25 to the Corporation.

8 **Curriculum contribution analysis**

- 8.1 The CFO presented the curriculum contribution analysis for 2023/24. The curriculum areas had made a total contribution of 52.4% to College overheads in 2023/24. This compared to a budget for the year of 53.2% and actual for 2022/23 of 47.4%. The shortfall of £562k had occurred as a result of a shortfall in income, which had been reported throughout the year. The budget for 2024/25 showed a contribution of 49.7% and early indicators were that curriculum teams would show improved performance this year. The report detailed actual performance for each Assistant Principal's area of responsibility and the CEP advised that for some areas, the figures were distorted due to that area carrying cross-college delivery costs, such as for English and mathematics, or cross college support.
- 8.2 Members noted the lower than target contribution of the IoT, and the CEP advised that a lot of work had been undertaken on group viability which was anticipated to show improvement for the current year. The IoT was budgeted to operate at a surplus for the first time in 2024/25.
- 8.3 **It was resolved** to note the curriculum contribution analysis for 2024/25.

9 **Enrolment dashboard update**

- 9.1 The CEP provided a live presentation of the dashboard, looking at in-year recruitment by key client groups of 16-19, A level, Adult, Apprentices Higher Skills and SEND. Recruitment showed positive performance in all areas with the exception of apprenticeships which was reduced as a result of the planned subcontracting reduction.
- 9.2 Higher Skills was an area of focus for the development of an HE Strategy and this would include a review of how recruitment was reported in future, as the dashboard figure currently did not include CPD courses at levels 6 and 7.

- 9.3 For SEND learners, an additional 65 high needs places had been agreed for 2025/26 through Dudley LA.
- 9.4 The CEP answered members' questions on points of detail including WMCA funding for high demand and priority areas, and the impact of the removal of English and mathematics requirements for apprentices.
- 9.5 **It was resolved** to note the enrolment dashboard update.
- 10 **Insurance Annual Report**
- 10.1 The CFO presented the Annual Insurance Report which showed the insurance cover in place over College assets and had been prepared to support the College's self-assessment of compliance with regularity and propriety requirements in terms of providing evidence that College assets were adequately safeguarded.
- 10.2 Insurance cover was renewed annually but was reviewed throughout the year to assess its adequacy and ensure it appropriately reflected any changes to the operational activities of the College and its assets in-year.
- 10.3 An independent review of the cost of replacement of buildings had been undertaken which had resulted in a reduction of insurance premium.
- 10.4 The CFO answered questions from members in relation to the report and provided further clarification in relation to business interruption cover.
- 10.5 [The CFO agreed to provide further clarification in relation to the cover for machinery damage and share this with committee members.](#)
- 10.6 **It was resolved** to note the annual insurance report.
- 11 **Value for Money**
- 11.1 The CFO presented the Value for Money/Public Benefit Statement which was provided to satisfy one of the Office for Students (OfS) four primary regulatory objectives which required that providers regularly publish clear information about arrangements for securing value for money including data about the sources of income and the way that its income was used.
- 11.2 The statement set out how the College ensured that value for money was prioritised and delivered. There was detail on where the College received its income from and how it spent this money and this had been updated to reflect the 2024 financial statements.
- 11.3 **It was resolved** to recommend the Value for Money/Public Benefit Statement to the Corporation.

Estates and Capital Projects matters

- 12 **Commercially Sensitive - Estates update**
This matter is the subject of a separate and confidential minute.

13 Commercially Sensitive – Health Innovation Dudley (HID) update

This matter is the subject of a separate and confidential minute.

14 Sustainability report

14.1 The CFO presented the report which provided an update on sustainability activities at the College since the last report in November 2024. It was structured around the four key pillars of the College's sustainability strategy: Leadership and Governance, Teaching, Learning and Innovation, Estates and Operations, and Partnerships and Engagement.

14.2 Good progress had been made in advancing the College's sustainability agenda across all four pillars. Key achievements included successful ISO accreditation renewal, the launch of the Sustainability Newsletter, the preparations for carbon literacy training, and for the new recycling legislation.

14.3 Looking ahead, continued engagement with staff, students, and external partners would be essential to ensuring the College remained at the forefront of sustainability in Further Education.

14.4 It was noted that the new food waste regulations had been challenging to implement.

14.5 Members noted that there was a value in embedding into the curriculum the College's own story in terms of its capital developments.

14.6 **It was resolved** to note the sustainability report.

Risk and compliance matters

15 Risk register review

15.1 The CFO presented an extract from the risk register in relation to the risks relevant to Finance and Estates Committee. The risk register had been thoroughly reviewed by the Senior Leadership Group (SLG) and risks and actions had been allocated to the newly appointed senior roles, where appropriate. There had been no changes to risk appetite, gross risk or net risk scores as a result of the review.

15.2 Since the last report a number of actions had been completed however members were asked to note that some were now subject to delay. There were some risks that were being managed where external influences were impacting on how the College was mitigating these risks:

- Continue to work with partners on the delivery of Health Innovation Dudley.
- Roll out of training for budget holders. Curriculum managers attended training in the autumn term and as staffing in the Finance team stabilised in March this would be rolled out to all managers.

15.3 **It was resolved** to note the Risk Register update.

16 Treasury Management Policy

16.1 The CFO presented the treasury management policy which had been reviewed and the following changes made:

- Removal of reference to the ESFA

- Reference to the College Financial Handbook, alongside Managing Public Money (MPM) requirements
- Annex I – credit ratings updated as at January 2025: the only change was that Lloyds Bank have been moved from A+ to A by Fitch for long term borrowing.

16.2 **It was resolved** to recommend the Treasury Management Policy to the Corporation.

17 **Procurement Policy**

17.1 The CFO advised that the College had worked with external procurement specialists to develop a procurement policy and procedures that would meet the requirements of the 2023 Procurement Act and regulations (effective from 24 February 2025) and the College Financial Handbook.

17.2 The final draft of the procurement policy was presented, which explained the background for the new policy, its purpose and the procurement cycle. The policy set out the procurement thresholds and the different processes each of these thresholds required. The small, medium and larger procurement process was set out in a different section to the major procurement process as it was envisaged that the latter would be used rarely due to the value of major procurement.

17.3 The policy was comprehensive and would ensure that the College complied with legislative requirements; in addition to the policy there was a full range of corresponding templates. Two College teams with high budgetary expenditure had been using the new policy as a pilot, with training and support. Feedback would be gathered from this pilot as the policy was rolled out. Training would be provided by external consultants for all budget holders.

17.4 Members concurred that the policy was very comprehensive, and highlighted the need to ensure that staff underwent thorough training.

17.5 **It was resolved** to recommend the Procurement Policy to the board for approval.

18 **Updated committee terms of reference**

18.1 The DCG advised that the terms of reference and business plan for the Finance and Estates Committee had been updated in-year to incorporate the change agreed by Corporation at its meeting on 10th December 2024, which was for the oversight of Partnerships and Sub-contracting arrangements to move from the Finance & Estates Committee to the Standards Committee.

18.2 With the reduction in the overall value of sub-contracting, the financial implications for the College were significantly reduced and therefore it was more appropriate for the main focus to move to quality assurance monitoring through the standards committee.

18.3 **It was resolved** to recommend the updated committee terms of reference and business plan to the Corporation.

19 **Any Other Business**

19.1 There were no items of other part I business.

20 **Date of next meeting**
20.1 19 May 2025

The part 1 meeting closed at 17.55 hours.

The part 2 meeting was the subject of separate confidential minutes.

Approved by committee members at the meeting held on 19th May 2025.