Agreed by the Committee 16/4/26

FINANCE COMMITTEE

Minutes of a meeting of the Finance Committee held on Thursday 5 February 2026 starting at 16.00 by teleconference (Microsoft Teams).

PRESENT

Claire McCafferty (Chair)
Richard Cooksey
Kit Davies (Chief Executive)
Paul Harte (Group Finance Director)
Philip Moore

IN ATTENDANCE

Lizzie Jones (Corporate Services Director)
Robert Dale (Company Secretary)

ITEM 1A: APOLOGIES FOR ABSENCE

- None.

ITEM 1B: DECLARATIONS OF INTEREST

- None.

ITEM 1C: MINUTES OF THE PREVIOUS MEETING

- Minutes of the meeting held on 11 December 2025 were approved as a true record of proceedings.

ITEM 1D: MATTERS ARISING

- Actions identified in these minutes had been addressed as follows:
  - Reflect on incorporating different/additional data analysis and business insights into future management accounts reporting. **Action under way**. The development of financial reporting/modelling/insights was a key development plan target for the Group Finance Director. He was currently considering how best to achieve this and welcomed advice from the committee about additional or different presentations they would wish to see. He would present an update on progress at the next Finance Committee meeting.
  - Provide monthly updates from R G Carter on progress with the Town Centre Campus refurbishment to future committee meetings. **Action complete**. The latest update is included in the Major Projects report (Item 3).

ITEM 2: P5 (DECEMBER 2025) MANAGEMENT ACCOUNTS REPORT

- The Period 5 report shows a similar positive position to previous management accounts reports this year. All revenue and cost lines are better than budget, although the positive variances are expected to narrow as the year end approaches. An example was the Adult Skills Fund (ASF) line, where revenue was c£800k ahead of profile, with a corresponding position on the cost line, where costs were c£500k ahead of profile. As there was a limit to the amount of ASF available, this variance would narrow.

- While both main cost lines remained better than profile, the pay costs variance was now very small as a result of the decision to award staff an unconsolidated Christmas bonus award of £500 at a total cost of c£250k. The cost of this would be offset by interest earned on the Group's cash holdings, which was expected to amount to c£270k for the year.

- Cash had declined by c£1m since the previous report, reflecting the spending of capital funding on the estate. Governors recalled that £6.4m had to be spent by 31 March 2026 and as at 5 February 2026, the balance to be spent amounted to £3m. The next Item would show how this would be done.

- There were some cost risks; as the auditors had reminded the Board at the December meeting, while the 2024/25 financial statements included a provision for dilapidations works at Fulton Close of c£1.6m, this had been based on an estimate (albeit an independent one from a surveyor) and so could be less than the actual cost. Once tenders had been received (March 2026) this risk would be more clearly defined.

- Governors discussed the figures illustrating EBITDA and the Operational Profit/loss position. EBITDA was now expected to exceed the budget by the year end and the budget deficit of £303k was now expected to be a surplus of c£639k.

- It would be useful to review the report to further improve it, to incorporate a commentary on EBITDA, and projections identifying the extent to which the current positive variance would narrow during the remainder of the year. A structured commentary on the top three (for example) revenue and cost lines and a figure showing actual vs budget costs in graphic terms would be helpful.

Action: Paul Harte to arrange a meeting with the Committee Chair to discuss how to approach a refreshed report with enhanced analysis/presentational features for the Committee. The Committee Chair will also provide, for consideration and discussion, some examples of how the 'top-level' financial information might also be presented.

Question: *What impact was the fact that there were some 'hard to fill' roles having on delivery?* In some cases, the impact was marginal, but Hart L&D was starting to see an impact in Electrical apprenticeships in particular (Motor Vehicle apprenticeships was another area but the position was less acute at present). The difficulty in recruiting tutors was affecting the timeliness of completion and the proportion of Out of Funding (OOF) learners and as these were four-year programmes, this could affect recruitment to the programme for some time. This was disappointing as the programme was popular with learners, high value and there were employers looking to recruit apprentices.

Question: *Was this a local or regional issue?* The difficulty in recruiting electrical tutors was a national issue and reflected the much higher earnings that skilled electricians could make outside the FE sector. Some devolved authorities were starting to recognise this and weighting funding to allow pay at higher levels. Agency cover was very costly and difficult to retain for any length of time. The team was seriously considering limiting the 2026/27 intake to help manage the risk.

- Governors noted that as finding certain trade skills was a national issue, solutions might not be easy to come by.

- **The Finance Committee accepted** the report.

ITEM 3: MAJOR PROJECTS REPORT

- The Town Centre Campus project (managed by Stevenage Borough Council with input from NHC staff) had progressed from strip-out to installation. As anticipated, this had

revealed some issues not evident from initial surveys, as set out in the paper. Although several had been quickly resolved, the contractors indicated a potential 4-week delay, although they were working to mitigate this and to create a phased handover to limit the risk to the college's occupation date. The project was slightly under budget at this point because there had been some value engineering work undertaken and the contingency provision remained unused. Some of our construction students had been able to have work experience with RG Carter (the contractor) as part of the project.

- The lease for the facility was likely to be completed within the next few weeks. A planning application for external signage had been submitted and a response was expected by March.

- The Capital Transformation Fund works at the Stevenage and Hitchin campuses had progressed well with c£3.3m claimed to the end of January and c£3.2m planned for February and March. This meant that there was little risk of failing to achieve the spend deadline of 31 March.

- The Dilapidations project linked to the planned exit from most of the Fulton Close site would seek tenders from three contractors shortly with the aim of appointing them by April and getting work under way in Units 1 to 5 from the end of May. This provided c12 weeks for the works to be completed, which was tight but considered achievable.

- Linked to the dilapidations project, ownership of the Fulton Close estate had recently changed with the new owners apparently being Kent County Council – although official notification had not yet been received. Though dialogue with the agents, a new lease agreement had been offered for Unit 6 based on a market rent of c£14 per square foot while for Units 1 to 5, a 15% premium on top of this was required (for a shorter lease term. For these units, a two-year lease with a tenant only break clause at one year with three months notice was offered. This offer would result in a rental for Units 1 to 5 of c£775k plus VAT per annum.

- However, we are discussing with our legal and professional advisers whether seeking an 'interim rent' arrangement as a result of failing to agree a new lease might provide a lower cost option for us. It is not yet clear if this is possible, but the prize could be a £100k lower rental cost (albeit reduced somewhat by legal and professional costs).

Question: *In respect of the Capital Transformation Fund works, the next couple of months were crucial with around £3m to spend. Was this achievable?* Yes, Purchase Orders had been raised, the works commissioned and significant value was committed. Construction delays were not anticipated, with a lot of activity taking place over half term. It had been an interesting experience undertaking this level of works while the college had remained open, but the various sites had been managed well.

Question: *What was the risk that further unexpected delays would arise with the Town Centre Campus refurbishment?* The biggest risk had always been during the strip-out phase and this had been completed. The project had now started on the build phase and significant delays were less likely. The team from RG Carter had worked with several colleges before and understood the strict time constraints that applied.

Question: *Were there any materials with long lead times or other bottlenecks in the build programme?* There were some long leads times, but the contractor had placed orders and this risk was being actively managed.

Question: *Did we know what the intentions of the new owners of the Fulton Close estate were?* At this point, we had received no official notification of the change of ownership but there were no indications that a redevelopment of the estate was planned – which would be

the only concern about our plans to remain in occupation of Unit 6 for another five years from September 2025.

Question: *What were the principal concerns about the current major projects programme?* The decant process and TCC handover was the first area of concern being watched closely, including engagement with curriculum teams to minimise the impact on the student experience. The second was the amount of work being undertaken while the Hitchin and Stevenage campuses remained open. The Head of Estates was doing an excellent job in managing access and safety risks with these works.

- Governors were delighted to see that students had been able to participate in the Town Centre Campus refurbishment works.

- **The Finance Committee accepted** the report.

ITEM 4: ANY OTHER BUSINESS

- None.

ITEM 5: DATE OF NEXT MEETING

- The next meeting was scheduled to take place on Thursday 9 April 2026, starting at 15.00, by videoconference (Microsoft Teams).

ACTION LOG

Meeting	Minute Reference	Summary of Action	Who	When
16/10/25	3.	Reflect on incorporating different/additional data analysis and business insights into future management accounts reporting.	Paul Harte	30/11/25
09/02/26	2.	Arrange a meeting with the Committee Chair to discuss how to approach a refreshed report with enhanced analysis/presentational features for the Committee. The Committee Chair will also provide, for consideration and discussion, some examples of how the 'top-level' financial information might also be presented.	Paul Harte	31/03/26