

THE FURTHER EDUCATION CORPORATION OF MIDDLESBROUGH COLLEGE
CONFIRMED MINUTES OF CORPORATE SERVICES MEETING 06.03.2023

PRESENT: P Studd (Chair, CG), H Ashton (CG), S Brown (EM), J Castor (CG), R Davies (CG), M Lamb (CG), Z Lewis (Principal/Chief Executive), D Lusardi (CG), S Mirsalehi (CG), A Pajura-Jaszczak (Staff Governor), S Wilson (EM).

OFFICERS: P Bland (Strategic Project Manager), P Blewitt (AP), (Z Foster (Clerk), K Parkinson (ED), S Marshall (ED), M Russell – (VP), M Telling (Dir.), R Shuttleworth (Dir.).

OBSERVING: R Lawson – External Reviewer

Key: CG – College Governor EM – External Member VP – Vice Principal
ED – Executive Director Dir. – Director AP – Assistant Principal

1. Apologies for Absence and Welcome to External Reviewer

P Sharp (CG) and A Waller Amos (Dir).

P Studd welcomed R Lawson to the meeting.

2. Declarations of Interest – no declarations noted.

3. Unconfirmed Minutes of 12 December 2022 - *approved* as a correct record.

4. Matters Arising

Item 6.4 – Pay Award - Z Lewis confirmed that union relationships/pay award December decision were both still very positive despite wider teacher (school) and college strikes locally and nationally.

5. Strategic Overview

5.1 Principal/Chief Executive’s Verbal Overview and Risk Summary

Z Lewis gave an update to the current strategic risks including the splitting out of some risks, addition (qualification reform) and the addition of another today (Eton College). All risks would be discussed further at both the Audit and Risk Committee on 10 March and the GB meeting on 13 March 2023.

Of particular note to the CSC Committee was the TTE investment decision to which a written resolution had been approved by the Governing Body as outlined - ***‘the Governing Body give authority to the Chair and Principal/CEO to enter into a construction contract with Morgan Sindall to the value of £11.5m’*** subject to the Committee being happy with the related reports and discussion at this meeting’.

Directly related was decision making around the high-level Financial Plan and keeping good Financial Health whilst balancing staffing and other key elements within the less flexible borrowing environment brought on by reclassification.

Qualification reform was also highlighted with a potential impact on College finances and this would be further discussed at the Strategic Planning Day in May.

5.2 Strategic Projects Update including TTE Update

P Bland gave an update to the ongoing issue with Esh.

Discussion and questions included: clarification of the any mediation process; the views of the advisors (Turner Townsend) and discussion of outcomes.

TTE Relocation – P Bland gave a comprehensive update of progress including the outcomes of the tenders and reasons for increased costs, contingency costs and DfE conversation outcomes.

Discussion and questions included: size and use of contingency; cost and associated risk and costs of any additional piling activity; connectivity costs; and detail of the DfE additional funding.

Z Lewis then summed up the current position: i) It was expected that the official letter confirming the additional grant fund will come from the DfE today (£2.6M) ii) Formal grant award letter from Middlesbrough Council had been stalled due to internal approval processes. Whilst there was other written evidence confirming both funds, given the political instability in this area, it remained a risk until final grant awards were received iii) no real certainty on terms of DfE loans yet though expectations were that this would be no worse than commercial borrowing.

Further consideration took place regarding the time pressures for prices, the Middlesbrough Council risk, the wider risk of not going ahead both financially and for learners and the technical levers remaining within the project.

After some considered debate, it was **agreed** by the Committee that Z Lewis should write to the FE Commissioner to alert her of the situation i.e. that unusually, the Governing Body is being asked by the Department for Education to sign a large construction contract, without a full funding package being in place, the primary missing part being the DfE borrowing. Whilst the risk is small, the letter should highlight the possibility that the financial health of the College could be negatively impacted through no fault of the Governing Body – if the DfE loan is delayed or on unacceptable terms.

The Committee **agreed** that the risk was acceptable given there were no conceivable alternatives available, and the risk lied mainly with the DfE who had recommended signature. The board agreed that the project should therefore be progressed as per the current timetable.

It was also **agreed** that communications received from Middlesbrough Council should be shared with R Davies, P Studd, and H Ashton to confirm the level of risk was acceptable.

It was expected that contracts would be drawn up within 24-48 hours for signing by the Chair and CEO/Principal.

Post Meeting note – at the Governing Body meeting of 13 March 2023, the Vice Chair was also **approved** to sign the contract (in the absence of the Chair).

6. Finance Matters 2022-23

6.1 Five year Plan High Level Considerations including Financial Health

M Russell gave a comprehensive overview of the detailed financial analysis shared with the Committee. He highlighted the high-level nature of the plan at this stage; delivery of the TTE project and the ability to remain in **good** Financial Health; the proposed budget for next year and reasons why; the savings target and complexities of this; the sensitivities surrounding the plan and associated reasoning for borrowing.

He reminded the Committee of the key feedback points:

- Whether the Committee advocated an approach of seeking increased borrowings over and above £3.5m
- If additional borrowings were available, if consideration would go to utilising some of the cash freed up to mitigate the need to create “temporary” staff savings in 2022/23
- Irrespective of the above, in light of the “exceptional trading” environment and earlier feedback from governors, whether the Committee would rename the College’s “golden rules” to “financial targets” and focus upon GOOD ESFA financial health as the key financial metric

Discussion and questions focussed on the above and included: the complexities of any staff savings in the current climate and related pay award; curriculum planning efficiencies; the benefit of staying in good Financial Health; borrowing; energy costs and how these might be further mitigated (use of buildings); stress testing the plan; potential impact on teaching and learning; and revenue cost of additional carparking.

Z Lewis summarised the effect of the additional £1M energy costs and lagged funding (with demographic growth over the next 8 years), which demonstrated that the College is operating at a highly efficient and otherwise surplus underlying level.

The Committee provided a steer to M Russell for the final plan to include:

- Up to £4.5m loan to be requested from the DfE
- 3% pay award
- Some savings where risks could be managed
- Target GOOD financial health throughout
- Rename golden rules to targets and focus on remaining in GOOD financial health.
- More sensitivity testing to show risks in July plan

The Committee overall **were supportive** of the key feedback points.

In addition, it was **agreed that** the capital expenditure of £0.5 m (approx. 35%) of the spend could take place in the final term of this academic year to allow projects to be complete in time for the new term start.

M Russell outlined that the Strategic Planning Day would allow for greater detail of the plan with approvals due at the July meetings (CSC and Governing Body respectively).

6.2 Management Accounts (January 2023)

M Russell detailed the reasons for the downgrade in forecast from October and December accounts. He outlined the importance of the current curriculum planning process on projections and of the hope that targets would be reached by the end of the year.

Discussion and questions included: onus on the government borrowing now Colleges could not borrow privately, and the realities associated with this; Adults - TVCA (Tees Valley Combined Authority) policy on delivery and the effects of this and of associated lobbying for increase in funding rates; and greater detail in relation to department contribution of Health and Care

The Committee **approved** the Accounts for dissemination to the Governing Body on 13 March 2023

6.3 Subcontractors Update

M Russell gave a brief update in which quality and progress were both good and in line with expectations.

The Committee **approved** and **recommended for confirmation of approval** by the Governing Body of the existing subcontractors (The Hope Foundation, Greatest Expectations and Uplift Associates) into 2023-2024.

7. Human Resources and Workforce Development

7.1 Human Resources, Workforce Development and Payroll Update

K Parkinson drew attention to key aspects of her report including: turnover rates and expectations; positive E&D data collection; recruitment levers (including market supplements); staff induction changes; low sickness rates and possible reasons (including flexible working policy) and the positive outcome of the recent review into the recent innovations for safer recruitment/single central record.

Questions and discussion focussed on: the use of market supplements (cost, length of time, contractual detail); possible medium term solutions for the skills and staff shortages within FE (including upskilling current staff and collaboration with other local colleges); how the flexible working policy could be measured for effectiveness; the higher profile flexibility should be given within the benefits posters; the complexities of flexible working for teaching staff; workload, clarification on buddy support question within College Voice; the national issue of teaching staff pay in FE against school teaching staff (up to £10K gap) and related national lobbying; efficiencies and consequences particularly in relation to pastoral/behaviour; and possible English and Maths artificial intelligence (AI) innovations.

7.2 Staff Survey Verbal Update

K Parkinson updated the Committee on the return which was 590 against 512 last year. However, the survey had only closed on 6 March. It was expected that the third party coordinating the survey would have results by next week's Governing Body meeting where a verbal report could be given.

S Mirsalehi left the meeting.

8. Campus Services Update

S Marshall gave a high-level overview of her report including more detail on actions to deal with increasing behaviour issues; an update on an ongoing injunction; the inflated costs of estate repairs and of small capital works taking place. She also detailed progress against the Health and Safety audit actions which was progressing very well.

Energy efficiencies were fully discussed by the Committee and actions in relation to this would be forming part of the sustainability report coming to the July meeting.

The Committee thanked S Marshall for a comprehensive energy report and action plan.

9. Digital Services Update

R Shuttleworth drew attention to the key updates in relation to the strategic plan and gave greater detail to resilience of the network in the climate of greater cyber attacks including staff testing, training and development, the use of Cyber Essentials and work with RSM on some in-college social engineering work.

Governors asked that the next report included sight of the Gov UK survey and of any benchmarking detail.

Governors' questions included: greater detail on the malware and ransomware incidents reported; clarification on the number of incidents reported; and the benefits of red teaming (which was already being considered with RSM).

10. Business Development

10.1 Marketing and Communications Update

Z Lewis gave a brief overview including recruitment figures across the key faculties at this stage.

Questions included: reasons for drops in applications in some adult and HE (Higher Education) areas and the potential effect of Eton College site.

10.2 Employer Engagement Update

M Telling gave an update on apprenticeships recruitment, the internal training and recruitment team progress and upcoming events.

Governors' questions and discussion included: whether there were insufficient vacancies with employers or a shortage of candidates and of the complexities of ascertaining this including examples within the Engineering sector and Hospitality and Catering; and SME recruitment of apprenticeships and possible movement for digital in developing own staff.

10.3 International Update

M Telling gave an update on potential future developments alongside recent activity.

P Blewitt was introduced to the Committee.

11. Committee Review of Top Risks

The Committee reviewed the risks again and added a possible flag on student recruitment in HE/TTE (whilst acknowledging it was early) and with financial stability remaining a key red risk.

12. Date and Time of Next Meetings 2023

12.1 Monday 10 July 2023 at 2pm – the Governing Body would be joining the meeting to hear the recommendations from 4.30pm

13. Any other Business

- a) P Studd thanked H Ashton for her contribution to the Corporate Services Committee at her last meeting before the end of her tenure.
- b) Z Lewis gave formal thanks to the management team for their exceptional work getting the TTE project over the line over the recent weeks, which was endorsed by the Committee
- c) It was **agreed** that for future meetings, A Waller Amos, M Telling and P Blewitt need only attend for the last 30 minutes to present their reports.

Post meeting note: S Wilson's service (whose term of office was ending on 18 May 2023) to the Committee was acknowledged by P Studd at the Governing Body meeting of 13 March 2023

The meeting ended at 4.45pm