

THE FURTHER EDUCATION CORPORATION OF MIDDLESBROUGH COLLEGE
CONFIRMED MINUTES OF CORPORATE SERVICES MEETING 11.12. 2023

PRESENT: J Castor (Chair, CG), I Anwar (CG), R Davies (CG), M Lamb (CG), Z Lewis (Principal/Chief Executive), D Lusardi (CG), S Mirsalehi (CG), A Pajura-Jaszczak (Staff Governor), P Sharp (CG).

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

For Item 10 – P Blewitt (AP), M Telling (Dir.), A Waller Amos (Dir.).

Key: CG – College Governor CO – Co-opted Governor VP – Vice Principal
GD – Group Director Dir. – Director AP – Assistant Principal

1. Apologies for Absence

S Brown (CO).

Welcome and introductions were made to Imran Anwar.

2. Declarations of Interest – no declarations noted.

3. Unconfirmed Minutes of 10 July 2023 – were approved as a correct record.

4. Matters Arising – both outstanding items would be dealt with at the relevant annual update.

5. Strategic Overview

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

Z Lewis firstly drew attention to finance dropping out as a top red risks (and noted the reasons why including uplifts, slight increase in student number, capital opportunities and getting used to tight budgets) albeit there were some complexities for the Committee to consider particularly in relation to cash. Additionally, central risks for discussion included: staff recruitment and retention (which linked all of the top risks); quality of the student experience; policy reform and the capital projects – specifically the impact on a small number of managers.

5.2 Strategic Projects Update including TTE Update

P Bland gave a brief update including: detailing the resolution with Esh; progress on the TTE build which was now over half way through; the additional STEM adaptations; and a dilapidations update.

Z Lewis and M Russell also gave further detail on the financial aspect of the TTE build including confirmation of funds from the Council (which should be known after 15 December); and the use of contingency funds for additional rooms in the STEM centre.

S Marshall outlined the capital projects under the LSIP including support for the team; near completion of a 200 seat exam centre build; timelines to minimise curriculum disruption where possible; and expected response in early January for final approval for Russell Street plans.

Discussion and questions included: Clarification on the STEM mezzanine classrooms in relation to need and funding; reasoning behind extension of STEM to continue to enable TTE to have open workshops; health and safety reportables (only minor so far); progress on negotiations re dilapidations with clarification given that these would come under next year’s budget; and detail on the immersive suite’s air conditioning.

Action – to include a summary of health and safety reportables on projects and a dilapidations update within the next report.

Z Lewis gave an update in relation to Russell Street which currently had a number of moving parts before further progress could be made.

5.3 Education and Skills Financial Assessment

M Russell briefly outlined the confirmed Financial Health grade of 'good' which had been approved by the ESFA.

Action by M Russell to share password for dashboard access.

6. Finance Matters 2023-2024

6.1 Financial Statements 2022-2023

M Russell gave an overview of the six sets of accounts presented for approval to the Governing Body (which had also been recommended for approval by the Audit and Risk Committee) which aligned to the July Management accounts and returned a 'good' financial health outcome. He also detailed the dormant subsidiaries and the restrictions under reclassification which made reducing the number of subsidiaries complex. He gave a summary of the External Auditor's account of the clean audit for those not able to attend the Audit and Risk Committee meeting and detailed some minor controls which had been addressed. He also explained the tax computation work for the subsidiaries.

Further detail was also given regarding the **amber** EBITDA outcome and the change regarding the pension figures in which a prudent approach had been taken. Finally, M Russell explained the drop in closing cash highlighting the change in policy by TVCA in payment as the main reason for this, with the finer detail being within the Treasury report under Item 6.2.

The Committee's questions/discussion included: the College approach re pensions which was **agreed** as appropriate by the Committee; the impact of moving to the public sector where it was confirmed that materially there was no change but there was a greater administrative burden in terms of additional reporting for the audit and likely mid-year financial return; and more widely the positives of moving to the public sector were discussed (including 6.5% pay rise matching teachers, teacher pension support).

Thanks was given to the Finance Team for their work with the auditors in the preparation of the statements.

The Committee **agreed** to recommend the final statements (items **6.1.1 – 6.1.6**) for formal approval and signing by the Governing Body on 18 December 2023 as below:

- Middlesbrough College Financial Statements for the year ending 31 July 2023
- Northern Skills Business Services Group Limited Financial Statements for the year ending 31 July 2023
- Northern Apprenticeship Company Limited Financial Statements for the year ending 31 July 2023
- TTE Technical (UK) Ltd Financial Statements for the year ending 31 July 2023
- TTE International Ltd Financial Statements for the year ending 31 July 2023
- TTE Apprenticeships Ltd Financial Statements for the year ending 31 July 2023

The Committee also **agreed** that when presenting the above financial statements to Governors on 18 December 2023, the Vice Principal Finance and Registry would provide an update on any changes that have been made since these drafts were approved; and, if any were considered material the Vice Principal Finance and Registry would consult with the Corporate Services Committee Chair and, if deemed necessary, provide an update to the Corporate Services Committee members prior to presentation to the Governing Body.

6.2 Bank Loan Update and Treasury Management Annual Report

M Russell gave an overview to the Treasury Management report. He drew out the bigger stand still cash requirement under MPM (with the FE Commissioner recommending 30 days cash). He outlined the proposed uplift to EBITDA levels in order to ensure that enough cash was generated to cover all commitments particularly in light of the loss of the revolving credit facility and move from grant funding to arrears payments by the TVCA.

The Committee discussed in detail the approach to cash, what the process was if a college ran out of cash, and the impact of the change in TVCA's policy of payment which was at odds with any other combined authority. The EBITDA minimum was also debated fully.

In addition, there were questions on: interest rates forecast and potential impact on the plan; forecast for pay awards going forward; detail on any current commercial loan and the role of the DfE going forward in respect of issues such as bullet payments; and depreciation.

At the March meeting there would be opportunity for challenge regarding the cash requirements for subsequent years of the financial plan.

The Corporate Services Committee **approved**:

- the 2022-2023 Treasury Management Annual Report for the College
- The increase to £4M for EBITDA **and** that there be further exploration of pushing this to a higher level with more detail available at the March meeting.

6.3 Management Accounts October 2023

M Russell presented the Accounts noting: the revised budget; October Pay Award; EBITDA figure; enrolment detail; non pay; curriculum planning; staffing budget, and capital spend at **amber** due to the HR system investment.

Discussion focussed on the background of the HR system changes and benefits and costs of moving earlier. The use of parallel systems was outlined to ensure minimal disruption for the wider College.

Action for K Parkinson to bring a showcase dashboard of the new HR system to the next Committee meeting.

6.4 Bad Debts

M Russell set out the bad debt position for 2022-2023 and the proposed write-off.

Governors questions and discussion included – the DfE limit for write offs which was 50K; detail of the debt recovery policy; laptop loss (less than 10%); digital poverty; and the cost of living more widely on debt payments.

The Committee **agreed** to recommend the write off bad debts in excess of £1,000 of **£13,825** for 2022-2023 to the Governing Body for irrecoverable debts.

Action by M Russell - the Committee requested further detail regarding any trends within the next annual update.

6.5 Student Union Activity

M Russell outlined the financial summary of student union activity which was no longer subsidised by SU fees as few students paid them. He outlined the benefits of the College continuing to subsidise SU activities for students.

The Corporate Services Committee received this report and **agreed** to recommend that the 2022-2023 Student Union Activity be approved by the Governing Body as outlined within the report and **gave approval** of continued support of its activity going forward.

It was **agreed** that this could be reported direct to the Governing Body as part of the December Student Governors report from next year.

6.6 Financial Regulations Annual Update

M Russell detailed earlier updates within 2022-2023 to take account of reclassification and the provisions of Managing Public Money (MPM) with an update to the Scheme of Financial Management and Control approved by Governors in July 2023. A further review had taken place in November 2023 with no changes recommended.

M Russell alerted the Committee to the expected publication of the Financial Handbook for FE due in the Spring term which would come into force for August 2024.

The Committee **approved** the unchanged College Financial Regulations.

6.7 Overseas Trips

M Russell reported that there had been no overseas trips taken in 2022-2023 by governors or senior postholders. However, as usual he reported on other visit activity by a small number of staff for information.

There was a full discussion on the reporting and it was **agreed** that in the future only trips relating to governors or senior postholders would be brought under this item with any additional trips for international discussed as a separate report under that item.

6.8 Subcontractors Update

M Russell detailed no concern with the current subcontractor deliveries.

He outlined the framework tender work currently taking place in order to be able to work with the new North East Mayoral Combined Authority in the future of which he would keep the Committee apprised.

7. Human Resources and Workforce Development

7.1 Human Resources Annual Summary Report 2022-23 and 2023-2024 Plans and Priorities

K Parkinson outlined key aspects of the report including: the new HR system; clarification on apprenticeship data (which was lower as the College had recruited a number of the apprentices) and future plans to recruit; staff turnover which was lower than this time last year; and areas/ faculties with high numbers of vacancies (Engineering and Construction).

Governors discussed: vacancies and future improvements to candidate management; further avenues for recruitment including graduates; the varying success of LinkedIn campaigns depending upon cohort; the local picture for Tees Valley colleges; Engineering recruitment locally; ability of the College to recruit from the international market; the use of in-house succession planning; the risk of staff recruitment and turnover on the student experience and external monitoring such as Ofsted; reasons for management turnover; and the increase in business support vacancies and opportunities to improve retention within that area.

8. Campus Services Update

S Marshall gave a comprehensive update including; car parking lease negotiations; water issue update; the challenge of cost and availability of contractors; good progress in relation to the fire risk assessment; the improvement in student behaviour on site; energy update; and the successful recent external accessibility audit.

Governors' questions and discussion included: water tank update; alternatives to energy contracts and planning; and future impact of solar panels on energy costs.

8.1 Sustainability Strategy and Action Plan – S Marshall highlighted the importance of the upcoming Conditions survey on progress (where it was hoped to have tendered a survey during January) and also detailed staff and student interest and training in relation to the strategy.

9. Digital Services Update

R Shuttleworth gave a comprehensive update of progress against the digital strategy highlighting: Smoothwall progress and extended monitoring to personal devices on campus networks; changes to the Digital Transformation Group; Microsoft Showcase College Award; and QDP induction survey outcomes (*item 9.1*) and actions.

Governors' discussed the upgrading to Windows 11 and how this might be supported by Microsoft.

Artificial Intelligence - R Shuttleworth presented this insight report for governors' information and clearly outlined the opportunities and current mitigations in place to protect the College.

Governors considered the report very helpful. There was some discussion on how fast paced this arena was with the need to keep a watching brief.

10. Business Development

10.1 Marketing and Communications Update

A Waller Amos gave a full update in relation to applications across the board highlighting: two successful open events; increased access to schools; the use and early success of showcase events (to which students and parents come along) to replace 1:1 interviews; access to HE promotions; HE applications generally, and additional activities and campaigns.

Governors discussed: Higher Education applications and pricing.

Z Lewis left the meeting at 5.05pm

10.2 Employer Engagement Update

M Telling gave a comprehensive overview of key employer engagement activities focussing on various aspects relating to: apprenticeships profile (both outturn for 2022-23 and current status); commercial training; Employment Advisory Boards, employer relationship event planning and network activities.

10.3 International Update

M Telling and P Blewitt updated the Committee on existing client relationships (including delays with the Libyan learners) and of possible new opportunities in Nigeria and Togo in particular. It was hoped that the March report would see the opportunities discussed coming to fruition.

11. Committee Review of Top Risks

The Committee reviewed the risks again and agreed the following key areas of risk:

- Recruitment and retention of staff
- Engineering staff recruitment
- Keep a watchful eye on cash liquidity
- International progress.

12. Date and Time of 2024 meetings

- Monday 11 March 2024 at 2pm
- Monday 8 July 2024 at 2pm

13. Any other Business

None taken

The meeting ended at 5.20pm