

THE FURTHER EDUCATION CORPORATION OF MIDDLESBROUGH COLLEGE
CONFIRMED MINUTES OF CORPORATE SERVICES MEETING 08.07. 2024

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

For Item 14 GB Recommendations: S Lane (CG); P Lynn (CG); D Still (S Governor).

OFFICERS: P Bland (Strategic Project Manager), (Z Foster (Clerk), K Parkinson (VP), G Potts (VP), S Marshall (VP), M Russell – (VP), B Robinson (Deputy Principal), R Shuttleworth (CTO).

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

IN ATTENDANCE: S Langstaff (new VP of Finance and Registry from September 2024)

Key: CG – College Governor CO – Co-opted Governor VP – Vice Principal
CTO – Chief Technology Officer AP – Assistant Principal

1. Apologies for Absence

I Anwar (CG), S Brown (CO), P Sharp (CG).

S Langstaff and G Potts were welcomed to the Committee meeting.

2. Declarations of Interest – no declarations were noted.

3. Unconfirmed Minutes of 11 March 2024 – were approved as a correct record.

4. Matters Arising – all matters were either complete or due for updating at the appropriate point in the cycle.

5. Strategic Overview

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

Z Lewis drew attention to a solid set of papers within which the three year financial plan showed a prudent approach with some considered risks and a cash balance building up to the 25 day benchmark set by the FE Commissioner. She outlined that a pay award of 3% had been factored into the 2024-2025 budget but not beyond that. She also drew attention to the possibility of a land purchase to ease some of the carparking issues which would be picked up under item 8 Campus update (and which did not currently form part of the budget plan).

Z Lewis then gave a brief appraisal of the Labour plans for FE as per an email bulletin from B Philipson (Education Secretary) just received which included: 'Skills England'; a comprehensive Post 16 Strategy; technical excellence colleges; removal of the single word Ofsted judgements; pause and review on qualification reform; reform of Apprenticeship Levy; and VAT on private school fees to help fund new school and college teachers.

The Committee discussed the various elements of the plans including the risk of Eton College.

5.2 Strategic Projects Update including TTE Update

P Bland gave a full account of progress with TTE, specifically that the new build had been handed over and come in on budget. He detailed the next steps of which the primary focus was for the staff move (starting from 29 July).

A further paper was tabled to update governors on the Morgan Sindal contract status developments which S Marshall took the Committee through including: the signing of an underhand contract last week confirming the additional mezzanine work, timescales (ideally by 3 October 2024) and related contingencies (up to October half term), and reasoning for the lower cost.

In addition, the Levelling up summary figures were outlined and detail on the Motor vehicle workshop which was yet to be finalised. Finally, she gave a delays negotiation update.

Governors questions included: clarification on further detail in relation to the delays process and settlement; any plans for the old TTE site; reasoning for cancellation of the SEN zone and alternatives which were being considered; and assurances around any potential disruption to students in the Autumn term.

P Bland left at 2.25pm

6. Finance Matters 2023-2024

6.1 New Colleges Financial Handbook

M Russell outlined the main aspects of the new financial handbook which was a codification of the requirements under reclassification. He confirmed that the College's financial regulations covered all the statutory obligations. He drew particular attention to developments as a result of the Procurement Act (rules of which had only recently come out) and implications on future major projects with the requirement to adhere to the rules as per the Treasury's Green Book appraisal process which comes into force from 28 October 2024. He confirmed that the Procurement Manager was reviewing the process and this would be fed back to the Committee.

Governors questions and discussion included: how the new set of rules complemented / conflicted with the other rules and regulations already in operation and the Governing Body's role in helping to navigate those rules and seeking appropriate assurances; the ongoing role of Colleges in feeding back issues within the new regulations through various AoC avenues; the additional time which will be needed to ensure compliance with future capital plans; and potential FE+ collaboration on procurement legal expertise/related areas.

Action by VP of Finance and Registry/Procurement Manager/team- the Committee **agreed** that there should be a standing procurement item for 2024-25/until such times as the implications of the new rules were fully understood/embedded with the first report to include application of the rules against high value orders such as laptops.

It was also recognised that every capital report would also need to cover off procurement requirements going forward.

M Russell confirmed that the Audit and Risk Committee had also been appraised of the changes at their June meeting and had brought forward (to 2025-2026) an audit on procurement which should help with Governing Body assurances (via the Audit and Risk Committee).

6.2 Three Year Financial Plan including Capital Plan 2024

M Russell gave a detailed presentation on the proposed budget for 2024-25 and outline financial plan for the remainder of the three year plan to 31 July 2027. This included: the prudent approach which ensured 'good' financial health; confirmation the cash balance would be brought up to the FE commissioner's recommended balance (by the end of the plan); outlined earnings and income growth; capital scheme details; a detailed sensitivity exercise; and highlighted some potential further upsides and risks (and levers to mitigate these).

The Committee had questions and discussion on: treasury management approach; ESOL changes and impact; the likelihood of in-year funding next year; an update on the bullet payment process by DfE which was not yet realised; and key areas of focus for the new VP of Finance and Registry upon appointment.

Z Lewis updated the Committee on the caveat to the plan where, due to the election process purdah, confirmation (verbal or otherwise) of the devolved adult delivery budget (amounting to some £5.5m) had been halted, which gave some nervousness particularly as delivery was due to begin. FE+ were working together to present a collective case for grant allocation of 3 years.

Governors expressed their concern at this late award and requested an update as soon as further information was shared by TVCA.

The Committee **agreed** to recommend to the Governing Body (**as outlined and approved under Item 14**)

- The detailed 2024-25 revenue budget, capital plan and financial assumptions as the College Budget for 2024-25
- The financial plan for the remainder of the three year period.

6.3 ESFA Financial Statements Letter 2022-2023

The Committee noted the letter confirming the College's Financial Health for 2022-23 as 'Good'.

6.4 Management Accounts (May 2024)

M Russell gave an overview to the May accounts, in particular the expected break even position which was broadly in line with plan.

There was a discussion on exam body costs (which came as a year-end payment) and the plan to look at this in more detail over coming months.

6.5 Fees Policy 2024-2025

M Russell reminded the Committee of the annual requirement to publish the Fees Policy of which there was no significant amendments for the forthcoming year.

The Committee **agreed** to recommend to the Governing Body (under Item 14) approval and publication of the Fees Policy.

6.6 Subcontractors Update

M Russell gave a general update on the subcontracted provision. He outlined the annual request to give approval for subcontracting plans for the forthcoming year, but detailed the procurement complexity in relation to the Skills Bootcamp Project S which would require a tender process under the new rules. He also detailed the approval onto the NEMCA framework with the North of Tyne Combined Authority with an additional grant contract.

After consideration, the Committee **agreed** to recommend to the Governing Body that they approve the 2024-2025 subcontracting plans as outlined at Item 14 including the requirement to tender for the Skills Bootcamp Project S (and a further final approval of the confirmed contractor in due course) and also allowed for flexibility depending on the final TVCA allocation figures (as discussed under item 6.2).

Governors received clarification on 3T outcome figures and DBS checking from Hope.

7. Human Resources and Workforce Development

K Parkinson gave a positive update including: a reduction of 5% on staff turnover; update on apprenticeship numbers; the smooth transition to the new HR system and future developments; the positive impact of staff wellbeing initiatives; the IIP assessment (in which the outcome was due this week); and progress against priorities for the year.

She also detailed the expected work by the team for the forthcoming year which included progressing some of the priorities this year and further developing the People Strategy, MC Manager and role specific training.

Questions and discussion focussed on: whether staff had been surveyed on the new HR system (not yet but anecdotally this was positive); future up to date data once the new system was fully embedded (and the addition of a more user friendly dashboard approach); IIP expectations; TTE harmonisation and effects on staff; TTE cultural integration more widely; and acknowledgement of the challenging year for the Engineering team with the raft of changes (including new equipment training for T Levels).

Action by K Parkinson/team – once the HR system had been fully implemented staff feedback would be sought and shared with the Committee.

Action by K Parkinson/P Blewitt – an update on the TTE integration/move at the December meeting.

It was noted that this had been highlighted as a risk to monitor by the Audit and Risk Committee at their forthcoming meetings, which was of assurance to the Committee.

8. Campus Update

S Marshall drew particular attention to the carparking plans (outlined on P3 of the report) which included a potential 25 year lease of a council car park (for students) and a capitalised lease of a further development plot (currently under negotiation). She also detailed the extension of the visitor carparking work over the summer and plans for commercial parking.

She also gave an update in respect of: two estate staff resignations and associated recruitment plans; the success of the flood defence contingency plans with a recent alert and warning; TV screen developments for pertinent messages; health and safety including a recent RSM audit which returned a '**substantial assurance**'

rating and a lease update in relation to the Newcastle office (with further detail expected by the next meeting).

8.1 Energy Report – S Marshall gave an update to the energy report generally and outlined the difficulty regarding comparison currently primarily due to TTE dual sites. She confirmed that work would progress on a new Estates Strategy in the new year.

Questions and discussion included: whether there could be a simpler presentation regarding energy (e.g. a dashboard on progress towards net zero); and whether there could be a claim for flushing of water required for the Digital build (no).

8.1.a District Heating update

S Marshall **tabled** an update to the proposal within the papers which in essence resulted in the original proposed scheme no longer being able to go ahead (due to James Cook hospital removing their involvement). She outlined a possible resubmission involving Teesside University and of next steps more widely.

Governors discussed possible options to the original plan; and the cost of heat pumps for the College.

8.2 Sustainability Strategy and Action Plan update – S Marshall outlined good progress against the action plan highlighting increased involvement with students and the use of the carbon reduction plan template for use with bids. A refreshed action plan would come to the December meeting of the Committee.

9. Digital Services Update

R Shuttleworth gave a comprehensive update of progress against the Digital Strategy. He also detailed future monitoring and liaison with curriculum areas on the utilization of student laptops.

Z Lewis highlighted future plans for the Digital Transformation group which would have a greater strategic focus going forward including full consideration of the MC Click programme.

Questions and discussion included: development of the original plan (beyond December 25); the value of monitoring and potentially adapting the MC Click programme to ensure both good use of public money and best value for students across curriculum areas; how the Windows 11 rollout was going and associated familiarization support for staff and students.

Z Lewis left the meeting at 4.15pm

10. Business Development

10.1 Marketing and Communications Update

A Waller Amos gave a full update in relation to admissions and wider marketing and communications for the Committee. She detailed summer campaigns for HE; the success of the recent discovery days for primary and Year 10 students and the TTE official opening.

Questions and discussion included: possible reasons for an increase in applications from Redcar and Cleveland; and an update on NEET transition events and wider support with the STEPS programme.

10.2 Employer Engagement Update

M Telling gave a positive account of growth on apprenticeship starts over the year particularly within Engineering and Construction. He also, outlined further developments with Employer Advisory Boards and wider employment engagement activities; and the recent Scholarship scheme which was proving extremely popular.

10.3 International Update

M Telling outlined the key financial performance metrics for the Committee and reasons for the loss for the academic year. He then detailed some key developing opportunities for the forthcoming year.

It was noted that international developments were a work in progress which would continue to be monitored by the Committee into 2024-2025.

11. Committee Review of Top Risks

The Committee reviewed the risks again with an agreed focus on:

- TTE – embedding of the teams and builds over the new year
- TVCA allocation
- Procurement under the new rules
- Energy Costs and options

The Committee discussed energy in more detail which included whether there was potential for more solar panels

12. Date and Time of First Meeting of 2024-2025

- Monday 9 December 2024 at 2pm

13. Any other Business

J Castor, on behalf of the Committee, thanked M Russell and wished him well in his new role.

14. Recommendations for Approval by the Governing Body

The following formal adoptions were **approved** by all Governing Body members present on 8 July 2024 after the business of the Corporate Services Committee and as a separate item. An account of the meeting and adoptions formed part of the papers for the Governing Body meeting of 11 July 2024 for information.

6.2 Approval of the Three Year Plan specifically:

- Approval of the 2024-2025 detailed revenue budget, capital plan and financing assumptions as the College's Budget for 2024-2025
- Approval of the financial plan for the remainder of the three year period (to 31 July 2027).

6.5 Approval of the Fees Policy 2024-2025 (and its publication ahead of the new academic year).

6.6 Approval of the 2024-2025 plans to subcontract partners as detailed below

| <u>Sub-Contractor</u> | <u>Funding Value</u> | <u>Management fee</u> | <u>Contract value</u> |
|-----------------------------------|----------------------|-----------------------|-----------------------|
| Hope Foundation (TVCA)* | £307,980 | £61,596 | £246,384 |
| Uplift Associates (NECA Procured) | £707,000 | £141,400 | £565,600 |
| 3T (Skills Bootcamps TVCA) | £296,879 | £44,532 | £252,347 |
| TBC Skills Bootcamps Project S | £1,103,867 | £165,580 | £938,287 |

* Caveat as Still awaiting TVCA allocation and we may reduce this down depending on allocation awarded.

The meeting ended at 4.50pm