

THE FURTHER EDUCATION CORPORATION OF MIDDLESBROUGH COLLEGE
CONFIRMED MINUTES OF CORPORATE SERVICES MEETING 07.07.2025

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

OFFICERS: Z Foster (Head of Governance), K Parkinson (VP), G Potts (VP), S Marshall (VP), O Rodley (VP), B Robinson (Deputy Principal), R Shuttleworth (CTO), M Wilson (Exec. Dir.).

For Item 6: S Fedderson (Procurement Manager), J Stephenson (Head of Finance).

For Item 6 and 7: P Moody (Exec. Dir)

For Item 11: P Blewitt (AP), S Cass (Head of Marketing), M Telling (Dir.).

Key: CG – College Governor CO – Co-opted Governor VP – Vice Principal
CTO – Chief Technology Officer AP – Assistant Principal Exec Dir – Executive Director
Dir. – Director

1. Apologies for Absence

I Anwar (CG), R Gray (AP), M Lamb (CG).

2. Declarations of Interest – no declarations were noted.

3. Unconfirmed Minutes of 17.03.2025 – were approved as a correct record.

4. Matters Arising – all either complete or due for attention later in the year.

5. Strategic Overview

Introductions were given for M Wilson, who was the new Executive Director of Finance and had been in place for a week, and current finance staff members who were here as an additional support at this Committee meeting.

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

Z Lewis drew out key risks:

- Finance team changes both to better support the growth of the College/to increase resilience with a new role (Exec. Director of Finance Matthew Wilson) and replacement for VP of Finance and Registry in September 2025.
- A most uncertain FE sector year, firstly less resilient in terms of cashflow since reclassification and lower in-year growth funding, leading to a number of actions to ensure financial stability, followed by a number of key funding decisions proving to be more favourable, resulting in a very prudent and comfortable 3 year financial plan for consideration/approval. The resulting favourable position was allowing for a period of stabilization and pause ahead of making any further significant decisions/investments
- FE Commissioner benchmarking – Outstanding Financial Health whilst in breach of two of the benchmarks, and at lower end of the sector for cash days
- Awaiting 2 further significant financial outcomes – Outwood £2M with hope for signing this week (confirming that whilst there were no reasons why this should not be realised the timing was less certain) and likelihood of in-year growth funding next year

Z Lewis confirmed that many of the other risks and opportunities stemmed from the financial position thereby making this risk the main consideration for the Committee.

5.2 Strategic Projects Update (including Capital report)

S Marshall gave an update to the main projects for the College: Salix plans and progress; Outwood lease progress (and impact on other projects); GB Solar Acceleration project; investment into TTE mezzanine; and additional space via the portakabins with clarification given on the spec and capacity of those.

Governors questions and discussion focussed on: clarification on the type of groundworks with confirmation that this was not extensive/no piling required; considerable discussion on alternative plans should the Outwood

money not be realised in sufficient time including the need to commission the groundworks and some flexibilities re portakabin ordering, and of the impact of receipt of Outwood funds post 31 July 2025 on Financial Health.

It was **agreed** that should the Outwood funds not be received by the time of the Governing Body meeting on 10 July 2025, the Committee would support a recommendation to the Governing Body to spend approx. £100K at risk so that the critical groundworks for the portakabins could begin to ensure accommodation for September.

There was additional discussion on the GB Solar Accelerator pilot (of which the College was one of three in the country), noting the tight timeline (31 March 2026) with confirmation that the work could be done without considerable disruption to learning and had potential to benefit revenue costs in the future.

5.3 MBC – TTE Investment Opportunity

Z Lewis gave the detail to the shared report drawing attention to the need for additional accommodation ahead of gaining Russell Street in 2 years' time. She confirmed that the College was not at the stage of formal decision making.

Governors questions and discussion included: when the bullet payment was due (2030); detail of the lease itself and flexibilities relating to the investment and how this would support the College and confirmation that legal assurances (as a consequence of the College having returned to the public sector and those restrictions) would be sought through the auditors; whether design work had been completed (structural design work had been done); longer term consideration of TTE expansion (which would be difficult) and of Russell Street, portakabin and mezzanine plans which would support demographic growth when needed (and a reminder that this would downturn after 2029); additional land purchasing update; guarantee of portakabin build and maintenance of 20 years; the related need for extra facilities (cafes etc) and how the new annual capital grant could support this; and the need for more workshop space to support technical education growth (with acknowledgement of a balance in terms of growth) and associated assessments for learner places for September 2025.

After discussion, the Committee **approved** progression of discussions with Middlesbrough Council re the investment by MBC of £1.6m in a TTE mezzanine development, with an associated increase to the site lease premium for the College. It was confirmed that there would be further information to the Governing Body ahead of any formal sign off to move forward.

6. Finance Matters 2024-2025

6.1 Five Year Financial Plan including Capital Plan 2025

Z Lewis gave further detail of assumptions and additional background to the key factors of the prudent revenue budget proposed including:

- An increase in income of almost £5m – primarily from 16-18 and apprenticeship funding increases
- A shift from a breakeven position to a surplus of £1.5m
- A 4% pay increase from August 2025 (3% from Jan 2025 and a further 1% from Aug 2025)
- Over £3.5m of 'high likelihood' contingency – including no longer relying on any in-year 16–19-year-old growth funding, no bootcamps or construction funding, no staff vacancy rate, no annual capital grants.
- A significant increase in cash days over the life of the plan.

A number of factors as yet unknown in full such as the Skills bootcamps, support for NI increases, interest rates, in-year growth and construction funding monies were also highlighted, all of which could add to the contingency.

The Committee had questions and discussion on: Eton update with expectations that this was unlikely to go ahead; timing of demographic downturn (2030-2040) and how this would be managed by the College; how accurate demographic figures were and the use of school census data to ensure this; the complexity of immigration figures; how the Committee could best monitor / measure the savings within the new style of budget collation with agreement of a clear focus within the management accounts next year; the risk of Adult Education funding; assurances on Exam fees and High Needs funding numbers within the plan and associated Management Accounts; the impact of Government Policy over the year; the related implications of getting to 40 days cash and the measures to ensure this was achievable; staff to income ratio discussion with Z Lewis providing some context to this (citing 70% or higher as problematic); cash days; how efficiencies have tracked through the plan; AI and the impact on the wider plan particularly the second half and the importance of this development within the new Strategic Plan (and effect on staffing; employment; training etc); the general use of AI by staff; and TVCA personnel changes and positive impact.

B Robinson outlined that the Curriculum Efficiency and Financial Sustainability (CEFS) analysis report was due in, from which there would be a Funding Streams report which could give further insight to some of the questions raised in the discussion above.

The Committee **agreed** that for next year the Management Accounts would include a table detailing the following:

- Savings assumed
- Headroom and where the College was
- Investment opportunities
- With overlay on cash days

In addition, some commentary on SLT view of the options.

The Committee were pleased to see a more positive plan which had been well communicated throughout the year. The factors behind the income uncertainties were discussed particularly whether this would be an ongoing issue or whether some greater certainty could be expected going forward.

The Committee **agreed** to recommend to the Governing Body as detailed below:

- The 2025-26 revenue budget, capital plan and financial assumptions as the College Budget for 2025-6
- The financial plan for the remainder of the five year period (to 31 July 2029).

B Robinson left the meeting at 3.15pm

6.2 Management Accounts (May 2025)

J Stephenson took the Committee through the main headlines within the Accounts and of the updated forecast which included known changes to income and expenditure up to 31 July 2025 which overall resulted in a small surplus position of £3K (a reduction from the budget position of £462K surplus).

The Committee discussed and had questions on: non pay with further possible savings; increases in exam fees and the difficulties in phasing those costs; High Needs clarification including further discussions with one LA; subcontractor procurement and lessons learned; and the College Procurement Policy more widely.

6.3 Procurement Update

S Fedderson gave an update on the impact of the Procurement Act four months in and how the procurement activity was working in general within the College including: less workload than anticipated due to the fact colleges fell under the same jurisdiction as schools; mandatory training for budget holders; and confirmation of full compliance by the College to the provisions within the Act.

Questions included: current and possible use of AI within the procurement activity; potential improvements/flexibilities for future subcontractor scopes; and whether there was any benchmarking against others or discussion on procurement activities with other Colleges (with confirmation that there was a regional group where this could be developed);

6.4 Fees Policy 2025-2026

J Stephenson presented the Fees Policy for the forthcoming year.

The Committee **agreed** to recommend to the Governing Body approval and publication of the Fees Policy 2025-2026.

6.5 Subcontractors Update

G Potts gave a general update on the subcontracted provision.

Discussion considered the performance of 3T and the process to support and monitor the new subcontractor Wind Academy. It was **agreed** to include the brief summary at appendix 4 for the Governing Body.

After consideration, the Committee **agreed** to recommend to the Governing Body approval of the 2025-2026 subcontracting plans as outlined below (and the inclusion of Appendix 4 of the papers to give further detail):

<u>Subcontractor</u>	<u>Contract Type</u>	<u>Contract Amount</u>
The Hope Foundation	ASF TVCA 25/26	£175,000
Uplift Associates	ASF NECA 25/26	£804,073
The Wind Academy	Project S Year 2 Skills Bootcamps	£345,600
3T	Project S Year 2 Skills Bootcamps	£704,886
3T	TVCA Wave 6 Skills Bootcamps	£293,959

7 Adult Education Report

P Moody took the Committee through each provision line detailing the variance to budget.

Questions and discussion included: positive working arrangements with NECA (new this year); the value of the report to detail the variations of contract, methodology and change which resulted in a high risk and high opportunity landscape; detail of the College profit margins (15-20%) and the wider social value of the work; and the lobbying across a number of areas in relation to Adult Funding rates which had been frozen for 10 years (albeit acknowledging the first year of uplift from TVCA).

It was **agreed** that it would be useful for future reports to include profit margins and some wider information on outcomes for learners.

8 Human Resources and Workforce Development

K Parkinson gave greater detail to her report including: development of people managers; system update; wellbeing; progress on the staff survey; positive feedback on the pay award; positive Trade Union relations; final restructuring activities; apprentice figures update and upcoming recruitment and use of levy to support staff; retention; notification to the Committee of 2 current employment tribunal cases (1 which had been ongoing for some time); increase of workforce development budgets; the impressive range for the Skill Exchange; Recognition Working Group (which would be further reported in December); and the usage and impact of AI on the HR Department.

Questions and discussion focussed on: salaries journal and weekly HR and Finance meeting with detail on maca-reporting to increase report efficiency; change in timing of future pay awards (to 1 August) and a general discussion on the local College pay offers; recruitment and retention which was in a steady position generally albeit acknowledgement of variation between departments; areas which remained hard to recruit (health, engineering, TTE) and future ways this might be managed going forward; and employment tribunal capacity and impact of First Day Rights should this be realised through Government.

9 Campus Update

S Marshall gave a comprehensive update to her report including: the complexity of the current insurance claim; anticipated lease signing for two buildings in the summer (2QS and Newcastle office); health and safety and the various ways this was reported and discussed; COSHH updates; energy savings; water increases and reasons why/resulting actions.

She also updated on the sustainability agenda where good progress had been made against the FE pathway. She updated Governors on the upcoming strategy renewal for both Estates and Sustainability for 2026. In particular, she outlined the plan for a more ambitious sustainability strategy with recent investments such as Salix, GB accelerator project allowing better targeting for Net Zero etc.

Questions and discussion included: risk assessments of high risk trips and recent near misses and of future plans to develop further; clarification on near misses with subcontractors and lines of responsibility; and marketing of sustainability actions and plans.

Action by S Marshall to amend the error re risk assessment scoring (which was 12 not 15).

10 Digital Services Update

R Shuttleworth gave a comprehensive appraisal to his report including: an update on MC Click; High Level project work with Microsoft and how this might be developed further; telephony data gathering to further tailored automisation; Student Wellbeing apps pilot; work on the new Finance system; developmental work with Pro-Suite Cloud migration enrolment efficiencies; and licensing management.

Governors asked about cyber security generally and noted the successful recertification of Cyber Essentials and Cyber Essential Plus.

It was also confirmed that the Audit and Risk Committee had also been appraised of cyber security and associated vulnerability scanning evidence at its June meeting.

11 Business Development

11.1 Marketing and Communications Update

S Cass gave an update on the following: applications (noting a significant increase to A Levels and applications

from Stockton schools); the Year 10 Discovery days and primary STEM days; TTE Enrolment plan and related communications; plans to support Digital applications; the success of the Student Awards; and Results Day publicity with BBC in College live, and City in Guilds PR.

Discussion considered the positive impact of the discovery and primary days on future applications.

11.2 Employer Engagement Update –

M Telling updated on: apprenticeship recruitment which was over target; new senior healthcare standard with a further cohort for September; the launch of L2 Foundation apprenticeships; restructure of commercial team; success of scholarship programme and related PR; and wider employer events including focus on Apprenticeship Week Expo in 2026.

11.3 International Update

M Telling detailed some successes for International this year which allowed some realisation of profit (albeit less than plan). He also outlined work within 2025-2026 which would give some further traction and increase both income and profit.

Questions and discussion included: clarification on staff costs and rationalisation of the team; future consideration of growth of International; the ability to increase capacity by holding courses outwith the normal College day and the balance of that with company and learner expectations.

The Committee noted the profit outlined and current restrictions on growth.

S Mirsalehi left the meeting at 5.07pm

12 Terms of Reference Review

Z Foster presented the updated terms of reference.

Governors discussed some additions and where key areas sat within the Terms of Reference, with overall agreement that rather than detail the specifics, which could change (either in title or focus), that the Terms of Reference would umbrella this with the wording that the Committee *'would keep under review all matters related to the Corporate Services Committee.'*

Subject to that change, the Committee **agreed** to recommend the updated Terms of Reference to the Governing Body for approval.

13 Committee Review of Top Risks

The Committee reviewed the risks again considering:

- Where ownership of the new finance system sat (which was a matrix with R Shuttleworth overseeing, with the respective SLT lead, then account lead. Responsibility for specific areas would be determined once the new VP started in September.
- Pay Award – noting the eventual positive outcome for the year
- AI – effective and appropriate use (by staff)
- Space, capacity and growth

14 Date and Time of Meetings 2025-2026

- Monday 8 December 2025 at 2pm
- Monday 23 March 2026 at 2pm
- Monday 6 July 2026 at 2pm

15 Any other Business

- M Wilson (after Item 6) gave his initial reflections of being in post.

The meeting ended at 5.30pm