THE FURTHER EDUCATION CORPORATION OF MIDDLESBROUGH COLLEGE
CONFIRMED MINUTES OF CORPORATE SERVICES MEETING 25.03.2026

PRESENT: J Castor (Chair, CG), R Davies (CG), Z Lewis (Principal/Chief Executive), D Lusardi (CG) via Teams, A Pajura-Jaszczak (Staff Governor), P Sharp (CG), L Woods (CG).

OFFICERS: P Blewitt (AP), Z Foster (Head of Governance), R Gray (AP), P Moody (Exec. Dir), K Parkinson (VP), G Potts (VP),S Marshall (VP), O Rodley (VP) via Teams, C Whitehead (VP), M Wilson (Exec. Dir.).

For Item 12: A Cummins-MacLeod (Exec.Dir.), 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

Pre meeting – a short presentation for the 'Rob Davies Board Room' was given to R Davies by Z Lewis in recognition of his long and strong service as Chair of Governors.

1. **Apologies for Absence**
Apologies were noted for S Brown (CO), S Mirsalehi (CG), R Shuttleworth (CTO), alongside the news that I Anwar had resigned from the Governing Body as of 25 March 2026. It was noted that the Committee should be bolstered as a result of interview next week and L Woods formally joining the Committee as of 31 March 2026.

It was also noted that the session was also being recorded for the External Board Reviewer (S Collier).

2. **Declarations of Interest** – no declarations were noted.

3. **Unconfirmed Minutes of 03.12.2025** – were *approved* as a correct record.

4. **Matters Arising**
C Whitehead and S Marshall verbally updated on outstanding matters with the Matters Arising record being updated post meeting

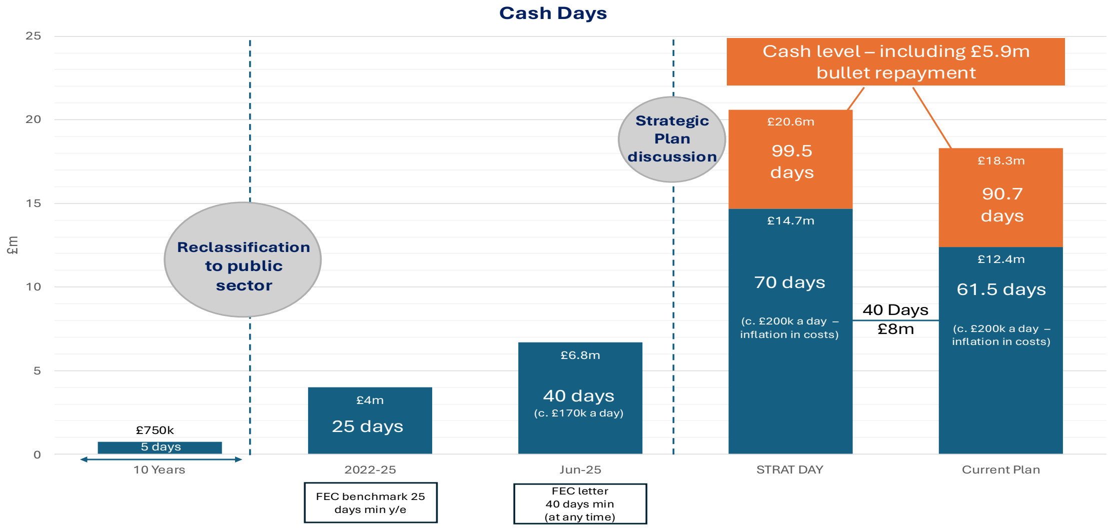
5. **Strategic Overview**

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

Z Lewis gave a more comprehensive update than was typical to set the scene in order to seek direction from the Committee on some big decisions. Key areas included:

- A much strengthened Finance team meeting all deadlines
- Health and Safety improving / HR stable with a careful watch on sickness and turnover, drawing particular attention to the teacher pay gap which was at 15 year high.
- DWP investment in young people whilst welcome, has opportunities and threats for colleges.
- Strong financial position
- Applications for next year looking positive – except HE which remains a concern with new KPIs being developed
- Capital allocations agreed with FE+ - if TVCA approved at April cabinet £3.3m capital for expansion purposes would be received by the College – in addition to annual capital grant
- Proceeding with TTE in lieu of the above approval with the MBC offer on pause as self-fund was affordable
- SALIX, Solar PV, MC Click and TTE were all under cost pressure but there was confidence of delivery on budget
- 5 year plan still strong in spite of disappointing funding rate 0.55% and international risks. Z Lewis confirmed that there were DfE actions rumoured, but the budget presented for the meeting detailed the worst case scenario
- Reflected on Strategic Planning Day input with a suggestion of pause on LGPS decision and reasons why and further employer investment in NEST % uplift instead
- Plan includes significant cash headroom

Governors asked for detail of the options if pulling back plans and whether this would be via temporary builds or 2QS – with confirmation that there were a number of avenues available (with temporary being the more likely), including the option to keep 2QS (which would be available at a relatively low revenue cost). However, the biggest problem at the moment was in relation to practical spaces, which was where the investment was focussed.



Z Lewis then gave full history of the cash days as outlined above. She detailed a recent discussion with the DfE on general advice re cash days, and the bullet payment in 2030 (and sight of an email by the DfE in 2024 which suggested the DfE would consider a request for financial assistance if the College did not have sufficient cash reserves to meet in full -assuming refinancing was not available), which the Committee discussed in some detail with agreement that this was a statement of intent but no guarantee of support. It was ***agreed*** that Z Lewis write to the DfE to ascertain clarity on the situation should this arise.

Z Lewis then highlighted the recommendations for the Committee today:

- New Management accounts format and proposal
- **Cash target for financial plan** – against backdrop of outline plan and DfE feedback re bullet and cash levels
  - 40 days cash = non-negotiable cash target in line with FEC Benchmark
  - 60 days cash = advisory target by 2029 (i.e. allow for investment / economic shocks but not enough to pay bullet)
    - Plan presented shows c. 90 cash days by 2029/30 (prior to any bullet payment)
  - 30 cash days headroom against a 60 day target which is c. £6m
- Maintain Cyber Essentials but cease Cyber Plus with alternative proposal for assurance

It was noted that senior staff would be in and out of the meeting due to interviews with the FEC curriculum efficiency review, representatives of which were in College today.

Governors discussed the DfE reasoning for academies and colleges not keeping too much cash.

5.2 Strategic Projects Update
S Marshall firstly thanked governors for their patience with the raft of recent written resolutions, to which she gave an update in relation to planning, contracts and receipt of monies. She gave further detail in respect of the TTE mezzanine, the contract of which had been difficult due to changes in steel prices, but which had now been resolved satisfactorily with a 5% protected inflationary allowance, and a 1 June start date.

The risks associated with the various plans were then detailed:

i) Salix – tenders received were all over the budget value, largely due to this being over-scoped in the first instance for a number of reasons which were detailed. A reduced scope had been determined with two further options should tenders return further over budget either through additional College contribution or changing the request permission which was now an option with the solar panels received through the Energy Solar grant. Any resulting award to tender would come to governors for approval.

   The cost increases over time and future proofing intent of the tenders were discussed with Governors asking to see the payback on additional spend once options were determined. *Action by S Marshall* - Governors requested a visual running dashboard measuring effectiveness / intention for savings etc. at the next meeting (and once tenders were in etc.

ii) Planning Risk – S Marshall detailed a recent objection by the Environment Agency on the shed construction which Governors discussed, with expectations that the issue would be resolved.

   The Committee acknowledged that ultimately the project would be very positive in terms of sustainability.

6. Finance Matters 2025-2026

6.1 Update on Five Year Financial Plan

C Whitehead gave a comprehensive overview of the report including:

- Forecast surplus of £4.9m at February with a positive plan as discussed at February Strategic planning
- Subsequent announcements/updates: funding rate of 0.55% (against assumed 2.5% then 2% in subsequent years); impact of Middle East on energy less of an issue due to hedged prices in immediate future; capital scheme costs as discussed; IT price spikes impacting on MC Click and use of AI which had hit plan by around £1M, resulting in a revision on forward assumptions downwards to 1% (including pay award beyond 2026) to ensure prudency. The revised plans therefore had lower recurring surplus and reduced investment
- In year growth had not been received (likely end of April) and TVCA capital bid was due 17 April
- TTE mezzanine could still be afforded allowing the project to go ahead (with the College contribution of maximum £8.4m for a £28m investment)
- Cash days – 40 days hard baseline and then a recommended level of 60 days by 2029-30 ensuring headroom (albeit not sufficient to repay the bullet payment in full). Confirmation of the impact of this was given with £1.9m outstanding on bullet payment at that point.
- 3% Pay Award for 1 August 2026 was still being proposed

<u>The Committee discussed</u> the assumptions and targets in some detail including the unknown impact of inflation and the possibility / benefit of detailing a 3% pay award each year within the plan with an action for C Whitehead to update the plan to show this for the next meeting.

The investment options as detailed on p5 of the report were then considered with Z Lewis drawing particular attention to the following:

- That more staff would be required (as more students)
- More learning support and welfare staff to support staff across the College
- Return to 3% apprentices
- Investment in finance and estates team after benchmarking exercise
- Cover support (Health and Care)
- Pension – SLT were advising 1% increase to NEST pension rather than LGPS (which was higher risk longer term) or 2% NEST (which did not require employee contribution) which could be launched with Strategic Plan. The Committee were in ***agreement*** to a 2% increase to NEST as a positive alternative to LGPS if affordable.
- A proposed better EAP (to support sickness, staff welfare)

Governors were reminded of the original options discussed at the Strategic Planning event, including possible changes to MC6 contracts (some work on which was currently underway) and carparking which was complex in terms of general lack of capacity. Governors asked the position of the STRB recommendation and how likely a further funding uplift would be.

Z Lewis gave an update of the curriculum planning activity currently taking place including key contribution faculties (Engineering and Construction, Health and Care) and a 200K investment to bring health and care class sizes down to secure 200 NHS work placements/improve staff wellbeing (which would not affect the plan) which governors supported.

The decisions requiring Governor approval (pay award and terms and conditions i.e. pension) were discussed with appropriate timings and mechanisms considered.

The Committee ***agreed*** to ***recommend to the Governing Body at its 31 March 2026 meeting:***

- The new financial targets i.e. Cash position every year of a base line of 40 days at all times and by 2030 and 60 days advisory target by 2029-2030.
- The 3% Pay Award for 2026-2027 (***subject to the overall plan parameters being maintained)***

In terms of investments, it was ***agreed*** that the proposed mix and balance of investment options was appropriate, with an increase in NEST by 1% (to 2%) if this could be afforded within the financial parameters. However, the Capital Plan would come to the July meeting in full for approval with some forward orders being placed in advance to hit delivery deadlines as is usual).

POST MEETING NOTE – Z Lewis and J Castor presented an extended set of recommendations to those above at the Governing Body meeting of 31 March 2026 due to the impact on terms and conditions (which the Governing Body were required to approve) as detailed below (a comprehensive account of which was shared at the Governing Body meeting itself):

- ***The 2% employer contribution increase to NEST pensions from 3% to 5%***
- ***Salary increase to MC6 salaries of up to 6K plus a further £5K for hard to recruit subjects***

6.2 Management Accounts Proposal

C Whitehead outlined the written proposal which proposed moving from six Management Accounts per year to quarterly full reports, supported by monthly Summary Statements to ensure consistent financial oversight (to start October 2026).
Governors discussed the proposal. It was confirmed that summary statements would be available from 15th of the month with some discussion on moving this to an earlier determination as soon as practical. Governors also considered the data input and utilisation of Business Central. After consideration, the Committee ***approved*** the change in schedule and summarised format of the interim reports.

M Wilson encouraged any feedback on summary statements to him. Initial feedback *actioned* further detail showing how the movement of pieces post curriculum planning impacts the margins on each department for the July report to the Committee.

6.3 Management Accounts (January 2026)
The accounts were received for information with C Whitehead giving a brief account of the slight change in forecast from December to February 2026.

6.4 Subcontractors Update
G Potts gave a general update to his report notably in respect of Hope and management of learners' achievement. He detailed subcontracting expectations with TVCA and NECA going forward. He also outlined the reasoning for the approval required to change contract values, i.e. to reduce 3T and the growth to TWA, subject to DfE approval.

Governors questions and discussion included: greater detail in respect of withdrawn learners from Hope with confirmation that all learners had been contacted wherever possible and of the various reasons why the College was not an option for them; and improved TVCA and College partnerships

The Committee ***approved*** the reduction to 3T and growth to The Wind Academy subject to DfE funding

6.5 Procurement Update
C Whitehead updated the Committee on the increased compliance within purchase orders and of ongoing work in relation to exemptions (which would further increase compliance rates).

Progress was discussed, notably the rate of improvement and impact of exemptions. It was ***agreed*** that once the exemptions work was complete that the Scheme of Financial Management and Control be updated by C Whitehead (within an appendix) detailing progress.

7 Business Departments – QiP Update
O Rodley presented a summary of the business support departments Quality Improvement Plans. As requested at the last meeting, he also highlighted areas which were graded 'requires improvement' – this being only Finance at the end of 2024-2025.

M Wilson then gave a comprehensive account of the improvements, notably functionality which was much improved, and an area of decline with the increase to Subject Access Requests which had been coming in more often which were resource intensive. Z Lewis outlined a recent AoC employer bulletin which discussed the growth across the sector of AI induced complaints, grievances, subject access requests and the increase in interim HR support required to manage this, which the Committee discussed.

8 Adult Education Report
This item was taken ahead of Item 7 at the meeting.

P Moody detailed movement within the deliveries but confirmed that the projections outlined could still be successfully delivered.

Governors queried how much had been achieved by additional subcontractors and how much due to improved productivity within adults? G Potts outlined this had been a mix with good use of subcontractors such as the Wind Academy (who had also installed some equipment able to be used by 16-18 provision), streamlining of other subcontractor activity and more College delivery. It was also confirmed that the increase in activity was well managed within the College with recruitment to key roles to support this.

9 Human Resources and Workforce Development (WFD)
K Parkinson gave an update to her report including: a steady turnover with a decrease in lecturer turnover on the previous two years; increased sickness and detail of where this was presenting and actions to support long term sickness and returns to work; overall better recruitment (with the exception of MC6) and positive impact of the

dedicated recruitment officer role; two positive audits for EDI and Payroll; WFD activities; an update on two tribunal claims, one of which had now been settled; confirmation that the People Strategy was being developed in line with the new Strategic Plan so would come to July's meeting for approval; the Staff Wellbeing Day plans and support; and a full update on the system renewal process which had been successfully accomplished with a 5 year fixed deal after some significant negotiation.

Governors noted an excellent outcome for the systems renewal. Whether the College should apply for IIP Platinum level was also discussed, with no firm steer given at this stage as it was acknowledged that a firm decision did not have to be made until next academic year.

10 Campus Services Update

S Marshall gave a comprehensive update to her written report highlighting: Estates staff pressure with the number of projects currently in operation; the much improved Health and Safety re-audit; recruitment to the Estates team to strengthen and ensure succession planning; leases update; and the wider Estates Strategy which would come alongside the College Strategic Plan in July.

Governors welcomed the successful health and safety re-audit and wished to share the appreciation with the wider curriculum teams.

Sustainability Strategy and Action Plan – S Marshall gave an update in respect of positive progress against the FE pathway. 1 red area was drawn out in relation to Energy which was a result of a move to a brown tariff last year with the budgetary pressures. It was hoped to move back to a green tariff over time. She also drew attention to the LED solar project which would hope to realise further future savings. Finally, it was confirmed that the new Sustainability Strategy would follow in July.

11 Digital Services Update

S Marshall gave a general update to the report highlighting: a strong AI internal audit led by J Wells and R Shuttleworth; detailed work on licence renewals; challenges in respect of MC Click and utilization, repayment and increases to laptop costs with a recommendation to be considered by SLT in respect of the September offer; and benchmarking/structure of the IT team and future plans particularly for retention of technician staff.

Governors congratulated the team on a positive AI audit. Governors also discussed the cost of PCs and of the possibility of forward spending in this area, and the hardware licensing work which was currently being undertaken by R Shuttleworth and his team which was producing effective results so far.

11.1 Cyber Assurance Proposal – S Marshall detailed the background to the proposal, confirming that Cyber Essentials was the required certification to comply with DfE and other contracts, with Cyber Plus being the enhanced version to offer additional assurances. There had been changes to the criteria for Cyber Plus this year which would cause a number of operational/practical difficulties across the site. She confirmed that R Shuttleworth's proposal would maintain and likely exceed the current level of assurance and ensure the College remained fully compliant with the National Centre for Cyber Security, GDPR, DfE and insurance requirements.

Governors discussed the proposal including: the real difficulties of any public body being able to conform fully to the requirements without compromising activity; the benefit of third party looking at the proposed process once implemented; Board training on how to govern during a potential cyber-attack; and the robust communication process currently in place around cyber-attacks and communications with governors.

Action by S Marshall– to organise appropriate training as part of the forward plan for Governor development (what is governor's role in the event of a cyber-attack), and after the internal scenario planning activity (of which some governors could be involved).

After consideration, the Committee ***approved*** the proposal alongside a further point as outlined below:

1. the continuation of Cyber Essentials certification
2. retirement of Cyber Essentials Plus from 2025/26
3. the introduction of the three-pillar assurance model (bi-annual red team, weekly vulnerability scanning, annual CSAT)
4. quarterly cyber posture reporting to Governors
5. that an External Audit of the whole cyber security process be conducted within the next two years

12 Business Development

12.1 Marketing and Communications Update

A Cummins-MacLeod gave a comprehensive update to his report noting: a positive application process (other than within HE) in line with vector data; school teams activity and open events all of which have been very successful; TTE new admissions process as a result of high applications; successful use of the new WhatsApp tool for events and acceptances; media buying and PR agency tender update; and annual Student Award event planning to which governors were invited.

Discussion and questions included: HE marketing in College and possible reasons for the reduction in numbers including the move away from degrees and towards apprenticeships/other courses/government incentive to employers to employ 18-24 years olds due to come in/qualifications reform and reduction in L3 (and therefore progression); which marketing activity gave the best return and the likelihood of an increased digital focus going forward; local competition and marketing in respect of A Level applications; the recent benchmarking data on marketing which showed a lower than average spend; the marketing around TTE/Construction and Engineering; and the value of the Schools Team with admissions/school leavers.

Action by A Cummings-MacLeod to share the impact of the various interventions/most effective spend within his next report.

12.2 Employer Engagement Update

M Telling outlined a strong position for the Employer Engagement Team with apprenticeships being a key strength. He detailed increased volume of activity within the wider employment engagement and drew attention to some recent examples with Cleveland Policy, expansion of the NHS model and full cost commercial work with PD Ports.

12.3 International Update

M Telling confirmed a stable position with an active pipeline. It was acknowledged that some activity (e.g. with Abu Dhabi) had been paused due to international instability.

A future stakeholder visit from Libya was in the pipeline – *Action to invite P Sharp once date fixed*.

13 Committee Review of Top Risks

The Committee ***agreed*** that the Geo-political environment was a key risk to monitor; and on the financial plan the risk of costs outstripping income

14 Date and Time of Next Meeting

- Friday 1 July 2026 at 2pm

15 Any other Business

Z Lewis gave a high level overview and positive report of the findings from the Curriculum, Efficiency Funding and Finance Sustainability Support (CEFSS) feedback just received which showed a well-run, great systems, culture of autonomy that flex based on needs of staff and students. The strategy for remission to teachers and how this was achieved with efficient back office was considered very positively. She gave an overview to possible recommendations and a possible future exercise on staff turnover and sickness and reduction of teacher workload.

Perceptions on cash days was also discussed with the lead FEC reviewer who considered the approach of the Committee appropriate and again advised against holding excessive cash levels.

Particular thanks were noted for P Moody for his leading role with the process.

The meeting ended at 4.52pm