

THE FURTHER EDUCATION CORPORATION OF MIDDLESBROUGH COLLEGE

CORPORATE SERVICES

Minutes of the Corporate Services Committee meeting held on
Monday 2 July 2018 at 2.00 pm in the STEM Centre Conference Room

Present Mrs Moira Britton (*CG and Chair*)

Mrs Andrea Waller-Amos (*Staff Governor - Business Support*),
Mr Rob Davies (*CG*), Mr Andrew Dyne (*CG*),
Mrs Zoe Lewis (*Principal / Chief Executive*), Mr Tony Parkinson (*CG*),
Mr Peter Studd (*CG*), Mr Sandy Wilson (*EM*)

Officers Mr Richard Atkinson (*Clerk*), Mr Peter Bland (*AP*),
Mrs Carolyn Kipling (*VP*), Mrs Alison Stephenson (*Dir*),
Mr Andy Wond (*Executive Director*)

Key CG - College Governor
Clerk - Clerk to the Corporation
MD - Managing Director
AP - Assistant Principal
EM - External Member
DP - Deputy Principal
VP - Vice Principal
DIR - Director of Human Resources

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18/013	ITEM 1 - APOLOGIES Dr Andy Allen (<i>CG</i>) Mr Trevor Arnold (<i>CG</i>)	
18/014	ITEM 2 - MINUTES 9 MARCH 2018 The minutes of the 9 March 2018 were approved .	
18/015	ITEM 3 - MATTERS ARISING The Clerk to the Corporation informed the Corporate Services Committee that all matters arising had been completed prior to the meeting, or were items on the agenda.	
18/016	ITEM 4 - STRATEGIC OVERVIEW 4.1 Principal / Chief Executive's Up-Date The Principal / Chief Executive gave an overview of the key themes affecting the College at this present time, including but not limited to, quality outcomes, management changes, Trade Union negotiations, recruitment, income streams and ensuring that the College's financial position improves.	

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	<p>4.2 Five Year Financial Plan to 2022 / 2023</p> <p>The Vice Principal - Finance & Registry then presented a comprehensive overview of the Five Year Financial Plan to 2022 / 2023, following various discussions with Governors and the Senior Leadership Team.</p> <p>It was agreed that due to the importance of the Five Year Financial Plan and how it impacts on the strategy and investment plans, the Corporate Services Committee would spend the majority of the meeting discussing, challenging and ensuring that the plan had the right balance prior to formal approval by the Governing Body on the 9 July 2018.</p> <p>Discussion centred around how confident the College was in our HE strategy and its likely success.</p> <p>Governors had discussed a five-year plan at the recent Strategic Planning Day, which had agreed a financial health improvement plan and reviewed our financial health on a scenario which included limited HE growth and prudent 16-18 and Apprenticeship assumptions.</p> <p>An update was also given in relation to the restructure and negotiation process and the assumptions included within the plan.</p> <p>Governors were then asked to consider which budget version they would like to approve the original more prudent version, or this new version, which assumed a slight increase in Higher Education enrolment and therefore an improved Financial Health score.</p> <p>Governors discussed the narrative and assumptions in details notably:</p> <ul style="list-style-type: none"> • Background and Context • Capital Investment Strategy. • Funding Allocations / Learner number trends. • Higher Education Strategy. • Northern Skills Group Commercial Strategy. • Financial Planning & Financial Assumptions. • Balance Sheet. • Financial Health. • Comparison to 2016 Financial Plan. • Sensitivities & Risks. 	

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	<p>Governors asked:</p> <ul style="list-style-type: none"> • Whether further consideration should be made within the Five Year Financial Plan of the impact the Stockton Riverside College and Redcar & Cleveland College merger may have? In response, the Vice Principal - Finance & Registry stated that discussions were ongoing with the Transaction Unit and therefore consideration was only given in the sensitivity section where a number of scenarios have been modelled. • What would be the financial impact of the worst case scenario, as detailed within the sensitivities section of the Five Year Plan, and what actions would be needed to address these? In response, the Vice Principal - Finance & Registry stated that this would mean a further substantial saving over the five-year period, with sale receipts, deferring annual capital investment, alongside further pay and non-pay savings through natural turnover being part of a Contingency Plan to address this. <p>The Corporate Services Committee requested that a Contingency Plan be drawn up, and shared with the Committee at the earliest opportunity, so that there is a further understanding of the issues alongside what actions may be needed to ensure the College's Financial Health is not impacted.</p> <p>The Corporate Services Committee also requested that the Five Year Financial Plan continues to be reviewed, with regular up-dates shared with the Committee.</p> <p>Some discussion then centred on the role of the Tees Valley Combined Authority in supporting colleges, with the College continuing to engage with them to seek support prior to the devolvement of budgets.</p> <p>The Vice Principal - Finance & Registry then up-dated the Committee on the on-going leasing arrangements that have been put in place as part of the Financial Health Improvement Plan, with an on-going dialogue with the Financial Statements Auditors to ensure that this is accurately reflected within the 2017 / 2018 and 2018 / 2019 accounts.</p> <p>The Corporate Services Committee then requested that future Capital Investment Options for IT should be modelled to reflect possible changes in investment priorities and how we would ensure a good IT service is maintained for students, with a further up-date being provided on the 10 December 2018.</p>	<p>Carolyn Kipling</p> <p>Carolyn Kipling</p> <p>Andy Wond</p>

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	<p>Governors then asked:</p> <ul style="list-style-type: none"> • Whether the new Higher Education Strategy would have a positive or negative impact on the Contingency Plan? In response, the Principal / Chief Executive stated that it was envisaged that it would be positive, with applications looking encouraging at this stage of the year. However, as enrolments do not get confirmed until fee payment or loan funds are in place, prior to the courses commencing in September, it was not possible to give a guarantee, but indications are positive. • Whether the risk scores, as detailed in the College Risk Register, were residual, and whether there was further detail provided with the risk? In response, the Vice Principal - Finance & Registry stated that the risks were residual, with a more detailed version shared with the Risk Management Group, Senior Leadership Team and Audit & Risk Committee, the latter of which monitor the various risk registers closely, and have delegated responsibility to do so, with regular “deep dives” into certain risks at each meeting. The Governing Body requested that the larger version of the risk register be included in the financial plan to give greater context. <p>Some discussion then centred on class sizes, and an up-date was requested for the next meeting on the 10 December 2018, so that the Corporate Services Committee could see the trends over the last few years.</p> <p>Following further discussion on the key assumptions on pages 34 to 40, proposed cash flow, financial health improvements following the Shaping Our Future –negotiations, alongside the recent approval of the bank loan arrangements with Santander, it was agreed to recommend that:</p> <ul style="list-style-type: none"> • The 2018 / 2019 Revenue Budget outlined in Appendix 1, be proposed to the Governing Body for approval. • The Five Year Financial Plan to 2022 / 2023 be amended to reflect a more prudent outlook with this being recommended for approval by the Governing Body. <p>The Chair of Corporate Services, on behalf of the Corporate Services Committee, thanked the Vice Principal - Finance & Registry for an exceptionally well written Five Year Plan.</p>	<p>Carolyn Kipling</p> <p>Carolyn Kipling</p>

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	<p>4.3 Management Accounts (March 2018)</p> <p>Received for information.</p> <p>4.4 Management Accounts (May 2018)</p> <p>The Vice Principal - Finance & Registry presented the May 2018 management accounts, which highlighted that the forecast position continues to be an operating surplus budget, but there were risks remaining in the budget, which were being closely monitored. Governors were then provided with an overview of the real operating position had the College received the right level of funding based on 2017 / 2018 recruitment, with the financial impact being felt in 2018 / 2019 due to lagged funding methodology.</p> <p>Governors asked:</p> <ul style="list-style-type: none"> • Why the forecast position between the March 2018 and May 2018 management accounts had changed, and sought assurances that the May 2018 management accounts were an accurate reflection of the current finances? In response, the Vice Principal - Finance & Registry stated that some movements have been made to reflect a further shortfall in Apprenticeship recruitment targets, and the fact that one of the OCP Contractors had gone out of the business. <p>The Principal / Chief Executive stated that additional scrutiny would be put in place for all budget holders in 2018 / 2019, when monthly budget clinics would be held.</p> <p>4.5 Higher Education Five Year Financial Plan</p> <p>The Vice Principal - Finance & Registry gave an overview of the up-dated Higher Education Five Year Financial Plan, which had been prepared following the decision by the College in September 2017 to contract with the Open University and Pearson Education from September 2018.</p> <p>Governors asked:</p> <ul style="list-style-type: none"> • Would the College be looking at introducing two year degrees? In response, the Principal / Chief Executive stated that development plans were in place but these would be prudently managed and trialed with Governors being kept abreast of developments. 	

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	<p>The Corporate Services Committee endorsed the Five Year Financial Plan, and agreed that the Higher Education Five Year Financial Plan is deemed confidential.</p> <p>4.6 Site Disposals Up-date</p> <p><i>Mr Tony Parkinson declared an interest, but it was agreed that he could remain in the meeting whilst discussions took place, but would not be able to vote on any decisions to be made.</i></p> <p>The Principal / Chief Executive up-dated the Corporate Services Committee on the continuing negotiations regarding the sale of the land at the old Marton Campus (<i>Prissick Base</i>), with some progress having been made recently, with a Memorandum of Understanding being signed, and marketing literature published.</p> <p>A brief overview of the possible site valuations were discussed, and the Corporate Services Committee welcomed the positive progress being made, which would help the College's financial health in the longer term, depending on when any land receipts are received.</p>	
18/017	<p>ITEM 5 - FINANCE MATTERS</p> <p>5.1 Recruitment & Progress Against Target</p> <p>The Vice Principal - Finance & Registry presented the report, which provided a comprehensive up-date on the current progress in 2017 / 2018, with Governors noting the progress made against the various income streams.</p> <p>5.2 ESFA Financial Statements Letter 2016 / 2017</p> <p>The Vice Principal - Finance & Registry presented an overview on the Education & Skills Funding Agency (<i>ESFA</i>) Letters and Financial Dashboard in respect of the College's Financial Health Category for 2016 / 2017, which was confirmed as 'Satisfactory'.</p> <p>Some further discussion took place on the changes to the financial health ratios made by the Education & Skills Funding Agency a few years ago, and the impact these have had. The Vice Principal / Finance & Registry then explained why the debt charge as a percentage of income high, and this was related to the College's revolving credit being partially repaid during the year.</p>	

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	<p>5.3 Financial Benchmarking 2016 / 2017</p> <p>The Vice Principal - Finance & Registry provided an overview of the financial benchmarking that had been provided, set against other colleges in the Tees Valley, with the College having a 38% market share (<i>total market was £112 million</i>).</p> <p>The Corporate Services Committee welcomed the comprehensive overview, which made interesting reading, with some discussion centred on the changes in the 16 – 18 year numbers over the last three years.</p> <p>5.4 Contracts Up-date</p> <p>The Vice Principal - Finance & Registry up-dated the Corporate Services Committee on the current contracts being managed by the College across a wide range of provision, including Traineeships Study Programmes, Adult Education Budget, Apprenticeships ESF, ESF SSU, ESF Apprenticeship Routeways and ESF ESOL, with a further up-date being shared regarding future years subcontracting arrangements.</p> <p>After some discussion on the range of subcontractors, contract values and the ongoing monitoring arrangements in place, it was agreed to recommend that:</p> <ul style="list-style-type: none"> The list of OCP Providers for the 2018 / 2019 Academic Year, as detailed on page fourteen of the report, be approved by the Governing Body at its meeting on the 9 July 2018. <div style="border: 1px solid black; background-color: #e0e0e0; padding: 5px; text-align: center;"> <p>The Contracts Up-date Report has also been circulated to the full Governing Body in preparation for its meeting on the 9 July 2018.</p> </div> <p>5.5 Fees Policy 2018 / 2019</p> <p>The Vice Principal - Finance & Registry summarised the main changes to the 2018 / 2019 Fees Policy, which were related to some funding rule changes, as well as embedding the Higher Education management of loans into the document, and the inclusion of a Compensation & Refunds Process. After further discussion, and noting that the 2018 / 2019 Fees Policy had been agreed with the Senior Leadership Team, it was agreed to recommend that:</p> <ul style="list-style-type: none"> The 2018 / 2019 Fees Policy be approved by the Governing Body at its meeting on the 9 July 2018. 	

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	The Corporate Services Committee requested that, once approved by the Governing Body, the 2018 / 2019 Fees Policy be loaded onto the BoardIQ Governance Portal and also the College Website.	Richard Atkinson
18/018	<p>ITEM 6 - FACILITIES MANAGEMENT UP-DATE</p> <p>The Assistant Principal - Estates gave an overview of the progress being made to improve the efficiency of the Facilities Management Department, including progress with energy efficiency, reducing waste, reducing water consumption, as well as ensuring that other aspects such as green travel, premises running costs, compliance, health & safety, security & access, service desk continue to improve.</p> <p>An overview of the pipe corrosion and latent defects projects were then shared, following previous discussion, along with an up-date on the Snow Centre development. Some discussion then took place on how the College is looking to work with the Snow Centre developers to ensure that the College maximises any potential from the increased visitor numbers to Middlehaven.</p> <p>Governors asked:</p> <ul style="list-style-type: none"> • What were the current match day car parking arrangements? In response, the Assistant Principal - Estates stated that they were £3, having been reduced from £5 when Middlesbrough Football Club was in the Premiership, and was in line with other providers locally. However, this charge is under review, but there are issues with car parking around the College on match days, with many cars being parked illegally, and not using the car park. • What actions are in place to mitigate any increases in energy costs due to the changes in the wholesale market? In response, the Assistant Principal - Estates stated that the College is part of a consortium, which buys energy in advance, and a review of the contract and recent purchases and pricing would be undertaken. <p>The Corporate Services Committee requested that the Assistant Principal - Estates and the Executive Director - IT reviews the contract with the Vice Principal - Finance & Registry, with an up-date being shared at the next Corporate Services Committee on the 10 December 2018.</p>	Andy Wond

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	The Chair of Corporate Services, on behalf of the Committee, thanked the Assistant Principal - Estates for all his hard work, and dedication over his many years of service, and wished him well in his retirement.	
18/019	<p>ITEM 7 - IT UP-DATE</p> <p>The Executive Director - Information Services presented an up-date on a number of themes, including progress being made with the Capital Replacement Programme, GDPR, IT penetration testing, IT Security Policy, and the on-going collaboration with Middlesbrough Council to develop a robust Disaster Recovery Centre.</p> <p>An overview on the Department Key Performance Measures was also provided, which were showing continued progress, especially in terms of student satisfaction, which had increased by 11%. This was mainly due to the increased investment in capital, preventative maintenance, alongside quicker response times to IT issues in the classroom.</p> <p>Governors requested that the outcome of the penetration testing planned for the summer be shared with the Corporate Services Committee on the 10 December 2018, so that there continues to be reassurance that the IT systems are robust, and meeting the needs of the business.</p>	Andy Wond
18/020	<p>ITEM 8 - NORTHERN SKILLS GROUP UP-DATE</p> <p>The Principal / Chief Executive provided a comprehensive up-date on the continued progress being made to grow the business, as well as up-dates on the integration of the business, trading conditions, tenders, distance learning, quality, and OCP. A brief overview was then provided on the changes to the management structure following a couple of resignations (<i>Peter Wilson & Paul Graham</i>), which has led to a management structure change, and the move of the delivery back into the curriculum areas.</p> <p>It was noted that Mr Peter Studd (<i>College Governor</i>) continues to be actively engaged with the business, as the Nominated Governor for Apprenticeships.</p>	

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18/021	<p>ITEM 9 - HUMAN RESOURCES</p> <p>9.1 Human Resources Report 2017 / 2018 (Term 2)</p> <p>The Director of Human Resources presented the 2017 / 2018 Term 2 Human Resources Report, which was considered and received for information, with the report focusing on staffing profile, labour turnover, sickness, equality and diversity, well-being and casework.</p> <p>An overview was then provided on the change to managing sickness absence, with a new Return to Work Form being introduced for the new academic year. This will ensure that managers improve the management of sickness absence, with the hope that sickness absence will fall, and there maybe some financial savings should staff be paid SSP for any on-going sickness absence that is not mitigated.</p> <p>Finally, the Principal / Chief Executive stated that the Staff Survey would now be carried out in January / February as opposed to May / June, with the results now being used as part of the Stress Risk Assessment Dashboard that has been developed with Health & Safety, and shared with managers to address any underlying issues.</p> <p>9.2 Gender Pay Gap (April 2018)</p> <p>The Director of Human Resources presented the second Gender Pay Gap Report, which needs to be published by April 2019, with the Corporate Services noting the detail within the report, and requested that the final version be shared with them on the 10 December 2018, when it will be recommended for approval.</p> <p>Governors asked:</p> <ul style="list-style-type: none"> • Whether there had been any feedback from staff or Trade Unions from the April 2017 version? In response, the Director of Human Resources stated that very little had been received, with much of the focus being on corporate organisations. <p>Mr Sandy Wilson (<i>External Member</i>) will continue to work with the Director of Human Resources in terms of ensuring that the document meets the needs of the Committee, as well as ensuring that it meets legislative requirements.</p>	<p>Alison Stephenson</p>

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18/022	<p>ITEM 10 - DATE OF NEXT MEETINGS 2018 / 2019</p> <ul style="list-style-type: none"> Monday 10 December 2018 at 2.00 pm. Friday 8 March 2019 at 2.00 pm. Monday 24 June 2019 at 2.00 pm. 	
18/023	<p>ITEM 12 - ANY OTHER URGENT BUSINESS</p> <p>12.1 Financial Health Up-date</p> <p>The Vice Principal - Finance & Registry presented an up-date on the College's current Financial Health, and how the three factors notably current ratio, borrowings as a percentage of income and EBITDA (<i>Earnings before Interest, Taxation, Depreciation and Amortisation</i>) - are being managed to ensure the College strengthens its current position, as detailed in the Five Year Financial Plan.</p> <p>It was agreed that:</p> <ul style="list-style-type: none"> The Chairman of Governors, Chair of Corporate Services Committee, Principal / Chief Executive and Vice Principal - Finance & Registry would continue to closely monitor the financial health between meetings, and ensure that the Corporate Services Committee and Governing Body are well briefed. <p>Finally, the Chair of Corporate Services Committee, on behalf of the Committee, thanked the Clerk to the Corporation for his many years of loyal service to the College, and wished him well in his new career.</p>	

The meeting closed at 4.45 pm

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