

MILTON KEYNES COLLEGE GROUP
CORPORATION BOARD MEETING
Minutes of the meeting held on 4th May 2022
TEAMS
17:00 – 19:00

| Board Members | Category of Governor | Attendance 2021/22 | Present at this meeting |
|---|----------------------|--------------------|-------------------------|
| Richard Bartlett-Rawlings | Independent | 7 of 7 | Yes |
| Rebecca Carrington | Independent | 5 of 7 | No |
| Alan Cook | Independent | 7 of 7 | Yes |
| Peter Cox | Independent | 7 of 7 | Yes |
| Kaye Dwight | Staff | 7 of 7 | Yes |
| Mat Gotkowski | Independent | 6 of 7 | Yes |
| Shalom Lloyd (joined 14/12/21) | Independent | 3 of 5 | No |
| Liz Marr | Independent | 6 of 7 | No |
| David Meadowcroft | Independent | 7 of 7 | Yes |
| Julie Mills | CEO | 7 of 7 | Yes |
| Ruby Parmar | Independent | 5 of 7 | Yes |
| Charlynn Pullen | Independent | 7 of 7 | Yes |
| Ian Revell | Independent | 7 of 7 | Yes |
| Neil Sainsbury | Independent | 6 of 7 | Yes |
| Sufian Sadiq (joined 31/1/22) | Independent | 3 of 4 | No |
| Gwynneth Tan | Independent | 4 of 7 | Yes |
| Manish Verma | Independent | 5 of 7 | Yes |
| Kyle Wilson (joined 17/03/22) | Student | 1 of 2 | No |
| Arran Ashmore (joined 28.4.22) | Staff | 0 of 1 | No |
| Adam Rixon (10/11/21 – 21/1/22) | Student | 1 of 2 | |
| Marcela Grabowski (10/11/21 – 10/02/22) | Student | 1 of 4 | |
| Stephen Norrish (retired 23.3.22) | Independent | 5 of 6 | |
| Aniesa Shah (resigned 23.3.22) | Independent | 4 of 6 | |
| Attendance % this meeting | | 68% | 13/19 |
| Attendance % year to date | | 81% | 109/134 |

Regular attendees: Sally Alexander (Principal: Quality & Student Experience), Annie Allen (CPO), Alex Warner (Principal)

Other attendees: Gavin Teasdale (Interim Chief Operating Officer), Liz Eustace (EA to CEO)

1.1 Welcome and Apologies

- Apologies had been received and accepted from Sufian Sadiq, Liz Marr, Rebecca Carrington, Shalom Lloyd and Karen Brown.

1.2.1 Declaration of Interests

There is a standing declaration from Rebecca Carrington who is Director and Principal of Arts1.

2.0 Strategic Priorities 2021/22

2.1 CEO's Report *previously circulated as Paper 2.1*

Julie Mills referred to her report and the progress being made in the strategic areas which are not being focussed on at this meeting.

- An enormous amount of productive activity is taking place across the College.
- 'People' update is a snapshot to give a sense of how the culture change piece is progressing, particularly in terms of supporting our staff to develop and how well the Transform programme is working.
- IoT update focuses on progress delivering the capital projects.
- More details are emerging with regards to the next round of Prison Education tendering, and we continue to engage and lobby where possible.
- Governors were encouraged to contribute to the Padlet to support the College's Football Academy team which has made the finals of the Spartan South Midlands Football League cup.
- Great success for Shalom Lloyd and the College at the Business Achievement Awards.

Governors' questions:

Regarding financial sustainability – The group contribution for the first 8 months was £497k, £585k behind budget. Is that correct?

Yes, and this will be picked up in the management accounts by Gavin Teasdale and discussed in more detail.

The Board received the CEO Report

2.2 Student Experience *previously circulated as Paper 2.2A*

2.2a Student Progress (Campus)

Paper 2.2a provided a detailed overview of campus-based student progress, year-to-date.

Alex Warner referred to the headlines:

As reported in the 2020/21 SAR, the last academic year saw a dip in terms of learner outcomes. In the last two academic years, much of the external quality assurance has been different and student achievement was not such a critical measure of success; none-the-less we are learning from what went well last year and doing more of this, focussing on maximising student achievement so that pre-pandemic levels are achieved.

- **Headline measures which determine the overall outcomes for our learners:**
 - Working towards an Achievement target of 84% for 16-18 learners and 92% for Adult (19+) provision.
 - To achieve 16-18 learner outcomes, we have set the target of 92% Retention and 92% Pass Rate.
 - To achieve Adult learner outcomes, we have set the target of 96% Retention and 96% Pass Rate.
 - A working group has been set up to deliver these outcomes, to maximise individual learner success and the best possible organisational performance.

- A forensic approach is being taken to track learner progress for the remaining 10 weeks of the academic year. This approach builds upon systems already in place (RAG rating) and combined efforts to provide bespoke intervention and support.
- Every learner within the organisation had a blue, red, amber or green rating. Those learners with amber rating need some intervention and those with red rating need the most intervention. All students have now been switched to either red or green to allow more focused interventions.

Governors asked questions:

In relation to previous years, is the volume of learners with an amber rating the same you would expect to see?

Almost identical to last year.

Have you done any research in terms of a retention strategy? Is there anything specific about peer led intervention that we can learn from?

There are many reasons why students withdraw from their courses early, including access to relatively well-paid employment. There are more jobs than workers in MK. We are seeing increased numbers of learners with wellbeing and resilience challenges and, sadly, an increase in serious safeguarding issues which are beyond the College's control. First and foremost is to encourage and help the learner not to withdraw from their programme.

We have established a task group to look at the retention strategy and will consider peer led interventions as part of the brief. It is important too that we target parents and communicate so they are aware of what is happening and how they can help.

Is this year post-covid going to have an impact on year end position, or do you think that the steps that have been taken are going to manage that?

Alex is confident that we will move in the right direction, and looks forward to reporting back at Board through the SAR validation process.

The Board noted the ongoing development of provision.

2.2b CQG Meeting 28th March 2022

Charlynn commented that the main focus of the meeting was how College staff and Prison Services staff are sharing practice to enable teachers to learn from each other.

The Board noted the report from the CQG meeting on 28th March 2022

David Meadowcroft asked Charlynn to provide an update from the CEO Selection Committee. This will be a standing item on this agenda.

- Charlynn and Annie met with FE Associates, the appointed recruitment organisation. The next meeting on 19th May will be a workshop to agree a person specification, job description etc.
- FE Associates is confident of attracting a good pool of strong candidates ahead of a final selection process in the Autumn.

- Julie confirmed that she knows the executive search has started informally as she has been contacted for informal chats by people.

2.3 Financial Health *previously circulated as Paper 2.3A*

2.3a Management Accounts Period 8

Gavin Teasdale referred to the paper and highlighted:

- The College remains in 'Good' financial health and is expected to do so for the full financial year. Borrowing is zero.
- Overall Group contribution is £497k, which is £585k behind budget. Campus generated a surplus of £201k, Prison Services £251k and the IoT a surplus of £46k.
- The estimated Group contribution for the year remains at £480k, £61k lower than the original budget. Work continues to increase Adult ESOL and distance learning enrolments and to control pay and non-pay costs so that this estimate is achieved.
- Overall Group income is £3.4m behind budget, largely due to a shortfall in Adult learner recruitments. All areas are under budget; Campus -£1,751k, Prisons -£1,470k and SCIoT -£187k.

Pay Costs

- Across the Group, year to date total pay costs continue to be well under budget and are currently £2,825k below. Following the reallocation of SCIoT pay costs, Campus costs are £1,751k under budget, Prisons £1,097k under and SCIoT £24k over budget. Current estimates show that an underspend of £3.6m is expected this year.
- Total pay costs are under budget for the eight months due both to staff recruitment and pay management being carefully controlled and to the market for certain posts being very competitive, leaving vacancies difficult to fill, particularly in Engineering and Electronics. Currently we have 61 vacancies, 27 on campus and 34 in prisons.

Non-pay Costs

- Non-pay costs are £9,827k, £2k over budget for the eight months. Campus non-pay costs are £746k over budget and Prison Services and SCIoT are both under budget, by £388k and £357k respectively.
- Depreciation is £304k over budget as the budget excluded late additions in the 2020/21 year. Other operating expenses, which include internal recharges that are yet to be processed are £417k over budget. The Group is not yet experiencing significant overspends in heating and material costs and so current estimates suggest, that total on-pay expenditure for the year will be £0.6m under the original budget set.

Governors asked questions:

Has the lack of candidates to teach impacted the number of learners and, in turn, reduced income?

We have needed to use agency workers in some cases and colleagues in specific areas are providing cover. The model the IoT use is creative in terms of delivery models, making better use of dual-professionals and various models are being explored as part of curriculum planning

How is the College going to achieve the forecast contribution?

There are number of adjustments to be made; holiday pay and pension provision. Gavin Teasdale confirmed he is confident that the numbers will deliver the results.

In terms of non-pay costs, the reallocation is quite significant. Is it just a reallocation of non-pay?

Yes, it is just the reallocation, there isn't going to be any gain or loss. Will need to reallocate the costs.

Should we have allocated recharges during the year?

The allocation of costs will not impact or improve on our bottom line. We will look at recharges during the year 2022/23.

The costs seen in the Management Accounts do not include any major costs as far as the CTF project is concerned as the majority of the costs are going to fall in the following year and the year after that.

Pay costs are dramatically down because we have 80 vacancies. Are they down because we had less students coming in or because we cannot recruit? Campus only non-pay costs are massively over. Is this a Campus problem?

As previously discussed, the current vacancies are mainly recruiting for future vacancies. Pay cost savings have been delivered through tight control and not recruiting staff where student numbers have not been achieved for example. The main contributor to moving from a shortfall budget of £500k to being more or less on budget is those accounting adjustments in terms of pension costs and holiday pay accrual, which is significant.

Why have pension and holiday accruals not been made during the year?

On this occasion it has been left to the year end because we need to do the calculation in terms of holiday pay accrual and it is better to be calculated properly at the year end.

The Board noted the financial position to 31st January 2022 and forecast outturn.

2.3b Update on 22/23 budget preparation including initial budget principals *previously circulated as Paper 2.3b*

Gavin Teasdale referred to Paper 2.3b.

- The proposed budget principles for 2022/23 are:
 - A budget that does not negatively affect the College's financial health score. The College's financial health score should remain as 'Good' in 2022/23.
 - A budget build on a 3-year planning horizon.
 - A budget that is driven by our strategic priorities including continuing to invest in our priority areas, namely Apprenticeships and Adult provision; continuing to invest in our digital transformation plan and in ensuring quality of our provision remains Good.
 - A budget that ensures sustainability.
- Meetings have taken place with all budget holders in terms of the Curriculum, Group Services, Prison Services and subsidiary companies have also been invited. The budget we are looking for is one that does not negatively impact on the College's

financial health score. Governors were reminded that if we undertake the CTF project we are likely to dip into RI in 2023/24 and 2024/25.

- The budget forms part of a three-year plan and is driven by our strategic priorities. The budget should ensure stability.
- In terms of pay, we have included National Insurance increases and an expected increase in the local government pension scheme. We have also included a contingency value of 2% for a pay increase that has not been specifically allocated so remains a contingency.
- The budget headlines will be presented to the Board on 8th June followed by the Finance Group agreeing the detail on 4th July. On 13th July the Board will be asked to approve the 2022/23 budget.

Governors asked questions:

How realistic is the £1.2m target surplus for 2022/23 set in the 3-year financial plan? Should this be reconsidered in the light of the current context, particularly inflation?

As we go through the budget process, we will look to update it in terms of inflation and risk analysis. We want to set a budget that is achievable and sustainable and will be looking at what we can do going forward. As the numbers come out, we will review what we can achieve.

There are other things that will affect that budget number, eg pay costs, student numbers?

It is up to us to control pay costs and we will take all of those into account going forward in the budget.

Matt Gotkawski recommended the £1.2m is taken out of the budget principles or changed to reflect that it is a 'nice to have' but not something that we need to achieve in the context of what is happening. Gavin Teasdale will take his recommendation into consideration.

Regarding learner recruitment numbers, is there a risk that we might not get enough 16-18 year old learners and the converse risk is that we massively over recruit?

There are two possibilities with regards to growth in student numbers. One observation is that the demographics as far as Milton Keynes is concerned is on our side and there is a bulge of 16-year-olds. With regard to increased student numbers, if we grow considerably, we may be eligible for additional funding from the ESFA. The rules have changed, and account is taken of previous under-recruitment. The Executive is exploring a potential growth case.

We have 300 more individual student applications as at the same time last year. Part of the focus over the next 9 weeks is testing out how credible they are and if we recruited them, can we support them.

We don't want to over recruit and then find that we are unable to support the students. This will then impact on the student experience and the College's reputation. There is a worry of over promising and under delivering.

We are identifying these areas of risk and are putting them under greater scrutiny this year, and so will improve the retention and the experience of the students with us from the beginning of term.

Initial reaction to the pay rise budget of 2% sounds low, but when we do see the budget we would want to see what the sector average is. One of the areas we should test is the reasonability of what we are planning to do by way of pay increases.

Annie will be joining the Audit and Risk Committee meeting as it will be useful for the governors in that group to understand the mechanics, opportunities and challenges around the Finance and People aspect.

The Board approved the budget principles for the 2022/2033 Group Budget.

2.4 CTF Project *previously circulated as Paper 2.4*

Liana Sinclair joined the meeting and Gavin Teasdale presented the paper to the Board with an overview of the Further Education Capital Transformation Fund (CTF) Project and request Board approval to proceed.

Liana referred to the paper and highlighted:

- The College has been offered a capital grant of £3.7m to contribute to a capital improvement programme at the Chaffron Way campus with a total programme cost of £7.4m, The College is therefore required to commit £3.7m of its own capital funding to the programme over the three-year period.
- The most significant risk of the project is the affordability, but the alternative is that we have a lot of health and safety work to do on our own without that support.
- A signed declaration of the Grant Funding Letter and a Project Milestones template are due to be returned by the College to the DfE by 13th May. Subject to the Board agreeing, a CPMG will be convened to review the necessary documentation in line with the requirements of both the declaration and the College's financial regulations.
- The works planned to be carried out under the CTF funding will allow the College to achieve key aims set out in the Estates' Strategy. The overarching driver is the health and safety aspect of the work. Surveys undertaken have identified various urgent works which need to be carried out for the building to remain compliant and up to current fire and building regulations. Additionally, the age, condition and poor energy performance of the building impacts on the running costs and extraordinary/reactive maintenance.

Gavin's summary:

- The greatest risk of the project is cash flow and affordability. We have contingences but if prices go up beyond contingency levels, the College will have to fund the increases from its own resources.
- We are expecting that the down cash projections for this project will be met from within the College resources. Accepting that there will be a small dip in RI year ending 2024 and 2025 we should be able to afford it within the resources of the College.

Governors asked questions:

We have just had a discussion about revisiting the budget. Assuming that based on that budget forecast going forward we can afford £3.7m, but if we have to amend that budget we will not know before the declaration is due to be returned on 13th May.

We have made these projections to show that the budget is affordable within the expected resources of the College. Should that change, there are alternative sources of funding we may be able to tap in to.

Is it set in stone that if we get £3.7m, we have to spend £3.7m? Can this work be done with less money? If we decide we cannot afford to make the contribution of £3.7m, what will happen?

We haven't tendered this work yet so do not have the details of costs. We could have a conversation with the DfE about adjusting but initially we need to say yes to the funding. The cost of inflation and building materials is rising. Some of this work cannot be avoided; leaking roofs, electrical works and some of the glazing.

If the prices and costs do go up in the programme at a later stage are there things you can mitigate?

We would monitor that work as we go through. The tenders coming back are going to be important. What want to procure early to try to fix prices in and if works needed to be taken out or pushed back, we would look at value engineering again.

The Board agreed to sign off this commitment for £7.4m with the appropriate controls in place to ensure we are not going to be over-spending in the future.

The Board approved the CTF Project.

3.0 Governance and Compliance

3.1 Audit & Risk 30th March 2022 previously circulated as Paper 3.1A

The Board:

- ***Noted the report from the meeting of 30th March 2022***
- ***Approved the Strategic Risk Register***
- ***Approved three sections of the Financial Regulations***
 - ***Section 5: People Services and Payroll***
 - ***Section 6: Purchasing and Competitive Tendering***
 - ***Section 9: Credit Management***
 - ***Annex 1: Post Holder Titles and Groups***

3.2 CPMG 28th March / 27th April 2022 previously circulated as Paper 3.2

The Board noted the report from the CPMG meeting on 28th March.

3.3 PDMG 20th April 2022 previously circulated as Paper 3.3

Peter Cox updated that we now have a figure which is a fixed price contract rather than a hybrid. The risk still remains because we have approx. £140k contingency but are hopeful we can get some money from the DfE for the section 106 and piling delays.

The Board:

- **Noted the report from PDMG on 20th April 2022**

3.4 Items for the next meeting

- Financial Health / budget setting
- Student Experience
- Employer Engagement

Awayday – focus on two strategic priorities:

- Develop meaningful partnerships to grow our influence and create opportunities (strategic objective 2)
- Achieve and maintain financial and operational sustainability (strategic objective 3)

3.5 Meeting Effectiveness

The Board did not request any item be rescheduled.

CONSENT AGENDA

The following items were approved by consent / without discussion:

4.1 The Board approved the Minutes of the Board Meeting held on 23rd March 2022 *previously circulated as Paper 4.1A and Confidential 4.1B*

4.2 The Board approved the Quality Strategy *previously circulated as 4.2*

4.3 The Board approved the Compliments, Concerns and Complaints Policy *previously circulated as 4.3*

4.4 The Board approved the CEO Selection Committee Terms of Reference *previously circulated as 4.4*

4.5 The Board approved the Meganexus Agreement Contract *previously circulated as 4.5*

Matters arising: None

Next Meeting 8th June 2022

CONFIDENTIAL ITEM

5.1 MCA Report *previously circulated as 5.1, Annex 1 and Annex 2*
5.1a Report Findings and Response
Minuted separately