

MILTON KEYNES COLLEGE GROUP

CORPORATION BOARD MEETING

Minutes of the meeting held on 20th December 2022

Microsoft Teams

08:30 – 09:05

Board Members	Category of Governor	Attendance Record 2022/23	Present at this meeting
Maria Abbas (joined 25/11/22)	Student Governor	1 of 1	N/A
Sally Alexander	CEO	4 of 4	Yes
Richard Bartlett-Rawlings	Independent	3 of 4	Yes
Alan Cook	Independent	4 of 4	Yes
Peter Cox	Independent	4 of 4	Yes
Kaye Dwight	Staff	4 of 4	Yes
Mat Gotkowski	Independent	4 of 4	Yes
Sean Hainsworth	Staff	3 of 4	No
Jacob Jempson (joined 25/11/22)	Student Governor	1 of 1	N/A
Shalom Lloyd	Independent	3 of 4	No
David Meadowcroft (Chair)	Independent	4 of 4	Yes
Angie Novell (joined 28/10/22)	Independent	2 of 2	Yes
Ruby Parmar	Independent	4 of 4	Yes
Charlynn Pullen	Independent	4 of 4	Yes
Ian Revell	Independent	3 of 3	Sent apologies
Gwynneth Tan	Independent	2 of 4	No
Sufian Sadiq	Independent	3 of 4	No
Neil Sainsbury	Independent	3 of 4	Sent apologies
Manish Verma	Independent	2 of 4	No
Jeremy Wilsdon (joined 28/10/22)	Independent	0 of 1	Sent apologies
Attendance % this meeting		56%	10/18
Attendance % year to date		83%	57/69

Attendees at this meeting: Annie Allen (Chief People Officer), Alex Warner (Principal: Curriculum Innovation and Pedagogy), Jason Mansell (Principal: Quality and Student Experience), Miranda Coles (Chief Financial Officer), Sam Samuels (Governance Partner), Karen Brown (Head of Governance) (clerk)

1.1 Welcome and Apologies

- Alan Cook had been asked to chair this meeting in his capacity of Vice-Chair.
- The Meeting Chair thanked everyone for attending this extra meeting.
- The Student Governors were not in attendance.
- Apologies had been received (which were accepted) from Neil Sainsbury, Jeremy Wilsdon and Ian Revell.

- No apologies had been received from Sean Hainsworth, Gwynneth Tan, Sufian Sadiq and Manish Verma.
- The Chair thanked everyone for attending this additional meeting.

1.2 Declaration of Interests

None previously declared.

2.0 Governance and Compliance

2.1 Financial Statements FY2022

Alan Cook, as Chair of the Audit & Risk advised governors that the Committee had met on 19th December when the external auditor had presented a thorough explanation of the audit process and findings and had confirmed that Buzzacott LLP expected to provide the following audit opinions:

- Financial Statements audits of the College and its subsidiaries - *unqualified audit opinions*
- Regularity assurance - *unqualified audit opinion*
- Teachers' Pension Scheme audit - *no exceptions noted*

Miranda Coles drew attention to the following headlines:

a) External Audit Post-Audit Management Report (*previously circulated as Paper 2.1A*)

- The FY22 operational surplus was £1.202m (FY 2021 £1.293m) which was better than forecast (£480k) in July 2022.
- The Group's total reserves have increased by £34m, largely due to a revaluation of the pension deficit (following an increase in discount rates), resulting in net assets of £12.6m (FY 2021 net liabilities £21.5m).
- Net current liabilities were £1.799m
- There were seven recommendations arising from the audit (6 medium priority and one low priority). The Audit & Risk Committee has approved the management responses and will be tracking progress against these recommendations in the current cycle. The medium priority recommendations relate to:
 - The year-end process
 - Bursaries
 - Incomplete personal records
 - Expenditure authorisation
 - Subsidiary processes*
 - The Code Maker Academy Limited (the accounts for FY2021 have been restated)

*The trading subsidiaries which are Code Makers Academy Ltd (CMA) and MKC Commercial Ltd (MKCC) are both employment vehicles for the IoT / Group respectively. Going forward, consideration will be given to whether both companies are required. The Board agreed to write off the loan to Milton Keynes Manpower Forum (MKMF) at the meeting on 5th October 2022. At the Board meetings on 19th December, the Directors of MKMF and Prison Education Training Services (PETS) agreed to dissolve both of these dormant companies (subject to Audit & Risk Committee¹ and Corporation approval).

¹ Approved by Audit & Risk Committee 19th December 2022

- The report describes the pre-identified risks and the results of the external audit findings.
- The contingent liability for the Teachers' Pension Scheme (TPS) grant is increasing which is adversely affecting the current ratio. It may be a situation unique to the College due to a significant reduction in teaching staff when the prison contract was retendered. The new prison contracts may address the position in part. The Audit & Risk Committee has requested this situation be resolved.
- The list of Related Party Transactions is overstated and will be reduced.
- The key ratios are benchmarked against other Buzzacott colleges and the sector. The College needs to address its current ratio (see comments above re TPS liability).
- Based on the current ratio, EBITDA and borrowing as a percentage of income (the College has no borrowing), the financial statements for FY2022 indicate that the College would receive a financial health score of 180 (category 'good'). There are proposed changes to the financial health calculator so that only the current ratio and EBITDA will be included which could result in the College being re-graded as 'requiring improvement' (however feedback from the sector is that the ONS reclassification may have deferred this proposed change). This will be raised with the ESFA in January.

The match funding contribution (£3.7m) for the CTF already poses a risk that the College may move to a financial health score of 'requiring improvement' under the current calculation. In this event, the ESFA is expected to be tolerant of a temporary dip in the score subject to a managed recovery plan. In the meantime, the Audit & Risk Committee has requested more information on strategies to improve the financial health score.

b) Reports and Financial Statements for the year ended 31 July 2022 (previously circulated as Paper 2.1B)

- The draft reports and financial statements (Paper 2.1B) include the Board's strategic report (including going concern), statement of corporate governance and internal control, statement of regularity, propriety & compliance and statement of responsibilities.
- The document (which was circulated on 15th December), is largely complete but is subject to final review and proof reading (Peter Cox and Mat Gotkowski have already provided feedback). The Audit & Risk Committee is proposing that the Board delegates authority to two Committee members (Alan Cook and Richard Bartlett-Rawlings) to approve the final version for signing by the CEO and Chair of Governors.

c) Reconciliation of P12 to the Financial Statements (previously circulated as Paper 2.1C)

- This will be circulated this week (awaiting information from the auditors).

Action 1: Miranda Coles

d) Representation letter from the College to External Audit (previously circulated as Paper 2.1D)

- The letter confirms that all relevant matters have been declared to the auditors.

e) Going Concern Statement (previously circulated as Paper 2.1E)

- A cashflow forecast has been produced confirming solvency for the next twelve months (to December 2023) which will be circulated.

Action 2: Miranda Coles

- The ONS re-classification (colleges are now public sector bodies) has led to some changes to the timing of funding payments.
 - MK College Group is debt free.
- f) Regularity Self-Assessment Questionnaire (RSAQ) (previously circulated as Paper 2.1F)
- Circulated for assurance (approved by the Audit & Risk Committee).
- g) Committee Annual Report (previously circulated as Paper 2.1G)
- At the meetings on 24th November 2022 and 19th December 2022, the Audit & Risk Committee had reviewed the positive external annual audit report and the College's financial statements and received assurance on a range of other matters.
 - Due to the assurances received at the meetings and throughout the year, the Committee was able to give its opinion (which was included in Paper 2.1G) that *'in so far as the Committee was aware, the College does have an adequate and effective framework for governance, risk management and control and has fulfilled its statutory responsibility for the 'effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets'.*

On the recommendation of the A&R Committee the Board

Noted the:

- **External Audit Post-Audit Management Report** (Paper 2.1A)
- **Regularity SAQ** (Paper 2.1F)

Approved the:

- **Report and Financial Statements for the year ended 31 July 2022 for signing, subject to final approval by Alan Cook and Richard Bartlett-Rawlings** (Paper 2.1B)
- **Representation letter from the College to External Audit for signing** (Paper 2.1D)
- **Going Concern Statement** (previously circulated as Paper 2.1E)
- **Audit & Risk Committee's Annual Report for 2021/22** (Paper 2.1G)

CONSENT AGENDA

The following items were noted without discussion:

- 3.1 Subsidiaries Financial Statements FY2022**
- PETS Ltd** (previously circulated as Paper 3.1A)
 - MKMF Ltd** (previously circulated as Paper 3.1B)
 - CMA Ltd** (previously circulated as Paper 3.1C)
 - MKCC Ltd** (previously circulated as Paper 3.1D)
 - Representation letter from the College to External Audit (CMA)** (previously circulated as Paper 3.1E)
 - Representation letter from the College to External Audit (MKCC)** (previously circulated as Paper 3.1F)

3.2 The Minutes of the Board Meeting held on 14th December 2022 were deferred to the next meeting

Next Meeting: 8th February 2023

A handwritten signature in black ink, appearing to read 'D Meadowcroft', written in a cursive style.

Approved 8 February 2023
Chair of Governors – David Meadowcroft