

Special FE Corporation Minutes

Meeting held on Thursday 28th April 2022 at 5.30pm, via Teams

Governors: Fabienne Bailey, Rachel Beeken, Stuart Blackett (Corporation Vice Chair and Chair of Capital Group and Selection Panel), Subhash Chaudhary (Chair of Audit Committee), Phil Cook (Chief Executive and Group Principal), Louise Davies (Chair of Finance and Employment Committee), Martin Gray, Katy Ludgate, Dot Smith (Chair of Standards Improvement Committee), Anne Vickers, Mark White (Corporation Chair) and Mark Wilson.

Apologies: Sam Beel, Paige Costello, Rob Mitchell and Gary Wright

Officials: Jason Faulkner (College Principal, Redcar and Cleveland College), Lesley Graham (College Principal, Stockton Riverside College), Phil Hastie (Group Executive Director Planning and Infrastructure), Gary Potts (Group Vice Principal Business, Innovation and Partnerships), Fiona Sharp (Group Executive Director Finance), Kay Taylor (Group Director of HR), Sarah Thompson (Clerk to the Corporation) and Sam Young (Governance Support Officer).

22/35 **Agenda Item 1 – Welcome, Apologies**

The Corporation Chair welcomed governors and officials to the meeting and explained that items on the agenda had previously been considered by the Capital Group and the Finance and Employment Committee; the board would consider an overview of capital projects and their financial impact before being asked to take a decision on approving the proposed land purchases.

Governors **noted** apologies from Sam Beel, Paige Costello, Rob Mitchell and Gary Wright; the Clerk confirmed that the meeting was quorate.

22/36 **Agenda Item 2 – Declarations of Interest**

Mark White declared an interest as Chair of the Thornaby Town Deal Board.

Agenda Item 3 – Capital Projects Update

22/37 **3.1 – Overview of Capital Projects progress**

The Group Executive Director Planning and Infrastructure presented a report on the Group Property Strategy and related major capital projects and updated governors on developments since the overview had been circulated. The Corporation Chair, having taken advice from the chairs of the Capital Group and the Finance and Employment Committee, had agreed to select Britcon as the preferred contractor for the Clean Energy Education Hub (CEEH) and T Levels projects at Redcar and Cleveland College (RCC). Submissions from three of the contractors who had tendered for the RCC projects had been assessed and, using the same agreed approval process, Surgo had been selected as the preferred contractor for the Bede Expansion project. He confirmed that work with both contractors was progressing to the necessary timescales.

The Group Executive Director Planning and Infrastructure added that the decision by the Department for Education (DfE) on the Wave 4 T Level funding application for Stockton Riverside

College (SRC) had been delayed and was now anticipated to be made in the autumn; [REDACTED] there was still no definitive timeline available for the next round of Further Education Capital Transformation Fund (FECTF) bids, though an announcement was expected imminently.

The Chair of the Capital Group reported that the group's members had been pleased with the progress made by the Group Executive Director Planning and Infrastructure and the capital projects team and that they had supported the approach taken to contractor selection.

[REDACTED]

Governors **noted** the report and verbal update on progress in relation to major capital projects.

22/38 3.2 – Financial Impact of Capital Projects

The Group Executive Director Finance had provided a report, circulated in advance of the meeting, and gave a supporting presentation, circulated to governors after the meeting. She explained that the high-level financial information provided in the report was based on detailed work, mapping the five major capital projects to the end of the 2025 financial year. She added that she and Ian Davies, the Capital Development Director, were keeping the financial modelling under constant review and that this fed into daily cashflow forecasts. She added that she was confident that, based on this review, the major capital schemes were financially affordable, with the main focus on cashflow timings.

The Group Executive Director Finance's presentation included the following:

- Major capital projects set out in priority order with the confirmed or planned percentage of grant funding and Etc. contribution.
- Income and expenditure forecasts for the financial years 2022 to 2025 which had also been reviewed by the Chief Executive and the Group Executive Director Planning and Infrastructure and considered realistic and prudent. These included the cumulative cash generated and a forecasted EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) [REDACTED]. The staff cost to income ratio would remain an area of focus.
- High level assumptions for income and pay and non-pay costs included in the forecasts for 2022 to 2025 with efficiencies driven through Business Planning / Performance Review (BP/PR).

[REDACTED] Efficiencies would be driven by and tested at BP/PR and the assumptions for income lines were prudent.

- The cash position based on the group's short term cash flow (STCF) model, which had been reviewed by an external consultant, Robert Griffiths. [REDACTED]

A governor commented on the comprehensive modelling presented and asked if any sensitivity analysis had been undertaken on, for example, delays and rising costs. The Group Executive Director Finance explained that modelling had taken place in collaboration with the Capital Development Director and Richard Shaw of GenNorth on timing and possible overspend. They anticipated using value engineering to reduce costs and some cost contingencies had already been incorporated. The Group Executive Director Planning and Infrastructure added that the NETA project was currently the biggest unknown in terms of DfE funding and that the financial model would need to be reviewed should other funding need to be explored.

The Chair of the Capital Group welcomed the thoroughness of the work undertaken and added that he and the Chair of the Finance and Employment Committee would be meeting with the Group Executive Director Finance to discuss financial affordability in greater depth. [REDACTED]

A governor commented that they were experiencing delays in supply chains and building materials in their own organisation and asked if longer lead times would bring any particular risks. The Group Executive Director Planning and Infrastructure commented that the group could seek to negotiate longer timelines with the DfE for the Wave 4 T Level project due to the delays in announcing the outcome. The risks from delays would be greater for the two RCC projects and particularly the Bede Expansion project but timescales would be monitored closely.

- [REDACTED]
- The capital project finance management strategies in place to ensure the areas of focus identified were managed appropriately and that any additional cash needs would be flagged early.

The Group Executive Director Finance concluded by offering governors the opportunity to contact her directly if they had any further questions following the meeting.

The Chair of the Finance and Employment Committee confirmed that the finances looked positive and expressed confidence in the advice sought from an experienced external consultant, Robert Griffiths. She added that strong controls and mitigations were in place though, inevitably, there would be some circumstances out of the group's control.

Governors **noted** the detailed financial analysis undertaken to date demonstrating that the major capital projects as reported to members were affordable to the group; governors also **noted** the ongoing work to further refine the assumptions and that sensitivity analysis would be applied.

22/39 3.3 – Land Purchase - Teesdale

The Group Executive Director Planning and Infrastructure presented the previously circulated report [REDACTED]

The Group Executive Director Planning and Infrastructure confirmed that the purchase of the two plots of land had been considered by both the Capital Group and the Finance and Employment Committee, with purchase recommended to the FE Corporation. He added that, under the group's Financial Regulations, FE Corporation approval was required for any land purchase.

[REDACTED]

The chairs of the Capital Group and the Finance and Employment Committee both confirmed that their respective members fully supported the recommendation to purchase the two plots of land.

[REDACTED]

Governors **approved** authentication of use of the college seal by the Vice Chair and one further governor or the Chief Executive and one further governor in the absence of the Corporation Chair.

22/40 **Agenda Item 4 – Any Other Business**

Governors were reminded of the deadline for Corporation Vice Chair applications on 5th May; the job description and application form would be recirculated the following day and interested governors were invited to contact the current Vice Chair or the Clerk to the Corporation for an informal discussion. The Clerk confirmed that one application had been received to date.

22/41 **Agenda Item 5 – Approval of Documents for Public Inspection**

It was **agreed** that the agenda and supporting documents of the current meeting be made available for public inspection; reports for all agenda items were considered commercial in confidence. Minutes would be made available following approval and consideration at the next meeting.

22/42 **Agenda Item 6 – Date, time and venue of next meeting**

Thursday 12 May 2022, 5.30 pm, Redcar and Cleveland College (H202)

All officials left the meeting with the exception of the Group Director of HR, the Clerk to the Corporation and the Governance Support Officer.

22/43 **Agenda Item 7 – Chief Executive Recruitment (confidential to governors)**

The Group Director of HR presented her circulated report and confirmed that applications had closed the previous day, 27th April. An overview of the Assessment Centre schedule and an updated key risks table, reviewed by the Selection Panel at its meeting on 7th April, had been included in the report; the series of panels listed in the schedule had been designed to provide a robust selection process. She added that day one of the assessment centre would take place at Stockton Riverside College (SRC) and then further shortlisting would take place before day two to be held at Gisborough Hall. She highlighted that FE Associates (FEA) had been very responsive throughout the process [REDACTED] The Selection Panel was reviewing the candidates' written applications and initial recorded interviews with Jo Johnston from FEA and would be meeting on 4th May to shortlist. The Group Director of HR added that the 23rd and 24th May had been pencilled in as a back up plan should an Ofsted inspection be announced for the week beginning 9th May.

Selection Panel members thanked the Group Director of HR, the Clerk and Governance Support Officer for all their work during the selection process. They agreed that the assessment centre schedule would be exacting and that there was a good field of high quality applicants. [REDACTED] The Group Director of HR thanked governors for the input that they had made early on in the process at the Governors' Strategic Conference.

Governors:

- i. **noted** the significant progress made to date, with both the budget and timeline met;
- ii. **agreed** to delegate to the FE Corporation Chair any decision to amend Selection Panel membership where this was required due to unavoidable absence of a Selection Panel member, for example, due to illness;
- iii. **noted** that reports to and discussions at the meeting should be regarded as strictly confidential pending announcement to staff and stakeholders.

Governors **noted** the update.

22/44 Agenda Item 8 - Key Themes

- Update on major capital projects progress and their financial affordability
- Agreed the purchase of two plots of land on Teesdale and authentication of the use of the college seal approved
- Reminder of deadline and process for Corporation Vice Chair applications
- Confidential update to governors on progress made in recruitment to the post of Chief Executive and Group Principal, including schedule for Assessment Centre days and review of key risks

(The meeting ended at 6.15 pm)

Approved at a meeting held on 7th July 2022