

Minutes of the meeting (electronic) of the of the IEG Corporation Finance and Resources Committee (FRC) held at 1630 hrs on 6 May 2021.

<b>Present</b>	Rod Allerton	Ian Jackson (Chair)	Janet Meenaghan (CEO)	Rachel Nicholls (DCEO)
	David Pennell (Chair)			
<b>In Attendance</b>	Rob Cottrell (GDITDI)(till 55/20)	Ralph Devereux (IGD)	Jacqui Fleming (GDEHS)(58/20b on)	Alison Fox (EDBD)
	Emma Graham (GDF)	Catherine Hall (PCEDHR)till 54/20)	Carol Hargreaves (SCHHeadHR)(till 54/20)	Louise Perry (CFO)
<b>Apologies</b>	Dean Duffield	Mike Rabbett	Jacqui Fleming (late arrival)	

#### 52/20 ELIGIBILITY, QUORUM, DECLARATION INTERESTS AND MEMBERS

The apologies were accepted. No notice had been received of any Member becoming ineligible to hold office, the meeting was quorate and there had been no interests declared.

#### 53/20 STANDING ITEMS

- a. Re attendance, some job titles were amended, the Minutes of the last meeting (16.03.21) were then confirmed for signature. **(Action 1)**
- b. Actions from the last meeting were considered, all .

		Status
	See referenced minute for full action.	
<b>Action 1</b>	39/20a. Last Minutes confirmed for signature	<b>Complete</b>
<b>Action 2</b>	39/20d. Urgent Business agreed.	
<b>Action 3</b>	43/20a. AR/VR funding approved,	
<b>Action 4</b>	43/20b. Top up funding (£12.635 max) for job shop approved.	
<b>Action 5</b>	43/20c. Funding (if reqd) £6k for CC approved.	
<b>Action 6</b>	45/20. Treasury Policy to be considered in time.	
<b>Action 7</b>	45/20. Budget and Capital Planning detail rec to Corporation.	
<b>Action 8</b>	46/20. Estates Strategy approved.	
<b>Action 9</b>	48/20. Offer for SC masts to be invited.	
<b>Action 10</b>	49/20. APT letter of support rec to Corporation.	

- c. Urgent Business. There was no urgent business requested.

**The information was received and noted;  
Actions had been noted. (Register at 66/20).**

#### 54/20 HUMAN RESOURCES (HR)

- a. Update. The comprehensive Group HR report including individual College detail, examined HR activity, legal compliance, added value and best practice since the previous meeting. The narrative was supplemented by graphical and tabulated information, benchmarked against Association of Colleges (AoC) data where appropriate and scrutinised the Key Performance Indicators (KPI), had been detailed in the document. Members noted that some detail had been affected in the aftermath of the recent cyber-attack and was not fully up-to-date. Combined staff absence was noted as continuing in line with the sector average and rated "Green", the mental health element, measured by the proportion of time off for related reasons, at SC was 18.4 and at PC had reduced, but remained higher at 38.8% (IEG 28.6%); all staff had now returned to College excepting one with additional difficulties. Staff

turnover at each college continued to reduce, possibly through Covid related issues although the high level of staff welfare and the supportive management undoubtedly contributed. There was one disciplinary process underway at PC, 4 had been resolved, there were none underway at SC and 2 had been resolved. There had been one capability issue at PC and 2 had been resolved. The grievance at PC on appeal last month had now also been resolved. A long standing Employment Tribunal at PC continued to progress towards hearing, the Executive re-affirmed the intention to see the process to conclusion, which governors supported. **(Action 2)** The report concluded with a "Post Merger" update, which was considered by each item and noted.

- b. Staff Satisfaction (SS) Survey. A group staff satisfaction survey had been completed, the initial results had been tabulated and, where possible, compared with the results from last year at Appendix 3a. Responses had been: 52% from PC; 39% from SC; 4% from University Centre Peterborough (UCP); 1% from commercial operations and 4% preferred not to say. The positive outcome particularly with communications, college management and staff "being able to say what they think" had been very welcome and evidenced considerable progress, particularly at PC. Results would be closely analysed before change and as they have already been submitted to York College for national benchmarking.
- c. Covid Impact. The information explaining recovery from lockdown was noted and received.
- d. The Heads of HR were thanked for clear and full reports and they left the meeting.

**The information was received and noted.  
Actions had been noted. (Register at 66/20).**

#### **55/20 CYBER SECURITY (OUT OF AGENDA ORDER)**

A comprehensive paper updating on the recovery plan, an indication of associated costs and a forensically informed and interactive presentation of the attack including 15 recommendations from Sophos was presented by the GDITDI. The summary report provided an explanation and timeline of key events, starting with the compromising of a user account at 1626 on 15 March and detailing events until successful conclusion of the incident over the weekend of 20/21 March 2021. The full Report was at Appendix 1 and Appendix 2 was an example of the monitoring dashboard now available to the IT team. The tabulated full system recovery detail was noted. It had become apparent that the incursion process was frequently used in such attacks across the Further Education (FE) sector; the Department for Education (DfE) and Association of Colleges (AoC) were fully aware and national cyber agencies were involved. The attack had significantly raised staff awareness of vulnerability, evidenced by a greatly increased number of enquiries for reassurance around received electronic messages and strong warnings of the essential need to separate personal and professional data and passwords had been noted. Multi Factor Authentication (MFA) would be introduced where practical and ongoing Sophos recommendations would be actioned and continuously updated as required. Staff training would be modified, as necessary. As yet undetermined costs incurred were confidently assessed as relatively low at c£25/30k and the insurance would partly reimburse, some similar attacks had incurred far greater sums. Members thanked the GDITDI for the Report and for the work by the team; he then left the meeting.

**The information was received and noted.**

#### **56/20 FINANCE (OUT OF AGENDA ORDER)**

Management Accounts. The comprehensive (period 8) report accurate to 31 March 2021, was discussed, the Group ytd surplus of £789k was partly due to the lockdown effect although that was now reducing. The continuing process of analytical "deep dives" into individual forecast areas was proving positive, for example whole year payroll would be lower. The Adult Education Budget (AEB) clawback threshold had now been confirmed as 90% of allocation. The financial data was discussed, detail was graphically presented, supported by individual explanations and had been RAG rated. The overall position was progressively strengthening, although, together with the staff cost percentage and the current ratio (CR), had been prudently amber rated. The cash position, at the annual low position (£5.6m) but remained strong and "green rated" with 47 cash days. Commercial Income remained "red rated" prompted by the latest lockdown but

had performed well and would be considered later in this item. The I&E summary detail by Group and individual Colleges was discussed and noted; there was nothing particular to bring to members' attention. The Capital Plan would be considered later in this report. The Balance Sheet was noted.

**The information was received and noted.**

## **57/20 SUBSIDIARIES**

The financial performance of each of the subsidiaries (IEG departments) was then considered.

- a. University Centre Peterborough (UCP) Despite a low number of withdrawals, income remained in line with the forecast £5.7m evenly spread over the 33 week academic year, costs however were evenly spread throughout the year resulting in a year end dip. The present forecast surplus was a healthy £719k and that had prompted discussion; it was likely that some "recharging" for provided services were inappropriately balanced and a review of shared services costs was planned (**Action 3**). The operational update, particularly on non-pay activity was noted.
- b. Anglia Professional Training (APT). APT provided specialist accountancy and business training in Peterborough. Some (Covid related) deferred starts had re-engaged in September however this had not compensated for the 50% reduction in new starts and the effect of the second lockdown and income was lower than expected. The ytd surplus however was currently £46k and with on-line provision the forecast year-end position should be improved. The operational update, particularly re apprenticeships and the benefit of the "targeted level 3 adult offer" was noted.
- c. Quality Resourcing Solutions (QRS). QRS provided agency staff for the Group and provided a more business familiar employment arrangement for support and business posts. IEG was the sole client and, accordingly the accounts remained in balance. However, YTD savings of £69k had been made.
- d. Catering. Covid operating restrictions meant that both catering functions were running at an increased deficit, currently c(-£173k) however it was difficult to reduce with the current need to preserve "bubbles", use of several outlets and use of cash payments instead of vouchers. Income had reduced but budgetary impact had been reduced through savings on direct costs.
- e. Nursery. The Nursery was back to full operational capacity and should provide a positive surplus although performance had been affected by Covid related closures and consequent impact on fee income (c-£31k), which however had been partly offset by other income sources.
- f. Other Commercial Activities:
  - (i) Stamford Subsidiaries. The overall ytd contribution of £86k had been challenged by the deficit from the Fitness Centre. However, growth in business volume at the MOT Centre and Gas Training continued resulting in a strong performance. Stamford Fitness re-opened in August but closed again on 5 November (lockdown) during this time membership had grown to 151 however the new building and improved facilities should promise a sound future. Ambitions had been closed and after re-opening some financial benefit was expected.
  - (ii) AM2 Electrical Training Centre. The Centre had re-opened on 28 September, returning a reduced performance against the original plan however it had been closed again and it was likely that a break-even result could be achieved at year end.
  - (iii) Peterborough Skills Academy (PSA). In response to a question regarding PSA Ofsted inspection report, which had been discussed at the last meeting it was explained that the PSA Board had met twice in 3 days and determined a recovery plan. A specialist external consultant had been appointed and the recommendations had been drawn into an action plan. The intention remained to support PSA through to a successful

re-inspection and then to assess the future relationship; the re-inspection would be within 4 months of the original date.

**The information was received and noted.**

**Actions had been noted. (Register at 66/20).**

#### **58/20 CAPITAL UPDATE**

The forecast capital expenditure for 2020.21 was c£5.15m/£5.3m, the variance was an underspend (£160k) on the Bordeville project; actuals/forecast costs were tabulated at Appendix 1 and individual progress was at Appendix 2. The Bordeville extension and the Department for Education (DfE) condition funding projects had been completed:

- a. Budget - £1.911k. The actual spend was £14k over budget, which would be accommodated in the overall Business as Usual plan;
- b. Merger Systems – £220k. The actual spend was £58k, which was explained as over budget, which would also be accommodated in the overall Business as Usual plan;
- c. Business as Usual. The overall budget was £984k and (including the transfers above) expenditure was £984k;
- d. In-year. Continuing projects at PC, as discussed at the last meeting, were relocation of the apprenticeship team to be succeeded by the occupation of the vacated space by the Maths to provide an Augmented Reality Room;
- e. Construction Centre. The signed funding agreement was awaited from the Greater Lincolnshire Local Enterprise Partnership (GLLEP) and their approval had been sought to appoint through the “PAGABO Framework”. The associated tight timescales required the process to be actively progressed; “Lindum” had now been appointed as contractors and the project manager that had overseen the Bordeville project had also been appointed. The grant was time limited to 31 March 2022 and Lindum were expected on-site by July. Availability of building materials and skilled bricklayers was challenging at present.
- f. Device Loan Recovery. A recovery plan for devices loaned for remote working had been established. The arrangements included, as a final contingency of 3 return options, extension for students who required their device to complete. Write off expectations were expected to be similar to normal years.

**The information was received and noted.**

**Actions had been noted. (Register at 66/20).**

#### **59/20 CAPITAL PLAN 2021-24**

- a. 2021.24The Government had indicated that future investment in the national FE Estate would continue and this had informed the initial capital planning thinking for the next 3 years. It was necessary to determine whether the Corporation was minded to vary the Group approach to capital investment particularly relating to matched funding projects which provide value for money (VFM) through a solid return for reduced expenditure. It was suggested that the Group Strategic Objective 2 (Financial Sustainability) could be examined and possibly refocused, the guiding and informing measures for the Objective were detailed in the paper together with the present cash holding, borrowing and cash inflow requirements. These limits could be varied to allow greater use of the greatly improved grant funding availability over the next 2/3 years at least, detailed in the paper, to upgrade the Group estate. This availability could prove to be the catalyst for increased ambition and adoption of a bold Group capital plan. It was agreed that this issue demanded careful and detailed consideration but that was impractical at present since members were unfamiliar with either PC of SC campuses through Covid measures since merger. Accordingly, it was unanimously agreed to complete a site familiarisation before the next Committee meeting on 15 June 2021; the tour would start at 1430 and lead into a live meeting in the Boardroom at 1630. A strategic planning day was planned for the summer, although a date had not yet been agreed, at which the process would be fully considered.  
**(Action 4)**

- b. 2021.22. The draft plan for 2021.22 was detailed in the first column of the 3-year plan and would be included in the discussions arranged in the previous paragraph. However there were elements of that annual plan that would require completion during the summer break and, to allow the necessary lead in time, the listed projects (page 80) to a total of £647,881 were all approved for implementation. **(Action 5)**

**The information was received and noted.**

**Actions had been noted.** (Register at 66/20).

#### **60/20 HEALTH AND SAFETY (HAS)**

HAS matters had been drawn into an informative report . Good progress was being made with the alignment of procedures with a target date for completion of the start of the next academic year, despite Covid related priorities in focus. The new IEG HAS Framework was developing and staff training was planned for the Staff Development week tbh in June. The first Group HAS Report, comprising 11 sections, was discussed and it was noted that “Departmental Audits” had been suspended during closure as focus on Covid related issues and safety of on-site contractors had been prioritised, the programme had been resumed and would be completed by the half-term break. The RAG rated table was noted and assurance that the 6 red rated areas, such as “Sport” were under active review was welcomed. The unusual pattern of college activity over the last 12 months had precluded any comparisons with previous years but a near miss log was included and was noted. The accident register was noted, in particular, the RIDDOR reportable injury. There had also been an incident at PC relating to chemical management in the science labs which had prompted a specific report, including recommendations. to the Executive on 4 May 2021.

**The information was received and noted.**

#### **61/20 CARBON REPORT**

Effective from March 2021, college had been encouraged to publish an Energy Carbon Report; the first IEG copy was attached; subsidiaries were not included. The Report had been produced quickly to meet the publication deadline; although the detail included fully met the reporting baseline. It was emphasised that the document was a first attempt, which would be developed over the coming years to monitor performance against the planned Environmental/ Sustainability Strategy. The report was agreed as an important first formal initiative which would in time allow benchmarking and best practice to evolve. Considerations then included wider green agenda inherent in the Group strategy, and wider issues, for example, whether to be carbon neutral or zero; there was no doubt that this subject would become increasingly focused. Some such matters were already addressed such as the inclusion of “waste associated” matters in the Group Self-Assessment Report (SAR).

**The information was received and noted.**

#### **62/20 2021/22 FEES POLICY**

The Fees Policy required annual scrutiny and approval by the Corporation. The 2020.21 Policy had been updated for accuracy and to record changes in status, all highlighted in yellow. Members welcomed the amended document and recommended it to the Corporation for approval. **(Action 6)**

**The information was received and noted.**

**Actions had been noted.** (Register at 66/20).

#### **63/20 PARTNERSHIP AND SKILLS**

The comprehensive report on partnerships and skills was considered; there was little change from the last report. The focus on recruitment for the coming year had proved successful and resulted in 200+ enrolments. Additional funding had been provided from the Cambridgeshire and Peterborough Combined Authority (CPCA) and the Education and Skills Funding Agency (ESFA) to support those learners aged 24+ with their first Level 3 qualification over a range of subjects. The CPCA allocation would support accountancy learners at APT. It was recommended that those learners seeking an Adult Care qualification under the ESFA

allocation should be mostly sub-contracted to Learning Curve at a value of £50k;(the exception being some direct Adult Care delivery); the recommendation was accepted and approved. **(Action 7)**

**The information was received and noted.  
Actions had been noted. (Register at 66/20).**

**64/20 URGENT BUSINESS**

There had been no requests for urgent business.

**65/20 NEXT MEETING**

The next meeting would be at 1630 on 15 June 2021 (preceded by a site visit at 1430)

**66/20 ACTION REGISTER**

See referenced minute for full action.		Resp	Date
<b>Action 1</b>	53/20. Last minutes (16.03.21) confirmed for signature.	<b>GD</b>	<b>wie</b>
<b>Action 2</b>	54/20a. IT process to be continued to resolution.	<b>CEO</b>	
<b>Action 3</b>	57/20a. UCP recharging parameters to be revised.	<b>CFO</b>	
<b>Action 4</b>	59/20a. Next strat planning day to consider capital strategy.	<b>CEO</b>	<b>asap</b>
<b>Action 5</b>	59/20b. Summer capital works approved.	<b>CFO</b>	<b>wie</b>
<b>Action 6</b>	62/20. Fees Policy recommended to the Corporation.	<b>Chair</b>	<b>05.07.21</b>
<b>Action 7</b>	63/20. L3 Adult Care subcontracted to Learning Curve	<b>EDBD</b>	<b>wie</b>

*Ralph Devereux (Clark) for David Pennell (Chair)*

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Final Audit Report

2021-06-18

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