



Minutes of the meeting of the IEG Corporation Finance and Resources Committee (FRC) held at 1630 hrs on 5 May 2022.

Present	Rod Allerton	Fatima Keegan (Items 52/21b on)	Janet Meenaghan (CEO)	Ian Jackson (Acting Chair till 51/21) (till 55/21)
	Rachel Nicholls (DCEO)	David Pennell (Chair)(51/21on)		
In Attendance	Ralph Devereux (IDG)	Jacqui Fleming (GDEHS)(till 53/21)	Emma Graham (GDF)	Carol Hargreaves (GDHR)(till 52/21b)
	Louise Perry (CFO)	Joanne Ulyatt (DG. (Observer))		
Apologies	Dean Duffield	Fatima Keegan (Late arrival)	David Pennell (Late arrival)	

The Chair had advised that he was running late and asked for the meeting to start on time, he would join as soon as possible; it was agreed that Ian Jackson would act as interim Chair. **(Action 1)**

49/21 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. An agenda related interest was declared re Item 6 (see 53/21).

50/21 STANDING ITEMS

a. The Minutes of the last meeting (15.03.22) were confirmed for signature. **(Action 2)**. There were no matters arising from the minutes.

b. Actions from the last meeting were considered, all had been completed or were proceeding.

See referenced minute for full action.		Resp
Action 1	36/21b. Agenda business order re-arranged	
Action 2	37/21a. Last minutes (31.01.22) confirmed for signature.	
Action 3	37/21b. UCP finances re influence on IEG to next meeting.	
Action 4	38/21d. Options for AM2 to next meeting.	
Action 5	39/21. Does MS detail include HAVS? Pass info to Chair.	
Action 6	39/21. Can number of “clicks” on the EAP site be identified.	
Action 7	39/21. Accidents detail at each site to be checked.	
Action 8	40/21. Option 2 increased to 1.5% rec to the Corporation.	
Action 9	40/21. Exec consider staff in 40/21a and include in recommendation.	
Action 10	41/21. Consideration to be given to a Group Energy Audit	continuing
Action 11	41/21. Budget principles approved.	
Action 12	43/21. Overspend on Construction Centre approved.	
Action 13	44/21. Signature approval limits recommended to Corporation.	
Action 14	45/21f. Further legal advice on PSA valuation to be taken	

re Action 10. Arrangements were underway to complete the process.

c. Urgent Business. There was no urgent business.

The information was received and noted;
Actions had been identified. (Register at 61/21)

51/21 HUMAN RESOURCES (HR)

The initial section of the report 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 included the Key Performance Indicators (KPI) obtained from iTrent the HR/Payroll system; University Centre Peterborough (UCP) detail was shown discretely. Staff absence was above target and amber rated and was discussed. The details from each college were differently based, for example there was a higher proportion of contract workers at SC and this could explain the differences; it was agreed to research this issue and agree a suitable methodology-(**Action 3**) Rolling annual staff turnover at each location remained a concern, it had risen once more and the attraction to Anglia Ruskin University Peterborough (ARUP), who it appeared were targeting staff, remained a challenge; the inclusivity and completeness of this RAG red rated data was discussed. Vacancies continued to be hard to fill and measures at each College were explained. The tabulated employee relations case work showed Group totals as 15 disciplinary, 10 capability and one grievance (now resolved) through the academic year. Harmonisation continued to progress with implementation of the Single Central Record (SCR) capability and payroll, although the latter included some continuing challenges, and staff restructuring continued. Review-and production of Group Policies continued; a Hybrid Working Policy, facilitating increased work-from-home (WFH) opportunities was currently under review. The demanding and heavy associated staff workload was understood and all were thanked for their contribution.

The information was received and noted.

Actions had been identified. (Register at 61/21)

David Pennell joined the meeting and assumed the Chair.

52/21 HEALTH AND SAFETY (HAS)

- a. Report. The comprehensive HAS Report, was presented, challenged as necessary and discussed. Occupational Health was noted, in particular, the proportion of absence between stress/poor mental and physical health. The rolling total of on-site accidents was 114 including one requiring hospital treatment and one RIDDOR reportable; since the last report there had been 6 requiring hospital treatment and assurance was provided that there was no reason for concern and no linkage or patterns but probably due to raised awareness of possible outcomes. There had been 25 reports of "near misses" and stakeholders were frequently reminded of the importance to inform corrective pre-emptive action, to avoid an actual incident. Work to align the differing first aid processes at Peterborough College (PC) and Stamford College (SC) continued with improved facilities. Departmental Audits continued:
 - (i) PC had recorded 36 completed (22 green, 13 amber and one red), the red area (IT Support) would be re-reviewed;
 - (ii) SC had recorded 30 completed (21 green and 9 amber).

Detail of staff training and external inspections was noted. Most Covid related restrictions had now been removed, full detail was included in the paper. Other focus areas were noted.

The GD(HR) left the meeting.

- b. Carbon. The Streamlined Energy and Carbon Report (SECR) had been produced in accordance with Government guidance and was considered and discussed. It was clear that information relating to the last 2 years, subjected to changing covid related and lockdown regulations, could not realistically provide progressive comparators, it was probable that from next year (2022/23) the data would be more useful. The commitment to the process leading to the incremental development of this now comprehensive and welcome report was acknowledged; thanks were recorded to all involved. Continuing improvement was the aim, including reduced emissions and expenditure. A full range of measures to reduce energy usage and carbon emissions are being considered by IEG, this work is at an evidence collection stage. The Report was received and endorsed. (**Action 4**)

The information was received and noted.

Actions had been identified. (Register at 61/21)

The GD(EHS) left the meeting.

Fathima Keegan joined the meeting.

53/21 UCP

(Members were reminded that the DCEO & CFO were both declared as UCP Directors)

There had been recent reflections on whether some arrangements with UCP, as part of the IEG, were the most effective and a comprehensive electronic presentation then informed detailed and interactive discussions. The presentation (attached to the filed copy of these minutes) considered the "pros and cons" of possible options and adjustments to several elements and included a range of financial and other data. The current financial position led into detailed discussions around the coming year, the 5-Year Plan, the financial risks, implications of the financial guarantee required by the Office for Students (OfS) and the immediate financial risk for 2022/23. The focus then moved on to the UCP building, which would shortly transfer from Anglia Ruskin University (ARU) to IEG ownership and there was debate over the final accounting destination for the new asset; financial and other advantages and disadvantages of it sitting with the UCP or IEG were considered in the report and were compared and discussed in depth; on balance, IEG is favoured. Discussion then moved to the future status of the UCP within the Group hierarchy; it was clearly necessary for both organisations to share the vision (Aim) for the future and the associated strategy, particularly the implications of the now challenging ARUP. It was strongly desirable, if not essential, for both Governing Bodies to liaise more closely, leading to a fully integrated IEG plan to achieve the aim. Such liaison could be informal, for example, mutually shared elements of strategic planning events; it was agreed to keep an open mind on the matter until enrolments and associated prospects for 2022/23 had been established.

The information was received and noted.

54/21 FINANCE

a. Management Accounts. The current financial report (Period 8) and associated appendices were considered and discussed; the detail had been considered by the Corporation at their meeting of 25 April 2022. The previously considered, disappointing enrolments and consequent negative budgetary assumptions for the coming year had been eased through the increased 16-18 and apprenticeship base rate (51/21a) (c+£2m) and it was now expected that the financial health would not fall below "Good" for the year. The outcome of the ESFA funding audit had been previously discussed and the intention to accommodate any potential clawback in this year was again noted; there was still no indication of the amount involved. The overall current position was:

- (i) IEG of £324;
- (ii) UCP of £375; and
- (iii) APT of (£37k).

The full-year forecast was now a deficit c(£324) including reforecast of increased fuel costs and the (ESFA Audit) clawback provision but excluding the (£25k) cost of the pay award tbc later in the meeting. Members were again reminded that if the clawback exceeds the provision, it was likely that the deficit would increase. The underlying financial strength and cash position was sufficient to meet the challenges and all expenditure for the remainder of the year would be reviewed to mitigate the situation and to bring the full year forecast closer to the EBITDA target of 6%.

b. Subsidiaries and Commercial. The financial performance of each of the subsidiaries (IEG departments) and commercial activities had been individually listed in the accompanying papers and were explained and discussed. The forecast overall surplus for the subsidiaries and commercial had been reduced by £29k and that was noted. Each subsidiary was then considered individually; most would break even and previous concerns had been eased. The exception was the AM2 Electrical Centre, which was considered in the Partnership and Skills update (Item 10).

The information was received and noted.

Ian Jackson left the meeting.

55/21 CAPITAL

The report considered 3 current capital projects; each was considered individually:

- a. The Construction Centre (SC). The work on the Centre is nearing completion: the full Greater Lincolnshire Local Enterprise Partnership (GLLEP) drawdown had been achieved and the full Post 16 Capacity Fund drawdown (£1.01m) would be completed by July.
- a. The Centre for Green Technology (CGT). The bid to the DfE condition fund (£4m) had not been successful and alternatives were now being vigorously explored. Currently the Towns Fund had agreed in principle to allocate £1.9m from the Department for Levelling Up Housing & Communities (DLUHC), confirmation is expected in May/June this year. The outcome of the speculative £2m bid to the Cambridge and Peterborough Combined Authority (CPCA) Gainshare Fund was not yet known and bids for up to £1m from the Peterborough Local Growth Funds (total available £5m) closed on 29 April; active and additional support was being sought from the local MP and the CPCA. It was planned to progress the project to RIBA Stage 4, to allow the planning process to move forward to completion, the full planning application to be submitted in June 2022.
- b. PC Refurbishment. The £900k PC refurbishment bid had been successful and together with the Group matched funding (£2.1m over 3 years) would fund selective renovation of the PC campus.

The information was received and noted.

56/21 DRAFT BUDGET 2022/23

Assumptions for the next year's budget had been considered at the previous meeting (41/21 refers) that outcome together with more recent decisions had informed the outline plans, which were considered and discussed. The additional funding for 2022/23 had been allocated to favour pay costs, accordingly close verification of non-pay elements, particularly key contracts would be obligatory. Cash remained strong throughout but the projected balance sheet excluded the pension provision of c£4m pa. The detail was then considered and discussed. The "Top Level I&E" and Balance Sheets key points had been detailed and numbers tabulated until 2024/25 together with the proposed Capital Plan for the same period. During discussions, the effect of the staff pay on retention was closely explored and it was agreed to include pay modelling scenarios including a 5% increase would be included to inform those considerations. (**Action 5**) The Capital Plan clearly showed the necessity of achieving £5m grant funding for the CGT; failure would require the plan to be slowed overall. Alternative funding arrangements were considered and would be more closely explored if the necessity arose. These discussions would inform development of the 2022/25 Financial Plan.

The information was received and noted.

Actions had been identified. (Register at 61/21)

57/21 REGULATORY

Two primary Group Policies would be presented to the July Corporation meeting for consideration and approval (if appropriate). Members were asked to comment accordingly.

- a. Fees Policy. The Fees Policy included amendment to the CPCA funded courses and the individual course fees detailed at appendix were still under review; they would be finalised in the presented version.
- b. Financial Regulations. Proposed changes to the Financial Regulations, tabulated in the report, included the key amendment to the document which was the replacement of the Anti- Fraud section with a comprehensive Anti- Fraud Policy and Procedure. All changes in the document were highlighted in red type.

The draft documents (when completed) were recommended to the Corporation. (**Action 6**)

The information was received and noted.

Actions had been identified. (Register at 61/21)

58/21 PARTNERSHIP AND SKILLS

General Progress. The comprehensive report updated on progress of apprenticeships, which continued recovery from Covid related influences. Apprenticeships, Adult Learning Loans, Subcontracting, Community Learning, European Social Fund (ESF) and employer engagement; each element was explained and discussed. The numbers showed generally good progress. The main elements of the report had been listed on the cover page; of particular note was:

- a. the welcome 39% increase (over 2020/21) in apprenticeship starts now totalling 433;
- b. subcontracting with 11 partners to a total of £644k;
- c. innovation funding for 2 projects; and
- d. CPCA allocation for the Adult Education Budget (AEB) increased by £300k to a total of £2,300k;

The final 2 points attracted particular consideration:

- e. Peterborough Skills Academy (PSA). Peterborough Skills Ltd was, currently part owned by IEG, and it had been agreed in principle by both managements to dissolve the arrangement. Legal advice had been sought particularly on whether it was necessary to obtain a valuation; the advice was attached and was noted. After full discussion Members remained convinced that the issue was uncontroversial, the shares had no value, the disposal was not significant in the context of IEG and it was unanimously agreed that a valuation was unnecessary. **(Action 7)** The exit arrangements dissolution should proceed as quickly as possible; and
- f. Electrical AM2 Centre. A full review of the AM2 Centre had now been completed. The current manager, who was also the examiner was planning to retire and recruitment of a suitably qualified replacement, to the necessary required standard as dictated by the awarding body, would be extremely difficult. The business had been closed through absence of the current manager (long-term sickness), consequently the forecast £18k deficit was now £40k. The strong reasons to discontinue the business were explained in the report and had led to the closure decision, which was fully endorsed. **(Action 8)**

The information was received and noted.

Actions had been identified. (Register at 61/21)

59/21 URGENT BUSINESS

There had been no urgent business agreed.

60/21 NEXT MEETING

The next meeting would be live at 1630 on 14 June 2022.

61/21 ACTION REGISTER

See referenced minute for full action.		Resp	Date
Action 1	49/21. IJ to act as Chair until DP arrival.	IDG	
Action 2	50/21a. Last minutes (15.03.22) confirmed for signature.		wie
Action 3	51/21. Attendance data to same parameters to be researched.	GDHR	
Action 4	52/21b. ECR endorsed.	Chair	
Action 5	56/21. Effect of 5% pay rise tbi in financial plan scenarios	CFO	
Action 6	57/21. Policies recommended to Corporation.	Chair	04.07.22
Action 7	58/21e. No valuation required for PSA disposal.	DCEO	
Action 8	58/21f. Closure of AM2 Centre endorsed.	Chair	wie

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Final Audit Report

2022-06-16

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