Minutes of the meeting of the of the IEG Corporation Finance and Resources Committee (FRC) held at 1630 hrs on 31 January 2021.

Present	Rod Allerton	Dean Duffield	Fatima Keegan	Janet Meenaghan (CEO)
	Rachel Nicholls (DCEO)	David Pennell (Chair)	Faustina Yang	
In Attendance	Rob Cottrell (GDIT&DI) (till 31/21)	Ralph Devereux (IGD)	Jacqui Fleming (GDEHS) (till 29/21)	Alison Fox (EDBD)
	Emma Graham (GDF)	Carol Hargreaves (GDHR) (till 28/21)	Louise Perry (CFO)	
Apologies	Ian Jackson			

PART ONE

26/21 ELIGIBILITY, QUORUM, DECLARATION INTERESTS AND MEMBERS

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

27/21 STANDING ITEMS

a. The Minutes of the last meeting (09.11.21) were confirmed for signature. **(Action 1).** 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	14/21. Last minutes (13.09.21) confirmed for signature.	**Complete, with actions 6 and 7 to be fully implemented from next meeting**
Action 2	16/21xx recommended to Corporation.	
Action 3	16/21. Pay award decision deferred until March 2022.	
Action 4	17/21. UCP to be discussed at awayday,	
Action 5	17/21. Report recommended to Corporation	
Action 6	18/21a. Subsidiary yields to be included in reports.	
Action 7	18/21b. Key information for each activity to be reported.	
Action 8	19/21. GDPR Annual Report recommended to Corporation.	
Action 9	21/21. Support expressed for electric car chargers.	

c. Urgent Business. There was no urgent business.

The information was received and noted;
Actions had been noted. **(Register at 35/21).**

28/21 HUMAN RESOURCES (HR)

a. 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 scrutinised the Key Performance Indicators (KPI) obtained from iTrent the HR/Payroll system. Group sickness levels had increased since the last recording at 9.5 per person (pp), this could partly reflect that most staff are working back in College with more recorded sickness. Staff absence was also above target and amber rated, these data were noted and discussed. Staff turnover at each college had increased, but the rate had slowed from 60 vacancies to 45 largely thanks to new initiatives from Quality Resourcing Solutions (QRS). The inclusivity and completeness of this data, RAG rated red, was challenged and discussed; it was explained work would be undertaken towards combining the information by inclusion of UCP colleagues with FE commitments at PC&SC ("joint staff"), which would be a software challenge**.** Vacancies continued to be hard to fill and measures at each College were explained, including the "ARU Peterborough effect." There were no current disciplinary processes; PC had one capability issue and SC had a grievance, both in progress. Work towards implementation of the Single Central Record was progressing well.

b. Payroll Options. As part of budget planning for 2022/23, several cost saving measures were presently under consideration, these included scrutiny of the employment models available in the Group and Members were asked to consider the proposals, which made financial sense but with other influences; there were three options:

(i) directly with IEG, which applied to most educational and most back office staff;

(ii) with QRS Direct, which applied to most commercial and some back office; and

(iii) with QRS Agency, which could apply to all staff.

An extension of the second model to include identified new starts was currently under management consideration; if adopted it could enable benefits in recruitment of lower paid staff and deliver budget savings. It would initially apply to staff earning <£20k, but that threshold could be increased; the reasoning, including budgetary modelling, was fully explained in the report. The scheme would provide for increased "take-home" pay through reduced pension contributions, but with implications for eventual retirement income. The issue was then discussed at length. Should the scheme be adopted, staff with identical responsibility would be on different pay rates, this would apply throughout the transition period and the risk of creating some divisive cultural issues was recognised and discussed at length. However, the model, if applied to the lowest rewarded element of Group staff, could offer the opportunity to increase pay rates and help to address recruitment difficulties. It was accepted that budgetary savings were necessary in the coming year, and the financial benefit from this scheme (c£100k), even though that would increase over time, could prove counter productive. The risk of an increase in the LGPS pension contribution rate could be incurred if the overall contributions into the scheme showed a marked decline, though it was accepted there would be a lag of two to three years before this happened. It was confirmed that this was one of a package of cost-saving measures currently under consideration, and it was agreed to discuss and decide which savings measures will be supported at the March awayday. **(Action 2)**

The information was received and noted.
Actions had been noted. (Register at 35/21).

The GD(HR) left the meeting.

29/21 HEALTH AND SAFETY (HAS)

The comprehensive HAS Report, was presented, challenged as necessary and discussed. The total number of 58 on-site accidents had included 5 requiring hospital treatment; the increase over the previous report was indicative of more staff in College; there had not been any linkage or patterns. Occupational Health was considered and the proportions of absence between stress/poor mental (31%) or physical (69%) health had prompted changes to reporting criteria, which was welcomed; action to improve Staff and Student Wellbeing, including the relaunch of the Mental Health and Wellbeing Charter and Employee Assistance Programme were also noted and welcomed. A Department for Education (DfE) self-assessment (on Prevent) had been completed with reassuringly positive outcomes. On-site Covid testing had been reduced and was being progressively replaced with individual home testing. There had been few reports of "near misses" and stakeholders were being reminded of the importance to inform corrective action to avoid an actual incident. During general discussions it emerged that there was no Group nominated muscular/skeletal Occupational Health Agency and RA would pass detail of an appropriate agency for evaluation. **(Action 3)**

The information was received and noted.
Actions had been noted. (Register at 35/21).

The GD(EHS) left the meeting.

30/31 CYBER SECURITY

Since the last Report, cyber incursion attempts had continued and, in concert with the Group threat response partner (Sophos), six significant events had been frustrated; the partnership was working well, and a wide range of sophisticated defence strategies had been established. Examples of the tactics employed by cyber criminals were included in the report, explained, and discussed. The National Cyber Security Centre (NCSC) provided cyber security guidance and support and had recently, and comprehensively, updated the "Cyber Essentials" requirements, which were listed and described in the report, and which would be progressively introduced over the next 2 years. The Group had been certified for "Cyber Essentials" since August 2021 and aimed for promotion to "Cyber Essentials Plus" by summer this year to meet the Education and Skills Funding Agency (ESFA) requirements. Details of recent local "spoofing" exercises to test individual staff members' IT security awareness were discussed, a concerning proportion (c13%) had responded to the request to divulge personal details. Those staff who did not spot the 'phishing' email will be contacted and required to complete additional training. All new appointments were required to complete an induction training programme. The GDIT&DI was thanked for the clear and concise report, and he left the meeting.

The information was received and noted.

31/21 FINANCE

a. Management Accounts. The current financial report (Period 5) was then closely considered and discussed; the comprehensive document comprised a narrative informed by graphical and tabulated detail. As had been considered at previous meetings, the disappointing enrolments for the current year, particularly at UCP, had negative effects on inter-company income in the current year, and the FE enrolment numbers have implications for the coming year. The outcome of the ESFA funding audit could also increase that deficit through any clawback. The overall position was challenging, with year to date Group deficits at:

(i) IEG of (£102k);

(ii) UCP of (£391k); and

(iii) APT of (£18k).

The reduced year end forecast would not reduce the Financial Health which is still projected to be 'Good' and further savings would be sought in the mid-year review to bring the full year forecast closer to the EBITDA target of 6%. The UCP building would transfer, at the end of the current academic year, to the Group and whether the asset would rest with IEG or UCP was presently under consideration. The UCP challenges will be fully discussed on the 10 March at the awayday, and particular attention would be given to the £500k financial guarantee afforded by IEG; this was an Office for Students (OfS) requirement.

There was a short discussion around the financial challenge for 2022/23, which requires a gap of approx. £2M to be closed during the budgeting process.

b. Capital. Progress reports on each of the ongoing capital programmes, (total value £2.9m) were discussed and progress noted:

(i) "Business as Usual" at £750k and all fully committed;

(ii) Construction Centre at c£2.6m gross cost £3.3k, reduced to £140k net. Costs had increased since the original plan and had been funded by increase grant payments. The result was a saving to the Group and a return of £314k back into the capital budget;

(iii) Centre for Green Technology (CGT) at c£3m gross, c£1.4k net. The budget is supported by a complex collection of grants, not yet confirmed and the outcome would be informed in March. Full detail was in the report;

(iv) Refurbishment at £500k gross £333k net. The final position with grant funding would, as with the CGT, be informed in March;

Members were asked to approve use of the released £314k from the Construction Centre Project, to enhance the "Business as Usual" allocation" with:

(v) £114k to general enhance allocation; and

(vi) £200k to fund “invest to save projects;

That was unanimously approved. **(Action 4)**

c. 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, those elements that were performing less well at this early stage of the year were expected to recover. A replacement Managing Director (MD) for APT had been appointed, see next item. The forecast overall surplus for the subsidiaries and commercial had been reduced by £29k and that was noted.

The information was received and noted.
Actions had been noted. **(Register at 35/21).**

32/21 PARTNERSHIP AND SKILLS

a. General Progress. The comprehensive report updated on progress of apprenticeships, which were now recovering from Covid related influences, Adult Learning Loans, subcontracting allocations for each partner, community learning, European Social Fund (ESF) through Hull College, and employer engagement; each element was explained and discussed. The numbers showed generally good progress. The relationship with the Cambridgeshire and Peterborough Combined Authority (CPCA) was strong and additional funding had been made available for the HGV driver training scheme; this was a timely and imaginative addition to the curriculum and would form the basis for a marketing and publicity push when the first drivers gained their licence. In response to a challenge Members were reassured that safeguarding was closely monitored at each site.

b. Future Plans. (RN & DD are APT Board Members) A suggestion that APT could be integrated into IEG as a PC Department whilst retaining their distinctive brand and premises was discussed; it was a cost-effective move and it was recommended to the Corporation to proceed, seeking appropriate legal advice was authorised. **(Action 5)** It was also agreed as appropriate that the IEG Corporation was the first formal decision taker. Initial discussions had been held with the APT Board and they would clearly be fully involved in any further discussions from the outset. It is recommended to the Corporation that all arrangements will be initiated, subject to approval with a completion target by year end. **(Action 6)** A similar rationalisation was suggested for Peterborough Skills Ltd, which was currently part-owned by IEG. It had been informally discussed by both managements, to dissolve the partnership and approval was requested to seek preliminary legal advice to further this aim. That was noted and approved for recommendation to the Corporation, together with obtaining further appropriate legal advice leading to IEG withdrawal. **(Action 7)** Both of these recommendations will be subject to independent due diligence before final decisions are taken. IEG would continue to function as lead provider for their small sub-contract provision for as long as it remained worthwhile.

The information was received and noted.
Actions had been noted. **(Register at 35/21).**

33/21 URGENT BUSINESS

There had been no urgent business agreed.

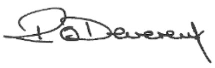
34/21 NEXT MEETING

The next meeting would be at 1630 on 15 March 2021.

35/21 ACTION REGISTER

See referenced minute for full action.		**Resp**	**Date**
Action 1	27/21. Last minutes (09.11.21) confirmed for signature.	**IGD**	**wie**
Action 2	28/21. Employment option tbc at the awayday.	**CFO**	**10.03.21**
Action 3	29/21. RA to inform GDEHS on contact details.	**RA**	**wie**
Action 4	31/21. Transfer of surplus capital funds recommended to Corp.	**Chair**	**08.02.22**
Action 5	32/21b. Incorporation (hive up) of APT into IEG recommended to Corporation, subject to satisfactory due diligence.	**EDBD**	**wie**

Action 6	32/21b. Completion target for Corporation end of 21.22.		**01.09.22**
Action 7	32/21b. PSA partnership dissolution recommended to Corporation, subject to satisfactory due diligence.		**wie**



Ralph Devereux for David Pennell(Chair)

15.3.22