

Minutes of the meeting of the of the IEG Corporation Finance and Resources Committee (FRC) held at 1630 hrs on 15 March 2022.

Present	Rod Allerton Faustina Yang	Janet Meenaghan (CEO)	Ian Jackson	David Pennell (Chair)
In Attendance	Ralph Devereux (IGD) Carol Hargreaves (GDHR)(till 40/21)	Alison Fox (EDBD) Richard Kay (GMCO)(till 36-38/21)	Emma Graham (GDF)	
Apologies	Fathima Keegan Dean Duffield	Rachel Nicholls (DCEO)	Jacqui Fleming (GDEHS)(Attendee)	Louise Perry (CFO)(Attendee)

PART ONE

36/21 ELIGIBILITY, QUORUM, DECLARATION INTERESTS AND MEMBERS

- a. 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 agenda related interests declared.
- b. Item 8 would be taken as the first Business Item to allow Richard Kay to withdraw. **(Action 1)**

37/21 STANDING ITEMS

- a. The Minutes of the last meeting (31.01.22) were confirmed for signature. **(Action 2)**. There were no matters arising.
- b. Actions from the minutes:
 - (i) re Action 2. The programme for the Governors Development Awayday had been too full to include considerations of cost savings measures but it was confirmed that action had been initiated and that was accepted;
 - (ii) At the 9 November 2022 Committee meeting, Action 4 (Minute 20/21) had required that the University Centre Peterborough (UCP) financial situation, including the IEG £500k financial guarantee, should be considered at the 10 March 2022 Governor Development event. That meeting had considered UCP matters, shared valuable feedback, and completed a SWOT analysis but had not included any Group related financial considerations. Additionally, the recently released future financial forecast could be seen as over prudent; it was agreed to consider these matters and bring a full paper to the next meeting. **(Action 3)**

See referenced minute for full action.		Status
Action 1	27/21. Last minutes (09.11.21) confirmed for signature.	Complete
Action 2	28/21. Employment option tbd at the awayday.	
Action 3	29/21. RA to inform GDEHS on contact details.	
Action 4	31/21. Transfer of surplus capital funds recommended to Corp.	
Action 5	32/21b. Incorporation of APT into IEG rec to Corporation.	
Action 6	32/21b. Completion target for incorporation end of 21.22.	
Action 7	32/21b. PS partnership dissolution recommended to Corporation.	

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

**The information was received and noted;
Actions had been identified. (Register at 48/21).**

38/21 SUBSIDIARIES AND COMMERCIAL VENTURES

The financial performance of each of the subsidiaries (IEG departments) and commercial activities had been individually examined in the accompanying papers and were discussed. The forecast overall surplus had been reduced by £29k but those elements performing less well at Period 6 were anticipated to improve over the second half of the year. Particular points were explained by the Group Manager of Commercial Operations (GMCO) and discussed.

- a. Anglia Professional Training (APT) was developing well under the new leadership, early work on developing on-line learning packages had started. Staff were working well as a team and particularly welcomed working with Group representatives. The present deficit (£27k) was confidently expected to ease as marketing activity, reduced during the Business Director's settling in period, was resumed. The deficit had also been affected by additional payments to provide additional training for teachers to deliver Functional Skills (FS), a new requirement.
- b. Catering. Previously disappointing catering returns were improving through increased use of the improved facilities, which had prompted reduced use of "Out of college" alternatives.
- c. Stamford Fitness was making sound progress and should continue to grow. Early response to the imaginative "Holiday and Camps" initiative had been extremely positive with many enquiries.
- d. AM2. AM2 was facing challenges with the manager on long-term sick and no identified End Point Assessor, the facility was currently closed; future options would be brought to the next meeting for discussion. **(Action 4)**

**The information was received and noted;
Actions had been identified. (Register at 48/21).**

The GMCO left the meeting.

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 scrutinised the Key Performance Indicators (KPI) obtained from iTrent the HR/Payroll system; UCP information had now been broken out in a separate column. Group sickness levels had reduced since the last recording at 9.5 per person (pp), and now stood at 5.1 (target 5.5); Covid is reducing. Staff absence was also above target and amber rated, these data were noted and discussed; reasons for generally higher levels at PC were being scrutinised. The annual staff turnover at each location had eased but vacancies continued to be hard to fill and measures at each College were explained, including the imaginative "Teach your Trade" initiative funded through the CPCA Innovation Fund. UCP had a 37% turnover through the "ARU Peterborough effect" and the relatively low numbers of staff had a disproportionate effect on the percentage for comparison. Annual employee relations case work detail showed 12 disciplinary, 7 capability and one grievance had been administered and had been tabulated, the grievance had been upheld but NFA was required as the offender had already been dealt with.

The information was received and noted.

39/21 HEALTH AND SAFETY (HAS)

The comprehensive HAS Report, was presented, challenged as necessary and discussed. Absences had been tabulated and during considerations, it was queried whether Musculo-skeletal incidents included HAVS (hand arm vibration syndrome) injuries and that would be checked, and the Chair notified. **(Action 5)**. The resident physiotherapist was usually working with a low number c4/6 of patients. Occupational Health was considered and the proportions of absence between stress/poor mental c(27%) or physical (73%) health was noted; action to improve Staff and Student Wellbeing, including the relaunch of the Mental Health and Wellbeing Charter and Employee Assistance Programme (EAP) were also noted and welcomed. Take-up of EAP support was reported as 3.6% of the workforce and prompted discussion on "Value for Money" issues, the programme was valued by

those in need and it was agreed to increase the profile by computer “pop-ups & links” and posters. The possibility of checking numbers accessing the site but not taking up support would be raised with IT support. **(Action 6)** The total number of 73 on-site accidents had included one requiring hospital treatment and one RIDDOR reportable; there had not been any linkage or patterns. Numbers of Group accidents appeared to be disproportionately weighted towards SC when the reverse would be logical, and the detail would be checked. **(Action 7)** There had been 22 reports of “near misses” and stakeholders were being reminded of the importance to inform corrective action to avoid an actual incident. Work to align the differing first aid processes at PC & SC was now underway. There had been 154 accidents at sub-contract providers, all but one at Addict Dance; none required hospital treatment. Departmental Audits continued;

- a. PC had recorded 35 completed (21 green, 13 amber and one red), the single outstanding audit had been completed on 9 March; and
- b. SC had recorded 28 completed (20 green and 8 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.

The information was received and noted.

Actions had been identified. (Register at 48/21).

40/21 PAY AWARD

The Executive had considered this year’s pay award in light of the considerable post Covid challenges. Members were reminded that minimum waged colleagues were uplifted to £9.29 per hour (ph) on 1 November 2021 and in April 2022 they would move to £9.50, a total increase of 5%. This had reduced the “pay increase pot” to a total of £105k. Seven options had been determined (Appendix 1) and Option 2 was recommended, similar to the arrangements in 2020/21, namely:

- a. staff earning between the minimum and £25kpa to receive £250; and
- b. staff earning over £24k to receive 1%.

The total cost would be £162k or £57k more than available in the pot. The recommendation was then discussed in depth. 2022/23 would be subject to lagged funding budgetary limitations, which had reduced flexibility in the considerations; it was unanimously agreed that Option 2 was the right way forward but should be adjusted to consider current nationwide financial pressures; that was recommended to the Corporation. If no adjustment was made, then one of these pressures, the National Insurance (NI) increase of 1.25% effective in April would effectively see staff income further reduced, accordingly it was again unanimously agreed that the Option 2 percentage should be increased to 1.25% **(Action 8)**. The SMT was delegated to determine an equitable arrangement or no change for those staff considered in sub-para 40/21a above. **(Action 9)** All would be effective from 1 January 2022.

The information was received and noted.

Actions had been identified. (Register at 48/21).

The GD(HR) left the meeting.

41/21 BUDGET PRINCIPLES

The initial approach to the 2022/23 and 3-year forecast budget assumptions, required by the ESFA and IEG Governance, had been drawn together; these were then considered and discussed in depth, particularly in terms of student numbers, income projections and the OfS requirements relating to UCP. It had been a challenging exercise particularly around energy costs, which had seen a 75% increase and that was explained. The energy issue remained volatile and there was a likelihood of further changes by the time the budget was drawn together. Considerable cross Group work had been completed on progression to environmentally friendly policies and consideration would be given to completing a full “Energy Audit” to inform on future schemes on both campuses. **(Action 10)** The Chair’s offer of relevant contact details was welcomed with thanks. Moving to the wider proposals, the essential elements of income and expenditure had been listed and were discussed informed by full detail at Appendix 1. Further discussions with transport providers was expected in the light of the fuel price pressures. The Budget Principles were approved. **(Action 11)**

The information was received and noted.
Actions had been identified. (Register at 48/21).

42/21 FINANCE

Management Accounts. The current financial report (Period 6) 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, disappointing enrolments for the current year had negative effects on inter-company income with implications for 2022/23; the outcome of the still progressing (6 months) ESFA funding audit could also adversely affect the year-end result through any clawback. The overall year to date (YTD) position was:

- a. IEG at £437k;
- b. UCP at £234k; and
- c. APT of (£28k).

The Financial Health remained (Good) and further savings had been sought in the mid-year review but price index growth and general cost of living increases had combined to keep the forecast outturn as originally budgeted; the EBITDA target was 6%. During general considerations, considerable concern was expressed at the extended length of the ESFA funding audit.

The information was received and noted.

43/21 CAPITAL

The 3-year Financial Plan investment averaged £3.5m pa over 3 years, with the proviso of 60 cash days. A gross investment for 2021/22 of £6.9m with a Group contribution of £2.9 from reserves; the full plan tabulated at Appendix 2 had been based on the Construction Centre at SC and progression of 3 projects through the DfE College Transformation Fund. Two projects, the Centre for Green Technology (CGT) and the PC refurbishment had advanced to bidding round 2; the outcome would be informed by the end of March. The outcome of further bids had emerged this year and it was clear that the full £2.9m Group contribution would not be required. The amended maximum 2021/22 expenditure would now be c£5.34m, with a Group contribution of £2.14m. Progress of each project was then considered:

- a. Construction Centre. The latest forecast indicated an overspend of £85k, full detail was included in the paper and could be accommodated with the now increased overall capital estates budget; the overspend was approved. **(Action 12)**
- b. Centre for Green Technology (CGT) costed at £11m with £3m IEG contribution. The budget to be supported by a collection of grants:
 - (i) Towns Fund. Approved in principle £1.9m, subject to Ministry for Levelling Up & Housing Communities (MLUHC) agreement, expected in May 2022;
 - (ii) Cambridge and Peterborough Combined Authority (CPCA) a speculative bid for £2m from Gainshare funding; and
 - (iii) DfE. £4m decision expected in March 2022.
 - (iv) The pre-planning submission had been made and the full planning application was expected to be made by May 2022; the cost for progression to RIBA stage 4 design (Appendix 4 refers) with full planning permission was forecast at £299k. After all bid applications were known full detail would be presented to the Corporation for approval.
- c. Refurbishment. The outcome of the bid for £1m over 3 years would be known in March and no work would be initiated until then; some of the £500k Group contribution may be c/f into 2022/23.
- d. Business as Usual. The original allocation is fully used or committed (Appendix 3 refers) and outcomes of the "Invest to Save" projects and additional projects have been initially reviewed.

Full details of these projects' financials had been tabulated in the paper.

The information was received and noted.

Actions had been identified. (Register at 48/21).

44/21 SIGNATURE APPROVAL LIMITS

Organisational and responsibility changes introduced by progression of the post-merger staffing structure had prompted consideration of the appropriateness of current level of Expenditure Authorisations. The suggested changes had been fully detailed in the accompanying paper and essentially:

- a. included Assistant Principal (AP) (new posts) arrangements;
- b. increased invoice approval levels within the Group; and
- c. increased contract signature limits for the Executive Director Business Development (EDBD).

The proposals were agreed as appropriate for the changed organisation and were recommended to the Corporation for approval. **(Action 13)**

The information was received and noted.

Actions had been identified. (Register at 48/21).

45/21 PARTNERSHIP AND SKILLS

The comprehensive report updated on progress with Partnerships and Skills and was explained; it showed:

- a. Apprenticeships. There had been 408 apprenticeship starts in the first 7 months, an increase of 33% over the previous year;
- b. Sub-contracting. Eleven partners had been sub-contracted and individual values were listed;
- c. Innovation Funding. Funding had been sought for 2 new projects ESOL and staffing capacity at £99k and £97k respectively;
- d. Adult Education Budget (AEB) allocation. The indicative CPCA AEB allocation showed an increase of £300k over this year;
- e. APT Due Diligence (DD)/Ofsted. DD had been instituted as part of considerations to incorporation into PC and the recent Ofsted Inspection report would be published in 6 weeks;
- f. Peterborough Skills Academy (PSA). The planned withdrawal from the association with PSA had been discussed with the legal advisors who had recommended that a valuation be obtained to pre-empt possible queries from the Charity Commission. This was discussed; the relationship had cost little either way with no return to PC throughout and the expense involve in a valuation was seen as totally nugatory and should be avoided. Further advice would be sought;**(Action 14)** and
- g. HGV. The first finisher for an HGV licence had not yet been successful in his job application, however 10 more would qualify in the near future and members would be updated on progress CPCA had increased the scope of the provision and there were an additional 40 entrants, accordingly, there were now 50 students enrolled.

The information was received and noted.

Actions had been identified. (Register at 48/21).

46/21 URGENT BUSINESS

There had been no urgent business agreed.

47/21 NEXT MEETING

The next meeting would be (preferably in person) at 1630 on 5 May 2022.

48/21 ACTION REGISTER

		Resp	Date
	See referenced minute for full action.		
Action 1	36/21b. Agenda business order re-arranged	Chair	wie

Action 2	37/21a. Last minutes (31.01.22) confirmed for signature.	IGD	
Action 3	37/21b. UCP finances re influence on IEG to next meeting.	GD	05.05.22
Action 4	38/21d. Options for AM2 to next meeting.		
Action 5	39/21. Does MS detail include HAVS? Pass info to Chair.	GDEHS	wie
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 1.25% rec to the Corporation.	Chair	05.05.22
Action 9	40/21. Exec consider staff in 40/21, include in recommendation.	CEO	
Action 10	41/21. Consideration to be given to a Group Energy Audit	CFO	wie
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.	Chair	05.05.22
Action 14	45/21f. Further legal advice on PSA valuation to be taken	EDBD	wie






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Final Audit Report

2022-05-09

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