

Minutes of the meeting of the IEG Corporation Finance and Resources Committee (FRC) held at 1630 hrs on 14 June 2022.

<b>Present</b>	Rod Allerton	Fatima Keegan	Janet Meenaghan (CEO)	Ian Jackson
	Dean Duffield	Rachel Nicholls (DCEO)	David Pennell (Chair)	Faustina Yang
<b>In Attendance</b>	Ralph Devereux (IDG)	Jacqui Fleming (GDEHS)	Alison Fox (EDBD)	Emma Graham (GDF)
	Carol Hargreaves (GDHR)(till part of 65/21)	Louise Perry (CFO)		

**62/21 ELIGIBILITY, QUORUM, DECLARATION INTERESTS AND MEMBERS**

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

**63/21 STANDING ITEMS**

- a. The Minutes of the last meeting (05.05.22) 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.		Status
<b>Action 1</b>	49/21. IJ to act as Chair until DP arrival.	<b>Complete</b>
<b>Action 2</b>	50/21a. Last minutes (15.03.22) confirmed for signature.	
<b>Action 3</b>	51/21. Attendance data to same parameters to be researched.	
<b>Action 4</b>	52/21b. ECR endorsed.	
<b>Action 5</b>	56/21. Effect of 5% pay rise tbi in financial plan scenarios	
<b>Action 6</b>	57/21. Policies recommended to Corporation.	
<b>Action 7</b>	58/21e. No valuation required for PSA disposal.	
<b>Action 8</b>	58/21f. Closure of AM2 Centre endorsed.	

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

**The information was received and noted;  
Actions had been identified. (Register at 70/21)**

**64/21 HUMAN RESOURCES (HR)**

- a. Report. 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, amber rated and was discussed. The details from each college were differently based, which had been discussed at the previous meeting and remained under consideration. Rolling annual staff turnover at each location remained a concern, it had again increased and the attraction to Anglia Ruskin University Peterborough (ARUP), who it appeared were targeting staff, remained a challenge together with comparatively lower pay rates. Vacancies continued to be hard to fill and measures at each College were explained. The tabulated employee relations case work showed only one live case. The demanding and heavy associated staff workload was understood, and all were thanked for their contribution.

- b. Staff Satisfaction Survey. Outcomes from the group staff satisfaction survey had been completed with a disappointingly low participation rate at 49% (560 responses). The Report was supported by Specialist Appendices each of which was individually considered and discussed. Of particular note was the dissatisfaction with internal communication, which was explored in detail. The Marketing restructure and associated issues may help and wider issues, such as appointment of a specialist Communications Officer may ease the situation and this would be considered over the summer. Post Covid influences may also have affected responses; the close team spirit engendered by the crisis may have diluted as the situation eased and reversion to “steady state” post-merger processes assumed a higher profile. The Gender Pay Gap detail was discussed and the similarity to the previous year was noted, it was approved for publication. **(Action 2)**

**The information was received and noted.**

**Actions had been identified.** (Register at 70/21)

## **65/21 HEALTH AND SAFETY (HAS)**

- a. Report. The comprehensive HAS Report, was presented, challenged as necessary and discussed. Staff absence had increased by 338 days since the last report; Covid related absence had increased from 1771 to 1911, however if Covid related absence was excluded the average annual day lost figure reduced to 6.5 days

**The GDHR left the meeting.**

Occupational Health was noted; the rolling total of on-site accidents was 150 including one RIDDOR reportable requiring hospital treatment. There had been 29 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 processes at Peterborough College (PC) and Stamford College (SC) continued. Outcomes of 24 Fire alarms through the year were included in the report and were noted. Second round of Departmental Audits had now been initiated:

- (i) PC had recorded 20 completed (11 green, 7 amber and one red), the red area (Marketing) had been re-reviewed after rectification and rated green;
- (ii) SC had recorded 3 completed (rated green) 31 booked before end of the year.

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.

- b. Hoax Bomb Alert. There had been a hoax “Bomb Alert” on Friday (10 June), which had prompted initiation of the Business Continuity Plan (BCP) involving a general evacuation of all buildings across the Group; the Police and Fire services had been involved. Valuable experience was gained during the process, and this would inform the general training session planned for next August. The hoax had been delivered through the “live chatbox” facility and involved a remote VPN link; associated Group arrangements were now being scrutinised to increase security if possible.
- c. Policy. The HAS Policy Statement which had been updated to reflect the changed Group structures, names and dates was recommended to the Corporation for approval. **(Action 3)**

**The information was received and noted.**

**Actions had been identified.** (Register at 70/21)

**The GD(EHS) left the meeting.**

## **66/21 FINANCE**

- a. 3-Year Financial Plan. The initial and early draft of the 2022.25 Group Financial Plan (AC,PC & UCP and including Anglia Professional Training (APT)) had been completed, sections 1-4 were attached and were considered and discussed. The Plan was based on the agreed strategic plan targets, although recent events made meeting them more challenging. The detail included 2 changes from the agreed budget assumptions: the pay award at 3% and increased energy related costs, these required total savings of £300k. However, sound enrolments and commercial activity may remove or reduce that saving requirement.

- (i) Income and Expenditure. The Plan returned to a planned surplus for each of the 3 years assuming no more lockdowns. Income growth was set at 7.6% (base rate and increased HE/Adult funding). Pay costs increase by 8.6% (pay rise, increased National Insurance and reduced staff vacancies) and non-pay costs reflected known changes at .3% over the previous year.
- (ii) Capital. The decision to lodge the UCP building with IEG would provide a large apparent but misleading surplus in the accounts. The plan allowed for a total Group investment of £3.5m pa and some capital grant funding, (underlying assumption – maintenance of 60 cash days). The Plan assumed that the Centre for Green Technology (CGT) would progress at a cost of £11m and a further £1m contingency, the minimum grant requirement was £5.5m with the remainder from financing and reserves. The refurbishment plan over the next 2 years was included with capital identified for new projects and further capital had been identified for further large estates projects, which would be taken to RIBA Stage 2/3 to take advantage of short notice grant invitations. Remaining capital was allocated to IT hardware and infrastructure projects.

This was an ambitious plan, which would be challenging to implement, for example in meeting the Education and Skills Funding Agency (ESFA) EBITDA requirements and the changing national economic and employment situations. The Plan would be considered further, and the definitive version would be presented to the Corporation at the meeting tbh on 4 July 2022.

- b. Management Accounts. The current financial report (Period 9) and associated appendices were considered and discussed. The last meeting had considered 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 discussed several times and the intention to accommodate any potential clawback in this year was again stressed and noted; there was still no indication of the amount involved. The overall current position was:
  - (i) IEG of £516k;
  - (ii) UCP of £212k; and
  - (iii) APT of (£37k).

The full-year forecast was now a deficit c(£340k) including reforecast of non-pay expenditure and provision for (ESFA Audit) clawback. Members were again reminded that if the clawback exceeded 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%. Slower than expected capital expenditure, which had reinforced the cash position was noted.

- 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. The forecast overall position for the subsidiaries was a (£202k) deficit, which included the UCP element. Each subsidiary was then considered individually and the much-improved performance of the PC Catering operation was welcomed.

**The information was received and noted.**

## **67/21 PARTNERSHIP AND SKILLS REPORT**

- a. 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 satisfactory progress. The main elements of the report were detailed on the cover page; of particular note was:

- (i) the welcome 39% increase (over 2020/21) in apprenticeship starts now totalling 436;
  - (ii) subcontracting would be considered later in this item;
  - (iii) Structural Development Fund (SDF) bids submitted to Greater Lincolnshire Local Enterprise Partnership (GLLEP) and the Cambridgeshire and Peterborough Combined Authority (CPCA) for capital (£443k) and revenue (£220k) to enable new equipment and enhance the curriculum. Decisions were expected in July for expenditure completion by March 2023;
  - (iv) a further £50k of Innovation Funding had been allocated to research into demand for Level 3 (L3) courses in Peterborough;
  - (v) the CPCA Adult Education Budget (AEB) allocation had been increased by £300k to a total of £2.3m; and
  - (vi) Due Diligence (DD) continued for Anglia Professional Training (APT) transfer to the Group portfolio and for conclusion of the relationship with Peterborough Skills Academy (PSA). The initial consultation with APT staff had now been completed and initial transfer and handover were underway.
- b. Subcontract Values. The Group Subcontracting Policy and the ESFA/CPCA regulations both required Corporation approval of contract values each year, the proposed initial values for 2022/23, detailed in the report would be changed with Corporation approval as the year progressed. The report showed a reduction of c£194k overall through a reduced number of partners and the transfer in of APT, which would also affect AEB totals, Addict Dance has an increased value through increased FE & HE numbers. Overall, there was a reduced number of partners. The detail was recommended to the Corporation for approval. **(Action 4)**

**The information was received and noted.  
Actions had been identified. (Register at 70/21)**

**68/21 URGENT BUSINESS**

There had been no urgent business agreed.

**69/21 NEXT MEETING**

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

**70/21 ACTION REGISTER**

See referenced minute for full action.		<b>Resp</b>	<b>Date</b>
<b>Action 1</b>	63/21a. Last minutes (05.05.22) confirmed for signature.	<b>IDG</b>	<b>wie</b>
<b>Action 2</b>	64/21b. Gender Pay Gap detail to be published.		<b>wie</b>
<b>Action 3</b>	65/21c. HAS Policy recommended to the Corporation.	<b>Chair</b>	<b>04.07.22</b>
<b>Action 4</b>	67/21b. Subcontract Values recommended to Corporation.		