

Minutes of the meeting of the IEG Corporation Finance and Resources Committee (FRC) held at 1630 hrs on 6 October 2022.

| | | | | |
|----------------------|--|--------------------------|----------------------------|---------------------------|
| Present | David Pennell (Chair) | Ian Jackson | Rod Allerton | Fathima Keegan |
| | Faustina Yang | Rachel Nicholls (CEO) | | |
| In Attendance | Joanne Ulyatt (Governance Director) | Louise Perry (CFO) | Carol Hargreaves (GDHR) | Emma Graham (GDF) |
| Apologies | Vincent Brittain | Dean Duffield | Alison Fox (EDBD) | Jacqui Fleming (GDEHS) |

1/22 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. Apologies were as noted.
Urgent Business: There was no urgent business.

2/22 STANDING ITEMS

- a. The Minutes of the last meeting (14.06.22) were confirmed for signature. **(Action 1)**.
- b. There were no matters arising from the minutes.
- c. Actions from the last meeting were considered, all had been completed or were proceeding.

| See referenced minute for full action. | | Status |
|--|--|-----------------|
| Action 1 | 63/21a. Last minutes (05.05.22) confirmed for signature. | Complete |
| Action 2 | 64/21b. Gender Pay Gap detail to be published. | |
| Action 3 | 65/21c. HAS Policy recommended to the Corporation. | |
| Action 4 | 67/21b. Subcontract Values recommended to Corporation. | |

**The information was received and noted;
Actions had been identified. (Register at end of document)**

3/22 APPOINTMENT OF CHAIR

David Pennell was elected as Chair of the Committee by a unanimous vote.

4/22 HR UPDATE

- a. Report presented providing governors with key performance metrics relating to staff, by site. These include turnover, absence, and HR case work. Sickness and turnover are reported as a 12-month rolling figure, both are higher than pre-covid levels.
- b. Permanent recruitment being taken back in house has been going well but there is still work to be done on E-recruitment. An external marketing campaign is to be undertaken to try to fill construction roles as vacancies are impacting on ability to deliver courses with some apprenticeship starts being delayed.
- c. A meeting has been set up with Protocol to discuss how QRS may need to evolve to meet IEG needs going forward due to the increased desire for job security in the current economic environment.
- d. Work on the HR People Strategy and Staff Development Programme was noted positively.

**The information was received and noted.
The GDHR left the meeting.**

5/22 HEALTH & SAFETY UPDATE

- a. At this point in the year there is little to report. There has been 1 RIDDOR incident relating to a student at a work experience site (not IEG). There remains an imbalance in near miss reporting, so there is further work to be done with staff at Stamford College. There have been no fire alarm activations, although there was a small fire which was put out so quickly it did not set the alarm off. Bomb threat training is to be rolled out following the incident in June. The first fire alarm test yesterday went very well. The QIP has been created and the Committee will be kept updated on progress throughout the year.

The information was received and noted.

6/22 STUDENT RECRUITMENT AND ENROLMENT.

- a. 16-19 numbers are currently at 4947 which is circa 300 higher than this time last year. The 42-day target in the financial plan is 4750 and there is about 2 weeks left for most starters to hit 42 days. Final outcome is expected to be between 4600 and 4750 and this would still be workable and show growth. The average attrition rate between enrolment and 42 days is typically 8-10%. IEG has a big enough offer that should, in most cases, mean a student can be moved elsewhere and kept engaged even if not suited to the course they start on.
- b. Governors were asked to regard the 16-19 recruitment number with a degree of caution. There remains some work to do to validate all of the students, particularly those progressing from the prior year, who were auto-enrolled in early summer. Data cleansing over the next few weeks will provide a more robust forecast.
- c. AEB is looking really strong which is very encouraging. This is undertaken against an allocation. In prior years IEG has been able to request growth in the CPCA area, this is not guaranteed to be available for the current year.
- d. HE numbers were discussed. UCP did not do so well as usual through clearing. Numbers currently at circa 718 against target of 818 but with some continuers yet to be added. There are some courses starting in November and January which could draw in some late enrolments. From a value perspective, as some of those enrolled may be part time rather than full time, there is work to be done to go through line by line to establish the position from a budget point of view. Small groups have been merged where possible.
- e. Marketing undertake more detailed analysis post 42-days in relation to feeder schools, postcodes, etc. which will be reviewed by Executive at a later date.

The information was received and noted.

7/22 CAPITAL & ESTATES DEVELOPMENT

a) Master-planning

- a. An estate plan was shared but it was quickly established that a separate half day to discuss this in further detail was required. A targeted meeting is to be convened (**Action 2**) for which the following will be needed; digital plans and a Google earth plan on screens that can be blown up and annotated; an understanding of every building and piece of land owned, including the square footage, how many storeys, whether there are any covenants or restrictions on them, the condition rating and the construction materials, as well as who owns access point roads, and if highways are adopted or LA owned.
- b. Whilst it was noted that there is no point in spending time, energy and resources on an estate strategy plan if there is no commitment to building it, it was advised that a direction of travel needs to be established in order to know what order to replace the estate in in an ideal world as and when funding opportunities come in. Governors were alerted to the fact that more bidding rounds are coming through and there needs to be a range of options ready to put forward; so often bidding opportunities come through with extremely tight deadlines so some sense of priority as to what to develop first is needed; perhaps less of a plan and more a range of options.
- c. Financial capacity was discussed; from capital reserves IEG has circa £2m per year but there are two sites to consider. Ideally this would be used as match funding. Opportunities to bid are trickling through now so every 5 years should be able to fund £15-20m. On top of reserves, IEG could service about £5-6million debt, but with any more than £6m of debt, without some significant growth, it would be difficult to meet EBITDA targets and maintain the financial health grading.

b) New Bid Opportunities

- d. The current priority is to secure further funding for the Centre for Green Technology; a further £4m is still needed. Governors queried whether there was a possibility of realigning priorities and scaling

down the size of the building to make it more affordable and get it delivered; the difficulty with this proposal is that the bid for £1.9m which has already been secured would have to be re-submitted. Another bid has been put to the CPCA for £2.471m for which an outcome is expected in November, and there is a further opportunity to bid for the Post-16 Capacity Fund by 11 November.

- e. There was discussion about borrowing in order to proceed at risk with delivering the CGT project in order to begin offering the new curriculum and applying for the funding retrospectively; it was agreed to wait for the decision on the £2.471m bid and then take it from there. £2.3m is secured and it is expected to cost £12m so there remains a funding gap of £9.5m of which potentially £5m would have to be borrowed. There should be a clearer picture of the funding available by December Board.

c) 2021/22 Capital Report

- f. A review of capital works completed was provided.
- g. It was noted that the first rolling replacement cost for computers bought during Covid would hit in 2024/25 if they are to be replaced every 3 years.

The information was received and noted.

Actions had been identified. (Register at end of document)

8/22 FINANCE UPDATE

a) Group Finance Report 2021/22 P12

- a. The finance report to 31 July 2022 was shared, with performance generally in line with expectations. Post year-end adjustments are being worked through but there is little movement to report. Cash is strong. Commercial entities came in pretty much as expected.
- b. The £30m movement due to FRS102 was discussed. There is some concern from a communication point of view as staff could see a set of accounts with such a surplus that could be misinterpreted and lead to disgruntlements over pay awards, so it is important to reinforce that this could just as easily swing back the other way at any time.
- c. The lack of enrolment target for APT was queried; there is a target for this year which will be added **(Action 3)**.
- d. Governors asked the CFO to explain the rationale in trying to reduce in year spending at the end of the year, and whether this may be counter-productive. It was explained that departments were asked to hold off on unnecessary spending as a one-off request to be prudent in the face of the reported deficit position. It was further explained that no critical or required spends were cut, and 2022/23 budgets had not been reduced as a result of the requested spend reductions.

b) Subsidiary & Commercial Ventures Report 2021/22 P12

- e. This report summarises, by subsidiary or commercial venture, the full year performance in a little more detail.
- f. Data for catering sales is being tracked much more efficiently now due to the new tills and POS information can be monitored to identify bestsellers and other trends. The team was restructured at the end of last year to realign staffing which has made some savings. There have been huge operational changes in terms of attitude to waste, and a slimming down of the offer which used to be too broad. The introduction of prepaid cards in 2022/23 is having an impact because parents can be assured they are giving students money to spend on catering. Next steps will be to look at margins and breakeven point. Governors requested some further detail on margins in future commercial reports to give a better understanding of how efficiently they are operating.
- g. Total occupancy currently in the nursery is 72%; they are low on babies. Ideally occupancy should be in excess of 70% in each room. Although babies are less profitable, they are needed for pipeline. The nursery will continue to recover from the effects of Covid and get back up to strength. It was suggested that for the next report a little bit of further market analysis needs to be done to ensure that fees are set correctly and on the ratio between funded and non-funded children. **(Action 4)**
- h. The format of the 2022/23 report was discussed, with the CFO explaining the plans to further improve the presentation to provide further transparency.

The information was received and noted.

Actions had been identified. (Register at end of document)

9/22 PAY AWARD

This item had been moved to Confidential Business and is reported in a separate minute.

10/22 SKILLS UPDATE REPORT

Report provided, including updates on apprenticeships being transferred into IEG from City College Peterborough and Rutland County Council as they withdraw from the market, and Peterborough City Council giving IEG business for schools' apprentices.

The information was received and noted.

Actions had been identified. (Register at end of document)

11/22 SUBSIDIARY REPORT

- a. Update to advise that all legal aspects to facilitate bringing APT in house were completed on 31 July 2022. TUPE completed and staff are mostly content.
- b. An agreement has been reached that IEG will withdraw from its 20% ownership arrangement with Peterborough Skills Academy as there is no financial benefit to continuing and support required is unsustainable. Work is ongoing to activate the exit and dispose of the shares.
- c. Work to secure the UCP building from ARU as well as the Teach Out Agreement continues to be progressed by Eversheds.

The information was received and noted.

12/22 ESFA AUDIT UPDATE

- a. An update was given on the position with the ESFA Audit which has been ongoing since September 2021. An indicative figure of £500k for clawback has been given, the majority of which relates to apprenticeships, and for multi-year programmes an error in year 1 continues in subsequent years.
- b. As work continues to try to reduce the amount of clawback, a number of anomalies have already been identified on the spreadsheet where the ESFA are trying to clawback more than the maximum that could be paid per student. AF continues to liaise with the ESFA team, but progress is slow.
- c. The committee will be further updated at the upcoming Corporation Board meeting and the next FRC.

The information was received and noted.

13/22 DRAFT 2021/22 SELF-ASSESSMENT REPORT (ACOP)

- a. In the past this document has been signed off by the CEO and the Chair of the Corporation Board, however new requirements this year necessitate its presentation to the Corporation Board to robustly discuss prior to the annual accounts being signed off. Essentially it describes how the Group has been governed over the previous academic year, evidencing and referencing key policy approvals, and evidencing how information is reported/presented for approval to the IEG Board and its Committees across a range of areas. This is the first opportunity for review and challenge of anything relating to the proposed Corporation responses. This report will be brought annually going forward as it is a statutory document that is required to be scrutinised.
- b. The Committee were content with the document.

The information was received and noted.

14/22 UPDATED FEES POLICY 2022/23

The amended Fees Policy 2022/23 was presented for recommendation to the Corporation Board which just incorporates minor updates to include APT fees which have now been added.

The amended Fees Policy 2022/23 was recommended to the Corporation Board for approval. **(Action 5)**

The information was received and noted.

Actions had been identified. (Register at end of document)

15/22 URGENT BUSINESS

There had been no urgent business agreed.

16/22 NEXT MEETING

The next meeting would be at 1630 on Monday 21 November 2022 at Peterborough College.

ACTION REGISTER

| | | Resp | Date |
|-----------------|--|-------------|-----------------|
| | See referenced minute for full action. | | |
| Action 1 | 2/22a Minutes of last meeting (14/06/22) were confirmed for signature | GD | wie |
| Action 2 | 7/22(a)a Meeting to be convened re Estate Master-planning | LP | wie |
| Action 3 | 8/22(a)c APT enrolment target to be added to Group Finance Report | LP | wie |
| Action 4 | 8/22(b)g Fees analysis and funded/non-funded ratio to be added to nursery update on Subsidiary & Commercial Ventures Report | LP | 21/11/22 |
| Action 5 | 14/22 Amended Fees Policy 2022/23 recommended to Corporation Board for approval | GD | 18/10/22 |

The meeting closed at 18:20