



— Inspire Education Group —

## IEG FINANCE & RESOURCES COMMITTEE

November 22, 2023

4:30 PM - 6:00 PM

Stamford College

---

### ATTENDANCE

#### **PRESENT**

Angela Morris (Chair)

David Pennell

David Cashmore

Faustina Yang

Rod Allerton

Suneel Appan

Rachel Nicholls (Chief Executive Officer)

#### **IN ATTENDANCE**

Joanne Ulyatt (Governance Director)

Louise Perry (Chief Finance Officer)

Edward Thomas (Chief Operating Officer)

Alison Fox (Executive Director Business Development)

Carol Hargreaves (Group Director HR)

Emma Graham (Group Director of Finance)

#### **APOLOGIES**

None



— Inspire Education Group —

## 1. WELCOME

Standing item                      Speaker: Chair                      Time: 16:30

- a. Apologies for absence: No apologies were received from members.
- b. Eligibility, quorum, interest and hospitality disclosure: No notice had been received of any Member becoming ineligible to hold office, the meeting was quorate, and no interests were declared.
- c. Requests for urgent business: None received.

## 2. MINUTES

Standing item                      Speaker: Chair                      Time: 16:32

- a. Minutes of the last meeting (13.06.23): The Minutes of the last meeting (13.06.23) were confirmed for signature. **(Action 1)**.
- b. Matters arising from the Minutes; None.
- c. Actions from the minutes: all had been completed and the Nursery Update was on the agenda.

## 3. NURSERY UPDATE/BUSINESS PLAN

Discussion item    Speaker: CFO/VP CQ    Time: 16:35

- a. The Nursery Business Plan was presented which was the next in a series of business plans aimed at professionalising the Group's commercial ventures. There is not currently an overarching commercial strategy because of the impending update of the IEG Strategy this year. This business plan therefore aligns to the existing IEG strategy but will be reviewed and aligned with the new IEG strategy once prepared and it is intended that all business plans will then be updated annually under one overarching commercial plan covering all entities.
- b. The nursery represents only 1% of income so it is a very small part of the overall operation.
- c. Whilst once was a profitable department, the nursery suffered some difficulties during the Covid pandemic which fundamentally impacted profitability and it consequently became loss making in recent years. Whilst unable to access some funding through the pandemic, it nevertheless remained open for key workers. There are plans in place to return to a surplus next year, including a wider range of KPIs including performance, and lots of work to be undertaken in terms of marketing.
- d. Governors questioned whether the Board and Exec team wanted in the long term to maintain the nursery as a wholly owned entity run by the College. There were previous challenges around staffing and leadership but now Exec are more assured that this is resolved and the strategic intent is to retain it as it offers a fantastic service to both staff and students, particularly HE students. Covid had a disadvantaging impact for a host of reasons but it can be returned to a profitable position and the strong grading from Ofsted 12 months ago with outstanding features is very reassuring.



— Inspire Education Group —

- e. The landscape of early years has changed dramatically in light of Covid and changes in working patterns/arrangements which has been considered.
- f. Reputational risks were discussed in addition to discussions around a cost analysis of the use of space. It was also noted that there is potential for mop up from local nursery closures that could fill some vacancies. The next 12 months of financial performance will be closely monitored. Additional free childcare hours being introduced should prove to be of benefit.
- g. Governors requested further market analysis and information on the funded versus unfunded ratio, the ratio of age groups, segmentation/demographics and any potential partnership opportunities with local workplace nurseries that are potentially over-subscribed at the March committee meeting.

**(ACTION 2)**

## 4. HR UPDATE

Information item

Speaker: COO/GD HR

Time: 16:45

- Staff Survey

- a. The report was presented. Turnover is down even though vacancies remain high due to lots of internal moves. Sickness absence is also slightly down. Vacancies remain high with a breakdown of the 73 vacancies as follows: 40 are live; 16 at shortlisting/interview stage; 2 on hold; and 15 awaiting start dates. Long standing vacancies were detailed in the paper; 15 vacancies at the 6 months or more stage mostly sit within Construction which did not come as a surprise since it is a problem across the sector. MRA is already offered with some of these roles.
- b. Case work is cumulative; there is little recorded at this stage, but what there is has been dealt with quickly.
- c. Phase 3 of the HR payroll system implementation was noted with headway being made with the project. This is expected to be delivered by January with many aspects now just requiring tweaks to resolve. Poor implementation is being addressed and now that it is understood what is missing it can be more effectively driven forward. COO to circulate the plan once available. **(ACTION 3)**
- d. In respect of the 40 live adverts, governors requested a tracker to see the pattern **(ACTION 4)**
- e. Labour turnover in UCP was commented on but governors were reminded that only circa 20 staff are assigned to UCP so it is important to understand the scale. UCP staff had been targeted by the new competitor and many staff members were lost to better terms and conditions. IEG is however seeing a high number of returning staff.
- f. Governors suggested that it was time to drop Covid as a tracking mechanism and this was agreed. **(ACTION 5)**
- g. The People Strategy noted in the report will be going to Exec soon and will then be brought to the next F&R Committee meeting in March with an update on where this is up to. **(ACTION 6)**
- h. One governor that had reviewed the Wellbeing page noted it as phenomenal. A new platform for this is to be launched tomorrow to offer a central place from which all benefits can be easily accessed.
- i. Governors questioned what happens following the Emerging Managers development training and whether they are retained or if they are likely to move on. This training was identified as a need due to potential managers coming forward for internal promotion and not securing the jobs. It is hoped that those staff on the programme will be the future managers of IEG and it is being used as a retention tool, but inevitably there is a risk that they may move on to other organisations.
- j. The Staff Survey Benchmarking was reviewed and discussed, demonstrating a real shift in year. The data allows comparison with other providers and there are some significant achievements in terms of staff feeling. Governors asked what the Exec team feel has been done differently to secure this



— Inspire Education Group —

improvement in response; it is felt that there was a natural dip in staff feeling following merger as everybody readjusted to the newly merged organisation and lots of work had to be done to facilitate alignments between departmental counterparts as consistency across the Group was implemented. This was not helped by the backdrop of recruitment struggles which put additional pressure on staff in post. Consequently, departmental restructures helped as staff began working more collaboratively and the them vs us mentality melted away, and lots of work around health and mental wellbeing, pay, and better communications have all been beneficial steps forward.

## 5. HEALTH & SAFETY UPDATE

Information item

Speaker: COO

Time: 16:55

- a. Key information in the report was summarised; staff absence on a rolling 12 months is down; no major accidents to date in this academic year; and new first aid rotas are working well.
- b. Risk assessments are ongoing with a big push leading up to Christmas to get them completed. Governors noted that 34% completion is simply not good enough and must be improved; the COO agreed that there should be at least 70% completion by now, noting that some staff absence has caused difficulties but there will be serious focus to drive this forward, and also the time lag since H&S Committee and the writing of the report means that considerably more are likely to now be complete. This was also flagged to managers at the Operations Meeting this morning and a vacancy in H&S role has now been filled which should help.
- c. Educational Visits software has been implemented to tidy the process up and make it slicker.
- d. Governors requested that RIDDOR is noted within the report going forward; historically this has only been flagged if there has been a reportable event but governors asked that it is noted where there have been no reportable events. **(ACTION 7)**

## 6. STUDENT RECRUITMENT AND ENROLMENT

Information item

Speaker: CFO

Time: 17:05

- a. Enrolment numbers stood at 5096 last week which is incredibly strong. The lagged funding model which had been discussed at Board does make the growth more tricky to manage but staff are working hard to accommodate.
- b. HE enrolment is on track. Non-prescribed HE is funded by allocation and IEG has run out of allocation; more has been requested and there will be another opportunity in January to request again, but it is feared that it will not be enough to deliver the plans in place, therefore allocation may constrain plans this year. If the allocation is used up then IEG will get more next year, but conversations are being had with the ESFA territorial team as IEG is bucking the trend across the UK. The approach taken by UCP aims to differentiate itself from ARUP so it will be a good strategy in the long term but is proving tricky to deliver on the plans in the short term. Student loan trigger points and the difficulties in managing cashflow in year were also explained.
- c. Governors questioned what happens with regards to HE students for whom the allocation has run out. The programmes concerned are roll on roll off programmes, so whilst another cohort is expected to start in October, there is no allocation available until November and so many did not enrol because they are reliant on the loan to fund their studies. Another cohort due to start in January/February will hopefully have enough funding available. Potential students apply via a portal which indicates whether there is allocation available. Staff are trying to manage tricky conversations with potential students to keep them in the pipeline. The allocation was originally £460k, plus IEG secured another £100k, and it



— Inspire Education Group —

is hoped that a further £100k can be secured in January, but IEG really needs an additional £200k. Governors noted the positive that it is encouraging to see that UCP has found an area of strong demand and that it is looking at the longer term so it can be maximised in the future. The CFO noted that if it was possible to convert the programmes to degrees then the funding stream problem would be eradicated. In any case this problem will disappear in 2025 with the change to Lifelong Learning Entitlements.

e. Governors are delighted with the enrolment numbers across the board but accept that this is not without some complications to steer through.

## 7. FINANCE UPDATE

Decision item

Speaker: CFO

Time: 17:15

- a. Group Finance Report P2
- b. Commercial Ventures Report P2
- c. UCP Finance Report P2
- d. Draft UCP 5-Year Plan
- e. 2023/24 Pay Award

### **a) Group Finance Report P2**

The YTD position and full year forecast were presented, noting some additional income and also some negatives to come off that are worth noting now ahead of a pay award discussion; IEG did not hit their T level allocation and it had been advised by the ESFA that there would be clawback, however generally nobody hit allocation across the UK and the ESFA are aware of the struggle with extra maths and English resits faced by colleges so there is a possibility that they may clawback but then make an allocation for that later to redistribute the funds; Apprenticeship targets were not hit either so that too must be reforecast, however there are likely to be some unexpected positives too which could offset. In general, all is well at this point. The forecast surplus over £1M does not include potential clawback on T levels nor falling short of the Apprenticeship target, making the worst-case scenario a £500-750K surplus.

### **b) Commercial Ventures Report P2**

A new and upgraded report was shared with additional context in the cover sheet to give new governors a sense of how important the commercial entities are together, though they still comprise only 3-4% of income. All ventures are kept under review as space gets tighter to ensure best use of the available capacity. In general, at this point in the year it is not a good position to report as at the end of September there has typically been two months of cost and only one month of income, but most are on target for this time of year.

The Lifestyle Fitness relationship and external performance including membership utilisation was discussed. Some costs would be incurred to kit out the facility if the deal was exited. There is a break clause in 2027.

### **c) UCP Finance Report P2**

UCP is separated from the commercial report this year. Problems with funding were reiterated. UCP is bucking trend with HE provision and holding steady on numbers. There has been good work around marketing, PR and partnership working.

HTQ funding was achieved which lots of colleges did not secure.



— Inspire Education Group —

#### d) Draft UCP 5-Year Plan

Every year UCP has to do a submission to OfS by 31 December which is effectively the UCP budget. It is very early in the year to predict where UCP will be next year but it is a compliance requirement. The end of a large subcontract this year was noted but because such a large percentage was paid over the impact is marginal, but it does give rise to a drop off and then pick up of income towards the latter part of plan. There is a bit of a tail in terms of growth in UCP but they managed to remain in a surplus position. In 2025/26 with the introduction of LLE, with the Coding courses well established and HTQs, it should see a difference. An updated version will be presented at December Board for approval since financial matters for UCP are reserved to the IEG Board.

Governors noted the big transition from FT to PT and consequently the utilisation of staff and occupancy was discussed.

There have been some discussions at Exec about relocating APT professional qualifications provision to the UCP building. An upcoming break clause on Endeavour House would require notice to be given in January.

The CFO discussed with governors the importance of the development of HTQs in terms of for revenue and capital funding. There is an intention to create a cyber security lab which would be a fantastic addition. There is a 20% clawback if UCP does not hit target and this has been worked out and put to one side to give reassurance around this. This provision could be scaled up relatively easily and can be delivered in a short timeframe or over a year. The plan is for 83 learners next year.

Governors commented on the struggle for numbers and big jumps in the bottom line. Overall, HTQs and LLE are expected to be catalysts for growth going forward, and it was also noted that the Coding learners are not included in these numbers due to the reporting requirement for ALL funded courses to be attributed to IEG.

#### Item 7e was removed to Confidential Minutes

## 8. PARTNERSHIP & SKILLS UPDATE REPORT

Information item

Speaker: CEO/CFO

Time: 17:45

a. The report was provided, showing the current position for Apprenticeship recruitment against this time last year. The Finance paper to be presented at December Board will have a lot of the changes built in to the reforecast.

b. A summary of additional activity outside of regular business to add diversity to the portfolio was highlighted.

c. Governors noted that there is far less funding for adult learners and therefore questioned whether the capacity in terms of space could be better leveraged to increase funding. The product spread of the Group was discussed in terms of whether using available space for more 16-18 provision for higher funding levels rather than for adult learners should be considered.

d. Governors congratulated IEG on the good news regarding innovation fund money and encouraged the Exec team to ensure that Marketing are actively promoting this.

## 9. CENTRE FOR GREEN TECHNOLOGY UPDATE

Information item

Speaker: COO

Time: 17:50

a. There has been little movement since the last report to Board.



— Inspire Education Group —

- b. Issues with the quality of the survey of groundworks and lessons learned for the future were noted; compensation is being pursued. The issue was resolved quickly and non-contractually with contractors which was very positive when faced with this early test of the relationship.
- c. The COO recently presented very successfully to the Towns Fund Board who are contributing £1.9M of funding. There were a lot of people at the table and they noted the exemplary project management of this project and that this is their most advanced project. The COO outlined to the Towns Fund Board that IEG still needs to seek additional funding. It is hoped that they may be able to offer a little extra due to funds they have available to redistribute.
- d. RN advised that she had recently been elected as Vice Chair of the Towns Fund Board and this has been added to the Declarations of Interest Register.

## 10. CAPITAL & ESTATES UPDATE

Discussion item

Speaker: COO

Time: 18:00

- a. Master-planning
- b. New Bid Opportunities

### **Master Planning and New Bid Opportunities**

- a. An expression of interest was submitted to the Department for Business and Trade in July which was outlined as a 5-phase project, with phase one covering the Centre for Green Technology, within a wider plan to knock down and rebuild Peterborough College. The bid has so far been through three panels already which have seen the plans and numbers discussed. Next steps are for the bid to go to another panel in January ahead of investment decisions next year. So far, the panels have been supportive of the bid, with a focus on phase 2 which proposes development of a Health Science & Innovation Centre. The Committee will be further updated on the bid at the next meeting.
- b. The bid includes options for land swaps and opportunities to develop commercial income which were discussed in greater detail.
- c. The Post 16 Capacity Fund bid was unsuccessful last year; reasoning for the refusal was explained, which included lack of detailed capacity information so this is being developed and next steps were discussed.
- d. A revised approach to bid writing has been adopted which is working well.
- e. SEND facilities at PC were discussed and governors questioned whether there might be an opportunity to elevate it sooner. This plan is a first draft and anything after phase 2 could potentially be moved. Some short-term changes are being made around SEND to improve the space in the short term. Governors were advised that capital for High Needs funding goes to LAs and is generally awarded to the special schools, however students with high needs stay in education for longer but since the schools take all the capital there is none left for FE, so discussions about this have been raised. Bidding opportunities with the LEPs always require a business aspect linking to specific industries and SEND learners do not fit these criteria so it is difficult to access funding. As part of the College refurbishment funds there is an intention to relocate SEND provision within the College and some short tenders will be implemented to get costings.
- f. Governors suggested developing more relationships with commercial partners in relevant industries and sectors to partner with.
- g. Governors queried where the landscape/design skills would be procured from which is an aspect difficult to secure funding for but there is an argument to spend more on finessing the landscape for mental health, break out space, etc.



— Inspire Education Group —

h. All single storey buildings would be replaced with 2 or 3 storey buildings and there are lots of carbon footprint aspects to incorporate, including roof gardens. Movement, flow and utilisation of space between the buildings all require consideration and there is a need for greater landscaping design capacity.

i. Governors expressed that they would be wary of taking on any development risks with buildings, but potentially selling with permitted development could be an option for consideration.

j. It was noted that whilst this bid focused heavily on PC because of growth opportunities and good support from partners, plus issues with the existing buildings and the connection and cohesiveness with other projects in the city, SC will not be neglected and will be part of next steps in master planning. There is currently a better chance of securing redevelopment funds in PC and greater needs so the COO has focused there to begin with.

k. The next report at Board in December will include developments and outlines for SC.

## 11. URGENT BUSINESS (ITEM 1C REFERS)

Standing item

Speaker: Chair

Time: 18:15

None received.

## 12. DATE OF NEXT MEETING: TUESDAY 12 MARCH 2024 (PETERBOROUGH COLLEGE)

Standing item

Speaker: Chair

Time: 18:20

**The meeting closed at 18:25.**