

IEG FINANCE & RESOURCES COMMITTEE

November 19, 2024

4:30 PM - 6:00 PM

Stamford College

ATTENDANCE

PRESENT

Angela Morris (Chair)
David Cashmore
Suneel Appan (Remote access)
Faustina Yang
Rachel Nicholls (Chief Executive Officer)

IN ATTENDANCE

Louise Perry (Chief Finance Officer)
Edward Thomas (Chief Operating Officer)
Julia Bates (Chief Curriculum Officer) (Items 1 – 5, 10 only)
Emma Graham (Group Director of Finance) (Items 1 – 5b only)
Jane Spurgin (for Governance Director)

ABSENT

David Pennell
Joanne Ulyatt (Governance Director)

1. WELCOME

Standing item

Speaker: Chair

Time: 16:30

- a. **Apologies for absence:** Apologies were received from David Pennell.
- b. **Confirmation of eligibility and declarations of interest:** 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.

Members agreed that Item 10 could be taken first, out of order.

2. MINUTES

Standing item

Speaker: Chair

Time: 16:42

- a. Minutes of the last meeting (11.06.24): The Minutes of the last meeting were **confirmed** for signature (**ACTION 1**).
- b. Matters arising from the Minutes: None
- c. Actions from the minutes: All had been completed.

3. APPOINTMENT OF CHAIR

Decision item

Speaker: Governance Director (proxy)

Time: 16:45

The Finance & Resources Committee **proposed** to reappoint Angie Morris as Chair for 2024/25. Proposal to be shared with the Board for ratification (**ACTION 2**).

4. REVIEW FINANCE & RESOURCES COMMITTEE TERMS OF REFERENCE

Decision item

Speaker: Governance Director (proxy)

Time: 16:47

The Finance & Resources Committee considered its Terms of Reference which had been updated to amend the Executive membership posts to reflect the new Executive Team (Item 3b). The amendments were **approved** with the proposal to be shared with the Board for ratification (**ACTION 3**).

5. FINANCE REPORT & CAPITAL UPDATE

Discussion item

Speaker: Chief Finance Officer

Time: 16:50

- a) 2024/25 – Group P2 Finance Report
- b) Commercial Ventures Report
- c) 2024/25 - UCP P2 Finance Report

- d) UCP 5-year plan Draft 1
- e) 2024/25 Pay Award Proposal

a) Group Finance Report – Period 2 (P2)

The YTD position was presented indicating a pleasing position for the start of the year. The IEG position is high at P2 as the majority of income is lagged funding (recognised in 1/12ths) and expenditure for the year has a slow start. The UCP position is as expected with expenditure incurred in August but most students not enrolling until September/January – income is not accrued ahead of enrolment and therefore a deficit is reported at this time of the year. Members noted that this is the usual pattern and that income and expenditure tend to normalise by P6. P3 will reflect the first full year forecast adjustment and the position will be kept under close review throughout the coming months. Slightly different this year in that the UCP enrolment profile will see more January starts as a result of a delay in the external approval of the HTQs.

New tables within the report provide analysis of in year income; students on roll v those yet to start; growth in students numbers. Members were advised that Adult Skills/CPCA enrolments happen throughout the academic year and that the contract with Learning Curve was approved on 3rd October 2024 and therefore those enrolments are not yet reflected in the report. Members noted that apprenticeship funding targets are likely to be achieved, with much activity in signing up new starts and ensuring that timely achievementss are achieved (timings have a significant impact on the income profile).

It was reported that the Aged Debt position has significantly improved with a specific resource allocated to debt recovery within the Finance team, and members were reassured to understand that the Group has robust processes in place to recover debt wherever possible. It was agreed that some benchmarking information on % debt against income will be sought from the sector to assess how well IEG performs within the sector (**ACTION 4**).

In response to a number of queries arising from the report, it was explained that:

- although the T Level equipment planned spend by the end of December appeared ambitious, the report was P2 (Sept) and the team was confident of achieving the spend;
- the In year income analysis is being monitored closely with the team forecasting £3.3m. The budget is believed to be conservative and did not factor in all element's employer payments etc;

Members received explanation that staff costs are RAG rated green not because there is an underspend, but in recognition that teaching staff leave at the end of one academic year and new staff do not start until the beginning of the next academic year which results in an underspend in the month of August. Members further noted that the apparent shift from teaching staff to support staff is primarily a reflection that Assistant Heads of Faculty and Heads of Faculty have been moved onto management contracts out of 'curriculum' into 'business support'. There were 37 new staff in September of which 23 are teaching staff and 14 support staff. Further analysis on the shift in staff costs between teaching/support will be provided at the next meeting (**ACTION 5**)

Members queried why the majority of the Group cash reserves is deposited in an account with a relatively low interest rate and were reassured that, as the Group becomes better at cash forecasting, alternative investment portfolios will be considered.

Members commended the team on a really good report.

b) Commercial Ventures Report

The Committee received a report on the commercial functions (Stamford Gas Centre; Catering; the Nursery and Stamford Fitness) which are showing a strong start to the year. Stamford Gas is the most profitable of the ventures with an in year surplus to date above budget and Stamford Fitness, whilst starting slowly, has planned marketing campaigns at Easter to increase membership. Members discussed the performance of catering and the challenges presented by rising food costs, and were advised that price increases would likely be implemented in January. It was noted that there has been a significant improvement in the take up of free college meals, which is attributed to better processes.

The nursery is undergoing an in-depth review of pricing and other commercial aspects to position itself better in the market place with a more competitive edge, to ensure it can cover the new minimum wage increase coming in April and maximise its surplus/financial return to the Group.

c) 2024/25 - UCP P2 Finance Report

In addition to the enrolment position discussed at (a) above, members noted that: a new grant has been received to develop degree level apprenticeships using, where relevant, any unused staff hours; the new HTQ in Engineering had achieved its recruitment target; the balance sheet is showing a healthy net asset position and the cash position remains steady.

d) UCP 5-Year plan Draft 1

Each year UCP is required to make a submission to the OfS by 31st December which is effectively the UCP budget – a compliance requirement. The Plan requires a forecast of staff and student numbers which, in a changing political climate, is hard to forecast. It was noted that student numbers have reduced significantly in 2024/25 as the Addict contract ended on 31st July 2024, and ESPA have failed to recruit any HE students this year. Impact on income and surplus is relatively small as 82% of the funding received was paid directly to the contractors. It was clarified that there is not a corresponding reduction in staff costs as the staff costs within these contracts were shown as 'sub-contract costs'.

Members were invited to feedback any comments on the UCP 5-Year Plan before it goes to the UCP Council/IEG Board for approval in December (**ACTION 6**).

The Committee **noted** the reports and congratulated teams on the early positive financial position.

Item 5e was removed to Confidential Minutes

6. STUDENT ENROLMENT 2024/25

Information Item

Speaker: Chief Finance Officer

Time: 17:20

The Committee received an enrolment report and noted the following:

- 16-19 year old recruitment has gone extremely well with strong growth over the past two years from 4,604 students to 5,572 (against a target of 5,536)
- Within the above numbers, T Level recruitment has risen from 36 students in 2023/24 to over 300 students in 2024/25. Whilst it is reported nationally that many colleges have grown their numbers, IEG is rated at the top end of the growth table
- HE has recruited 383 (351 fte) students against a target of 398 fte. As discussed earlier, it was noted that January starts are predicted to be up, however the income forecast has been cautiously adjusted downwards by -£183k to reflect the reduction in September enrolment

numbers. Much relies upon a strong January recruitment and good retention if UCP is to hit its income forecast.

- 2,142 (1,366 distinct) adults have been enrolled (funded through the Adult Skills Fund) which is in line with expectations at this point in the year and there will be a focus on recruitment throughout the year to ensure that funding allocations are met. There is no expectation of any clawback this year.
- 173 new apprentices have been enrolled as at 31st Oct 2024, with 67 in flight (total 240) – plus 626 continuing learners. This reflects a significant fall in the number of apprentices on programme, though many previous learners from prior years were 'out of funding' as they had passed their original planned end date. A significant review of those learners has resulted in their programmes either completing or ending and 2024/25 reflects a much clearer data set upon which to base income forecasts for apprenticeship provision. A 2024/25 financial forecast will be reported at P3 forecast.

Further discussion took place about 'out of funding' apprentices and how we benchmark in the sector for our number of such apprentices. Members were advised that the DfE produces a dashboard including such stats and we have been RAG rated green (previousy amber).

The Finance team will now model the impact of in year 16-19 year old student number growth on the funding allocation due for 2025/26 (under the lagged funding model).

Members **noted** the report and congratulated the teams responsible for converting 16-19 year old applicants into enrolments this year. The growth results are a clear reflection of strong processes, hard work and the huge team effort that has been put in by staff.

7. HR UPDATE

Discussion item

Speaker: Chief Operating Officer

Time: 17:40

HR Report

The Committee considered the update report and HR Dashboard with KPIs and discussed the following items:

- *Staff absence and turnover figures for 2024/25:* sickness absence is lower than 2022/23 at 8.9 days but is still higher than the strategic target of an average of 5.5 days per person (sector average 6.3 days). HR follow up and investigate individual instances, supporting staff with longer term sickness – it was noted that the statistic is also impacted by disciplinary issues.
- *Recruitment performance:* recruitment to meet curriculum staffing targets is almost complete with 50 appointments since July 2024. Turnover remains lower than 2022/23 at 14.9% reflecting a more settled workforce and the average days to hire is 93 days.
- *Exit interviews and staff leavers:* Of the 189 staff recruited between 1st Sep 2023 and 30 Oct 2024, 17 staff have left the organisation. Reasons for leaving are recorded and examined – of the 17 leavers, 3 were non starters, 1 left after one day to take up an alternative offer and 5 failed their probation period. Most common reason for staff leaving are due to rates of pay and retirement (13% respectively). Staff are offered the options of completing a 'Leaving well; form or a face to face interview with a member of the HR team to better capture reasons for leaving.
- *Casework and Performance Management:* there have been 4 disciplinary cases since the start of September, 3 capability cases; 1 member of staff on a support plan and 1 extension to probation period. Members noted the casework outcomes. Case management is significantly better and members congratulated all involved.

- *Staff development:* a full and comprehensive Management Development Programme was run for the 36 Assistant HoFs and a programme for Emerging Leaders – Six Steps for Success for 12 aspiring managers. Professional development for staff will be supported at a similar value in 2024/25.
- *Well being:* a range of wellbeing initiatives to support staff health and mental health are in place including access to a range of toolkits, a Mental Health Champions support mechanism, focussed CPD, a varied programme of wellbeing cafes, free flu jabs and blood pressure checks, accreditation to become a Disability Confident Leader is underway with staff assisting with improvement plans. Members welcomed all the support that is being offered to staff.

QRS Review and Progress Update was removed to Confidential items.

Impact of Employment Law changes on agency recruitment

Members received a report outlining the challenges and opportunities presented by the changes in employment legislation brought in by the Labour government – primarily aimed at improving workers’ rights and creating a fairer and more secure labour market. The potential impact on agency recruitment and therefore the plans to bring QRS in-house was discussed, in particular:

- Day One rights for all workers
- Protection from Year 1 (unfair dismissal cases)
- Changes to bereavement leave, alternative leave and flexible working all Day One
- Changes to absence from work and extra rights for maternity/paternity leave
- Increased reporting requirements and the associated administration burden
- Requirement to risk assess sexual harassment within the organisation
- 100 days to implement changes

It was noted that, whilst consultation is still underway that may change a few things, the new legal requirements will be closely monitored over the next few months and assessed for impact. IEG will seek expert legal advice to ensure full compliance, although it was noted that some aspects are already in place (e.g. IEG pays sick pay from day one to its staff). Members requested that an update report is brought to each meeting of the Committee (**ACTION 8**).

Members discussed whether, due to the increasing complexity of the employment laws, the QRS situation and changes in the HR staffing structure, there was a need for a separate employment focussed governance committee. It was agreed that perhaps the best approach would be to extend the length of the Finance & Resources Committee meetings from 1.5hrs to 2hrs to allow time for more indepth discussion. Governance Director to canvass members for their views and, if agreeable, extend the length of the meetings (**ACTION 9**).

The Committee **welcomed** the detailed reports.

8. HEALTH & SAFETY UPDATE

Discussion item

Speaker: Chief Operating Officer

Time: 18:00

Members had received and read the H&S update report which highlighted:

- No Riddor reportable accidents
- No major accidents
- 144 minor accidents during academic year to date, all of which are investigated

- 1 incident and 26 near misses – more details on near misses requested by SA to be provided outside of the meeting (**ACTION 10**)
- Departmental Risk Assessments are progressing well but there remain some gaps within individual departments. Members were reassured to hear that issues are being resolved.
- 226 staff have completed their first aid training and it was noted that staff receive payment for the service provided
- Fire evacuation times have improved
- 126 educational visits have been risk assessed and improved

Members were pleased to **note** all the action being taken.

9. CENTRE FOR GREEN TECHNOLOGY UPDATE

Information item

Speaker: Chief Operating Officer

Time: 18:05

Members received a comprehensive update report on the progress of the Centre for Green Technology and were pleased to note that the project remains on track in terms of costs (£13.9m) and quality. It was further noted that:

- Practical completion date remains at 24th January 2025
- Furniture and equipment are being procured for delivery into the CGT from 6th January 2025
- Pursuing funding opportunities through the Towns Fund
- Strong construction progress made during current period
- Project is being featured in the December issue of Building, Design and Construction Magazine

It was discussed that the additional costs of a necessary water tank/fire hydrant with supply pipe, not originally budgeted for and costing c. £100k, has been covered by reviewing equipment requirements/savings made elsewhere. A contingency of £110k has been created within the existing funding envelope to cover the costs.

Members **noted** the details and were delighted with the progress made towards completing the project and that a launch event is planned for 21st March 2025.

10. APPRENTICESHIPS, PROJECTS AND PARTNERSHIPS UPDATE

Information item

Speaker: Chief Curriculum Officer

Time: 16:35

A detailed, comprehensive report was received by members and the following aspects were discussed:

Apprenticeships

As previously discussed enrolments are slightly below target at 240 but there is confidence that the target of 257 starts will be achieved. Through a review of processes and procedures associated with

the comprehensive rules surrounding apprenticeship funding, there is increased confidence that compliance has been significantly improved.

Members discussed whether the split in subject recruitment was as expected and heard that electro technical/carpentry and bricklaying are down (due to space restrictions with those learners 'out of funding' taking up valuable space) and other areas are up. To address this issue IEG is reviewing the length of some standards as in some instances they are potentially not long enough to complete the programmes – we should only plan what we can accommodate which means that some applicants cannot be accepted. The new plumbing and gas bays at Stamford will help with this once they come on line. In addition, appropriate skilled staffing levels need to be in place to fully support delivery and currently the demand in some areas cannot be supported.

It was also discussed that the news on levy funding and the way that employers will be able to spend their levy funds may have an adverse impact on apprenticeship recruitment, together with the announcement on the increase in the NMW from April. This will be assessed during the academic year.

Subcontracting

The level of subcontracting is reducing in line with ESFA recommendations (within 25% of each funding stream value) and IEG has no HE franchised provision in 2024/25. Subcontract partners for 2024/25 are Aspire, ESPA, GLADCA and Inspire+ and the value of subcontracting has been reduced by 33% from 2023/24. Learning Curve (a previous subcontractor) has a Supported Delivery Model (SDM) contract for adult skills training delivered with IEG with a contract value of up to £1.3m in 2024/25. Careful oversight is being kept on the quality and compliance aspects of delivery with the longer term view that IEG will reduce its dependency on this contract and increase its direct delivery.

Adult Skills

In 2024/25 IEG will receive £1.74m Adult Skills Funding from the ESFA and £2.5m devolved adult skills funding from CPCA, with likely CPCA growth funding. IEG is fully involved with the CPCA as it updates its Commissioning Strategy for Adult Skills (being reviewed in Jan 2025), ensuring there is awareness that our offer is fully aligned with all priorities.

There are plans in place to spend the full combined allocation with a focus on continuing to expand adult provision, particularly in Peterborough. Members further noted that the HGV training continues with excellent outcomes, a recent quality monitoring visit of our Maths programmes was very positive and that the CPCA Innovation Fund which supports an IEG EDI Coordinator has been very productive.

Discussion took place about whether or not IEG should bid for Wave 6 Skills Bootcamps in light of poor previous take up, the potential pressure on space and skilled staff levels. No bid will be made unless IEG is sure that it can be done well although the demand is there and it is believed that IEG could do a good job on delivery.

LSIF Project update

Members noted that LSIF funding of £1.04m will be fully utilised (final claim date 31 March 2025). The funds are being/have been spent in providing equipment for Green Technology, immersive rooms, innovation hubs, virtual reality equipment and a low carbon training centre with 14 bays - the spend profile is on track. The projects have driven significant advancements in Engineering, Low Carbon Green Technologies and Digital & IT at both campuses.

Higher Technical Education Pathways

UCP and IEG have received £829k from SIF2 (Skills Injection Fund) for seven HTQ pathways and the DfE has extended recruitment to 2028/29 to meet enrolment targets. In addition, UCP has been awarded £490k under the OfS Wave 3 Degree Apprenticeship bids to develop 5 degree apprenticeships: Digital Marketeer; Creative Design Professional; Serious & Complex Crime; Digital User Experience (UX); and Teaching. A project lead has been appointed and delivery expected to commence on OU validated programmes in 2025/26.

Members **commended** the report for its clarity of detail.

11. URGENT BUSINESS (ITEM 1C REFERS)

Standing item	Speaker: Chair	Time: 18:12
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None.

12. DATE OF NEXT MEETING: 11 MARCH 2025

Standing item	Speaker: Chair	Time: 18:15
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Date confirmed as 11.03.25

Meeting closed at 18:15