

## IEG FINANCE & RESOURCES COMMITTEE

June 11, 2024

4:30 PM - 6:00 PM

Stamford College

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### ATTENDANCE

#### **PRESENT**

David Pennell (Chair)  
David Cashmore  
Faustina Yang  
Rod Allerton  
Suneel Appan  
Rachel Nicholls (CEO)

#### **IN ATTENDANCE**

Joanne Ulyatt (Governance Director)  
Edward Thomas (Chief Operating Officer)  
Louise Perry (Chief Financial Officer)  
Emma Graham (Group Director, Finance)

#### **APOLOGIES**

Angela Morris

## 25. WELCOME

Standing item                      Speaker: Chair                      Time: 16:30

- a. Apologies for absence; Apologies were as noted.
- 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.

## 26. MINUTES

Standing item                      Speaker: Chair                      Time: 16:32

- a. **Minutes of the last meeting (12.03.24):** The Minutes of the last meeting (12.03.24) were confirmed for signature. **(ACTION 12).**
- b. **Matters arising from the Minutes:** None.
- c. **Actions from the minutes:** All actions were complete; An update on the People Strategy will be included within the HR Report on the agenda. The updated document will be circulated to governors following a meeting with HR to confirm dates. **(ACTION 13)**

## 27. 2024 POLICY UPDATES/REVIEWS

Decision item                      Speaker: CFO/COO                      Time: 16:35

- College Financial Handbook
  - Policy Updates
- A) Environmental Policy
  - B) Fees Policy
  - C) Financial Regulations Policy
  - D) Reserves Policy
  - E) Fixed Asset Capitalisation & Depreciation Policy
  - F) Partnership Policy
  - G) Health & Safety Statement & Policy
- a. Annual policy updates were presented for approval or recommendation to the Corporation Board for approval, as appropriate. A new Fixed Asset Capitalisation and Depreciation Policy was presented which adds to the financial framework, along with a Reserves Policy which is a new requirement of the College Financial Handbook. All other policies provided had been seen

before and had undergone minimal amendments to reflect the slightly changing environment, with updates noted.

- b. Governors asked whether, in terms of the purpose of the Reserves Policy, it was required to include within that policy the possible, though unlikely, managed wind-up of the organisation to ensure that there are reserves to cover liabilities in a wind-up situation; legally that is not required and the purpose is to enhance the financial framework to ensure that the organisation remains a going concern rather than address the remote possibility of wind-up. Since the last point within the purpose is to maintain as a going concern, it was not felt that this needed to be included.
- c. Governors noted that the Health & Safety Policy Statement still referred to the monitoring and responding to coronavirus and suggested that this should now be extended to pandemics, instead of coronavirus specifically; COO to update this before submitting to Board for approval.  
**(ACTION 14)**

The Committee made the following **approvals** and **recommendations** to the Corporation Board for approval:

- *Environmental Policy - recommended for approval to IEG Corporation Board*
- *Fees Policy – recommended for approval to IEG Corporation Board*
- *Financial Regulations Policy – recommended for approval to IEG Corporation Board*
- *Reserves Policy – recommended for approval to IEG Corporation Board*
- *Depreciation Policy – Approved*
- *Partnership Policy – recommended for approval to IEG Corporation Board*
- *Health & Safety Statement & Policy – recommended for approval to IEG Corporation Board, subject to amendment agreed*

## 28. HR UPDATE

Discussion item

Speaker: COO

Time: 16:45

- HR Report
  - IEG Gender Pay Gap Report
  - Staff Satisfaction Survey
- a. An update was provided, continuing with the same report model implemented at the last meeting.
  - b. Absence has increased slightly, whilst turnover has reduced and is at target. Staff vacancies have also reduced but remain high. Employee relations casework is being dealt with promptly and issues are being dealt with more effectively at probation stage.
  - c. Disciplinary/capability figures were noted.
  - d. Feedback captured from leavers mostly relates to taking jobs outside the sector or family commitments.
  - e. Governors asked whether there was anything arising from the Staff Survey results to feed into the People Strategy; there appears to be a lack of understanding around flexible working which is causing disgruntlement, so this will definitely need to be moved forward with a clear Flexible Working Policy with guidance on how it is interpreted and executed to provide absolute clarity.
  - f. There were some comments relating to certain departments which the Executive team were already aware of and those issues are already being addressed.

- g. The Staff Survey analysis compares data to last year and between campuses. In September/October there will also be comparative data available for other colleges, usually 30-40 other colleges are included in the dataset. The results were shared with ELG as part of a recent away day event and some time was spent capturing their feedback. An action plan to address issues will now be devised and the CEO will talk to staff about the results at the Staff Conference, and then with ECG and JCC with regional union reps, and all feedback will be taken onboard. Negative comments regarding specific individuals or teams will be removed from the version to be shared with staff. Governors noted that a number of the survey comments are neither practical nor reasonable.
- h. Governors asked whether the backlog of H&S reviews reported at the last meeting had been addressed; all are now complete and work is starting for next year. There is now a full quota of staff whereas at last report the team were struggling with some sickness absence.
- i. Governors enquired as to whether the People Strategy is on track and if there is anything more to do around this before the September launch; there are some items that can be easily progressed, but there is a need for additional skills and expertise at a more strategic level in HR for which there is a plan to deliver within a longer-term strategy.
- j. The Gender Pay Gap Report was provided and is fairly straightforward.

*The Committee **approved** the Gender Pay Gap Report for publication on the IEG website.*

## 29. HEALTH & SAFETY UPDATE

Information item                      Speaker: COO                      Time: 17:05

- a. The report was presented.
- b. In the current reporting period there had been no major accidents, one incident, and 8 near misses (an increase on the previous report).
- c. All Risk Assessments were up to date and work for next year was underway.

## 30. FINANCE UPDATE

Discussion item                      Speaker: CFO                      Time: 17:15

- 3 Year Financial Plan
  - Group Finance Report P9
  - Commercial Ventures Report P9
- a. The 3 Year Financial Plan was reviewed and discussed.
  - b. The draft is built on budget principles reviewed by the Committee in March and incorporates work on curriculum planning.
  - c. The plan has been complex to draft since growth is tricky to manage. d. d. There has been significant change to pay figures with overall pay growth of circa £5M which is funded by the increase in 16-19 funding.
  - d. To be prudent, some lines in the budget are understated.
  - e. CPCA has been included as per allocation, but there is generally flexibility to go over by 10% in growth money where other organisations have under delivered.
  - f. There is potentially growth in apprenticeships next year if quality is resolved.

- g. The considerable increase in posts to accommodate growth proposed was an item of note.
- h. Suggestions of new metrics going forward to sit as part of the IEG strategy were outlined on page 9. Of particular note was the significant change in taking cash days down to 45; this was further discussed and agreed as the right thing to do strategically. The ESFA recommendation is for 25 days but the CFO would never recommend this as an approach. The metric can still be over delivered, but it is wise to have it in the plan.
- i. The cash position will switch next year; IEG has built cash this year ahead of planned spend next year which will see the cash position go down.
- j. The table on page 21 of the report is based on all of the assumptions set out in the plan and includes all of the targets, detailing where they are met and where they do not quite meet the strategic plan objective.
- k. Staff costs percentage target has changed across the sector and so was changed on the plan to 65-70% but pitched for feedback; governors felt it was a wide margin and suggested narrowing it.
- l. The metrics proposed would deliver a Good health rating which ensures safety going forward. The staff costs target does not form part of the measures. The plan sees IEG falling just outside of the target window in 2024/25 and 2025/26, and then returning to target in 2026/27. Governors asked the team to consider where they wanted to land on this and then to hold themselves to account by narrowing in the target window; there was consensus around a comfort level of 68% of adjusted income, and a target window of 68-70% was agreed.
- m. The draft has been thoroughly scrutinised with forensic and thorough testing of assumptions and costings of posts.
- n. The BAF primary risks were reviewed; governors questioned whether cyber-attacks should be included because it is such a relevant issue with potentially significant financial implications; this has been considered but is more of a business continuity risk rather than a financial risk. There is limited financial liability as IEG is insured against this and the insurance provision would also cover overtime costs, therefore, financially it is not a key risk, though operationally it is significant.
- o. Page 23 indicates a 2% pay award built into the plan and governors asked whether this was sufficient provision; staff are paid less favourably than others in the sector and it is on the low side, however on average staff have seen a considerable increase in pay over the last 3 years. No one can guess where inflation will be or how the economy might change following the general election, so this is very much a placeholder at the moment. It largely depends on growth and growth depends on capacity. The plan never predicts rises in funding rate, they would only be added in when known. IEG Board generally considers the pay award in December and awards in January when more is known about enrolment numbers to mitigate risk. The accuracy of year 2 and 3 of the plan is always an educated guess.
- p. Governors queried in relation to lease schedules, whether JobSmart premises will still be needed in 2 years' time as the break clause is coming up; JobSmart offers a different kind of provision and responds to a high number of job centre referrals. The location is therefore considered an integral factor in its success; engagement would likely diminish if it was relocated to the main college campus.
- q. Governors questioned whether an assumption of £1.3M of in year growth is achievable; this is a safe assumption to make and if IEG did fail to hit the target then some of the additional posts would no longer be required which balances against pay costs.
- r. There is £3.5M of capital investment planned across the site, and net cash inflow of £3.5M per year which should maintain a settled cash position. The targeted 45 cash days is predicated on the £3M of investment approved at May Board which is now built into the plan.

- s. 14-16 provision was noted; this is a great way of building relationships with schools and positively impacts on them as young people. This provision has grown but not as much as hoped due to sickness absence, so IEG has been holding the reins on this but not driving it forward; plans are in place to grow and build this pipeline.
- t. The P9 Financial Report indicates a relatively static position but with two unknown values that could affect the forecast and need to be resolved prior to year end; the receipt of RAAC funding for loss of revenue, and the cost of making good the building on exit from Endeavour House.
- u. There may be some late decisions around staffing which could impact on the forecast, but governors will be kept informed and there is not expected to be any significant movement in the next 2 months.
- v. Governors noted that the year end budget had moved from £811K to £875K in this iteration due to changes in educational costs and exam fees. GDF to investigate this further to ensure it is correct for the next meeting. **(ACTION 15)**
- w. The MOT Centre closes at the end of this month and builders have been contracted to complete the works over the summer ready for September.

## 31. UCP FINANCE UPDATE

Decision item

Speaker: CFO

Time: 17:35

- Draft UCP Budget & Capital Plan 2024/25
  - UCP Financial Regulations
  - UCP Finance Report P9
- a. The UCP reports were presented. The UCP budget has changed since the 5 year plan was produced in Autumn 2023 and the changes were summarised.
  - b. Governors noted that the I&E budget and plan shows HE tuition fees at £3.7M in 2023/24, dropping to £3M in 2024/25, and then increasing back up to £3.6M in 2025/26; this drop relates to the teach out agreement with Addict that is worth circa £1.2M per year which ends this summer following the notice period. This does leave a hole in the UCP finances and the UCP budget has been the toughest part of budgeting this year as there is no growth in their income and pay costs are being funded by FE growth; if UCP was a truly independent organisation it simply could not have awarded the 7% pay award, but the teaching staff work across both the FE and HE provision.
  - c. A great deal of work is being done around HTQs and higher level apprenticeships. Frank discussions were had with the UCP Council about the UCP budget.
  - d. A shift is coming in the university sector, and with a dip in international students, universities are now scrabbling for learners.

*The Committee **recommend** the UCP Budget to the IEG Corporation Board for approval.*

- e. The UCP Financial Regulations were reviewed and no questions or concerns were raised. This was a light touch review in light of the in-year review that was undertaken in February.

*The Committee **approved** the UCP Financial Regulations.*

- f. The aged debtor analysis was scrutinised.

- g. Much of the debt is old and records are patchy relating to debtors when UCP came over to IEG when the joint venture with ARU was exited. Prior to that ARU had been responsible for collecting fees and not all of the information to chase these debtors has been passed over. The Finance team are working hard to recover as much as possible and to gain additional information from ARU.
- h. £130K of prior year debt has been resolved however, but the older it is, typically the harder it is to collect.
- i. Circa £315K of outstanding debt is with a debt collecting agency who are relatively successful, however, some cases are closed as often there is insufficient evidence, but they are making headway. RN will intervene at a higher level if IEG is not getting the information required back from ARU to be able to recover the debt.

## 32. CENTRE FOR GREEN TECHNOLOGY UPDATE

Information item

Speaker: COO

Time: 17:50

- a. The report was presented, outlining the progress made on site.
- b. The project remains on target in terms of cost, quality and no further slippage against programme within the current period.
- c. An invoice has been submitted to the Towns Fund to drawdown the remaining grant funding.
- d. Additional bids totalling £3.8M have been submitted via Peterborough City Council and the CPCA.
- e. Work is underway to complete the closing of the external envelope of the building.
- f. A plan for decanting of equipment as early as possible has been developed with the Curriculum team to save time within the programme.
- g. Governors asked about recruitment of students for the Centre for Green Technology; the planning work around this was outlined, and will include a programme of part-time courses for upskilling adults in industry, and new green curriculum elements. A great deal of work has been put into planning the offer and utilisation of space.

## 33. SUBCONTRACT VALUES

Decision item

Speaker: CFO

Time: 18:05

- Subcontract Values 2024/25
- Subcontract Values 2023/24
- a. Two papers were presented.
- b. The proposed subcontract values for 2024/25 align with the AEB tender outcomes detailed in the next agenda item.
- c. The maximum values have significantly reduced over the years. The breakdown of indicative values was provided, noting a change this year in the way the funding is calculated.
- d. FE contract values with ESPA have increased as they are delivering a L2 provision for the first time, though the HE figures will drop out for 2024/25 as this subcontract ends.
- e. It is a compliance requirement for the Corporation Board to approve the values before it is contracted out.

The Committee **recommend** the proposed subcontract values for 2024/25 to the Corporation Board for approval.

- f. The 2023/24 subcontract values have not been updated in year, therefore, to ensure alignment, several amendments were requested.
- g. An increase in the ESPA contract reflects growth opportunities taken.
- h. An increase in the GLADCA subcontract value relate to changes in funding rates by the CPCA. Last year the CPCA were co-funding but then changed to fully funding which effectively doubled the value; this was put into the contract but it did not return to the Board. The Committee requested that this explanation around the GLADCA value increase be provided in the presentation to the Board for their understanding. **(ACTION 16)**
- i. When the accounts are prepared, a self-assessment compliance regulation document has to be completed and the contract value approvals must tally.

The Committee **recommend** the regularising of the 2023/24 subcontract values to the Corporation Board for approval.

## 34. PROCUREMENT: TRANSPORT & AEB/ADULT SKILLS FUND TENDER OUTCOMES

Decision item

Speaker: CFO

Time: 18:15

- a. Two large tenders for student transport services and the subcontracting of AEB were reported.
- b. AEB: Whilst contracts are routinely let for three years with an option to extend for a further two years, when the AEB was tendered in 2021 the plus two option was not put in, so this had to be done again this year. However, the limits now imposed on subcontracting at 25% of each funding line with no exemptions made it a smaller piece of work as the award is much reduced.
- c. There was good interest in the AEB tender, with Gladca and Aspire scoring highest and a recommendation proposed in 2 lots, one for Cambridgeshire and one for Lincolnshire. Given the size of the contracts on a 3 year basis, the tenders must be approved by the Corporation Board.
- d. Transport tender; there have been considerable operational issues with transport contracts this year so the option to extend by two years was decided against. A significant review of transport services was undertaken to eliminate duplication against public transport routes. Pre-merger travel to learn was a competitive environment for the colleges, but post-merger the environment has of course changed. From 2024/25 the proposal is to run sixteen routes, plus one shuttle bus, which is an initial reduction of fourteen routes. The cost reduction will be offset to some extent by price increases.
- e. Governors asked whether the reduction in routes would cause a loss of students; only routes where there is a public transport alternative are to be removed and the numbers of students using those routes have been considered. Any impact is considered marginal and should not prevent those learners from coming if they want to, and this has been factored in.
- f. The changes to routes will reduce transport costs by circa £600K next year whilst reducing income by circa £150K, resulting in a net £450K increase. This saving has been built into the budget which is one of the reasons staff costs can increase in 2024/25.
- g. Governors noted that they were pleased to see the proposal to support local companies.

- h. There may be some tweaks to the recommendation, for example, Fowlers may not agree to contract with IEG for just one route, so the second choice would then be selected.
- i. There is one further route that potentially might be removed; CPCA have announced a big investment in transport routes which may mean that this route is no longer viable.
- j. The annual and three year award values were provided. The services would be annually re-contracted with a CPI cap for each of the 3 years.

*The Committee **recommend** the approval of the three year contracts to the Corporation Board as described.*

## 35. URGENT BUSINESS (ITEM 25C REFERS)

Standing item

Speaker: Chair

Time: 18:25

None received.

## 36. DATE OF NEXT MEETING: TBC

Standing item

Speaker: Chair

Time: 18:30

The draft meeting schedule will be approved at the July Board meeting, with Team Engine updated and calendar invites for 2024/25 issued as appropriate.

There being no other business the meeting closed at 18:10.