

IEG FINANCE & RESOURCES COMMITTEE

11th March 2025

4:30 PM - 6:30 PM

Peterborough College

ATTENDANCE

PRESENT

Angela Morris	(Committee Chair, Corporation Vice Chair)
Suneel Appan	
David Cashmore	
Rachel Nicholls	(Chief Executive Officer)
David Pennell	(Corporation Chair)

IN ATTENDANCE

Louise Perry	(Chief Finance Officer)
Edward Thomas	(Chief Operating Officer)
Julia Bates	(Chief Curriculum Officer)
Emma Graham	(Group Director of Finance)
Hadyn Bereznyckyj	(Senior Accountant)
Jane Spurgin	(for Governance Director)

APOLOGIES

None

1. WELCOME – PART 1

Standing item

Speaker: Chair

- a. **Apologies for absence:** None received.
- b. **Introductions:** for the benefit of the Senior Accountant, Members introduced themselves.
- 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.

2. MINUTES

Standing item

Speaker: Chair

Time: 16:42

- a. **Minutes of the last meeting (19.11.24):** 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 with the exception of H&S near misses – COO to discuss with governor outside of the meeting.

3. FINANCE REPORT & CAPITAL UPDATE

Discussion item

Speaker: Chief Finance Officer

a) Group Finance Report – Period 6 (P6)

The report for the IEG group has a year to date operating surplus position of £1,483K, made up of the following surpluses: IEG £1,369k; UCP £114k. Members noted that:

- the IEG year to date position is still slightly higher at Period 6 than anticipated but there are a number of high costs due to be expensed in the latter part of the year, principally the pay award and National Insurance increase in staff costs, and some commercial income tails off;
- the UCP position is as expected as UCP incurs costs in August, ahead of the HE students enrolling in September. Higher Education funding is recognised in year and therefore, unlike IEG, is not accrued ahead of enrolment resulting in deficits each year, which normalises during the year. However, the forecast for UCP has been revised down because of the January enrolment numbers;
- a full year surplus of £57K is now forecast for the Group, predominantly because of the decision to invest in the estates masterplan. It is expected that the position will improve over the coming months as announcements are made;
- income forecast remains extremely uncertain because of external factors, with several additional revenue streams to be confirmed – full details were included within the report;

The Committee explored the following key issues in depth with management:

Extreme Financial Volatility

- Significant uncertainty and rapid changes in financial forecasts.
- "Numbers are bonkers" due to external factors ~~and forecasting inaccuracies~~.
- There has never been such uncertainty at this time of the year with so many unknown factors

Key Uncertainties:

- DfE under-estimated FE demand for in year growth funding, resulting in a £320k reduction (£880k instead of £1.2m).
- 16-19 grant announcement (part of the £50m announced for colleges in year) is delayed, with unknown funding levels.
- National Insurance (NI) contribution grant methodology remains unclear - budgeted at 65% with potential for change.
- Uncertainty around the level of LGPS contributions, but these could be positive.

Budget and Forecast Adjustments

- Overall forecasts will change significantly due to ongoing uncertainties.
- Following Board decision to fund capital master planning, now aiming for a small surplus this year, with potential adjustments.
- Potential positive impact from one-off grants, requiring careful management.

Financial Strategies and Actions:

- Focus on understanding and managing costs.
- Maintain agility in response to changing circumstances.
- Explore flexibility in spending, particularly master planning pre-application.
- Monitor the impact of new posts (£1.4m spend) and recalculate costs.
- Careful management of the £1.8m Towns Fund, expected in July.

External Factors and Outlook:

- OBR report (26 March) expected to provide more metrics.
- Positive movement in 16-19 base rate (3.79% increase next year).
- External environment is highly volatile, with other colleges facing similar challenges.
- Targeting a financial health of 'good'.
- Colleges are pushing back on the ESFA and central government, responding to the uncertainties.

Members **noted** the particularly volatile situation and uncertainties and that the accounts will change as more funding/grant information is released. The Committee **welcomed** the cautious and pragmatic approach reflected in the forecast at this time.

b) Commercial Ventures Report

The Committee received an update report providing an overview of the financial performance of the commercial activities within IEG, along with highlighting current issues, sensitivities and key financial risks to ensure adequate financial control across the group.

It was noted that:

- Stamford Gas Centre – looking much stronger this year and it is expected that it will make a positive contribution at year end;
- Catering – reflects a balanced position, following the price rise increase implemented in January. Income has remained broadly consistent/slightly up. Members were reassured that students in receipt of bursaries have received an increase in allowance to match the food price increases
- Nursery - has undergone an in-depth review of pricing with an increase of 5% to all fees (the increase is in line with competitors and comparable to other childcare providers in the region. A successful start to 2024/25 with a year-to-date surplus of £12K;

- Stamford Fitness – has had a slow start but delivered a deficit as anticipated YTD. Discussions are currently underway with several new membership platforms, with additional planned direct marketing campaigns in the Easter period when the New Year appeal drops. Modelling to assess the impact of a new low-cost gym in Stamford is being undertaken.

Members **noted** the current position in respect of the commercial ventures

c) 2024/25 - UCP P6 Finance Report

The Committee received the UCP P6 Finance report and discussed the following points:

Key Issues:

- January recruitment shortfall has caused a substantial financial impact and resulted in a potential deficit position.
- Efforts are being made to reach a break-even position by year-end

Deficit Forecast:

- There is an underlying operating deficit and in-year savings are required to reach a balanced position.
- Revised full-year forecast predicts a £117k deficit (worst-case scenario).
- Primary driver: £514k shortfall in tuition fee income.
- Partially offset by £490k grant for degree apprenticeships.

Mitigation Actions:

- Potential share of £16m grant from OfS for Level 4/5 provision (HTQs).
- Possible release of £60k provision from a pre-2020 contractual dispute (subject to due diligence).
- Review of non-pay costs and management recharges for further savings.
- Focus on achieving a surplus

Year-to-Date Performance:

- £114k operating surplus year-to-date (£182k below budget)
- £269k reduction in student fees, partially mitigated by grant income and cost savings.

Capital Expenditure:

- £505k HTQ funds on track for full utilization by March deadline.
- £49k OfS capital allocation to be spent by March deadline.

Regulatory Concerns:

- OfS (Office for Students) is requesting in-year forecasts in April, reflecting sector-wide concerns.

Course Performance:

- Counselling courses are performing well, however, Higher Technical Qualifications (HTQs) are slow to gain traction.
- UCP needs to diversify its course offerings to maximise on market opportunities.
- UCP is effectively infilling courses where possible, though class sizes are small.
- Degree apprenticeships are a positive infilling model and respond to market demand.

Balance Sheet:

- Healthy net asset position year-to-date.
- Anticipated similar or reduced net assets by year-end due to forecasted deficit.

The Committee **noted** the position and the proposed mitigation activities to realise a surplus by year end.

d) Bad Debt write off

The Committee was requested to approve the write off of bad and irrecoverable debts which exceed the internal sign off limit of £5K.

In considering its decision, Members noted that:

- there are four debts that fall into this category: the first 3 are currently on the UCP Debtors ledger with the last one included in the IEG Debtors ledger;
- all the debts relate to invoices raised in a previous financial year and were all included in the Group bad debt provision at the July 2024 year end or earlier years;
- all of the debts have exhausted debt recovery avenues, or in one case was caused by an administrative error in 2022;
- the total write off value is £30,645;
- these balances were fully covered within the prior year bad debt provisions and will have no impact on the I&E in this financial year.

Members were **satisfied** that every effort has been made to recover the debts and **approved** that the debts be written off (**ACTION 2**).

e) Bad Debt benchmarking analysis

As requested by the Committee, a benchmarking exercise had been undertaken to assess where IEG stands in terms of its debt recovery levels. Members considered the outcome report and reflected on the following:

FE Benchmarking:

- Analysis of bad debt in Further Education (FE) completed.
- Used published benchmarking data, focusing on comparable FE colleges.
- IEG's bad debt collection is "average" compared to five similar colleges (2022/23 data).
- Opportunities exist to improve beyond the average (i.e. contacting City of Sunderland to learn about their bad debt management strategies)

Debt Management:

- Active management of current and older debts.
- Significant work has been completed to improve internal systems, and all avenues are explored before debt write-off.
- Over £200k being paid via instalment plans.
- Student loan company payments will settle a large proportion of HE debt in May 2025.

Future Actions:

- Need to develop a similar benchmarking process for Higher Education (HE).
- Direct approaches to HE colleges will be required.
- HE benchmarking to be provided in a future report.
- Further development planned to improve IEG reporting.

The Committee **noted** the outcome of this useful piece of work and that actions are being put in place to continue to develop this.

4. 2025/26 BUDGET PRINCIPLES

Decision Item

Speaker: Chief Finance Officer

The Committee received a detailed report setting out the underlying budget assumptions recommended for use in the 2025-26 to 2027-28 three-year plan and noted the following:

- the planning, particularly for 2025/26, follows the trend of uncertainty discussed with Governors earlier in the meeting;
- this has made drafting the assumptions challenging, with some primary uncertainties in some of the key areas of the plan;
- on the expenditure side, changes to NICs and possible adjustments to the Local Government Pension Scheme (LGPS) contribution rates add further complexity to financial planning.
- Given these uncertainties, early financial planning to provide a financial framework remains challenging. Further updates will be provided as soon as funding details are confirmed by the ESFA and other relevant bodies.

At the Committee's request, the CFO further explained the challenges experienced in setting out the budget principles:

Funding Uncertainty:

- Indicative funding allocations not received as usual at this time
- 16-19 core funding increase expected, but top-up percentages not being increased.
- T Level funding bands to be uplifted for 2025/26 (moved to a lagged model), but potential in-year clawback threats
- Uncertainties around the availability of in-year growth funding
- Adult skills budgets reduced not confirmed
- Impending Lincolnshire devolution (ASB) creates further uncertainty.
- The capital envelope is unknown.

Financial Challenges:

- Difficulty in planning curriculum growth without funding certainty.
- Linked to the above, staffing establishment and LGPS costs unknown.
- Non-staff costs have inflationary increases, but some IT software may be protected due to existing contracts in place.
- Pay inflation controls in place, but significant changes are likely.

Strategic Responses:

- Commitment to enrolling students despite funding uncertainty.
- Exploring Trailblazer funding opportunities.
- Addressing 16-18 NEET (1,200 locally) through an evolving delivery partnership, with IEG as the anchor institution.
- Adult NEET potentially addressed through trailblazer initiatives.
- Potentially utilising flex budgets for Boot camps and Connect to Work.

Members **approved** the IEG Budget Principles 2025/26 as presented as a starting point, noting that there will be further modelling as funding announcements are made.

5. LEASE APPROVAL: LED LIGHTING

Decision item

Speaker: Chief Operating Officer

Committee approval was requested to enter a 7-year lease for LED lighting installation at Peterborough and Stamford campuses. This is retrospective approval for work completed in Nov/Dec 2024 with the lease prepared in January 2025. The total value of this lease over 7

years is £196K (annual cost £28K) – this value requires approval by the Finance and Resources Committee,

In making its decision, Members considered the following:

Benefits:

- 32% projected reduction in energy consumption.
- Lower operating and maintenance costs.
- Allows for replacement lights at both sites.
- Improved lighting quality (brightness, colour rendering, uniformity).
- Reduced carbon footprint and enhanced sustainability.
- Potential increase in property value.

Lease Details:

- Contractors: E-Energy Ltd (installation), Room Twelve (lease provider).
- Lease Term: 7 years.
- Monthly/Annual Payments: Specified for Peterborough and Stamford.
- Included Services: Installation, maintenance, replacements, warranty.
- Buyout option available.

Financial Impact:

- Significant annual savings projected for both campuses.
- Payback period: 7 years.
- Lease structure minimizes upfront capital expenditure.
- Monthly savings offset the cost of the lease.

Risk Mitigation:

- Careful review of lease terms and conditions.
- Selection of reputable vendors (everything FM framework).
- Long LED lifespan mitigates technological obsolescence.
- Planning to minimize installation disruptions.
- Accounting for lease changes after January 2026 will be factored into capital planning.

The Committee **approved** the lease agreement (with a value over 7 years of £196K - annual cost £28K) to achieve cost savings, improved lighting, and enhanced sustainability (**ACTION 3**)

6. HR UPDATE

Discussion item

Speaker: Chief Operating Officer

The Committee considered the HR report and HR Dashboard with KPIs providing top line information to inform the Committee with progress against strategic targets. Members considered and discussed the following key information:

Headline Figures & Overall Performance:

- Sickness Absence: Increased to 8.6 days, exceeding targets and previous year's figures, attributed to illnesses and COVID-19.

- Turnover: Decreased slightly to 14.4%, below target, though higher than the previous year; internal transfers are a factor.
- Vacancies: Significantly increased to 104 due to a major recruitment drive and budgeted roles - expected to decrease.
- Staff Retention: 91.3% retention within the first 12 months, exceeding the 90% target.

Key Performance Indicators (KPIs):

- Staff Absence: 8.6 days, exceeding the 5.5-day target.
- Mental Health Absence: 21.6% of absences - monitored for trends.
- Physical Health Absence: 76.4% of absences.
- Turnover: positive position of 14.4%, below the 18.2% target.

Recruitment:

- Vacancies categorized: on hold, awaiting start, at interview, live.
- Average days to hire: 94 days.
- Detailed list of staff leavers within 12 months with reasons provided.

Staff Leavers & Exit Interviews:

- Low completion rate of "Leaving Well" forms.
- Most common reason for leaving (of those who completed forms) is 'retirement'.
- Efforts are being made to improve staff retention through benefit development and salary benchmarking.

Casework and Performance Management:

- Disciplinary, capability, grievance, probation, and support plan case numbers provided.
- Details of outcomes for resolved cases considered.

Staff Development and Training:

- Management Development and Emerging Leaders programs conducted.
- Apprenticeship levy spend has exceeded £285,000.
- Continued focus on HR skills and employment law training for managers.

Wellbeing and Employee Benefits:

- A Wellbeing page has been set up on Inspire Insights.
- Mental Health Champions program.
- Menopause pledge and cafes.
- Cancer support drop-ins.
- Flu jabs and blood pressure checks.
- Transition to Disability Confident Leader status.
- Promotion of non-pay rewards and "Viv-up" benefits platform.
- Consideration of new Employee Assistance Program providers.

Executive Director of People Services:

- Interim appointment planned to drive key HR initiatives.
- Focus on establishing a Group People Services Function, restructuring HR, and implementing an HR system.
- Interviews were held and an offer made to an experienced HR Director. The new postholder will be employed for 5 days a week from April 2025.

Employment Law Changes:

- Overview of proposed changes related to zero-hours contracts, unfair dismissal, collective redundancies, statutory sick pay, "right to switch off," trade union rights, and harassment protection.
- Monitoring and adaptation of policies to align with changes.

It was further explained that Executive members are involved in the disciplinary and grievance procedures in compliance with process requirements and a query on numbers relating to recruitment (and specifically the number of vacancies) will be investigated and feedback outside of the meeting (**ACTION 4**).

The Committee noted that a new HR Dashboard is being prepared which will be trialled with Executive and presented to the Committee at a later meeting. Members observed that last period v next period analysis would be helpful. (**ACTION 5**)

The Committee **welcomed** the detailed report and **noted** the information provided.

7. HEALTH & SAFETY UPDATE

Discussion item Speaker: Chief Operating Officer

The Health & Safety update report was presented to the Committee who noted the following:

Overall Progress & Key Highlights:

- Continued positive progress has been made from 2023/24, despite increased student numbers.
- No RIDDOR reportable accidents in the current period.
- Risk assessments are now fully in place across both campuses.
- Procurement of a new risk assessment and lockdown system is underway - for September.
- Two new Health and First Aid Advisor roles are being recruited.
- Increase in mental health cases, accidents, and incidents, correlating with student numbers.

Accidents and Incidents:

- Detailed breakdown of minor accidents by type, month, and campus received.
- Non-first aid medical health calls are also recorded.
- Two major incidents reported: a bin lorry damaging an electrical substation and a delivery lorry damaging a wall.
- Near miss incidents are recorded with numbers per month and campus.

First Aid:

- Stamford has First Aid vacancies which are to be filled; Peterborough's rota is fully covered.
- Fire alarm activations are recorded with details of time to clear and reset.

Staff Training:

- Various training sessions conducted, including fire warden, evac chair, first aid, and educational visits.

- Planned training includes IEG staff induction, risk assessments, and first aid refresher courses.

Departmental Housekeeping Audits:

- First round of audits completed, with most areas rated green.
- Second round of audits underway.

Risk Assessment Audit:

- Risk assessment audits are recorded per department, and manager.
- Individual Risk Assessments are undertaken.
- Occupational health assessments are being undertaken.
- Health awareness days are being held.

Educational Visits:

- The new online system for educational visits is working well.
- Details of low-risk and high-risk trips were provided.

Members asked for details of a nursery incident where 'a child fell from height' and it was reassured to hear that the incident took place in the playground, reporting a minor fall from a climbing frame.

The Committee **noted** the information provided in the H&S update report.

8. CENTRE FOR GREEN TECHNOLOGY UPDATE

Information item

Speaker: Chief Operating Officer

Members received a comprehensive update report on the progress of the Centre for Green Technology and were delighted to note that the development completed in February 2025.

It was noted that:

Project Overview:

- The completion of the Centre for Green Technology completed provides a state-of-the-art learning environment.
- The project faced challenges but ultimately delivered successfully.
- Project was completed 6 months behind the original schedule.

Construction and Value Engineering:

- Cleggs Construction Ltd. replaced Kier Construction due to cost issues.
- £1 million in value engineering savings achieved through various changes (drainage, materials, etc.).
- Construction contract awarded to Cleggs for £9.5 million.

Programme Delays:

- Initial 56-week programme extended to 64 weeks due to:
 - Inclement weather.
 - Re-design of assessment bays.
 - Unexpected fire hydrant installation.
 - Snagging.

Funding and Budget:

- Complex funding envelope: Towns Fund, CPCA, DfE, Capital Loan Scheme, IEG reserves (£13.9 million total).
- Additional £1.8 million Towns Fund secured.

- Project budget was £13,912,000.
- Overspend of 0.1% due to unforeseen works.
- Contingency used due to fire hydrant and water tank installation.
- Additional concrete slab, design changes and fire safety requirements increased costs.

Marketing and Communications:

- Successful marketing campaign, including high-profile visits and media coverage.
- Well-received opening ceremony.
- Sound communication between teams – Estates, Finance, Curriculum.
- Official opening will take place on 9th May 2025 – trying to secure a Minister to open the building

Lessons Learned:

- Improve quality of professional services supply chain (surveys).
- Develop more realistic project programmes.
- Enhance project communication during all phases.
- Project is a good advert for IEG's ability to deliver large scale capital projects (only project funded through the Towns Fund that has been either started or completed).

The Committee noted the report and expressed its sincere appreciation to the Estates, Finance and Curriculum teams for their outstanding work on the Centre for Green Technology project. This successful outcome reflects a significant team effort. The Committee also wished to acknowledge the Chief Operating Officer's pivotal role in guiding the project to its completion.

9. STAMFORD NORTH DEVELOPMENT

Information item

Speaker: Chief Operating Officer

(The Chair declared an interest in his role as Burghley House Estates Director and CEO of the Burghley House Preservation Trust).

Members received a comprehensive report on the progress of the Stamford North Development and were pleased to note and discuss the following:

Project Overview:

- This is the plan for a large housing development near Stamford, involving 2,000 new homes across two sites: Stamford North (1,350 homes) and Quarry Farm (650 homes) - led by Burghley Estate, on Burghley land.
- Joint Strategic Planning Board (SKDC and Rutland County Council for coordinated planning).
- Key features: new homes, country park, local centre, and link road.
- Infrastructure to commence by the end of this year with housing following in August 2026.

Planning and Challenges:

- It has been a lengthy process to reach this point – 3.5 years to date.
- Local objections: impact on landscape, traffic congestion, infrastructure strain, and wildlife habitat loss.
- Criticisms regarding the planning process.
- Both development components have received planning approval.

Impact on IEG:

- Phase 1 impacts IEG, focusing on Stamford Football Club and Borderville sports centre.
- Changes include car park entrance, additional pitch, and multi-use games pitch.
- Potential disruption during car park relocation; IEG working with developers on access.

Benefits to IEG:

- Potential increase in student numbers.
- Negotiated use of a multi-use games pitch during college hours at no cost.
- Discussions regarding additional space in the proposed town centre.

Next Steps:

- Governor approval and signing of a new lease required.
- Heads of Terms to be brought to the IEG Board for approval at the end of March (**ACTION 6**);
- IEG Executive Team to continue working with developers on town centre provision.
- IEG Executive Team to ensure minimal impact on Borderville during Phase 1 construction (currently no clear way for students to get back from the car park/pitch to the front of the College apart from against oncoming traffic).

The Committee further commented that the development offered opportunities for conversations with the supply chain contractors to take on apprentices during the build project (**ACTION 7**).

Despite the potentially slightly disruptive impact on the front of the Stamford College Borderville site, it would be beneficial for students and therefore the Committee **approved** the project in principle. An update will be brought to the IEG Corporation Board meeting in March (**ACTION 8**).

10. APPRENTICESHIPS, PROJECTS AND PARTNERSHIPS UPDATE

Information item

Speaker: Chief Curriculum Officer

A detailed comprehensive update report was received by Members and the following aspects were considered:

Adult Skills:

- Adult skills delivery is currently ahead of plan, exceeding CPCA allocation by 10%, as permitted for 2024/25.
- Significant funding uncertainty for 2025/26 due to potential ASF reductions and ongoing devolution.
- Mitigation strategies: optimizing funding streams, exploring bootcamps, and focusing on short-term initiatives.
- Emphasis on demonstrating outcomes, strengthening employer relationships, and improving data collection.

Apprenticeships:

- Apprenticeship starts are slightly behind plan, but quality is improving.
- Market share of new starts within CPCA has increased.
- Staffing shortages in plumbing and electrotechnical have impacted starts.
- Curriculum strategy prioritizes apprenticeships as the "gold standard." The strategy is to move to more apprenticeships who attend college part-time thereby maximising use of specialist facilities and staff time.

- Apprenticeship quality is improving, with strong retention and achievement rates.
- Employer engagement is good and strengthening.

Subcontracting:

- Full contract value for subcontracts is £1,623,564.
- Subcontract partners include Aspire, ESPA, GLADCA, and Inspire+.
- GLADCA and Inspire+ are currently below contract targets but expected to achieve them.
- Inspire+ proposal to extend geographical reach is being explored.
- Tender for subcontracted apprenticeship provision for 25/26 is in hand.

Supported Delivery Model (SDM) Partnership:

- Increased IEG direct delivery at Stamford College is expected to reduce SDM contract value.
- Enrolments are strong, with high retention rates.
- Monthly monitoring is in place to track progress and ensure quality.

LSIP Projects:

- Centre for Green Technology is opening in April.
- Low Carbon Energy Training Centre is operational at Stamford College.
- LSIF projects are concluding, with KPIs met and final report due.

Multiply Project:

- Multiply programme will end on 31st March 2025.
- Final starts to be recorded by 31st March 2025, with completions until 23rd October 2025. A full end-of-project update will be provided later in the year.

Members asked what the blockages are for apprenticeship take up and what can be done to support increased engagement. It was discussed that specialist space restrictions on campus play a part in how many learners can be supported and that demand from employers, which had been fairly static, is now dropping due to financial worries as they face increasing financial burden from government decisions. The teams will continue to develop engagement strategies and promote the value of apprenticeship provision.

The Committee **noted** the report, the areas of success and improvement and acknowledged the difficult and ever-changing funding and apprenticeship landscape.

11. URGENT BUSINESS (ITEM 1C REFERS)

Standing item

Speaker: Chair

None.

12. DATE OF NEXT MEETING:

Standing item

Speaker: Chair

Date confirmed as 12th June 2025.

Meeting closed at 18:30