

MINUTES

**Policy and Resources Committee Meeting
held via Microsoft Teams
Tuesday 2 July 2024 at 16:00**

Date and timings:	16:00 to 17:38
Location	via Microsoft Teams
Present (PRC Governors):	Lee Freeman (Chair) (LF) Seye Awolusi (SA) Rick Olver (RO) Denise Brown (DB) Group CEO
Clerk to the Corporation	Lana Jackman- SECG Executive Director for Governance
Minutes	Carrie Brown- SECG Head of Governance
In attendance	Zed Mohammed (ZM) SECG Vice CEO- Finance Officer Ansar Mahmood (AM) SECG Vice CEO- MIS, IT and Marketing Adam Fahey (AF) Deputy CEO- Curriculum and Quality Aaron Thompson (AT) Governor Sue Leonard (SL) Governor
Apologies	Gerry Bender (GB) Paul Gribbon (PG)
Quorum- meeting was quorate throughout	
Item	
0.0 Agenda.	
1.0 Preliminary items.	
1.1 Apologies for Absence.	As noted above.
1.2 Declarations of Interest.	There were no new declarations of interest other than those already standing (<i>in accordance with the requirements of section 177 of the Companies Act 2006</i>).
1.3 Urgent items of other business.	
2.0 Finance.	
2.1 May Management Accounts, cashflow and forecast out-turn.	May Management Accounts were <u>REVIEWED AND NOTED</u> by the Committee.
2.2 Draft budget 24-25 and financial forecast.	The draft budget 24-25 and financial forecast was <u>REVIEWED, APPROVED AND RECOMMENDED TO THE CORPORATION BOARD</u> by the Committee.

ZM presents his budget presentation noting that at the EBITDA will be 3.6 at the end of this financial year putting SECG in Requires Improvement. ZM details the contingency built into the budget to ensure SECG hits the budget target as last year's budget did not include this element.

ZM notes the introduction of contribution rates for each area in the budget process and also performance targets for specific areas. ZM notes that the SECG looking to build growth by increasing class sizes and not having additional groups with a costed curriculum plan.

RO asks about the increase the income from this year compared to last year which is over £6million. ZM notes that this comes from additional commercial income, increased 16-19 English and Maths funding. ZM gives a full breakdown of the Income noting 62% is 16-19 student group income, 22% is made up of HE, Apprenticeships and ASF and 16% comprises of International, Backstage Centre, Catering, High Needs, Capital Grants, ALL, Tuition Fees, Commercial Income, HTQ Income, Innovation Fund, Gatsby, IOT and DWP. ZM notes that the ALL line is very conservative due to issues in the HE market as outlined in the last Policy and Resources Committee meeting.

LF asks if this is based on the lagged funding model from the allocation letter? ZM confirms that this is correct.

LF questions the international income and a strategy around this and asks for an update on this? ZM notes SECG has targeted 10 international learners and there is opportunity to grow this 10. DB adds that the model is in country delivery for this first term and the second two terms the learners come across to SECG which is within the guidance. DB notes that there is a hostile environment for learners with families but the SECG learners are young people that return post study. DB confirms that 10 is a conservative estimate.

ZM details the modelling used for the staffing costs in the business planning process using teaching utilisation and support staff adding value to the SECG mission and values.

SA asks if SECG has any plans to get additional funding from International Companies? ZM notes that this is not in this budget but this is an area that will be explored in the 3-year financial plan. DB details that the SECG Strategy drives the work that SECG focuses on and this is not a focus at the moment, this doesn't mean that SECG cannot and/or should not be a focus; this can be explored in the new Strategy in 18-months' time. AF notes that SECG has had £200k of Turing Scheme. AF details that International Bids do require a lot of infrastructure which involves investment up front which SECG is not in the position to do at the moment.

LF notes that ESS Ltd is now defunct and asks whether the staff movement/Tupe has been budgeted for? ZM details that staff are included.

LF asks about the vacancies and posts in the budget and asks how this compares to the SECG staffing at the moment? ZM details that there will be a variation and the HR systems and processes need to be reviewed to make this clearer.

ZM details that the budget does include a notional savings targets for each area to ensure that savings are built in and that budgets do not creep above target.

RO reflects positively on the capital reinvestment and also the increase in the marketing budget.

ZM highlights the improved cash flow with increased cash days in hand; the cash flow scenario shows net increase in cash of £0.4m and average cash days of 20 in 2024-2025. ZM details that the budget has an investment of £2m for estates and IT infrastructures addressing previous years of significant neglect. ZM notes that DfE loan repayments will commence quarterly from January and this will impact the cash position. ZM details that the £1.1m is earmarked for the Air Handling Units.

ZM notes that the budget will be Requires Improvement for the next year.

SA asks if the DfE loan has been factored into the cash flow? ZM details that this is factored into the cash flow.

ZM reviews the High Level Sensitivities for the financial health ratings detailing a number of scenarios.

SA asks about the sustainability budget and what this will be spent on? ZM notes that this hasn't been allocated for a specific plan at the moment it is part of the estates strategy.

ZM details the Risk Management for the organisation and how this will be managed and mitigated- apprenticeship income, E&M funding, commercial income, HE/HTQ income and High Needs (securing additional income for the delivery or making savings).

RO notes his concern about the HE and HTQ income due to the risk in this area and felt that this needed close monitoring. RO asks if these courses were marketed to the internal learners? AF responds that SECG is ensuring that there is a seamless progression path for internal learners. AF adds that the High Needs offer system is stacked against FE due to the funding processes.

SA asks about the Resource Approval Meetings and what these are? ZM notes that these are meetings to approve all resource to control expenditure.

SL comments that there needs to be a strategy around the Air Handling Units and obtain additional funding for these? ZM notes that there is hope that funds will become available post-election as there needs to be capital funding model for the sector as commercial lending is no longer an outlet. ZM comments that he would like to get to the point where 3% of income is allocated capital repairs (in line with best practice in the sector).

LF reiterates his confidence in the methodology in the budget and thanked the SLT for their work in the budget. LF asks if SECG can look into grants from other bodies now it is in the public sector? DB notes that SECG can but there is still a £2m capital cap (which some installations will cost).

LF notes that the ethos of attitude change to cash management is welcomed.

ZM reflects positively on DB's leadership and notes that 1% of FE Colleges are financial inadequate and this is a very challenging job to do.

LF details again his assurance with this process and details the improvement this year and thanked ZM for his work on this.

3.0 Committee Evaluation.

The Committee agreed to conduct the Committee Evaluation via email outside of the meeting.

4.0 Any Other Business.

CFFR Submission.

The CFFR assurance submission to be discussed at the 3rd September 2024 Corporation Board to ensure that Board has sign off.

There being no further business the meeting ended at 17:38 hrs.

Signed..... Dated.....