

MINUTES

Policy and Resources Committee Meeting
held via Microsoft Teams
Tuesday 23 April 2024 at 18:00

Date and timings:	18:00 to 20:10
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
Minutes	Carrie Brown- College Group Clerking and Policy Officer
In attendance	David Hughes (DH) Chief Operating Officer Zed Mohammed (ZM) Chief Financial Officer
Apologies	Ansar Mahmood (AM) SECG Vice Principal- MIS, IT and Marketing Roney Brooks (RB) Executive Director People and Organisational Development

Quorum- meeting was quorate throughout

Item

0.0 Agenda.

1.0 Preliminary items.

1.1 Apologies for Absence.

Apologies were received in advance of the meeting from Ansar Mahmood (AM) SECG Vice Principal- MIS, IT and Marketing and Roney Brooks (RB) Executive Director People and Organisational Development.

1.2 Declarations of Interest.

There were no new declarations of interest other than those already standing (*in accordance with the requirements of section 177 of the Companies Act 2006*).

1.3 Urgent items of other business.

One item of AOB was raised- the resignation of Steve Collins and the impact on quoracy.

2.0 Minutes of previous meeting.

2.1 Minutes of the meeting held on 19 February 2024.

The Minutes of the meeting held on 19 February 2024 were **APPROVED** as an accurate reflection of the meeting.

2.2 Matters Arising.

ZM notes that the Treasury Management Policy is being reviewed , alongside the Financial Regulations for SECG factoring in the new Financial Handbook, the Procurement Act and Treasury Policy to ensure that these

have a rigorous rewrite due to the switch to public sector. The Committee **AGREE** with the process outlined by ZM.

3.0 Human Resources.

3.1 HR Report.

The HR report was **REVIEWED AND NOTED** by the Committee.

DH presents the HR Report noting that the data is fairly consistent with previous reports to the Committee with a steadily improving picture particularly around sickness absence. DH adds that the Employee Assistance Programme is being launched post half term and this should aid with improves in sickness absence particularly for the psychological absences as employees will have access to mental health support. RO reflected positively on the Employee Assistance Programme.

SA asks how much SECG is losing due to sickness absence? DH responds that SECG is losing 9.23 days per employee on average so this is 7000 days lost. DH notes that the key figure is 4.3% in lost time which is quite high but not uncommon in the sector post COVID19.

SA asks how much this translates in terms of pounds and pence? ZM responds that in the March management accounts this accounted for £96000 worth of agency coded costs for sickness year to date.

SA asks how SECG compares to other FE Colleges for sickness absence? DH notes from his understanding is that SECG were worse than average but this year the picture has improved so that SECG is now at average or slightly better than average as an organisation. ZM adds that at this point last year SECG agency costs for sickness were double that they are now.

ACTION: Industry data to be added into the HR report to aid with benchmarking across the sector.

LF notes the reduction in turnover particularly at a time when pay is such an issue and asks if this is attributable to the new college structure? DH details that the staff survey highlighted that the current staffing carder are quite happy with where they are or no particularly worried either way. DH felt that this is a reflection of the choices that have been made and the new structure embedding. DH details that change in staff mood particularly at the Basildon Campus.

DH notes that the Trade Unions have rejected the pay claim, DH notes the productive meeting with Unison and ideas around non pay improvements to the offer, however the meeting with UCU was less productive as they are only seeking improvement to the pay offer. DH details that there is a possibility that SECG and the Trade Unions could go into dispute.

SA asks what SECG is doing to prepare for the worst case scenario with the Trade Unions? DH responds detailing the strategies for the Trade Unions emphasizing the importance of continuing the discussions with them to try and come to an agreement. DB gives some context around the UCU pay claim rejection last year, the consequences of this and the mitigations SECG put in place. DB details the concern around the Trade Unions communication with staff around the expectations of the spending of additional monies and the impact of this. The Committee have a discussion around this point, the communication, and mitigations should strike action at place.

LF asks if that now FE is in the Public Sector is there a risk that a public sector pay award is forced upon SECG? DH responds that there is no move to nationalise pay for the FE sector- detailing that SECG is still its own independent organisation reflecting on how this works in the school sector with academics and LA schools. DH adds that the AoC does make a recommendation for the FE sector but this is not binding.

RO asks if SECG have statistics for how many people SECG employ who have a declared disability? DH notes that SECG does and this figure will come to the next PRC meeting. **ACTION:** figures on SECG staff that have a declared disability to come to the next PRC meeting.

3.2 Pay and Recruitment Policies- Annual Review.

The Committee **AGREE TO RECOMMEND TO THE CORPORATION BOARD** the Pay and Recruitment Policies pending any changes required due to the new Financial Handbook.

LF asks if the policies will be impacted by the new financial handbook? DH responds that they shouldn't, but these updates top and tail the latest legislative changes

3.3 Performance Review Compliance Figures.

Deferred to the next PRC meeting. DH details that SECG is trying to more fully embed this Performance Review process and SECG are chasing compliance in this area.

ACTION: Performance Review compliance to be reviewed more rigorously next academic year to ensure better and more timely compliance in this area to embed the culture of setting targets and managing performance.

4.0 Finance.

4.1 Management Accounts- March.

The Finance update and March management accounts were **REVIEWED AND NOTED.**

ZM presents March Management Accounts noting income at the end of March of £32.5m, the strong EBITDA 7.09% and reduction of deficit from February (£1.9m to £1.7m). ZM details that SECG is doing a reforecast at the moment. ZM adds that on staffing SECG is showing a favorable pay variance but this is mainly down to vacancy control and the reduced use of agency staff (agency costs last year were £2.2m and the reforecast is showing year end agency costs to be £1.3m). ZM highlights the work that has been done on the cashflow balance with creditors and securing a stable cash position.

ZM notes that SECG financial health rating is 160, from a budget of 120 giving a stronger financial health position. ZM details the squeeze that would be required on non-pay costs to obtain a 'good' financial health rating which requires a rating of 180. ZM details the scenario planning to highlight the path to financial health 'good' rating.

ACTION: LF asks that a graph highlighting the trend of the financial health of SECG is added to future reports.

SA asks about the staff percentage of income ratios across the industry sector. ZM responds that the industry sector averages at 65% which SECG meets including the outsourcing elements of staffing.

SA challenges around the management of cashflow and the reputational risks around this. ZM gives a detailed explanation of the backlog of creditors and how cash flow is being needed to be managed. ZM gives assurance that the reputation of SECG has increased substantially from where it was two years ago.

The Committee reflect on the struggle SECG has had with the management of cashflow for the last two years and the reputational risk of this that the full Corporation Board has been very much aware of. The Committee note the journey that SECG has been on, the transformation of finance culture within SECG and the hard work from the Executive Team to improve this financial health of the College.

DB gives the Committee assurance on the new budget build process noting the strengthening of the process to ensure that budgets encompass everything and SECG has no surprise in year spending requests. DB highlights the phenomenal progress SECG has made with its financial health in the last 12 months especially. DB notes that should SECG get to financial 'good' health in the next year it will be a true turnaround picture.

LF reflects on the change of culture to meet the financial forecasts and also to have more realism within the budgeting process. RO notes the improvement on the openness and honesty from the Executive Team.

RO asks if there is any growth figure on the AEB this year? ZM respond that SECG can go over 10% as it currently stand. SECG is looking to achieve 100% of target with no claw back.

4.2 Funding Allocations 24-25.

The Funding Allocations paper was **REVIEWED AND NOTED.**

ZM presents the Funding Allocations update noting the work that is being undertaken to increase the numbers however the numbers have increased by 16 to 4488. ZM details the upward trend in learner numbers but the need to further increase the growth to improve the financial situation.

ZM notes that SECG have received an overall increase in core funding by £2.3m in areas such as disadvantaged funding in English and Maths which will aid with the increase in TPS (Teachers' Pension Scheme) costs.

DB gives an update on the Adult Skills Funding (the new AEB) rules for next year which are less rigid and will allow for more innovation in this area to meet community and employer needs.

RO asks if the 16-18 year old funding includes the requirements to do more English and Maths? DB confirms that it does and SECG is taking a phased approach to this- next year 3 hours of English and 3 hours of Math (increasing to 4 hours of Maths in 2025-2026).

4.3 Budget Assumptions 24-25.

The Budget Assumptions paper was **REVIEWED AND NOTED.**

ZM gives a detailed verbal breakdown of the budgeting process which has been completed on a zero based approach. ZM adds that staffing is budgeted around the curriculum plan building in learning hours with remission time- matching the activity to income. ZM details the high level of challenge in the budget process.

RO asks about the response from staff around this? ZM responds that staff are embracing it- ZM details the balance between required between public sector funding and commercial thinking and ensuring SECG is adequately staffed and expenditure is aligned to each student so that they get a fair chance of achieving their desired outcomes.

SA asks about the delegated authority for payments and at what level a payment would need approval from the Corporation Board? ZM confirms that this is the case with LF adding that the Financial Regulations setting out the level at which a contract would need Corporation Board approval. The Committee have a detailed discussion about the checks and balances around the SECG budget and spending processes and how the FE reclassification impacts this.

4.4 Cost Savings Update.

ZM presents the Cost Savings Update document noting the headway that has been made predominantly in computer and software subscriptions.

LF notes that the budget processes are far more rigorous now than they have been. LF expresses concern that savings should not come from marketing as that area will aid with income generation. ZM notes this and adds that SECG are looking to invest in marketing.

5.0 Capital Projects and Estates.

DH gives a verbal update on Capital Projects and Estates, noting SECG are reviewing the life cycles of its plant and machinery and are using this information to aid with the development of the estates strategy and investment plan (for estates and IT).

DH notes the music move to Thurrock is still on target for handover 16th August with little risk around this date. The challenge in this area will be around the updating of the equipment for this area.

DH details the continuing challenge with the AHU (air handling unit) installation which is risk these will cost £1m to install. DH comments that ideally these will be installed over the summer period.

6.0 Sustainability.

DH gives a verbal update on sustainability noting that SECG has a sustainability committee to try to engage the academic staff noting the good practice at the academic level that is embedded within a number of the SECG provisions as well as in estates and catering.

7.0 Committee Oversight of Risk.

7.1 Policy and Resource Committee Risks.

The Committee **REVIEWED AND NOTED** the Policy and Resource Committee areas risks.

8.0 Any Other Business.

8.1 ESFA College Financial Handbook.

The Committee **REVIEWED AND NOTED** the updated ESFA College Financial Handbook.

Accounts sign off 2022-2023.

DH details that the subsidiaries are completed this week and the SECG accounts will probably not be signed off until March therefore SECG will need to ask the ESFA for a further extension.

8.2 Policy and Resources Committee Quoracy.

LJ notes that Steve Collins has resigned as a Governor due to childcare issues. LJ comments that new Governors will be recruited but this appointment process across the sector is challenging.

The Committee **AGREE** to recommend to Governance and Remuneration Committee that the quoracy of Policy and Resources Committee is reduced to 2.

9.0 Committee Evaluation.

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

Meeting moved to Confidential Items.

10.0 Dates of future meetings:

Tuesday 25 June 2024 18:00 MS Teams

Tuesday 2 July 2024 16:00 MS Teams- Budgeting Group

There being no further business the meeting ended at 20:10 hrs.

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

Meeting of the Policy and Resource Committee.

Matters Arising and actions from previous meetings.

Actions to be confirmed ongoing/completed

Actions confirmed completed will be removed from the table.

Item	Actions	Deadline	Lead	Status
Actions from 19 February 2024				
5.1	Performance review compliance figures to come to the next Policy and Resources Committee meeting,	April 2024	RB	Completed.
Actions from 23 April 2024				
3.1	Industry data to be added into the HR report to aid with benchmarking across the sector.		RB	In the August report.
3.1	Figures on SECG staff that have a declared disability to come to the next PRC meeting.		RB	These are within the EDI report.

3.3	Performance Review compliance to be reviewed more rigorously next academic year to ensure better and more timely compliance in this area to embed the culture of setting targets and managing performance.		LJ/CB	To be completed via the Regulatory Board.
4.1	A graph highlighting the trend of the financial health of SECG is added to future reports.		ZM	