

SOUTH EASTERN REGIONAL COLLEGE
Governing Body – Finance and General Purposes Committee

Minutes of the meeting of the Governing Body Finance and General Purposes Committee held on Wednesday 10th February 2016, at 6.15 p.m. in the Downpatrick Campus.

1.	<p>Attendance and Apologies:</p> <p>Present: Mrs B. Larkin, Mr E. Jackson, Mr K. Webb, Mr J. Taylor, Ms C. Goodwin</p> <p>In attendance: Mr T. Martin (Chief Finance Officer), Miss C. McDermott (Minutes)</p> <p>Apologies: Mr M. Simcock, Ms D. Smyth (Secretary to Governing Body)</p> <p>In the Chair: Mrs B. Larkin</p> <p>The Chair welcomed members to the meeting.</p>
2.	<p>Conflicts of Interest:</p> <p>The Chair asked if any members wished to declare an interest in respect of any item on the agenda. There were no declarations of conflicts of interest.</p>
3.	<p>Minutes of the meeting held on 16th November 2015:</p> <p>Mr Jackson proposed the adoption of the minutes as a true record and the Chair seconded.</p>
4.	<p>Matters arising:</p> <p>There were no items to be taken.</p>
5.	<p>Correspondence:</p> <p>5.1 Letter to DEL and Response re NILGOSC Circular 16/2015 – Government Proposals to Cap Severance Costs</p> <p>The Chair summarised the correspondence to the committee noting the £95k cap on Public Sector Exit Payments to include pension and the acknowledgement letter from the Minister for Employment and Learning.</p> <p>The Principal updated the Committee with a potential extension on restrictions (which is currently out for consultation), making reference to the entitlement of 3 weeks per year of service which is to be capped at 15 months, resulting in a substantial reduction in particular to long serving staff members.</p> <p>5.2 DEL Circular – 13/15 – Remuneration of Governing Body Chairs and Members</p> <p>The Chief Finance Officer updated the Committee that discussions have taken place by the Principals’ Group and the NIFON Group and a detailed response from both will be collated and issued as one response from the sector. This will include reference to the equality issues around any potential exception of remuneration for staff or student members.</p> <p>The Principal said this response will be concluded on 16th February and a copy will be made available to the Governing Body Members.</p>

6.	<p>Chairman's Business:</p> <p>There were no items to be taken.</p>
7.	<p>Budget 2016/2017</p> <p>The Principal said the College may receive an indication of the FE/HE budget for 16/17 by the end of the following week. He added this will not be indicative of the budget for Training Programmes, but can update the Committee that confirmation of an extension for Training For Success and the Apprenticeship Programme has been received, allowing them to continue until August 2017. The Principal added that the College will be looking to expand the range of Pilot Traineeships and Higher Level Apprenticeships but is unsure of the Funding timeframe.</p> <p>The Principal said that hopefully by June there would be more certainty around the position of the Budget.</p> <p>Mr Jackson asked the Chief Finance Officer for any indications of cost increases that may be imminent. The Chief Finance Officer responded by stating the Pay Award is the most obvious example of an unavoidable cost increase - the 1% DFP guidance would equate to around £200k cost. In addition, the end of the National Insurance Rebate, (increase in Employer National Insurance contributions) will impact the College from April onwards. This could equate to additional costs of £300-400k in 2016/17. The Chief Finance Officer stressed that these were estimated figures only.</p>
8.	<p>Management Accounts Period 5</p> <p>The Chief Finance Officer said the College has recorded an historic cost surplus of £850k for the first 5 months of the year compared with a budgeted surplus of £416k, giving a positive variance of £434k for the period. The Chief Finance Officer said the income is £510k below budget due primarily to a lower level of DEL other Grant-in-aid; Employer Support Programme; Training for Success; and Steps to Success than was originally budgeted for in the first five months due to the variable costs attached to them. As a result, the College essentially had to re-forecast trends in cost of delivery in those areas</p> <p>The Chief Finance Officer said expenditure was below budget by £965k or 5.3% due to a £611k underspend in staffing and a £354k underspend in operating expenses in the year to date. The underspend in staffing reflects the impact of the Northern Ireland Further Education Sector Voluntary Exit Scheme (NIFE VES) coupled with lower than budgeted activity, particularly in relation to Employer Engagement, Training for Success and Steps to Success. In addition a lower "Non-Current Asset Charge" than originally planned was a further contributory factor.</p> <p>The Chief Finance Officer added that in relation to non-staff underspend, an example would be the decrease in utilities expenditure, which is a direct result of the efficiency of estates, particularly the traditional estates. The Chief Finance Officer said that in order to stay within overall financial target the College will be aiming to redirect those savings elsewhere in the budget.</p> <p>The Chief Finance Officer said the Cash Reserves at 31st December were £3,443k compared with £3,727k at the year-end. The slight £0.3m decrease is due to the Period 5 surplus alongside a decrease in debtors of £3,516k, a decrease in creditors of £5,030k, and the payment of the capital element of PPP contracts of £426k. The cash balance is £2m better than at the same stage last year. The Chief Finance Officer added that the forecast for Cash Reserves for the end of the year is to be on target.</p> <p>The Chief Finance Officer noted the Reconciliation from Original Budget to Period 5 Full Year Forecast (Page 4 of the Management Accounts Commentary) and reflected on the increased income from the Traineeship and Higher Level Apprenticeship pilots and a reduction in</p>

	<p>staffing costs. He added the expected historic cost out-turn for the year now stands at a surplus of £297k, mainly due to backdated travel claims for the TFS Programmes from DEL. These Travel Claims were not previously included within the budget due to their uncertainty of payment. The Chief Finance Officer summarised that operationally the income is down and the College is managing the costs in accordance with that income adjustment and there is an additional surplus of approximately £300k expected to be awarded via backdated Tfs Travel Claims.</p> <p>A discussion on some elements of the management accounts followed.</p> <p>Ms Goodwin noted the £354k year-to-date underspend in Other Operating Expenses and the positive variance in Learning Materials and asked if this would return to zero at year end or would the College still have a positive variance? The Chief Finance Officer said the College is predicting a slight overspend on Learning Materials by the year end, regardless of an under spend by Period 5.</p> <p>Ms Goodwin noted that advertising expenditure is down by £91k in the year-to-date and asked if there are any plans for television campaigns that could potentially protect future revenue streams, i.e. to focus on recruiting 5th Form students and also Part-Time students, with Reference to FLU report and the decrease in numbers in PT.</p> <p>The Principal said TV campaigns are unfortunately not as cost effective and the College would use Radio campaigns as an advertising measure. The Principal said that the College has increased use of Social Media and this is a more cost effective advertising measure. The Principal said that another marketing measure used includes open day events and briefing community groups in order to attract more people into FE.</p> <p>Mr Taylor asked if the college pays for social media advertising via sponsorship or if the college advertises for free E.g. setting up Free Groups on behalf of the college via Facebook? The Principal said that the College pays for campaigns with a cost of approximately £200 that can target specific people of specific age in specific areas. In comparison to a newspaper advertising campaign at approximately £5k this is an attractive advertising measure. He noted that in particular, Facebook is a good way to locate potential students and the ability to track the actual "click through" statistics is a useful tool for Data collection and returning enquires.</p>
<p>9.</p>	<p>NDPB Budgeting and Forecasting Submission</p> <p>The Chief Finance Officer reported that the latest return was submitted on 22nd January 2016 and reflected actual performance for April 2015 to July 2015 (first 4 columns) from the Financial Statements, actual performance from Period 5 Management Accounts (next 5 columns) and forecast performance for the period January-March 2016 (last 3 columns).</p> <p>The members of the Committee noted the contents of the report.</p>
<p>10</p>	<p>DEL Health Check Issue 3</p> <p>Members noted the contents of the DEL Health Check and the Chief Finance Officer brought the relevant points to the attention of the Committee.</p> <p>The Chair said the college performed well in 2014/15 as regards the various financial ratios, however the FLU report highlighted under delivery of FLUS on FE, HE and Essential Skills. A discussion on the underlying reasons for this followed.</p> <p>The Chief Finance Officer highlighted the budgetary constraints around college delivery in the last year and pointed out that discussions between the college and DEL on the subject of the FLU model were ongoing. He also mentioned that the 2015/16 FLU delivery statistics</p>

	<p>show the college largely on target. Finally he mentioned that the new FE strategy states the current FLU model is going to change.</p> <p>The Principal said the College has the highest success rate in the sector, is delivering the 2nd highest number of qualifications in the sector and receives the 3rd highest funding in the sector. He added that such delivery is essentially 11 % more value for money than the lowest achieving college in the sector.</p>
11	<p>Capital Projects and Estates</p> <p>The Chair noted the report and asked if the format could be reviewed to include an executive summary. The Chief Finance Officer noted the request.</p> <p>The Chief Finance Officer said that in relation to PPP matters, a bench marking process has been completed, and the details will be formally presented at the next PPP Project Team meeting. The outcome of the process was confirmation that the contracts represented value-for-money.</p> <p>The Chief Finance Officer said in relation to Current Capital Spend, the SPACE project is almost complete with a final financial close by the end of March 2016. He noted a small under spend on this project. In Relation to other Capital Works, the Chief Finance Officer clarified that economic appraisals have been written and approved for further schemes and if DEL allocate funding they are ready to be actioned.</p> <p>Mr Taylor enquired if Grahams have a representative at the PPP Meetings. The Principal confirmed a rep does attend, Mr T Sharpe from Bilfinger Berger.</p>
12.	<p>Policies for Approval</p> <p>Fees Policy 2016/2017</p> <p>The Chief Finance Officer said there is a College Fees review working group (made up of representatives from Finance, Customer Services, Marketing, Quality, Curriculum and Knowledge Management) who meet annually to review the policy and outline any proposed changes. In October 2015 the College Management team proposed the 2016/2017 fees should remain constant following a number of years which saw quite substantial changes. The Chief Finance Officer noted that the main change to be the College's policy of offering concessions on tuition fees of part time accredited courses has been extended to include tuition fees for those students commencing part time HE courses in the 2016/17 year. This extension has been proposed by the College in a bid to stimulate demand in this area. It will run as a one year "pilot" and will be reassessed for the 2017/18 year. The Chief Finance Officer finally made reference to the Fees Policy which the College reserves the right for in-year amendments, if necessary.</p> <p>Mr Jackson proposed the recommendation for approval of the Fees Policy 2016/2017 to the Governing Body and Ms Goodwin seconded.</p>
13.	<p>Update on Applications and Enrolments</p> <p>The Principal presented the Update on Applications and Enrolments paper for members' consideration. The Principal informed the Committee that for 2015/16 the FLU analysis (updated December 2015) shows a deficit of 264 FLU. This is comparable to the updated position on 28th January 2016, of a deficit of 54 FLU and SERC is now within 1% of target. He said Essential Skills enrolments are still an issue.</p> <p>The Principal said there are support measures in place to retain students e.g. Student Case Conferencing and it is the nature of the Organisation to have withdrawals, however, the trends will be monitored closely.</p>

	<p>The Chief Finance Officer added that although the college has some issues with the current FLU model, it endeavours to meet the delivery targets given. He added that compared with last year, SERC is much closer to its target range.</p> <p>The Chair thanked the Principal for the update on applications and enrolments.</p>
14.	<p>Debt Report</p> <p>Members noted the position of Period 5 Accounts to 31th December 2015.</p> <p>The Chief Finance Officer said the debt position of £2.3m is lower compared with the same Period in the previous year of £3m.</p> <p>He noted Tuition Fee debt is £291k higher than the previous year, which stems from an increase in the number of students being funded by Student Loan Company and the timing of the three payments to the college for tuition fees. The Chief Finance Officer said the Training Organisation debt of £593k relates to current claims submitted in December for payment in January. Finally the Project Debt is £279k is due to the time delay from submitting the claim to the completion of vouching and payments are expected to be received in January 2016 in the region of £150-£200k.</p>
15.	<p>Bank Report:</p> <p>Members noted the bank position at 31st September 2015.</p> <p>The Chief Finance Officer informed the members that the cash position at the end of Period 5 was £3.4m.</p> <p>The Chief Finance Officer drew to members' attention the forecast bank and cash balances over the 2015/16 period and said that although the College will be expected to go above the DEL maximum limit target during the next few months, by year-end it expected to maintain cash balances within the DEL recommended target range of 5 – 10% of prior year income.</p>
16.	<p>Procurement:</p> <p>Provision of Waste Management Services</p> <p>The members noted that this contract has now been awarded.</p> <p>Mr Jackson proposed the ratification of the Award of this contract to McQuillan Envirocare Ltd. And the Chair seconded.</p>
17.	<p>Update on Collaboration Programme</p> <p>The Principal said the Collaboration Programme defines six key areas of work. The Principal gave an update on the area of Curriculum Development describing the need for new teaching and learning materials in this area, and by working collaboratively with the other Colleges to produce these materials and then storing within a Portal has become a new, more efficient strategy. This will involve the College working collaboratively with other Colleges to jointly implement the strategy for the benefit of learners, employer, the economy and wider society. The Principal said a business case has been submitted to DEL for SERC to develop a portal, attributing to Workforce Development and this Portal will be hosted and maintained by SRC.</p> <p>The members of the Committee noted the contents of the report.</p>

18.	Any other notified business There were no items to be taken.
19.	Date of next meeting The date of the next meeting will be 11 th April 2016 at 6pm, in the Bangor Campus. The meeting ended at 7:50 p.m.

Attendees	Time Arrived	Time Left	Duration	Entitlement to Payment Y/N
Barbara Larkin	6:15pm	7:50pm	1:35	Y
Jack Taylor	6:15pm	7:50pm	1:35	Y
Christine Goodwin	6:15pm	7:50pm	1:35	Y
Ed Jackson	6:15pm	7:50pm	1:35	Y
Ken Webb	6:15pm	7:50pm	1:35	N

Signed: _____

Date: _____

Chairman of Governing Body