

**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 Monday 14<sup>th</sup> September 2016, at 6.00 p.m. in the SPACE Campus.

<b>1.</b>	<b>Attendance and Apologies:</b>  Present: Mr E. Jackson, Mr J. Mackell, Ms C. Goodwin, Mr D. Sagar, Mr K. Webb, Mr A. Corbett  In attendance: Mr T. Martin (Chief Finance Officer), Mrs M. McLeigh (Acting Secretary to the Governing Body), Mr D. McCullough (Minutes)  Apologies: Mrs B. Larkin.  In the Chair: Mr E. Jackson.  The Chair welcomed members to the meeting.
<b>2.</b>	<b>Conflicts of Interest:</b>  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.
<b>3.</b>	<b>Minutes of the meeting held on 20 June 2016:</b>  Mr J Mackell proposed the adoption of the minutes as a true record and Ms C Goodwin seconded.
<b>4.</b>	<b>Matters arising:</b>  There were no matters arising not elsewhere on the agenda.
<b>5.</b>	<b>Correspondence:</b>  <u>5.1 DfE Revised Approval Limits</u>  The Chair brought to members' attention the correspondence from DfE on Revised Approval Limits and noted the increase of delegated authority limit for the Accounting Officer of £1m. Discussion followed on a number of contents of the approval table with the Chief Finance Officer agreeing to receive from confirmation from DfE on any queries.  <u>5.2 Returns Timetable 2016/17</u>  The content of the timetable was noted by members. The Chief Finance Officer confirmed that there were no major changes from the prior year.  <u>5.3 Accounts Direction 2016/17</u>  The Chief Finance Officer brought to members' attention the Accounts Direction for financial year ended 31 July 2016. The Chief Finance Officer provided a summary of the changes and noted that the main change related to the transition to FRS 102/SORP 2015.

<p><b>6.</b></p>	<p><b>Chairman’s Business:</b></p> <p><u>Annual Review of Committee Terms of Reference</u></p> <p>There were no comments on the Terms of Reference.</p> <p>Members discussed the mechanics of the meeting being quorate with the Acting Secretary agreeing to confirm with the Chair.</p>
<p><b>7.</b></p>	<p><b>Management Accounts Period 12</b></p> <p>The Chief Finance Officer reported to members that the College recorded an historic cost surplus of £1m for the year compared with an originally budgeted break-even result. Mr Martin said the surplus was a direct result of the agreed additional £1m working capital investment provided by DfE Finance during the year and noted that in keeping with last year, the additional funds were designed to recognise the cash outflow associated with SERC’s PPP contracts and to support working capital requirements and therefore it was imperative that they were not utilised during the year; and that the College deliver a £1m historic cost surplus. The College has therefore met its financial result target for the year.</p> <p>Mr Martin said that the impact of the working capital investment can be seen in the College’s year-end cash position being £4.2m, which represents approximately 8.4% of previous year’s turnover, which is within the DfE target range of 5% to 10% and therefore maintains the College’s liquidity position.</p> <p>Mr Martin discussed with members a number of key issues within income including total grant-in-aid and income, employer support programme income, Training for Success income and operational expenditure.</p> <p>Mr Martin noted that total resource expenditure was below budget by £829k or 1.9% due to a £1,070k underspend in staffing coupled with a £281k overspend in operating expenses in the year to date. He continued in explaining that 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; while the overspend in operating expenses is a result of additional investment in estates invest-to-save and refurbishment/maintenance works, and in ICT hardware.</p> <p>Mr Martin noted that the full year result reflects approximately £802k of compensation costs and £752k of income associated with the NIFE VES.</p> <p>The Chair thanked the Chief Finance Officer for his report and Mr Sagar added his congratulations on the successful financial outcome.</p> <p>Mr Sagar proposed a suggestion that in future meetings the CFO could take different elements of the accounts to provide a better insight into each and therefore build up the knowledge within the Committee.</p> <p>Members discussed a number of areas within the Period 12 Management Accounts including other operating expenses and assets.</p>
<p><b>8.</b></p>	<p><b>Draft Financial Statements for the year ended 31 July 2016</b></p> <p>The Chief Finance Officer presented the draft Annual Report and Financial Statements and explained the preparation process and informed members that the accounts would be brought back to the November meeting for approval after they were subject to external audit.</p> <p>Mr Martin reported that there are a number of adjusting items required when translating the</p>

	<p>financial result as per the College's Management Accounts into the published financial outturn as per the Financial Statements. Mr Martin explained the adjusting items: Holiday Pay Accrual, Pensions Liability Adjustment, and the presentational reclassification of the revaluation reserve release. He noted that the adjustments were all necessitated by the introduction of the new financial reporting requirements of SORP 2015 / FRS 102.</p> <p>Members discussed the shift in the Pensions Liability at 31 July 2016 in comparison to 31 July 2015 with Mr Martin explaining the changes in the actuarial assumptions as a result of the mandatory adoption of SORP 2015 / FRS 102.</p> <p>The Chair thanked the Chief Finance Officer for presenting a comprehensive report on the Financial Statements.</p>
<b>9.</b>	<p><b>Budget 2016-17</b></p> <p>The Chief Finance Officer presented the 2016-17 budget for approval and explained that this budget is a revalidation of the budget that the Committee reviewed at the June 2016 meeting. Mr Martin noted that 2016-17 budget shows a break-even target.</p> <p>Mr Martin brought to members' attention the report that accompanied the 2016-17 budget document and explained the most significant changes between the June version and the version presented for approval as:</p> <ul style="list-style-type: none"> <li>▪ The originally estimated income is reduced in total by £357k. This reduction relates to the updated delivery plans of Traineeships, HLAs and L3 Apprenticeships.</li> <li>▪ Staff Costs have been reduced by £83k in response to the updated delivery plan.</li> <li>▪ Non-Staff Costs have been reduced by £275k in order to deliver break-even with the reduction being primarily planned in Estates spending.</li> </ul> <p>Members discussed the contents of the budget with the Chief Finance Officer including income targets, staff costs, inescapable pressures, staff training costs and advertising costs.</p> <p>The Chief Finance Officer recommended that the Committee should recommend approval of the 2016-17 budget to the Governing Body, this was proposed by Mr Jackson and seconded by Mr Mackell.</p>
<b>10.</b>	<p><b>Health Check Issue 3</b></p> <p>Members noted the contents of the Health Check document.</p> <p>Members positively commented on the absenteeism rate in the College is comparison to the sector.</p>
<b>11.</b>	<p><b>NDPB Budgeting and Forecasting Submission</b></p> <p>The Chief Finance Office brought the NDPB Budgeting and Forecasting submission to the attention of members.</p> <p>Mr Martin explained that the August return had limited use as the year-end accounts were being prepared at the time of submission.</p>
<b>12.</b>	<p><b>Capital Projects and Estates</b></p> <p>The Chief Finance Officer presented the Capital Projects and Estates Report to members.</p> <p>Members discussed room utilisation and Mr Martin explained that the sector was actively working with the Department for the Economy on sector-wide utilisation parameters.</p>

<p><b>13.</b></p>	<p><b>Policies for approval:</b></p> <p><u>Complaints and Compliments Policy</u></p> <p>The Principal and Chief Executive outlined the background of the Complaints and Compliments Policy to members.</p> <p>Members discussed the contents of the policy with Mr Webb and Mr Martin.</p> <p>The policy was recommended for approval by Mr E Jackson and seconded by Ms C Goodwin.</p>
<p><b>14.</b></p>	<p><b>Update on applications and enrolments</b></p> <p>The Principal presented the Updated on Applications and Enrolments report and verbally updated members on the changes to the enrolments since the report was written on 6 September.</p> <p>The Principal noted that the College is still in the Enrolment Period and that the situation is fluid.</p> <p>Mr Sagar requested the report analyse subject areas and campuses for the Governing Body Meeting.</p>
<p><b>15.</b></p>	<p><b>Debt Report</b></p> <p>Members noted the debt position at 31 July 2016.</p>
<p><b>16.</b></p>	<p><b>Bank Report</b></p> <p>Members noted the bank position at 31<sup>st</sup> July 2016.</p>
<p><b>17.</b></p>	<p><b>Tender Awards</b></p> <p>The Chief Finance Officer brought two tender awards to members' attention for information purposes:</p> <ul style="list-style-type: none"> <li>- Insurance Contract Renewal (Sector Wide)</li> <li>- Catering Supplies</li> </ul> <p>Mr Martin explained the insurance contract for 2016/17 was awarded at a total sector cost of £669k, which is a reduction of 30% in regards to premiums. He continued by saying that in order to deliver this reduction the sector has had to increase its excess to £5k per individual claim with an increased £50k excess on property claims.</p>
<p><b>18.</b></p>	<p><b>Verbal Update on Collaboration Programme, and Systems Technology Services Project</b></p> <p>The Principal provided a verbal update on the work of the Collaboration Programme including:</p> <ul style="list-style-type: none"> <li>▪ Student Management Information System.</li> <li>▪ VAT Cost Sharing Group.</li> <li>▪ Curriculum Project – Traineeships and HLAs.</li> </ul>

<b>19.</b>	<b>Any other notified business</b> There was no other notified business.
<b>20.</b>	<b>Date of next meeting</b> The date of the next meeting will be 22 <sup>nd</sup> November 2016 at 6pm, at the Lisburn Campus. The meeting ended at 8.17 p.m.