



**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 19<sup>th</sup> June 2017, 5pm, Lisburn Campus

<b>1.</b>	<p><b>Attendance and Apologies:</b></p> <p><b>Present:</b> Ms C. Goodwin, Mr A. Corbett, Mr E. Jackson, Mr K. Webb, Mrs B. Larkin, Ms K Scott, Professor A. Woodside, Mr D. Sagar (Chair of the Governing Body)</p> <p><b>In attendance:</b> Mr T. Martin (Chief Finance Officer), Mrs C. Williamson (Secretary to Governing Body),</p> <p><b>Apologies:</b> Mrs M Shaw, Mrs K Fraser</p> <p><b>In the Chair:</b> Mr E. Jackson</p> <p>The Chair welcomed members to the meeting and noted the apologies.</p>
<b>2.</b>	<p><b>Conflicts of Interest:</b></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>
<b>3.</b>	<p><b>Minutes of the meeting held on 3<sup>rd</sup> April 2017:</b></p>

	<p>The Chair asked members to review the minutes from the previous meeting on 3<sup>rd</sup> April 2017, they were accepted as a true and accurate record.</p> <p><b>Proposer:</b> Kim Scott <b>Seconder:</b> Alan Woodside</p>
<p><b>4.</b></p>	<p><b>Matters arising:</b></p> <p>The Chair reviewed the action points from the previous meeting and confirmed most were complete or addressed on the agenda.</p> <p>The Chair highlighted that so far there has been no interest in the post of the Finance and General Purposes Committee Chair, the Chair advised he will speak with the Chair of the Governing Body separately to address this matter.</p> <p>The Chair advised that after discussions with the Chief Finance Officer it has been agreed the Annual Health and Safety report will be presented to the committee in September and going forward this report will be reviewed annually each September by the committee.</p> <p>The Principal highlighted that due to significant changes (specifically relating to fines imposed) around data protection and Freedom of Information requests; the committee should review this annual report at their next meeting to ensure SERC is compliant with any changes that will be made.</p> <div style="border: 1px solid black; background-color: #f0f0f0; padding: 10px; margin-top: 20px;"> <p><b>Action Point:</b> The Chair will discuss the position of F&amp;GP Committee Chair with the Chair of the Governing Body</p> <p><b>Action Point:</b> Annual Health and Safety Report to be presented at September meeting</p> <p><b>Action Point:</b> The committee will review Data Protection and FOI requests annual report in September</p> </div>
<p><b>5.</b></p>	<p><b>Correspondence:</b></p> <p>The Chief Finance Officer asked members to note the written correspondence from Liam Martin at FE Estates which has confirmed that all Colleges are content with the approach</p>

taken to collect data and therefore FE Estates have published the M<sup>2</sup>/FTE data submitted for the last three years by the six Colleges for benchmarking purposes. The CFO directed members to the figures provided and highlighted that SERC's overall figures of 8m<sup>2</sup> per FTE were the best in sector; with the sector average being 10.8m<sup>2</sup> per FTE.

The CFO noted the data has highlighted that the campuses at Ballynahinch and Newcastle require some attention however significant work has been carried out in Newcastle this year to utilise the space and this will show in next year's figures.

The Chair referred to an abstract from the Skills Funding Agency report that provided a UK wide data example in Colleges, in which they state 14.5M<sup>2</sup> per FTE is the target for UK Colleges however this figure also includes staff. The CFO confirmed the data provided by FE Estates is an overall measure of space per student and does not include staff.

The Principal advised that Lisburn is the most heavily utilised campus and is currently operating at 165% of its capacity compared to the original business case for the campus. He highlighted that space intended for students has had to be used for classroom space and the College has retained Castle House in an attempt to ensure that all courses can continue to be offered especially in Performing Arts.

The Chair of the Governing Body asked if the College Management Team could come back to the committee in 6 months' time with an update on what non-student activities could increase utilisation in the smaller campuses.

**Action Point:** The CMT will provide the committee with an update on what non-student activities have increased utilisation of the smaller campuses at the meeting in November

**6. Chairman's Business:**

The Chair advised the committee that after receiving the Student Union's cost centre report from the CFO he was surprised that the total expenditure was £14K, he enquired if there is anything more we can do for the Student's Union and if there is any spare capacity to increase the budget they are given.

The Principal highlighted that no reasonable request from the SU has been refused by the CMT and advised they are supported and encouraged to carryout events whilst ensuring they are cost effective. The Principal informed members that the real financial support given

	<p>to the SU is in terms of the full time member of staff and the intern who is now working alongside the staff member.</p> <p>The Chair of the Governing Body informed members that the SU will be presenting their annual report to the full Governing Body meeting on 27<sup>th</sup> June and he suggested this discussion should be continued then.</p>
<p>7.</p>	<p><b>Budget 17/18</b></p> <p>The CFO spoke to his report and provided a brief verbal summary of the background of the report, he highlighted that both the timeline and process for the 2017/18 have changed significantly, firstly DfE have provided an indicative budget this is mainly because the NI Assembly is still suspended and this is an issue across the public sector. Secondly DfE are breaking away from the traditional FLU funding method and will now look at the Sector budget as a whole and budget allocations should be confirmed in the Autumn. The CFO stressed this approach is about resource limit and the whole sector staying within budget. Furthermore, the College will no longer have to submit forecasts based on our financial year and instead all forecasts will be in line with DfE's financial year (31st March).</p> <p>The committee briefly discussed the change in approach to the Budget allocation and noted that this item is not for approval as it would have been in previous years as the Budget provided is indicative.</p> <p>The committee briefly discussed various income streams and projects that require more funding from DfE such as business engagement. The Principal confirmed any funding for international projects is solely from Erasmus, The British Council and other charities. The CFO advised that the indicative budget does not include any development money and the College are in discussions with DfE in a bid to ensure the College receives adequate funding to run the College effectively and at the same level of excellence. He advised that in terms of core funding the response has been somewhat negative, with a potential that the College could see a reduction next year. The committee enquired if the same constraints applied regarding raising additional income as they had done under the FLU method. The Chair confirmed that he had met with DfE and so long as it is in year it can be both raised and utilised. Members agreed it would be useful to have a discussion at a full Governing Body meeting on how additional income can be generated.</p>

The Principal highlighted that in the area of business engagement if income isn't generating then it is a risk as staff costs are reliant on it and he highlighted that if something isn't going to generate income within year then savings are needed to be found elsewhere in year. The CFO further highlighted that while business services delivered £840k last year, they are on target to deliver £1.3m in the current year, and are planning to increase this target to £1.7m for next year. Whilst this work is generating income, it should be noted that to significantly increase the volume of work of the Business Services department also increases staff costs.

The committee briefly discussed staff costs and the effect long-term absence has had on the college's expenditure. The CFO stressed that whilst long-term sickness has improved recently he has had to assume the levels will remain the same as he is unsure if the slight improvement is long term. Ms Goodwin, Chair of the Staffing Committee highlighted that the Staffing Committee have been reviewing the absence levels and to date there is no real trend across 17 people who have been on long term sick this year.

In a response to an enquiry about the Voluntary Exit Scheme, the CFO confirmed that whilst staff costs have decreased due to VES it was never the case that 100% of these savings would remain. This was in line with the approved Business Case for the VES. He asked members to note that the areas the College are developing now such as engineering and computing are not the same areas that VES targeted. The Principal further highlighted that VES allowed the College to make the necessary changes in a cost effective way.

Action Point: The committee requested an item is included on the Governing Body agenda for October to discuss creating more commercial income

**8. Items for information**

**a) Capital Expenditure**

The CFO spoke to his report and gave a brief verbal summary of the Capital Expenditure process, the following points were noted in discussion:

- The Chair of the Governing Body enquired if a summary list could be provided from the list within the report of what will directly benefit students. He enquired if there was any capacity for student common rooms as it is an issue that has been raised consistently.
- The Principal referred back to the earlier discussion on utilisation and acknowledged that student space is lacking across all the campuses. He advised that in the original plans for the Lisburn Campus space had been included however due to demands for

	<p>classrooms this space has been lost as more open areas have been converted to teaching space.</p> <ul style="list-style-type: none"> <li>• In a response to an enquiry about replacing fire doors in the Bangor and Newtownards campus the CFO confirmed that as these buildings are not part of the PPP contract the College need to maintain them. A portion of the estates budget is set aside annually to ensure maintenance can be performed with a rolling investment programme carried out on an annual cycle.</li> </ul> <p><b>b) Fields of Life Financial Arrangements</b></p> <p>Members were asked to note the written report provided; that detailed the financial arrangements of the Fields of Life Project. The Principal spoke to the report and confirmed that the project is of no cost to students or staff and the fundraising activities carried out by both go directly towards the costs.</p> <p>The Principal provided a brief overview on how funding is secured and future plans for the project.</p> <p><b>Key Decision:</b> The committee confirmed they were content with the financial arrangements for the Fields of Life Project</p>
9.	<p><b>Items for Noting:</b></p> <p><b>a) Capital Projects and Estates</b></p> <p>The CFO asked the committee to note the written report provided on Estates, he provided an overview to the committee on the Executive summary of the report. A brief discussion took place and the following points were noted:</p> <ul style="list-style-type: none"> <li>• In response to a query from the Chair why fees have escalated significantly in procurement with the Properties Division the CFO advised that this is a sector wide issue.</li> <li>• The college has escalated the risks related to mandatory compliance with Properties Division to its strategic risk register. This risk focuses on both the value for money of Properties Division contracts; and the delays being experienced in progressing and completing time-sensitive procurements. The Principal informed members that he had raised this issue with DfE at the recent accountability meeting so they are aware of the on-going problems. The risk will be reported and reviewed by the Audit committee on 20<sup>th</sup> June.</li> </ul>

	<ul style="list-style-type: none"> <li>The Chair requested the committee are briefed on any developments or further issues in this area.</li> </ul> <p><b>b) Debt Report</b></p> <p>Members noted the debt position as at 30 April 2017 (Period 9 Accounts).</p> <p><b>c) Bank Report</b></p> <p>Members noted the bank position as at 30 April 2017 (Period 9 Management Accounts).</p> <p>The Chair of the Governing Body enquired if the College can make any interest or investments on the working capital. The CFO advised that as a NDPB the College couldn't invest funds without permission from DfE. He also pointed out that the College does not hold surplus funds, but rather maintains a cash balance in line with the year-end working capital target of 10% of income.</p> <p>The CFO informed members that DfE are planning to ultimately move towards a similar "cash draw down" process as the Scottish Colleges where each College informs the Department mid-month of their cash requirements for the next month. By only issuing cash when required, this would ensure no College carries a cash surplus.</p> <p><b>d) Update on applications and enrolments</b></p> <p>Nothing to note, a full update will be provided at the September meeting.</p>
<p><b>10.</b></p>	<p><b>SERC draft 2015/16 utilization data</b></p> <p>The CFO addressed this item under agenda item 5.</p>
<p><b>11.</b></p>	<p><b>Management Accounts period 9</b></p> <p>The Chief Finance Officer provided members with an update on the Period 9 Management Accounts. The CFO advised the College reported a surplus of £377k for the first 9 months, compared to a budgeted surplus of £1,150k, meaning a negative variance of £773k.</p> <p>Members noted Staffing costs £720k over budget and non-staff costs £540k under budget. It should be noted that £308k of extra staff costs are connected with Economic Engagement activities as PT lecturers almost exclusively deliver them. Business Services will generate income and £224k has been invested in staff development and the College Internship programme. The CFO agreed to speak off line with the Chair of the Staffing Committee regarding figures provided to her committee that demonstrate that staffing costs are on target each month.</p>
<p><b>12.</b></p>	<p><b>NDPB Forecasting Return</b></p>

	<p>The CFO asked members to note the latest return was submitted on 6<sup>th</sup> June 2017 ,it covers the period April 2017 – March 2018 and reflects:</p> <ol style="list-style-type: none"> <li>1. Actual performance as per SERC’s Period 9 Management Accounts for the month April 2017.</li> <li>2. Forecast performance as per SERC’s Period 9 Forecast for the period May to July 2017.</li> <li>3. Current draft of SERC’s operational forecast for the period August 2017 to March 2018.</li> </ol>
<b>13.</b>	<p><b>Tender Awards</b></p> <p>Nothing to note.</p>
<b>14.</b>	<p><b>Health Check Issue 2</b></p> <p>Members were asked to note the recent DfE Health Check (Issue 2).</p>
<b>16.</b>	<p><b>Verbal update on Collaboration Programme</b></p> <p>The Principal provided a verbal update on the collaboration programme, the following items were noted:</p> <ul style="list-style-type: none"> <li>• The Principal highlighted the changes being made to the funding model the CFO had referred under agenda item 7 and advised it has become apparent to DfE that some Colleges have been overfunded, as they have been able to secure a surplus for the year.</li> <li>• The Director of Strategic Planning, Quality and Support is advising DfE on the implementation of Outcome Based Accountability.</li> <li>• The Director of Curriculum &amp; Information Services is working with DfE on the bid for new apprentices and Higher Level Apprentices.</li> <li>• The STS business case for new software for the sector has not been signed off as yet in the absence of a Minister. A direct awards contract has been implemented to support maintenance of the current software and software for the sector is being supported by SERC.</li> </ul>
<b>17.</b>	<p><b>Any other notified business</b></p> <p>No other business was discussed.</p>
<b>19.</b>	<p><b>Date of next meeting</b></p>



	The next meeting date was confirmed for Monday, 13 <sup>th</sup> September 5pm, Lisburn Campus
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**There being no other business the meeting concluded at 19.01pm**