



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 3 April 2017 at 4.50pm in Lisburn Campus

1.	<p>Attendance and Apologies:</p> <p>Present: Ms C. Goodwin, Ms. K Fraser, Mr A. Corbett, Mr E. Jackson, Mrs M. Shaw, Mr K. Webb, Mrs B. Larkin, Ms K Scott, Professor A. Woodside</p> <p>In attendance: Mr T. Martin (Chief Finance Officer), Mrs C. Williamson (Secretary to Governing Body), Mr D. Sagar (Chair of the Governing Body)</p> <p>Apologies: No apologies were noted</p> <p>In the Chair: Mr E. Jackson</p> <p>The Chair welcomed members to the meeting and noted the apologies.</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 30th January 2017:</p>

	<p>The Chair asked members to review the minutes from the previous meeting on 30th January 2017, they were accepted as a true and accurate record.</p> <p>Proposer: Christine Goodwin Seconder: Marie Shaw</p>
<p>4.</p>	<p>Matters arising:</p> <p>The Chair reviewed the action points from the previous meeting and confirmed they were complete or addressed on the agenda.</p>
<p>5.</p>	<p>Correspondence:</p> <p>There were no items taken.</p>
<p>6.</p>	<p>Chairman’s Business:</p> <p>The Chair advised members that his current term as a member of the Governing Body will cease in early 2018 and therefore he will Chair four more Finance and General Purposes committee in this time. The Chair asked members to express their interest in the position of the Committee Chair to himself or the Chair the Governing Body. The Chair advised that is his intention to Chair the next meeting in June, co-chair with the new Chair, and stand down as Chair thereafter.</p> <p>The Chair reminded members of the agreed outcomes and focus for this committee following the Governing Body Strategy day in March. He noted that one of the areas of focus, utilisation, is on the agenda for discussion and noted that the Newcastle Campus HUB is open from this week every Wednesday (excluding the Easter holidays) and encouraged members to visit the campus to view the HUB when it is in operation.</p> <p>The Chair highlighted that Belfast MET have established a Business School and enquired if this is something SERC could think about doing. The Principal advised members Belfast MET have rebranded their existing business courses and are making use of the E3 campus. He noted that whilst SERC do offer business courses; they have not been branded in this way; the courses offered by SERC are directed at improving business efficiency. Members were asked to note that SERC are currently in discussions with DfE to create a CMI level 5 course based on the Institute of Leadership and Management.</p>

	<p>The Chair highlighted that Belfast MET are also offering a 50% reduction in their rates for room hire over the Easter holidays and enquired if SERC can offer something similar. The Principal advised that this is similar to what is being offered in the newly established HUB at the Newcastle campus and reminded the committee that Belfast MET has an ideal location in the City Centre for meeting room hire and have more dedicated meeting spaces that are attractive for external clients. The Principal confirmed that this proposal is something that CMT have been reviewing as part of the overall utilisation project.</p> <p>Action Point: Members who are interested in the position of Committee Chair for the Finance and General Purposes committee are asked to approach the current Chair or Chair of the Governing Body to express their interest ASAP</p>
7.	<p>To approve:</p> <p>The Chief Finance Officer addressed the committee and asked members to note the written reports provided to them detailing the current provision of banking service and a proposal to move to the framework with Danske Bank that has been secured by Central Procurement Directorate (CPD) to provide banking services to the Northern Ireland Civil Service Departments, Agencies and Non-Departmental Public Bodies (NDPB). The Colleges, as NDPBs, are able to avail of this framework agreement. The agreement between CPD and Danske Bank is effective from the 1 April 2016. The Colleges plan to move to Danske on 1st August 2017.</p> <p>The committee had a brief discussion and the following points were noted:</p> <ul style="list-style-type: none"> • Mrs Larkin queried the dates set out in the proposal as there are several different dates indicating when this contract would expire. The CFO advised that the Danske Bank framework is an existing contract for the NI Civil Service and as Non-Departmental Public Bodies; the colleges are expected to join the framework as their existing contracts expire in August 2017. • Mr Sagar highlighted the new proposal sets out 0.5% less than the base rate on cash balances and would be paying 2.5% based on the current rate however if the base rate declines this would be much more. He noted the existing contract sets out 0% on cash balances and advised that signing up to these terms is a liability.

	<ul style="list-style-type: none"> • The CFO noted the concerns from Mr Sagar but advised that as an NDPB the College are obliged to join this framework as per the guidance provided by the Central Procurement Directorate. • Members noted that there is a low risk on liability, as negative interest rates will not be introduced, however, they did acknowledge that the rate offered is not as advantageous as the current rate on cash balances. • After further debate the committee suggested that if the College Management Team sign up to the CPD framework it is in the knowledge that this is a more expensive service than the current one and the Accounting Officer (Principal) should test this. Mr Sagar suggested that if the committee delegated this decision to the Accounting Officer he should be satisfied that the rate on cash balances would be no lower than zero. The committee agreed this was a sensible approach. <p>Key Decision: The committee agreed to delegate the decision to move SERC’s banking facilities to Danske Bank under the CPD Framework to the Accounting Officer</p> <p>Proposer: Deep Sagar</p> <p>Seconder: Ed Jackson</p> <p>Key Decision: The committee approved the list of signatories set out by the CFO to enable them to authorise transactions with Danske Bank</p> <p>Proposer: Christine Goodwin</p> <p>Seconder: Kim Scott</p>
<p>8.</p>	<p>Items for information</p> <p>Summary of Staff Costs:</p> <p>The CFO referred members to the written report on Staff Costs provided and advised this was a result of a discussion at the previous meeting where a request was made for a high-level summary of these costs.</p> <ul style="list-style-type: none"> • The committee briefly discussed the internship programmes available in the College; the CFO explained there are currently 20 interns employed at the College. Some are employed under a commercially tendered contract delivering “Graduates into Leadership” while others have been recruited through the College’s own programme. • The CFO advised that all graduates come in on 51-week contracts that are reviewed with a break-point after 6 months. The intention of employing interns is to develop talent that will help the College to deliver its overall aims and strategy.

	<ul style="list-style-type: none"> • Professor Woodside enquired if there is any idea why staff sickness levels have significantly increased. Ms Goodwin responded that the staffing committee (of which she is the Chair) have raised this concern and the Chief Human Resources Officer is preparing a report for their next committee meeting to try to shed some light on this issue. • Mrs Scott enquired if any analysis has been carried out to see what these figures look like as a trend over 5 years. The CFO confirmed the sickness rate is still lower than it was 5 years ago and asked members to note that short-term sickness was the lowest for the whole sector last year. • Professor Woodside highlighted that academic staff absenteeism would have a quality impact as well as a financial one. The CEO agreed that it does have a disruptive effect on students and would hope that the efforts put in place recently to combat absences will have a positive effect.
9.	<p>Items for Noting:</p> <p>a) Capital Projects and Estates</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"> • The CFO informed members a clean audit report was received on the College’s Management of its PPP Contracts. • The CFO highlighted Capital expenditure projects are progressing although two being procured via CPD will not be on site prior to 31st March 2017. Contingency plans have been implemented to reduce capital underspend as a result of this. The Chair enquired why projects could not have been put through the old model with our third party support. The CFO advised that there is a limit on what could be put through and the items were selected that CMT believed could be progressed quickly; some were already in the design phase. • The CFO informed the committee that CPD have accepted that they do not have the level of capacity/expertise needed for all FE projects and that SERC’s model (the use of a third party commercial party) is being considered by CDP for all FE’s to use for Estate Works.

- Ms Goodwin enquired if solar panels were a possibility when looking at the area of utilities. The CFO advised that a lot of the traditional estate such as Newtownards campus do have solar panels and that expansion of this in recent years has been considerable.

Action Point: The committee asked for some detail to be provided on Capital Expenditure for this year and plans for next year at the next meeting in June

b) Debt Report

Members noted the debt position as at 31 January 2017 (Period 6 Accounts).

The CFO provided a brief overview of the Executive summary and advised the committee that there is nothing of concern in the debt report. The CFO highlighted that some funded programmes have stopped and this has had an impact on the position. Further projects have not been pursued as they are admin heavy and the number of projects available to apply for is lower this year. The CEO advised the committee work is being carried out to secure funding from the British Council that also covers staff costs. The committee were reassured that there are appropriate steps in place to recover debt.

c) Bank Report

Members noted the bank position as at 31 January 2017 (Period 6 Management Accounts).

Mr Sagar enquired if there was a way to decrease the cash balance by investing some of it. The CFO advised that the total in the bank throughout each monthly cycle varies significantly depending on income and expenditure dates. The College holds cash for working capital purposes only and there are no surplus funds for investment.

Update on applications and enrolments

The CEO provided the committee with a brief verbal update on applications and enrolments, the following points were noted:

- FLU numbers are on target and at the recent bilateral meeting with DfE there was a clear statement from them that there would be no clawback from funding.
- After the recent open days, applications are currently sitting at 2006 at week minus 21 until the new term starts. These numbers were not reached last year until week minus 2. The CEO advised that whilst this is very encouraging there is further work to be done to ensure that these applications turn into enrolments.

	<ul style="list-style-type: none"> • Interviews for the new term will be brought forward this year with some beginning as early as mid-April to ensure there is a much more detailed programme in place to engage with potential students and to encourage buy in from them at an early stage. • The CEO informed the committee the College is facing competition not only from Universities this year but schools as they are trying to retain students. Some schools in the Bangor have started to offer a BTEC Sports Course that directly competes with what the College offers in this area. • Ms Fraser enquired if there is any indication why the applications have increased. The CEO advised that a significant advertising and social media campaign was actioned this year and the online application process makes it much easier to apply and to capture potential applications on open days.
10.	<p>Utilization Data</p> <p>The CFO directed members to the two letters received from DfE on Utilization data; he advised that DfE are considering two methods to take this project forward. The first is based on meters squared to each full time student and the other which seems to be the preferred method by DfE is percentage usage of individual space.</p> <p>The committee briefly discussed both methods and the CFO advised the later method would simplify the benchmarking exercise. He advised that no benchmarking has been done at this stage as data has recently been resubmitted and figures should be available by the next committee in June.</p> <p>Mr Sagar highlighted that data obtained using the meter-squared method is useful and despite the complexity of using this method it would be useful to use for non-teaching to allow us to review space for the purposes of room hire.</p> <p>The Chair informed members the Skills Funding Agency have completed a similar exercise for colleges across the UK and it would be a useful exercise to compare figures against these as well as the data obtained from the other FE Colleges in Northern Ireland.</p>
11.	Management Accounts period 6

	<p>The Chief Finance Officer provided members with an update on the Period 6 Management Accounts. Mr Sagar commended the CFO on the presentation of the accounts and advised that he was glad to see more spending in areas like advertising and staff training. He also enquired if a line could be included to display the Student’s Union budget as it has been highlighted by members at the Strategy Day that the Governing Body have not had sight of this and they are accountable for the budget. The CFO informed Mr Sagar that there is a cost centre report produced for the Students Union that he would share.</p> <p>Action Point: The CFO will provide the GB Secretary with the cost centre report on the Students Union for circulation</p>
<p>12.</p>	<p>NDPB Forecasting Return</p> <p>The CFO asked members to note the latest return was submitted on 24th February 2017 ,it covers the period April 2016 – March 2017 and reflects:</p> <ol style="list-style-type: none"> 1. Actual performance as per SERC’s 2015/16 Financial Statements for the four months from April to July 2016. 2. Actual performance as per SERC’s Period 6 Management Accounts for the months August 2016 to January 2017. 3. Forecast performance as per SERC’s Period 6 Forecast for the period February to March 2017. <p>The return highlights a full year forecast of £39,854k for the April 2016 to March 2017 year. This forecast is £78k over the current DfE allocated budget. In terms of the primary focus, i.e. the DEL (Departmental Expenditure Limit) forecast, the College is £79k over the current budget allocation. This 0.2% overspend has been planned in agreement with DfE FE Finance.</p>
<p>13.</p>	<p>Policies for Approval</p> <p>The CFO directed members to the paper provided detailing the financial policies. They were advised that they have been recently been reviewed and there are no significant changes to report to the Governing Body. The committee noted this was a useful exercise and the CEO confirmed the 3 other committees also perform a similar exercise.</p>
<p>14.</p>	<p>Tender Awards</p> <p>Member were asked to note the written paper provided on tender awards for information.</p>

<p>15.</p>	<p>DfE Health Check Issue 1</p> <p>The CFO asked members to note the recent DfE Health Check (Issue 1), he noted that DfE are currently working to simplify this report.</p> <p>The Chair noted that SERC has continually not met the target to pay invoices with 30 days and asked the CFO if there is a reason for this. The CFO advised that he is aware of the issue and he is working with the finance department to make improvements in this area.</p> <p>Mrs Larkin enquired why some of the risks have been labelled ‘red’ if they are being managed. The CFO advised that as part of the new risk management policy risks are defined using a detailed matrix and part of the assessment is around likelihood and impact. Therefore, the College can have some “red” or high-scoring risks that are extremely unlikely but whose impact would be catastrophic if they were to materialise. He also highlighted that a “red” categorisation this does not mean these risks are not being managed.</p>
<p>16.</p>	<p>Verbal update on Collaboration Programme</p> <p>The CEO gave the committee a brief verbal update on the Collaboration Programme, the following points were noted:</p> <ul style="list-style-type: none"> • Work is continuing with DfE to develop a new funding model. • SERC’s CRM has been confirmed for use across the sector and £76k in funding has been received to maintain the system. • The STS project (upgrade finance software across the sector) is on hold, as the former DfE Minister before the collapse of the NI Assembly did not sign off the business case. The CEO highlighted that this issue has been escalated to red on the risk register and the student software system is the most urgent and critical system needing an upgrade. • The CEO met with CAFRE College recently and has offered to work with them as a partner. CAFRE have recently centralised into three campuses and are finding it difficult to attract students willing to travel to these locations.
<p>17.</p>	<p>Developing Income ‘Entrepreneur’</p> <p>The CEO provided the committee with a brief verbal update on developing income the following points were noted:</p> <ul style="list-style-type: none"> • Members of staff in the College have carried out significant work on Project Based Learning and the development of technological and pedagogical skills. The College is increasingly approached to do similar work for external agencies.

	<ul style="list-style-type: none"> The committee were advised that if this were to become a commercial service some thought has been given into putting these services into a separate company that would be owned by the College. Initial discussions have started with DfE on how such a company would operate, as it would be consolidated into the College and not be able to create a surplus due to the constraints of funding guidelines. The CFO highlighted that the discussions are very informal at the minute and there are numerous obstacles that would need to be worked out, further updates will be provided to the committee, as they are available.
<p>18.</p>	<p>Any other notified business</p> <p>Following on from the outcomes agreed at the Strategy day for the committee</p> <div data-bbox="300 779 1385 891" style="border: 1px solid black; background-color: #e0e0e0; padding: 5px;"> <p>Action Point: The committee requested that consideration is given to an Annual Health and Safety Report to be presented at a future meeting</p> </div>
<p>19.</p>	<p>Date of next meeting</p> <p>The next meeting date was confirmed for Monday 19th June 2017, 5pm., Lisburn Campus</p>

There being no other business the meeting concluded at 19.01pm