



## 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 Tuesday 13<sup>th</sup> November 5.10pm, Bangor Campus

<b>1.</b>	<p><b>Chair's Business</b></p> <p><b>a) Attendance and Apologies:</b></p> <p><b>Present:</b> Mrs B. Larkin, Professor A. Woodside, Mrs K. Scott, Mr A. Corbett, Mrs K. Fraser, Mrs H. Reid</p> <p><b>In attendance:</b> Mr T. Martin (Chief Finance Officer), Mr P. Smyth (Chief Human Resources Officer) Mr G. Hetherington (Vice Chair of the Governing Body), Mrs C. Williamson (Secretary to Governing Body)</p> <p><b>Apologies:</b> Mr K. Webb (Principal)</p> <p><b>In the Chair:</b> Mrs B. Larkin</p> <p>The Chair welcomed members to the inaugural meeting of the combined Finance and General Purposes committee to include Staffing also.</p> <p><b>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> <p><b>c) Minutes of the meeting held on 11<sup>th</sup> September 2018</b></p> <p>The Chair asked members to review the minutes from the previous meeting on 11<sup>th</sup> September. Mr Hetherington suggested that more detail could be added to page 6 of the minutes under the discussion of the swap facility, specifically to highlight that the committee considered the additional risks the scheme would attract along with the minimal return. The Chair agreed that it would be appropriate to include this detail in the minutes. Subject to this amendment being made members agreed the minutes were a true and accurate record of the meeting.</p> <p><b>Proposer: Barbara Larkin</b></p> <p><b>Seconder: Andrew Corbett</b></p>
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**d) Staffing Committee Minutes 24<sup>th</sup> May 2018**

The Chair noted that of the members present none were present during the Staffing meeting on 24<sup>th</sup> May and asked the Secretary to include these minutes for approval at the next meeting when the other members who were in attendance on 24<sup>th</sup> May can agree the minutes.

**Action Point:** Minutes from the Staffing committee on 24<sup>th</sup> May will be presented to the committee on 15<sup>th</sup> January for approval

**e) FGP Action Points and Key Decisions from meeting on 11<sup>th</sup> September 2018:**

The Chair advised that most action points were addressed on the agenda and highlighted that the action point relating to campus utilisation in which the Chair agreed to explore Community Hubs with Mrs Kerr was best discussed again when Mrs. Kerr was present at the next meeting. Mrs. Reid noted that the Education Committee are also looking at another angle of the community hubs, so the information received may be useful to both committees.

The Chief Finance Officer provided members with a brief verbal update on the Castel House project, he advised that the development of the site (aside from the retention of the original building) is progressing through Lisburn Castlereagh Council City Deal who will be leading on the project including the development of a business case by summer of 2019. The Principal and Director of Strategic Planning, Quality and Support are both liaising with the Council on the project and SERC will continue to provide information to feed into the economic appraisal. In response to questions from members the CFO informed the committee that none of the capital spend on this project will be lifted from SERC's funding and the committee will receive regular reports on how it is progressing.

**Action Point:** The Chair will ask Sonya Kerr to update the committee at the next meeting on the Community Hubs

**f) Staffing Action Points 24<sup>th</sup> May 2018**

The Chair asked members to note that most of the action points have been completed or included on this agenda, however some have been rolled over to the next meeting merely because the Staffing committee scheduled for 4<sup>th</sup> October did not meet and there was a considerable volume of work for both finance and staffing for this meeting. The Chair advised that going forward there

	<p>will be a much more integrated approach to developing the agenda whilst also considering that some staffing matters will be considered in a confidential session where appropriate.</p> <p><b>g) Review of FGP Committee Terms of Reference</b></p> <p>The committee reviewed the terms of reference which had combined the terms of reference from FGP agreed by the committee in September and the Staffing committee ToR that had been agreed in 2017/18. Mrs Reid highlighted that all committee ToR's will be cross referenced to ensure that each committee meets the requirements of the Articles and Instruments of Government and there should be a provision made that it is understood these are working documents, members agreed with this approach.</p> <p>Members briefly debated some of the points set out under the Staffing function and the Chair noted that the Management Statement/Financial Memorandum sets out the Governing Body's responsibility for appointing senior staff and therefore it is not necessary to repeat this in the ToR.</p> <p>The Chair asked members to consider if reviewing the Staffing KPI's was too operational, members responded that whilst the committee can strategically set the KPI's, the level of scrutiny by the Staffing committee had been wrong previously and the committee should have a further discussion around what should be measured and monitored by the committee.</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p><b>Action Point:</b> The committee requested if the CFO and CHRO would review the ToR and return a further draft at the next meeting in January 2019</p> <p><b>Action Point:</b> The committee requested to review the Staffing KPI's at the next meeting specifically to discuss what should be measured by the committee in reviewing the agreed KPI's</p> </div>
<p><b>2. Correspondence</b></p>	<p><b>Updated Management Statement/Financial Memorandum</b></p> <p>The Chair invited the CFO to provide the committee with an overview of the updated MS/FM that had been issued by the Department for the Economy in October. The CFO highlighted that the MS/FM formalises and outlines the Governance framework for the College as an NDBP. He directed members to the cover letter supplied by DfE which outlines the changes made to the document since its last issue and further confirmed the College has returned a signed copy by the Principal (as Accounting Officer) as had been requested in the cover letter attached.</p>
<p><b>3. Items to Approve</b></p>	<p><b>a) Annual Report and Financial Statements for the year ended 31<sup>st</sup> July 2018</b></p> <p>The CFO presented the Annual Report and Financial Statements for the year ended 31st July 2018 to the committee and provided a brief overview of the process of how the Annual Report and Financial</p>

Statements are compiled, how the audit is carried out and the timeline in place to complete. In presenting the reports the CFO directed members to the two adjustments made to the draft financial statements which were in relation to the correction of valuation of buildings and the release of an accrual for pay revalorisation. The CFO informed members that the Department for the Economy and the Northern Ireland Audit Office had agreed that the pay accrual should be removed; and highlighted that the College has included a contingent liability note in the Annual Report to highlight the possibility of such an award being progressed.

The CFO asked members to consider a sentence that will be included in the Governance Statement within the Annual Report that reflects the analysis received from DfE on the recent self-assessment exercise the Governing Body undertook. Members agreed with the suggestion from the CFO and noted that it was a transparent and factual statement.

**Action Point:** Members asked that if the Audit committee had a different view on the statement agreed by this committee on the Governance Statement then the whole Governing Body shall be consulted to reach an agreement; ahead of the final sign off on 26<sup>th</sup> November

**Key Decision:** The FGP committee approved and recommended the Annual Report and Financial Statements for the year end 31<sup>st</sup> July 2018 to the Governing Body for final approval

**Proposer: Heather Reid**

**Secunder: Barbara Larkin**

#### **b) Estates Strategy**

The CFO presented the Estates Strategy and advised members it had been updated to reflect a number of recommendations and analysis carried out across the Sector in terms of Estates. The committee briefly discussed the Estates Strategy and the CFO highlighted that the Governing Body will be provided with further assurance when the Audit committee reviews the Estates Internal Audit report at their next meeting.

**Action Point:** The committee requested that the Estates Strategy is reviewed annually

**Key Decision:** The committee approved and recommended the Estates Strategy for adoption by the Governing Body

Proposer: Karen Fraser

Secunder: Andrew Corbett

**4.**

**Items for Information:**

#### **a) Financial Governance Report**

The CFO presented the Financial Governance Report to the committee which sets out the forecasted financial position as at both 31 March 2019 (DfE year-end) and 31 July 2019 (SERC year-end). The CFO highlighted that the report shows that the College is in line with its allocated Resource Budget. The CFO advised members that following October Monitoring, DfE had increased SERC's approved Resource Budget for the period April 2018 to March 2019 by £23k to £32,298k. SERC's target Resource Requirement for its financial year therefore also increased by £23k to £33,374k. The increased requirement is to include a shortfall in Higher Education fees, an increase in School Links or Entitlement Framework activity, a decrease in TFS income and an offsetting £55k reduction in expenditure, particularly in relation to the timing of premises projects. In response to a question the CFO confirmed that it is more important now for the College to meet the March year end as the College is held to account by DfE for the end of March, He further highlighted that a "line of sight" project is underway to ensure that all NDPB's can be consolidated into their parent departments; that this is likely to mean a partial external audit is also required in March; and that it could eventually lead to pressure to move the College year-end into line with DfE's March year-end (although any such move would require legislative change).

#### **b) NDPB Budgeting and Forecasting Submission**

The CFO asked the committee to note the presented NDPB Budgeting and Forecasting Submission for information. The Chair enquired if this submission will impact the new "cash drawdown" process which DfE plans to introduce at the end of March 2019, the CFO confirmed that these forecast submissions are likely to form the basis of the cash draw down process; and emphasized that all 6 Colleges use this standard format which in turn is consolidated and used by DfE to monitor the performance of the sector overall.

#### **c) Debt Report**

The CFO asked members to note the live debt report of 30<sup>th</sup> October 2018. The CFO informed members that the level of debt is acceptable and consistent, and he provided a brief overview of the internal processes in place to recover debt. In response to a question on how the College's percentage of bad debt compares with the other Colleges, the CFO advised that he does not have that information but the College sets aside £90k each year as a provision which can be adjusted. He advised that, in the past, the College considered taking payment upfront from students in a bid to reduce debt but agreed that in order to widen participation it is much more productive to offer payment instalments rather than strict "up front" credit terms.

#### **d) Bank Report**

The CFO asked members to note the Bank report which sets out the current Cash & Cash Equivalent position of the College as of 30<sup>th</sup> October 2018. The CFO highlighted that this report

will largely become redundant in March 2019 with the introduction by DfE of the new cash draw down procedure designed to ensure colleges carry c. 10% of prior year turnover.

**e) Estates & Capital Expenditure Report**

The CFO directed members to the Estates report and advised that this is the outworkings of the Estates Strategy, he provided an overview of the executive summary and highlighted the issue around using Properties Division. He asked the committee to note that operational issues with PD hamper the College both financially and in meeting Health and Safety standards and that this has been escalated via an economic appraisal produced by the NIFON group designed to make the case to move away from using PD.

In response to queries around the PPP contracts and utilities costs, the CFO advised members that the Head of Estates and Facilities Management is constantly looking at ways to improve utilities expenditure and that the college is currently investigating the installation of solar panels in its PPP campuses to match those previously installed in its traditional estate. He also noted that part of this investigation must examine the costs which the PPP partner would levy for such changes.

The committee briefly discussed the use of Capital Money for projects and the CFO highlighted that the College will continue to push for any extra funding if it is available at the end of March. He further highlighted that the project list is constantly reviewed to ensure that any projects which cannot be delivered by the end of March, are replaced with other priority projects to ensure the associated capital funding is not lost.

**f) Procurement Update Report**

The CFO presented a new format Procurement Update report to the committee and advised that it sets out the procedures in place for procurement and summarises current activity for information. He provided an overview of the delegated limits in the College, with the Accounting Officer's £1m sign-off authority. The CFO asked members if this information was useful. The committee agreed that it was useful to have sight of the information, while recognising that the Governing Body does not have a significant authorisation role in many procurements due to the delegated authorities already in place.

The committee noted that a new Health care scheme has been procured from the Bolton & District Hospital Saturday Council - UK Healthcare. The Chief Human Resources Officer advised that this will replace the current scheme which was introduced to try and reduce long term absence and provides a range of benefits for staff including a cash back element. He advised the newer members of the staffing element of this committee that the former Staffing Committee had committed to a pilot for two years and

	<p>wanted to invest to save, the focus for the pilot had been on musco-skeletal issues as this had been the main reason for absence amongst staff, The health care scheme allows staff to access appointments much quicker with a view that they will then be able to return to work much quicker. The CHRO advised members that in renewing the scheme the focus has been on mental health as it is now the main reason for long term absence. The briefly discussed what reduction in absence would be needed to see savings if the money invested in the scheme, the CHRO advised that it has to demonstrate it is value for money and this can be measured through monitoring the absence numbers. Mr Corbett advised that from a staff perspective the scheme is very valuable especially as family members can also be covered (at extra cost to the member of staff).</p> <p>Mrs Fraser highlighted that with regard to the procurement report it would be useful to ensure that no members have any perceived conflict of interests with regard to the companies listed. No member declared any perceived conflict and the Chair asked members to ensure they review the list thoroughly for each meeting.</p> <p><b>Action Point:</b> The committee requested an evaluation report on the Healthcare Scheme at their next meeting in February</p> <p>At this juncture the committee took a short break at 19.11.</p>
<p><b>5.</b></p>	<p><b>Update on Applications and Enrolments</b></p> <p>The committee resumed the meeting at 19.23.</p> <p>The CFO provided a brief verbal update on Applications and Enrolments, he advised that this is one of the areas that has been included on the Strategic Risk Register as overall enrolments are down with full time down by 1%. He asked the committee to note that in areas where the College deliver a unique offering (such as apprenticeships) it is performing very well; but that a pattern of falling enrolments in HE and, to a lesser degree, FE has been seen across the sector, attributed to several factors such as falling demographics, increased retention of 6<sup>th</sup> form at schools and the reduction of university entry requirements to name a few. The committee briefly discussed which group makes the biggest financial contribution to the College; and the effort put into the 14-19 group. The CFO suggested that this could be a useful conversation at the next GB Strategy day to allow the CMT and the GB to exchange views on what the College could be focussing on in terms of delivery in the coming years.</p>
<p><b>6.</b></p>	<p><b>Collaboration Programme; and Systems Technology Services Project</b></p>

	<p>The CFO advised members that some of the secondary target dates set by STS to implement the new Learner Management Systems are coming under pressure. For example, a target date for January 2019 to have a “shadow” system in place has now been put back to April 2019. He pointed out that this is included on the Strategic Risk; and highlighted that SERC have mitigated this risk since the College has its own internal online enrolment system to fall back on as a contingency.</p>
<p><b>7.</b></p>	<p><b>Policy Review</b></p> <p><b>a) New and Expectant Mothers Policy</b></p> <p>The committee noted the policy had been reviewed and approved the changes highlighted.</p> <p><b>Proposer: Alan Woodside Seconder: Andrew Corbett</b></p> <p><b>b) COSHH Policy</b></p> <p>The committee noted the policy had been reviewed and no changes had been made.</p> <p><b>c) Continuous Professional Development (CPD) Policy</b></p> <p>The committee noted the policy had been reviewed and approved the changes highlighted. The CHRO advised that the changes are bringing the policy in line with current practice and reflects what the College is already doing in relation to CPD.</p> <p><b>Proposer: Karen Fraser Seconder: Heather Reid</b></p> <p><b>d) Freedom of Information Policy</b></p> <p>The committee noted the policy had been reviewed and no changes had been made.</p> <p><b>e) Records Management Policy</b></p> <p>The committee noted the policy had been reviewed and approved the changes highlighted.</p> <p><b>Proposer: Andrew Corbett Seconder: Kim Scott</b></p>
<p><b>8.</b></p>	<p><b>Staffing Items for Approval-Draft Terms of Reference Absence Review</b></p> <p>The CHRO provided the committee with some background on why the former Staffing committee had requested this review, he highlighted that an internal audit review had been carried out around sickness which looked at policy and processes. Whilst the outcome was clean audit with no recommendations, the committee felt it would be more beneficial to have a further review to ascertain if there were any other measures that could be used to reduce the level of sickness</p>



	<p>absence in the College. The CHRO advised that whilst the figures for absence have improved in quarter one this year there is still merit in conducting a review, especially around mental health.</p> <p>The Vice Chair of the Governing Body highlighted that the Audit committee had recommended a further review was carried out and transferred this over to Staffing Committee as a recommendation to review areas of good practice and it was the intention that this would not be carried out by the internal audit team from Grant Thornton.</p> <p>In response to a query from the committee the CHRO confirmed that this will mainly be a desktop exercise conducted over 5 days and once the ToR has been signed off the review will be communicated to staff, including via the Joint Consultative Forum. The committee noted that there is a bigger element of communication when the recommendations from the review are finalised.</p> <div style="border: 1px solid black; background-color: #e0e0e0; padding: 5px;"> <p><b>Key Decision:</b> The FGP Committee approved the terms of reference to conduct a review on Staff Absence</p> <p><b>Proposer:</b> Heather Reid</p> <p><b>Seconder:</b> Kim Scott</p> </div>
<p>9.</p>	<p><b>Staffing Items Update:</b></p> <p><b>a) HR Priorities 2017/18 overview</b></p> <p>The committee noted the update report on the 2017/18 HR Priorities, the CHRO highlighted that the vast majority of targets had been met, a couple are outstanding and will be incorporated into the 18/19 delivery plan, this is mainly to allow time to carry out sufficient evaluation.</p> <p><b>b) HR Priorities 18/19 plan and status update</b></p> <p>The CHRO directed members to the 18/19 plan and advised that all priorities are currently on target, he advised newer members of the committee that this report will be presented at each meeting. Mr Corbett enquired if outcome 1 ‘Positive relationships with staff representatives’ is to address the absence of union representatives at the JCF meetings. The CHRO replied that the intention is to build on relationships and supplement what is already going on in the JCF. The CHRO further highlighted the valuable work that is done at JCF meetings and advised the committee that as some trade unions have chosen not to engage with this process, they are not having input into decisions that can affect their members, which is most regrettable.</p>
<p>10.</p>	<p><b>Staffing Items for Discussion</b></p> <p><b>a) KPI Report 2018/19</b></p>

The CHRO informed the committee that this document has been an evolving one and several new metrics have been added to it over the last year. He asked the committee for their views on whether the information presented is useful and if they get any benefit from the figures presented.

The committee reviewed the report and agreed that especially regarding staff absence it is helpful to look at it in terms of actual staff numbers. The CHRO advised that he would review how the information is presented and try to provide a more reader friendly report.

**Action Point:** The committee requested that the number of staff absent is included in the KPI report going forward

**b) Staff Absence Update Report**

The committee reviewed the Staff Absence report and noted that for 2017/18 the College had the highest absence rate on the Sector. The CHRO provided a brief overview of the main reasons cited for absence and highlighted that the majority of absence that comes under mental health is due to non-work-related stress, and the level of support that the College can offer even though its non-work-related needs to be emphasized to staff. The CHRO stressed that whilst that are improvements in absence rates in the first quarter of 18/19 this needs to be sustained.

**c) Staff Utilisation/ Tribal Evaluation Report Update**

The CHRO informed members that the former Staffing Committee had requested to have a look at metric for corporate staff utilisation which had proved to be difficult as we were unable to benchmark with other Colleges and therefore it was difficult to produce a meaningful metric. The former Chair of Staffing Committee had agreed therefore that this could be looked at under the Tribal report produced by DfE as the report not only benchmarked the FE's in Northern Ireland but across England too. The committee were asked to note that DfE will advise all Colleges of the action plans from the report in due course.

<b>11.</b>	<p><b>Any other business</b></p> <p>No other business was discussed.</p>
	<p><b>Date of next meeting</b></p> <p>The next meeting date was confirmed for Tuesday 15<sup>th</sup> January 2019, 5pm, Lisburn Campus</p>

**The meeting concluded at 20.20**