



SOUTH EASTERN REGIONAL COLLEGE

**Minutes of a meeting of
the Finance & General Purposes Committee (the "Committee") of the Governing Body
held on Tuesday, 15th September 2020, at 17:30, via Skype Teleconference**

1.	<p>Chair's Business:</p> <p>a) Attendance and Apologies: Present: Mrs B Larkin, Mr A Corbett, Mrs H Reid, Mr G Hetherington (Temporary Chair of the Governing Body), Mr K Webb (the Principal), Prof A Woodside</p> <p>In Attendance: Mr T Martin (Chief Finance Officer (the "CFO")), Mr P. Smyth (Chief Human Resources Officer (the "CHRO")), Ms S Woods (Temporary Secretary to the Governing Body), Mrs K Cochrane (Boardroom Apprentice)</p> <p>Apologies: It was noted that Mr Bodger was unable to attend the meeting and his apologies were duly conveyed to the Committee.</p> <p>In the Chair: Mrs B Larkin</p> <p>b) Conflicts of Interest: The Chair asked if any members wished to declare any known or perceived conflicts of interest in respect of any item on the agenda. There were no declarations of conflicts of interest.</p> <p>c) Appointment of Vice-Chair of the F&GP Committee: The Chair noted that it had been anticipated that the appointment of a new Vice-Chair of the Committee would take place at the meeting. However, in light of Mr Bodger's inability to attend, it would be moved to the next scheduled meeting of the Committee.</p> <div style="border: 1px solid black; padding: 5px;"><p>Action: Election/Appointment of FGP Committee Vice-Chair to be rescheduled and formalised at the next FGP meeting on 10th November 2020.</p></div> <p>d) Minutes of the F&GP Committee meeting held on 16th June 2020: The Chair asked members to review the minutes from the meeting held on 16th June 2020. Members agreed the presented minutes were a true and accurate record of the meeting.</p> <div style="border: 1px solid black; padding: 5px;"><p>Agreed: Following due consideration it was agreed that the minutes of the meeting held on 16th June 2020 be accepted and tabled for approval at the meeting of the Governing Body to be held on 29th June 2020.</p><p>Proposed by: Heather Reid</p></div>
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Seconded by: Gareth Hetherington

e) FGP Action Points and Key Decisions from the meeting held on 16th June 2020:

It was noted that all other Action Points had been completed or would be addressed during the course of the meeting.

f) Terms of Reference Annual Review:

The Chair observed that a significant amount of work had been carried out on the Terms of Reference during the previous academic year. She remarked that it was not proposed to make any further changes at the current time, unless a member of the Committee had identified any items which should be amended, removed, or included.

Following discussion, it was noted that the Terms of Reference did not require any further amendment at this time. It was agreed that the Terms of Reference be approved and recommended for approval by the Governing Body at its next scheduled meeting.

Agreed: That the Terms of Reference for the F&GP Committee, as tabled, be approved and recommended for approval by the Governing Body at its next meeting on 28th September 2020.

Proposed by: Heather Reid

Seconded by: Alan Woodside

2. Correspondence:

It was noted that all correspondence had been included under the relevant agenda items.

3. Finance Items for Information:

a) Financial Governance Report:

At the Chair's invitation, the CFO presented the Financial Governance Report to the Committee. He noted that the report aimed to set out the actual financial position as at 31st March 2020 (DfE year-end) and the actual position for the 31st July 2020 (SERC year-end). He noted that the position as at 31st March 2020 had been discussed at the previous meeting, and that the College was deemed to have been on target for the Departmental year.

The CFO indicated that the actual resource requirement to 31st July 2020 was £36,000k, which was £400k or 1.13% above target. He informed the meeting that a reduction in income from higher level apprenticeships, commercial and project income and student fees which had been lower than budgeted, had resulted in the relevant figures being £1,300k below budget. He observed that expenses had decreased by £798k; £541k of which related to staffing and £257k related to non-staffing items. He reported that this positive variance was due to effects of the pandemic and lockdown.

The CFO observed that the sector had been awarded additional Covid-19 related funding by the DfE, with a confirmed £1.15m awarded to SERC for the period April to July 2020 (which more than offsets the £400k negative variance in the year to July 2020) ; and an additional £0.35m anticipated for the period August to March 2021 bringing the total likely allocation to £1.5m for the College.

With respect to the expected position for the year to 31st March 2021, it was likely that SERC would require additional Covid-19 related funding in order to meet its target for the 2020/2021 DfE financial year. He noted that income levels were likely to remain at a reduced level in the short term and that expenditure would have to be monitored and controlled where possible. He remarked that there could be a need to re-prioritise or increase certain expenses to ensure the College met its targets while maintaining a safe environment, and he noted that the sector continued to engage with the DfE with regard to identifying and meeting the associated financial pressures.

The CFO observed that there had been a positive development in relation to Skills Focus. He reported that, previously, the DfE would have supported 75% of business fees but this had been increased to 100%, which would reduce this pressure on businesses and would hopefully benefit the sector.

b) NDPB Budgeting and Forecasting Submission:

The CFO informed the Committee that the latest return, which covered the period from April 2020 to March 2021, had been submitted on 25th August 2020. He noted that the return reflected:

1. Actual performance as per SERC's 2019/2020 Period 12 Management Accounts for April to July 2020; and
2. Budgeted performance as per SERC's 2020/2021 Baseline Operational Budget for August 2020 to March 2021.

The CFO remarked that the return detailed an expected Departmental Expenditure Limit (DEL) Resource Requirement of £37,721k for the year April 2020 to March 2021. He observed that this amount was £1,294k higher than the College's updated Resource Allocation of £36,427k for 2020/2021, which had been confirmed in the DfE's correspondence dated 17th June 2020. He explained that the negative variance related to the impact of the pandemic. He reported that a total estimated forecasted negative variance of £1,500k (consisting of the attached forecast plus an additional £200k IT spend) had been communicated to the DfE and that this figure was largely in keeping with the other colleges. He observed that the main difference was that SERC had spent more earlier in the year and that £1,300k of this pressure was included in the figures to July 2020, which formed the basis of the Annual Financial Statement. He indicated that DfE had advised it would commission a further update at the start of October and that it was taking account of the college's input, as well as talking to NIFON regarding the pressures and what form they would take.

c) Debt Report:

The CFO informed the meeting that the Debt Report outlined the position at the start of September 2020 and that the report looked very healthy, reflecting only approximately £500k of debt. He remarked that at this point in the year it would usually show around £1,750k. However, he observed that there were issues in relation to EBS and the new enrolment system that were leading to delays with the processing of student fees. He commented that although the College was enrolling students, these issues in relation to creation of tuition fees were ongoing and were effectively delaying invoicing, making the year-on-year comparator inaccurate at this stage. However, it was anticipated the matter would be resolved prior to the next

Committee meeting. He noted that all 6 colleges were having issues in relation to payments, particularly in respect of direct debits, and that the CFOs of the colleges would be meeting to discuss potential workarounds. He observed that the issue was recorded on the Strategic Risk Register and would be discussed at the Audit Committee meeting, the following evening.

The CFO reported that there were no other significant issues to report. He remarked that where outstanding invoices to business sponsors had slipped to the 120-day point, probably due to Covid-related issues which would not be going away anytime soon, there were robust systems in place to address the matter and it was anticipated that these outstanding debts would be rectified within the next 30 to 60 days. He noted that the College remained consistent in relation to its procedures including debt collection and handing over relevant cases to legal.

d) Estates and Capital Expenditure Report:

The CFO informed the meeting that the campus plan had been updated at the end of August and that capital funding in the amount of £1,500k had been agreed, although the College had requested a further £600k. He indicated that the request had received a positive reception but that nothing had yet been confirmed.

The CFO observed that energy consumption had reduced in comparison with the previous year. However, due to the timing of lockdown, there had not been a significant saving in respect of heating. He noted that there were no issues to report in relation to the PSD replacement programme and that there had been an appreciable number of queries in the tender process. He remained confident that the new provider would go live in April, as planned. He indicated that the Newcastle creche facility was almost ready to open and it was anticipated that it would open by November.

e) Procurement Update Report:

The CFO indicated that a number of different processes had been employed for sourcing during the pandemic. He noted that the College had gone through its existing processes and that the DfE had also established a special hub for the PPE procurement process. With specific reference to procurement in relation to screens, the CFO noted that the College had gone direct to suppliers, which he believed was in line with recently issued EU guidance and UK policy guidance, due to the urgency of the situation. He remarked that it was possible this matter would be raised by External Audit but that the College had provided its rationale, which he believed was appropriate in the circumstances. He observed that External Audit would review how controls were implemented during the pandemic.

The Temporary Chair noted that it was important the matter was reviewed in detail at the meeting of the Audit Committee. He asked if the DfE had made any comments in relation to the approach the College had taken. The CFO replied that the DfE had been happy with the level of spending on PPE and screens, which totalled £268k to the end of July, and that CPD had been very helpful in setting up the hub. He noted that CPD had suspended its own procurement procedures during lockdown and had been very aware of the constraints and urgency of the situation, as was DfE. He noted that there had been plenty of discussions regarding timing and urgency.

f) Potential Impact of Coronavirus on College Finances:

The CFO drew the Committee's attention to the Business Services/Impact of Covid paper. He remarked that the College had received a letter from the DfE on the previous day, indicating that the pressures, specifically to the end of July 2020, had been met. He observed that, when he had presented to the Committee at the April and June 2020 meetings, he had anticipated a negative variance of £750k to the end of July and the same amount for the period from autumn 2020 to spring 2021. He reported that this estimate had been refined and that the College had spent £1,300k to the end of July. He observed that the DfE had written to the College indicating that this amount would be fully covered and that the remaining £350k had already been fed into the budget. He remarked that DfE would ask for an update to this figure, for the purposes of accuracy. He noted that the news was generally very good in this respect.

With regard to the commercial income that would have been realised from establishment of a facility in Dublin, the CFO remarked that there had been no real progress in relation to the business case and QQI approval and it was still anticipated that there would be an impact of c.£215k on commercial income to the end of July 2021 as a result.

The Principal informed the Committee that the Business Services department had created an online prospectus very quickly, containing 32 courses, and that the College had bid for and obtained funding for these courses. He noted that the bid had been successful, all courses had been delivered, and that almost 1k people had upskilled during the initial stages of lockdown. He indicated that the College had also been successful in bidding for further funding of £334k, for courses to be delivered by the end of March 2021 and that if there was any underspend by the other colleges, SERC would be offered the additional funding and that this would partly offset the potential impact on Business Services' income. The Temporary Chair asked the Principal to pass on the Governing Body's thanks to the Business Services team for their hard work during such a difficult time.

g) Insurance Renewal Update:

The CFO noted that the renewal quote had increased significantly. He observed that SERC had gone to the market and that the environment was very challenging, with an increase of approximately 60% in relation to property and liability insurance, and a significant increase overall. He remarked that the sector had little choice but to pay the increased premiums, as the only other alternative was to drop commercial insurance and go down the self-insured route. He believed that it was preferable to continue with commercial insurance, with an extension of a further year, following which it would be necessary to write a project evaluation and a new business case.

4.

Finance Items for Approval:

a) Final Resource Budget:

The CFO noted that the draft baseline budget had been discussed at the Committee meeting in June 2020 and he noted that the updated budget document reflected some changes. He observed that there were a number of variances from the baseline budget to the final operational budget, but that none were significantly substantial and that they were all pandemic related. He commented that the final resource budget reflected a pressure of £341k which was not shown in the baseline version of the budget reviewed at June's meeting as none of the Covid-19 mitigation costings had been included.

He reiterated that the College's current estimated total pressure was c. £1.5m. At June's meeting the expected timing of this pressure was £750k in the period March to July and £750k in the period August to March 2021. He indicated that the timing of this pressure had been recalculated, with spending of c.£1,150k being incurred in the previous academic year and £341k being anticipated for the 2020/21 year.

He emphasised that he would not normally bring a budget which reflected pressures to the Committee but that the current circumstances were exceptional and that DfE were fully aware of the pressure. He commented that it was likely the anticipated pressures figure could increase during the year and that this matter was being actively discussed with DfE.

Following due consideration, it was agreed that the Final Resource Budget for 2020/2021 be approved and recommended for approval by the Governing Body at its meeting on 28th September 2020.

Agreed: That the Final Resource Budget for 2020/2021 be approved and recommended for approval by the Governing Body at its meeting on 28th September 2020.

Proposed by: Heather Reid

Seconded by: Barbara Larkin

b) Draft Annual Report and Audited Financial Statements:

The CFO drew the Committee's attention to the draft Financial Statements for the year to 31st July 2020. He noted that the draft was to be submitted to the Department and that the NIAO audit would commence on 21st September. He observed that the accounts were scheduled to be laid before the Assembly on 11th December. He noted that the Draft Financial Statements had been drafted between August and early September and that they would be tabled at the Audit Committee meeting the following evening. He remarked that he would table the Final Annual Report and Audited Financial Statements at the next F&GP Committee meeting in November.

With respect to financial performance, the CFO reported that the Committee had reviewed the majority of the information and that the narrative was similar to that which had been discussed. He indicated that one of the more significant issues was in connection with the pension scheme. He noted that the pension liability had increased quite substantially during 2020, as a result of changes in the CPI and discount assumptions.

Turning to cash flow, the CFO advised that net outflow at approximately £500k remained relatively static and that the monthly cash amount the College requested from the Department had not varied significantly from plan throughout the year. He noted that SERC was relatively on target with respect to cash KPIs.

In terms of accounting policy changes significant judgments or post-period amendments, he observed that there was nothing to report.

The Temporary Chair asked if the increase in relation to pension liability was likely to necessitate increased employer contributions or to raise longer-term challenges. The CFO replied that it was likely in the longer-term that there would be a need for greater contributions. He indicated that NILGOSC had a tightly managed three-year plan and that there was no current intention to increase employer contributions. He

observed that the Trustees did review the situation each time a valuation was carried out. He remarked that this was nothing new for defined benefit pension schemes, and that the employer costs had risen consistently and were likely to continue to do so.

Following due consideration, it was agreed that the Draft Financial Statements be approved and recommended for approval by the Governing Body at its meeting on 28th September 2020.

Agreed: That the Draft Financial Statements for the financial year to 31st July 2020 be approved and recommended for approval at the Governing Body meeting to be held on 28th September 2020.

Proposed by: Gareth Hetherington

Seconded by: Andrew Corbett

5.

Staffing Items for Information:

a) Health and Wellbeing Outcomes 2019/2020:

At the Chair's invitation, the CHRO provided the Committee with an overview of the Health and Wellbeing outcomes for the previous academic year. He commenced by noting that some core elements from the review of the year had been carried forward to the current academic year. He indicated that early intervention training was being introduced to allow for proactive identification where a staff member was beginning to struggle. He observed that sessions would be rolled out during the coming year. He informed the meeting that personal resilience and self-care sessions were being built into staff development days.

With respect to financial matters related to health and wellbeing, the CHRO reported that of the £27k of claims made, a significant number had been declined. He noted that the total value of claims had increased somewhat from the previous year and that the core claims had related to dental and optical matters. He reported that only 6% of staff had upgraded their plans or enrolled their partners, and that the provider would have anticipated the take-up rate to have been greater, at between 10% and 20%.

In terms of wellbeing and support, the CHRO observed that the key focus for the year had been on financial support. He indicated that the College had partnered with Payplan, which provided support to employees in relation to debt advice and solutions.

The CHRO reported that the priorities for the coming year had not changed significantly. With regard to mental health, he observed that a key area was related to Covid and supporting staff.

b) HR Priorities 2020/2021 Plan and Status Updates/HR Key Metrics Report:

The CHRO informed the meeting that, in relation to Objective 2, during the summer the College had engaged in a conciliation process, which had unfortunately been unsuccessful. He remarked that it was possible the unions would seek a ballot for industrial action.

With respect to the previous year's HR Metrics, the CHRO indicated that there had been a positive result in relation to the sickness absence rate. He indicated that the rate was approximately 3%, which was the lowest level in SERC's history, and it was hoped that it would be repeated during the current academic year. He observed that long-term absences had increased during the year in question whereas there had been a decrease in short-term absences.

c) Employee Relations Update:

The CHRO informed the Committee that there were no substantive changes to report. He observed that timescales remained a challenge. Excluding legal cases, 8 complaints remained outstanding, 7 of which related to bullying/harassment. Of those 7, 3 had reached appeal stage and 3 were scheduled for investigation during the current month. He remarked that a number of the complaints were involving the same individual and that there were claims and counterclaims involved. He indicated that there were no areas of concern to bring to the Committee's attention.

Mrs Reid asked if there had been any indication of dissatisfaction with staff in relation to return to on-campus provision. The CHRO replied that the majority of staff had been happy that adequate work had been done to make the campuses, staff, and students as safe as possible, and that staff had been reassured when they had returned to campus and seen the level of work undertaken. He noted that the 'Ask Me Anything' sessions were proving helpful and informative to staff, with a further session scheduled for 17th September as well as the regular H&S committee meetings and JCF meetings. Turning to employee relations, the CHRO reported that there was no significant change to the figures compared to previous years.

d) Potential Impact of Coronavirus on Staffing:

The CHRO informed the Committee that the position remained essentially as reported at the June 2020 meeting and that there had been three key strands, namely: the move online and attendant challenges, supporting staff health and wellbeing, and the safe reopening of campuses. He noted that guidance had been provided to staff and that an online safety module had been established for both students and staff to complete prior to returning to campus.

6.

Staffing Items for Approval:

a) HR Strategic Priorities:

The CHRO provided the Committee with an overview of the HR Strategic Priorities for 2020/2021. He noted that two priorities had been carried forward from the previous year and that two new additional priorities would be centred around the health and wellbeing of staff in the continuing pandemic. He noted that the College was reviewing the existing strategies and putting more supports in place, with particular regard to remote management of teams.

Agreed: It was agreed that the HR Strategic Priorities for the 2020/2021 academic year be approved.

Proposed by: Heather Reid

Seconded by: Barbara Larkin

b) Annual Equality Progress Report:

The CHRO observed that this report was required by statute and that there was a prescribed template for completion, however he believed it provided a comprehensive overview of the position. He noted that there had been no complaints received by the College regarding its equality scheme.

Agreed: It was agreed that the Annual Equality Progress Report be approved and tabled at the next meeting of the Governing Body on 28th September 2020.

Proposed by: Alan Woodside

	<p>Seconded by: Andrew Corbett</p>
<p>7.</p>	<p>Update on Applications and Enrolments:</p> <p>At the Chair’s invitation, the Principal presented the report on Applications and Enrolments. He informed the meeting that HE enrolments were down 28 against target. He noted that the College was performing quite well in comparison with other colleges. He remarked that Belfast Met was down roughly 1k students, 200 of which were HE students. He commented that, if this trend continued, by 2025 the sector would only have half the number of HE students it had attracted in 2015. He observed that there was a shortfall across Levels 3, 4 and 5.</p> <p>The Principal commented that the College’s enrolment figures were broadly in line with previous years in relation to FE, with TFS marginally up on 2019/2020. He reported that Apprenticeships were 100 behind the figures for the same time last year, which was a result of the lack of certainty around, and availability of, placements. He commented that the grade inflation, reduced entry requirements in universities and additional university places, as well as the number of students who appeared to be taking a gap year, seemed to have had a significant impact on the sector. The Chair noted that the matter would be covered in greater detail at the next meeting of the Education Committee.</p> <p><i>At this juncture Mrs Reid left the meeting. [19:15]</i></p>
<p>8.</p>	<p>Update on Collaboration Programme: Systems Technology Services Project:</p> <p>a) STS Project Update:</p> <p>The Principal noted that the issue around payments had been flagged for over 3 months and he was not confident there would be a swift resolution. He informed the meeting that the impact for the College centred around taking of payments. He noted that other colleges had been impacted with regard to enrolments and the entire student process.</p>
<p>9.</p>	<p>Policy Review:</p> <p>It was noted that there were no policies for noting or approval at the current time.</p>
<p>10.</p>	<p>Any Other Business:</p> <p>No further items of business were raised.</p> <p><i>At this juncture Mr Corbett left the meeting. [19:25]</i></p>
<p>10.</p>	<p>Confidential Business</p> <p>A separate note was taken for this item.</p>

11.	Date of next meeting: It was noted that the next meeting of the Committee was scheduled to take place on Tuesday, 10 th November 2020, at 17:30.
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The meeting concluded at 19:59