



## 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 9<sup>th</sup> November 2021, 5.45pm, Hybrid meeting held in the Lisburn Campus and via Microsoft Teams.

1.	<p><b>Chair's Business</b></p> <p><b>a) Attendance and Apologies:</b></p> <p><b>Present:</b> Mr A. Corbett (via Microsoft Teams), Mr G Hetherington (Temporary Chair of the Governing Body) only, Mr A. McCrum, Mr D. Wilson (via Microsoft Teams), Dr D McConnell (via Microsoft Teams), Mr M McQuillan (via Microsoft Teams)</p> <p><b>In attendance:</b> Mr T. Martin (Chief Finance Officer) (via Microsoft Teams), 'CFO', Mr P. Smyth (Chief Human Resources Officer) 'CHRO', Mrs C. Williamson (Secretary to Governing Body), Ms A. Frazer (Boardroom Apprentice) Mrs P. Philpott (Head of the Learning Academy) Agenda Item 5D only (Via Microsoft Teams)</p> <p><b>Apologies:</b> Ms M. Corrigan, Mr K. Webb (Principal)</p> <p><b>In the Chair:</b> Mr A. McCrum</p> <p>The Chair began the meeting by apologising for the delay in starting and advised everyone there had been some issues with camera which could not be resolved so we would unfortunately have to continue without it.</p> <p><b>b) Conflicts of Interest:</b></p> <p>The Chair asked if any members wished to declare any known or perceived conflict of interests 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 14<sup>th</sup> September 2021</b></p> <p>The Chair asked members to review the minutes from the previous meeting on 14<sup>th</sup> September 2021. Members agreed the presented minutes were a true and accurate record of the meeting.</p> <p><b>Proposer: Daniel McConnell</b></p> <p><b>Seconder: Derek Wilson</b></p>
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**d) FGP Action Points and Key Decisions from meeting on 14<sup>th</sup> September 2021.**

Members noted the actions were addressed on the agenda.

**e) FGP Committee Structure**

The Chair began the discussion by reminding members that at the previous Governing Body meeting in September a query had been raised of the committee structure would be reverting to the former configuration that included a stand-alone staffing committee. At the request of the Chair the GB Secretary provided members with a brief overview of the decision to merge the FGP and staffing committees in November 2018 due to low membership numbers of the Governing Body and concerns about meetings being quorate. She confirmed that in discussions with the Department at the time there was no requirement to amend the Articles of Government, and this was a decision for the Governing Body, members were also advised that other Colleges in the Sector have begun to make this move to one committee.

The Chair went on to advise members that he felt that finance and people work well together, and he felt it made sense to keep the current committee structure, he also noted that in discussions with CMT members there was not enough business in Staffing to justify a stand-alone committee and there had been duplication of work.

The Temporary Chair added that in previous discussions with the Department the structure change was made on the understanding we would revert when the membership numbers returned to a full compliment and so for completeness, he suggested confirming the decision with the Department in writing.

Mr Wilson suggested that if the current structure were to remain any urgent or substantive issues could be dealt with through a subgroup of the Governing Body, the Temporary Chair advised that this was a sensible approach.

The Chair thanked everyone for their contributions to the discussions and noted the agreement to maintain the current structure with a cavate that a subgroup would be established as and when required to deal with any staffing matters that may arise.

**Action Point:** The Secretary will revert to the Department to advise the Governing Body has considered the committee structure and are content with the current 3 committee structure

	<p>Agreed: The committee agreed to maintain the current committee structure (with FGP and Staffing merged)</p>
<p><b>2.</b> <b>Correspon</b> <b>dence</b></p>	<p><b>a) October Monitoring Allocations</b></p> <p>The CFO asked members to note the enclosed correspondence that confirms additional funding received of £1.8m which includes £835k to cover additional payroll accruals and £935k allocated to the Economic Recovery Action Plan (ERAP).</p>
<p><b>3.</b></p>	<p><b>Finance Items for Approval</b></p> <p><b>a) Annual Report and Audited Financial Statements for Year Ended 31<sup>st</sup> July 2021</b></p> <p>The CFO advised members that a detailed review of the annual report and financial statements had been completed by the committee at their meeting in September, he advised that the audit has now finished, and the presented statements confirm there are no audit adjustments, and he was content with the clean audit. He went on to set out the approval process for the Governing Body through Audit committee and the main GB.</p> <p>The Chair noted it is very gratifying there are no adjustments and congratulated the entire finance team on the audit. The CFO thanked the Chair for his kind words and noted that the Financial Controller should be commended on his efforts as he has been extremely busy covering other roles in the finance department along with heading up the audit.</p> <p>In response to a query from Dr McConnell regarding the deficit the CFO advised he had no concerns, he highlighted that the deficit has decreased since last year and the make up of the funding model will mean the College will always run a deficit of non-cash elements like pensions and depreciation as they are not funded under the current model.</p> <p><b>Agreed:</b> The committee reviewed and approved the Annual Report and Financial Statements for the Year ended July 2021 and recommended them to the Governing Body for approval</p> <p><b>Proposer:</b> Derek Wilson</p> <p><b>Seconder:</b> Daniel McConnell</p>
<p><b>4.</b></p>	<p><b>Finance Items for Information:</b></p> <p><b>a) Financial Governance Report</b></p>

In presenting the Financial Governance Report the CFO advised that it aims to set out the forecasted financial position as at both 31 March 2021(DfE year-end) and 31 July 2021(SERC year-end). The CFO gave a brief overview of the funding allocations to date and advised the March 2022 year-end Resource Requirement target is therefore £41,168k and July year-end Resource Requirement target is currently £42,461k. The CFO advised members that the first IMPMS of the year had been held in mid-October and that any changes agreed during the process have been factored into this report.

The CFO highlighted that in terms of the March year-end there is a pressure of £608k that results from two factors: Covid-19 pressures; and an easement of approximately £1m in relation to the introduction of Traineeships. The CFO informed the committee that in terms of Departmental funding NIFON had met with Grainne Saim from FE Finance last week and she advised that Covid allocations will be confirmed with Colleges by late November, in the interim there is an overall pressure of £1.6m. Since the Department has secured £9m for the sector for the Covid allocation and since the total bids from the Colleges are for £8.5m, the CFO advised he was confident that the College will receive the full amount that was bid for.

These pressures can be broken down into £1,006k of “operating” pressures, plus £602k of “lost learning” pressures. The CFO advised that in terms of the lost learning piece the College had not been successful in securing the entire bid and have had to cut c.£100k from the forecast to counteract this.

Moving on to Traineeships, the CFO advised that the originally confirmed funding was based on predicted enrolment figures and that actual enrolments had not been as high as expected – this had led to an expected “easement” with reduced delivery and therefore funding required. The CFO also stressed that this has been issue across all 6 Colleges. The CFO informed members that the lower enrolment numbers were mainly because a lot of the individuals who initially applied for the Traineeships had since secured employment and were therefore now funded under the Apprenticeship NI programme rather than the Traineeship programme. School leavers staying on at 6<sup>th</sup> form and the issue of grade inflation with the universities have also attributed to low enrolment figures.

The CFO confirmed that for the July year-end the same issues apply however the Traineeship easement would be larger since the impact would run on for the April to July period. Although the Department have not yet confirmed how much funding will be clawed back the College are working on the assumption it will be pro-rata. The CFO advised that this in year claw back of money leaves the College exposed: if apprentices in the APP NI programme lose their employment and therefore move over to Traineeships it ultimately means that the College would not have the funding in that year to cover these enrolments. The Department have been made aware of this challenge facing the Colleges.

The Temporary Chair enquired if the Department are comfortable with the College operating with a pressure of £608k. The CFO advised they are as once the Covid funding is received this will vanish and they have confirmed that £9m of such funding has already been secured for the Sector.

In response to a query from the Chair the CFO explained how the funding is claw backed, he asked members to note firstly that this is very exceptional because the Traineeships were designed to replace the TFS programme and so this is the first time the Colleges have faced this challenge with the enrolments side of it. The CFO advised that a budget allocation letter from the Department is imminent, and that it will confirm a new target for the College, i.e. the funding model allows for such adjustments throughout the year. The CFO also highlighted that the College has already begun to mitigate this by cutting costs in the forecast.

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

The latest return was submitted on 22nd October 2021 - the 'Forecast Expenditure' schedule is attached. It covers the period April 2021 – March 2022 and reflects:

1. Actual performance as per SERC's 2020/21 (draft) Financial Statements for April to July 2021.
2. Actual performance as per SERC's Period 2 2021/22 Management Accounts for August and September 2021.
3. Forecast performance as per SERC's Period 2 2021/22 Management Accounts for the period October 2021 to March 2022.

The return details an expected Departmental Expenditure Limit (DEL) Resource Requirement of £41,776k for the April 2021 to March 2022 year.

The College's forecasted financial performance for the Departmental 21/22 year is therefore showing a pressure of £608k against its current confirmed budget.

The CFO went on to breakdown some of the pressures and the committee noted the College has not received the Covid allocation from the Department although they have advised this should be issued in November, the CFO confirmed the Department are very aware of the £1,608k Covid related pressures and are broadly content with this. He further advised there is an easement of around £1m in relation to Traineeships as enrolments have been much lower than expected.

Mr McQuillan enquired if the funding linked to ERAP puts additional pressure on delivery if it must be spent by the end of March. The CFO advised there is a risk that the College cannot deliver on it however this is being mitigating by going through the forecasts now to refine costs. He also highlighted that the Business Services team have over delivered on similar programmes in the past and that there is confidence from the Department in the team.

**Action Point:** The Chair requested that the committee is kept apprised of the funding around ERAP and the Covid related funding on a quarterly basis, the CFO agreed to include this information in each forecast report.

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

The CFO presented the latest debt report and advised members the current debt total is £1.8m, with the biggest element of this relating to student fees. The CFO noted that it is expected the debt level is higher at this time of year, it is difficult to compare it to last year's figures as there was a delay in issuing student invoices the previous year, although a comparison to the previous year shows the debt level is within normal parameters.

#### **d) Estates & Capital Expenditure Report**

The CFO gave an overview of the report and highlighted the points set out in the executive summary; the following points were highlighted in discussion:

- The second benchmarking exercise of the PPP contracts is almost complete, there is no expectation that either Unitary Charge will increase.
- The CFO advised that all catering is being brought in house, whilst there is a commercial value to this the benefit to students will also add value to the College in terms of the experience they will gain. The CFO confirmed that the Bangor catering service is already established, and a business case is currently being drafted for the Downpatrick campus. A business case for the Lisburn campus is expected to be completed by January or February, he advised that it is currently costing £55k per year to run so it makes sense to look at this campus as soon as possible.

- In response to a query from the Chair regarding the £1m allocated to capital projects the CFO advised that he is confident this funding will be spent as the new framework is working very efficiently compared to the previous one with Properties Services Division.

**e) Procurement Update Report**

The CFO began by advising the report is for information, he went on to advise that the procurement function is understaffed, and the College is actively trying to recruit a qualified procurement member of staff however this has so far proved to be challenging. He advised that the College have planned to put interns through their professional qualifications in order to address this issue just not in the short term, the staff structure will be changed in response to these challenges however it is hoped a qualified member of staff will be recruited shortly.

Mr. McQuillan highlighted the challenges facing all organisations regarding the inflation of costs, he enquired if the tenders will be sensitive to these increases especially around construction. The CFO confirmed that the College are already seeing these challenges come through and although it is not an issue in terms of delivering the curriculum it does make forecasting difficult. He advised that as procurement has been slowing down it hasn't affected any specific forecast numbers yet. The Chair thanked the CFO for his update and noted the volatility of the environment we are operating in.

**f) Insurance Renewal**

The CFO highlighted the new insurance contract and advised that there has been a significant increase in the NIFE sector insurance premiums, which is 87% over 3 years. The CFO this is explained due to a number of reasons and summarized that the withdrawal of a competitive main insurer (Mitsui) from the education market; Covid-19 impacts and anxiety; several natural catastrophes; and the rise of serious cyber-crime have all led to the increase.

An additional £50k has been included in the budget to cover the potential costs of the higher premiums, this was included in the bid for the additional Covid funding from the Department.

**g) Financial Impact of Covid-19**

The Chair invited the CFO to provide any further information to the committee on the impact of the pandemic that he felt they would need. The CFO reiterated the £1.6m pressure, the College has undertaken work to review the forecasts and cut out any unnecessary cost, the CFO concluded his update by confirming he was confident the College will receive the full amount of funding that was bid for.

<p>5.</p>	<p><b>Staffing Items for Information:</b></p> <p><b>a) HR Priorities 2020/2021 plan and status updates/HR Key Metrics Report</b></p> <p>The Chief Human Resources Officer presented the progress report of the HR strategic priorities and began by reminding members that at the previous meeting the 7 priorities had been agreed by the committee. He advised that although it is still very early in the year progress has been made on all the priorities except for objective 2 which relates to the ongoing dispute regarding academic staff pay. He advised there has been no further engagement from the trade union side to progress this objective.</p> <p>In response to a query from the Temporary Chair the CHRO advised that sickness absence had increased in September but that these figures have started to decrease again in October.</p> <p>In terms of sector benchmarking that the committee had requested at the previous meeting on absence figures; the CHRO highlighted all Colleges were below the 3% nominal target for the first time in their history and SERC was slightly below 3% at 2.67%. The committee were advised this equates to 7 days per FTE which compares favorably with local government who have 14 days and the NI Civil Service who have 9.</p> <p>The CHRO advised that the benchmarking exercise requested on case management review is not yet complete, he advised that accessing data outside the Sector on this matter is difficult and a report will be presented to the committee at their next meeting.</p> <div data-bbox="225 1400 1508 1507" style="border: 1px solid black; background-color: #e0e0e0; padding: 5px;"> <p><b>Action Point:</b> The CHRO will present the benchmarking exercise on case management review to the committee in January</p> </div> <p><b>b) Employee Relations Update</b></p> <p>The CHRO asked members to note the update provided and advised that there are 4 outstanding cases one of which is an industrial tribunal scheduled for June 2022. He advised that the case numbers are low, and he was content with the timescales on the outstanding cases.</p> <p><b>c) Potential Impact of Coronavirus on Staffing</b></p> <p>The CHRO advised that in this academic year there have been 15 staff who have tested positive with Covid-19 and 19 who have had to self-isolate which is a total of 34, at this time last year the total was 29.</p>
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Therefore, numbers have not substantially changed and there has not been any material impact in terms of delivery. He highlighted that the College still has measures in place regarding social distancing and the other measures which include sanitizing stations and temperature control checks at the College entrance.

#### **d) Learning Academy Review-Presentation**

*At this juncture the Head of the Learning Academy joined the meeting.*

The Head of the Learning Academy presented a detailed overview of the key themes and outcomes for the Learning Academy and gave examples of some of the training offered to staff recently including the collaborative approach with Forth Valley College.

The Chair thanked the HoLA for attending the meeting and commented that the presentation has affirmed the quality being delivered and that the breadth of work is very powerful, he added that investment in staff is critical, and the quality of this work is commendable. He thanked the HoLA for the work delivered and she advised that it is very much a team effort and everyone in the team is committed to investment in the staff.

*At this juncture the Head of the Learning Academy left the meeting.*

#### **e) Equality Progress Report**

The CHRO advised that the report was for information, and it gives a flavour of the range of activities that the College undertakes in order to ensure its Section 75 obligations are met. The CHRO drew attention to the Disability action plan within the report and advised that 8 actions have been achieved and 3 are partially completed, one of which is a sector issue, the second has planned training which will be delivered to relevant staff and the third is a Departmental issue regarding board appointments.

#### **f) Annual Report Sickness Absence 2020/21**

The CHRO presented the annual report to the committee, he highlighted that long term sick is the biggest driver and mental health remains top reason for absence with serious long-term conditions the second, The CHRO advised that mental health can be broken down into several categories including bereavement, stress at work and other anxiety. The CHRO advised that Sector is performing well in comparison to others, and this may be attributed to different working arrangements for many staff.

6.	<p><b>Collaboration Programme; and Systems Technology Services Project</b></p> <p>The CFO provided the committee with a verbal update on the STS project, he advised the project remains on the strategic risk register, there had been several issues with the EBS system that had been reported to the committee in September, but these have largely been resolved and so the risk has been downgraded from red to amber. The CFO advised that as the project is starting to move to the operational phase the Project Board will be dissolved, and the project will be handed over to the contractor within a sector wide contract management framework. The CFO advised the committee that all strands of the project are progressing and as STS had been a vehicle for Sector collaboration, the programme will now be looking for a new focus.</p>
7.	<p><b>Applications and Enrolments</b></p> <p>The Chair advised members that in the absence of the Principal from this meeting this item would be reported to all Governors at the next GB Meeting on 22<sup>nd</sup> November.</p>
9.	<p><b>Policy Review</b></p> <p><b>a) Intellectual Property Policy</b></p> <p>The CFO advised members the policy had been review and there no substantive changes to note.</p> <p><b>b) Data Protection Policy</b></p> <p>The committee reviewed the policy and noted the minor changes set out in paragraph 10 and 11 of the policy.</p> <div style="border: 1px solid black; background-color: #e0e0e0; padding: 5px; margin-top: 10px;"> <p><b>Agreed:</b> The committee reviewed and approved the Data Protection Policy and recommended it to the Governing Body for adoption</p> <p><b>Proposer: Gareth Hetherington</b></p> <p><b>Seconder: Alan McCrum</b></p> </div>
9.	<p><b>Any other business</b></p>
10.	<p><b>Confidential Business</b></p> <p>A separate note was taken for this item.</p>

**Date of next meeting**

The next meeting date was confirmed for Tuesday 18<sup>th</sup> January 2022, location TBC

**The meeting concluded at 7.39pm**