



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 13th September 2022, 5.30pm, Lisburn Campus

<p>1.</p>	<p>Chair's Business</p> <p>a) Attendance and Apologies:</p> <p>Present: Mr A. Corbett, Mr G Hetherington, Mr A. McCrum, Mr D. Wilson, Mr M McQuillan, Mr K Webb (Principal & Chief Executive), Ms. M Corrigan, Dr Danny McConnell, Mr. J Nugent (Chair of the Governing Body)</p> <p>In attendance: Mr T. Martin (Chief Finance Officer), 'CFO', Mr P. Smyth (Chief Human Resources Officer) 'CHRO', Mrs. C Williamson (Secretary to the Governing Body), Mrs E Carson (HR Services Manager) Item 6D Only, Mrs M McKay (HR Business Partner) Item 6D only, Mr A Donnell (Boardroom Apprentice)</p> <p>Apologies: None</p> <p>In attendance: Mr A Donnell (Boardroom Apprentice), Mrs E. Carson (HR Services Manager) Item 6D only, Mrs M. McKay (HR Business Partner) Item 6D Only</p> <p>In the Chair: Mr A. McCrum</p> <p>b) Conflicts of Interest:</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. The Secretary was advised in advance of the meeting that the Chief Finance Officer's daughter is a full-time nursing lecturer in the College, the Chair agreed that this would be noted in the minutes.</p> <p>c) Minutes of the meeting held on 14th June 2022:</p> <p>The Chair asked members to review the minutes from the previous meeting on 5th April 2022. Members agreed the presented minutes were a true and accurate record of the meeting.</p>
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	<p>Proposer: Derek Wilson</p> <p>Seconder: Gareth Hetherington</p> <p>d) FGP Action Points and Key Decisions from meeting on 5th April 2022:</p> <p>Members noted there were no actions from the previous meeting.</p>
<p>2.</p> <p>Correspondence</p>	<p>a) FE Returns Timetable 22/23</p> <p>The CFO asked members to note the enclosed correspondence, he advised that it sets out the financial deadlines for 22/23 and these are also reflected in the Governing Body cycle of business for the year.</p> <p>b) SERC Contingency Planning Allocation 22/23</p> <p>The CFO advised the committee the enclosed correspondence sets out the College’s planning allocation, he highlighted that in the absence of the NI Executive formal allocations cannot be confirmed. The committee noted that confirmation of £38,820K is assumed to be funded the CFO advised he would talk through the allocation under agenda item 3a.</p>
<p>3.</p>	<p>Finance Items for Approval</p> <p>a) Final Resource Budget 2022/23</p> <p>In presenting the Final Resource Budget 22/23 the CFO began by advising the committee that the initial allocation of £38,820k plus a notional allocation of £14,234k will be the base of the budget. Members noted that there are two further items that need to be added to the allocation:</p> <p>Skills Focus and Innovate Us activity which DfE have confirmed that the College is to deliver. It should be included in the funding allocation when assessing the College’s planned activities since the associated costs are already factored into SERC’s financial planning.</p> <p>An additional £455k of Grant-in-aid to accurately align the allocation with the actual Traineeship Program activity which the College expects to deliver. This amount reflects 30% of funding which is being retained by DfE until actual enrolments and activity are confirmed. It should be included in the funding allocation when assessing the College’s planned activities since the associated costs are already factored into SERC’s operational budget.</p>

The attached operational budget outlines a Resource Requirement of £44,454k, i.e., a pressure of £3,100k against the Contingency Planning Allocation as outlined by DfE, once adjusted for the two items outlined above.

The CFO moved on to talk through some of the headline items in income and expenditure including non-controllable staff cost increases and increases to the PFI contracts. The most significant reduction in income is around an accounting change to how traineeships income is recognised, with approximately £1m being moved from “Income” to “Grant-in-Aid”

The committee noted the pressure set out in the Budget and enquired if had ever been as acute in previous years. The CFO reminded members that there had been a pressure of £1.7m last year before exceptional Covid-19 funding was confirmed; and noted that prior to the NIFE voluntary exit scheme being introduced a number of years ago, the baseline budget had illustrated a significant pressure. He added that he is relatively confident that the non-teaching pay pressures will be secured; however, the teaching staff pay award is more of a concern.

In response to a query of the reclassification of traineeships funding, the CFO confirmed that this is not part of the pressure. He advised members that in terms of the as yet unconfirmed grant in aid funding relating to Skills Focus/Innovate Us, there is low risk attached -the College’s business engagement services over the last 4-5 years have been extremely successful, this area is a specialism for the College and the Department have already verbally approved the extra delivery.

The retained funding relating to traineeships is more of a risk as they are funded by the number of enrolments and there is a real possibility that there will be less enrolments than originally planned. The current expenditure in the budget is based on a higher enrolment figure, so, these costs will be removed if the enrolments do not materialize, and the relevant Grant-in-Aid is not received.

The committee noted that increased utilities cost and enquired if £42k was sufficient to cover the price increase. The CFO provided an overview of the recent utilities price increase and advised there was an increase in forecasts at the back end of last year and the comparator is therefore already reflective of significant price rises. He advised that the estimated increase to the Departmental year end is £560k (48% increase) and that he is unsure if the additional budget is enough to cover the costs and that constant monitoring will be required. The CFO advised that the utilities contracts are procured through CDP for the Sector which is very actively managed in terms of getting value for money.

The committee enquired if the overspend in the budget is not funded what are the possible scenarios? The CFO advised that he is confident that the funding will be met however, if the College are left with a portion of the likely overspend there are very few options due to the short timescale. Non-staff costs have already been cut and, although a strict spend moratorium could be introduced, the staffing structure would likely have to be reviewed in order to deliver any significant savings, but this cannot be amended to any significant degree in year. The CFO advised that all Committee Chairs and the Chair of the GB will be made aware very quickly if the Department confirm that the allocation will not be met.

The Chair commented that he appreciated the challenge ahead of the finance team and noted that this is a challenge facing the entire public sector in the absence of a functioning Executive.

Agreed: The committee approved the Final Resource Budget 22/23 and recommended it for adoption to the Governing Body

Proposer: Derek Wilson

Seconder: Michael McQuillan

b) Draft Annual Report and Financial Statements

In presenting the Draft Annual Report and Financial Statements for the year ending 31st July 2022, the CFO began by providing the committee with an overview of the process and how the accounts are audited. He moved onto the financial performance and highlighted to the committee that as an NDPB the College's focus is ensuring that the resource requirement and resource allocation are balanced.

Although the College generated a deficit of £4,602k in financial accounting terms, the CFO stressed that this is to be expected under the College's funding model since non-cash items such as depreciation and pension costs are not reflected in Grant-in-Aid funding from our parent department. He reiterated as an NDPB the resource requirement must stay in line with the allocation and the College has underwritten support from the Department regarding the accounting deficit.

In NDPB terms, the College has an actual Resource Requirement of £42,508k for the 2021/22 financial year, this is higher than budgeted but lower than the funding that was eventually secured. The Department had given an allocation up to March 2; however, the allocation was adjusted retrospectively from April to July and so the actual Resource Requirement of £42,508k is £70k or 0.16% under this adjusted total annual allocation of £42,578k. It was clear in February that this may be an issue and so the

College preempted the funding reduction and began to reduce spending. He then provided the committee with a detailed overview of the costs savings that were put in place.

The CFO confirmed there had been no accounting policy changes in comparison to the 2020/21 year.

Moving on the CFO advised that there was a change to the actuarial advice for the Sector and this has impacted pensions calculations. This is because the new provider has changed the underlying assumptions used in calculating the numbers. The CFO advised the committee they could take assurance that the NIAO will audit this and advise if it is accurate and acceptable.

In response to a query from members the CFO advised that although no specific discussions on actuarial assumptions had yet taken place with the College’s external auditors NIAO, the finance team have provided the files and flagged that it needs to be reviewed in a timely manner as it is a sector wide issue. He further confirmed this adjustment will be replicated across the Sector as the tender had been done through NIFON, the NIAO are auditing all 6 colleges this year which will ultimately improve the consistency and transparency of the audits.

The Chair thanked the CFO for a very comprehensive report and thanked all those in the finance team for putting together the accounts and annual report. The Chair advised members that this draft will be audited by NIAO, and the audited accounts will be presented to the committee in November for review and approval.

Agreed: The committee reviewed and approved the Draft Annual Report and Financial Statements for the year ended 31st July 2022

4. Finance Items for Information:

a) Financial Governance Report

The Chief Finance officer directed members to the report and advised that in terms of the July year end the underspend is linked to the retrospective adjustment that was discussed under item 3.

b) NDPB Budgeting and Forecasting Submission

Members noted the recent return submitted to the Department and the CFO provided a breakdown of the financial pressure of £3,118k and what action the College has taken to address it. Members were advised that the College has reduced energy consumption with planned Christmas and Easter closures to further reduce utilities.

In response to a question, the CFO indicated that there is currently no recruitment freeze in place. However, in order for any recruitment to be considered a written rationale must be presented to CMT for review and approval before beginning the process. The CFO advised that there is a tight check kept on staffing levels with a significant staff utilisation model in place to demonstrate that front line delivery staff levels are very efficient.

The Chair advised he took reassurance that the designated efficiency mitigations in place.

c) Finance Operational Report

Members were advised that with the agreement of the Chair this report has consolidated the previous debt, procurement, and (a new) supplier payment reports. The CFO provided a summary of the report, and he highlighted that in terms of procurement the team are in a much better position having now filled the vacancy for a Procurement Manager. The College are also planning to recruit procurement interns and provide them with training to support College succession planning in this area.

The CFO went on to advise that he is hopeful that the payment days data will also improve with a full team now in place.

In response to a query from a member the CFO confirmed that the change in Agresso purchasing processes was a sector wide issue. He explained that in terms of licensing the Sector was operating outside of its license parameters and so there had to be a cleanse of users and a reduction in procurement licenses. This will continue to be monitored and the College has planned for further training for requisitioners.

d) 22/23 Insurance Award

Members were asked to note the information provided on the Sector insurance renewal; the CFO informed the committee that costs had risen by 106% over the last few years and this was linked to wider global insurance challenges.

e) Estates & Capital Expenditure Report

The Chair began by commenting that he had been particularly struck by the decarbonization analysis presented in the report. The CFO advised that this is part of an investment strategy, and the current focus is on the Bangor and Newtownards estates to bring them in line with the newer campus buildings. The Chair of the GB enquired if the 12 steps are money already spent or proposed actions. The CFO confirmed

that there are future plans, the next stage of which will be writing full economic appraisals including pay back periods.

f) Annual review of Estates Strategy

The CFO reminded the committee that the strategy had been rewritten in 2018 and is being presented for review, the direction from the Department is that the strategy is refreshed annually, which is reviewed and approved by CMT before being presented to the committee; the strategy is rewritten every 5 years so will be presented for full review to the Governing Body in 2023.

The committee noted the changes from the recent review including updates to building valuations and some minor projects such as additional teaching and office accommodation in the Lisburn Campus.

In terms of major projects, the committee were advised that a proposal to develop the brownfield site in Lisburn is included, this will primarily be for workshop space so that the College no longer has to lease space from CITB at Dundrod. This proposal is in the early stages of the business case, the CFO advised that £15m needs to be secured in order to develop the site.

The CFO informed the committee that condition surveys had been carried out and formed the basis for the planned work in this strategy, and that these will be completed again for the rewrite next year.

The Chair of the Governing Body commented that he had visited all 8 sites in the College and the estates team do a fantastic job as they are in excellent condition.

g) Potential Impact of Coronavirus on College Finances

The committee noted there is very little spend planned this year on Coronavirus, SERC are continuing to deliver 10% of classes online and staff are working to a hybrid working from home model which will enable the College to quickly adapt to any potential outbreaks. The Principal added that local health trusts will be attending the fresher fairs to offer covid and influenza vaccines to eligible students.

5.

Staffing Items for Approval:

a) HR Strategic Priorities 22/23

The CHRO presented the strategic priorities to the committee for review and approval, he highlighted the following in discussion:

- The committee were asked to note that 3 priorities have been carried over from this previous year and there are 4 proposed new priorities for the committee to consider.

- The CHRO provided a brief update on the priorities not completed from last year and advised that priority 2 is delayed due to no agreement being reached with trade unions on a pay award and the Pilot Scheme remained outstanding for Priority 5. Priority 3 is delayed as there will be an attempt to produce a sector framework on hybrid working.

Agreed: The Committee reviewed and approved the HR Strategic Priorities for adoption

Proposer: Majella Corrigan

Seconder: Andrew Corbett

6. Staffing Items for Information:

a) HR Priorities 2021/2022 plan and status updates/HR Key Metrics Report

The CHRO presented an update on the priorities from the previous year, he reiterated the 2 of the 3 that are carried over are due to Sector delays, the committee noted 4 of the priorities had been completed.

Moving onto the Key Metrics report the CHRO began by advising the committee that absence rates are above target despite the reduction in short term absences, the CHRO advised that more staff have been off for longer periods and mental health has now been replaced by “other serious long-term conditions” as the top reason for absence. The committee were reminded of the measures in place for staff regarding their health including the healthcare scheme, the CHRO advised that a full report on absence will be presented to the committee at its next meeting.

b) Employee Relations Update

The CHRO directed members to the written report and advised there has been no substantive changes to report since the previous meeting.

c) Annual Case Management Review 2021/22

The CHRO presented the annual review of case management, he provided members with a detailed overview of the summary of cases and analysis of the investigations.

Members were asked to note that complaints are becoming increasingly complex, while the process remains the same, limited resources means this remains a challenging area to complete in a timely way.

In response to a query from the GB Chair on what Dignity at Work is, the CHRO explained that it is in essence bullying and harassment, but the intention is to have a more positive description of the issue hence the name change.

d) Annual Review of Health and Wellbeing 2021/22

The HR Services Manager and HR Business Partner joined the meeting to provide a detailed overview of the work the College has undertaken in Health and Wellbeing. The committee were advised of the initiatives and campaigns undertaken by the team to increase awareness and support in the areas of mental health, healthy lifestyle, and financial wellbeing.

In a brief Q&A session following the presentation members commended the HR team on this invaluable work, the Chair commented that it had been exceptional presentation and covered a very comprehensive suite of activities. He noted it is evident that wellbeing and mental health have been prioritized in the College and it is carried out with passion.

The HR Services Manager thanked the Chair and added that the College has seen an increase in the reasons of mental health being reported and the work undertaken has made staff much more comfortable in addressing it as the stigma around it has been reduced.

The Chair thanked the HR Services Manager and HR Business Partner for their time in attending the meeting and noted it had been a privilege to hear about this work.

Action Point: The committee requested an exercise to benchmark the work of the mental health first aiders in terms of the impact of the activity in reducing mental health concerns amongst staff

At this juncture the HR Services Manager & HR Business Partner left the meeting.

e) Potential Impact of Coronavirus on Staffing

The CHRO confirmed there was nothing to report in terms of Covid at this time.

f) Staff Survey 2021 Report

The CHRO presented the findings of the Staff Survey, he advised that this has been the lowest response rate since 2013/14 but he is content it is still representative of the workforce.

The CHRO provided an overview of the results and advised that the next steps will be to share the results with the Joint Consultative Forum and then generate an action plan to share with staff. In response to a member’s query around the question on job security, the CHRO agreed that it will be harder to pin down the reasons behind the feeling amongst staff that jobs are less secure, he suggested that the review of the delivery model is possible but there has been no indication of redundancies.

The Chair thanked the CHRO for the update and noted that it is always helpful to identify new and emerging themes such as the issue on job security. He commented that the outcomes to the staff survey should be solution focused and seek tangible outcomes.

Action Point: The CHRO agreed to provide the committee with an interim update on how the action plans and focus groups are progressing regarding the staff survey results

7. Applications and Enrolments

The Principal directed members to the written report provided and advised that at this time of the year the numbers change daily. In summary he advised that the College currently have the same number of enrolments as the same time last year, this is because full time students will be enrolled in more than one course. The number of Higher Education enrolments is down however, and this has been reported across the Sector, the committee noted that grade inflation and the opening of UU in Belfast has exacerbated this already concerning issue. The Chair noted that it is an area of strategic concern that the Audit Committee are monitoring.

The Principal highlighted that HLA’s and apprenticeships are performing strongly and Apprenticeship NI will continue enrolment throughout the year.

In terms of adult education, the College had to delay the part time open evening due to the death of Queen Elizabeth. Reports of potential students not being able to commit to a part time course due to the cost-of-living crisis is somewhat of a concern for the College, some simply cannot afford to take time off or are seeking part time work outside of their normal work to increase their salary.

8.	<p>Policy Review</p> <p>Nothing to note.</p>
9.	<p>Any other business</p> <p>No other business was discussed.</p>
10.	<p>Confidential Business</p> <p>A separate note was taken for this item.</p>
	<p>Date of next meeting</p> <p>The next meeting date was confirmed for Tuesday 8th November 2022, location TBC</p>

With no other business being discussed the meeting closed at 8.37pm