

**SOUTH EASTERN REGIONAL COLLEGE  
Governing Body**

**Minutes of the meeting of the Governing Body held on Thursday 24<sup>th</sup>  
September 2015 at 6.00 p.m. in the Bangor campus**

| Item No | Item  |
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| 1.      | <p><b><u>Attendance/ Apologies</u></b></p> <p><u>Present:</u> Dr R. Davison, Mr M. Graham, Mr E. Jackson, Mr G. Hetherington, Mr K. Webb, Ms S. Corbett, Mr J Taylor, Mrs B. Larkin, Mrs K. Fraser, Mr S. Pollard, Prof A. Woodside, Mrs K. Scott, Ms C Goodwin, Ms L Martin</p> <p><u>In attendance:</u> Mr T. Martin (Head of Finance)<br/>Ms V Healy and Mr D McCullough (Note Takers)</p> <p><u>Apologies:</u> Mr M. Simcock, Mrs H. Reid, Mr N. Bodger, Miss C Meharg</p> <p><u>In the Chair:</u> Dr R. Davison.</p> <p>The Chair welcomed everyone to the meeting and extended a particular welcome to Ms C Goodwin and Mr J Taylor (student governor) who were attending their first meeting. The Chair also thanked Ms V Healy for organising the meeting/papers and Mr D McCullough for note taking.</p>   |
| 2.      | <p><b><u>Declarations of conflicts of interest</u></b></p> <p>The Chair asked if there were any conflicts or perceived conflicts of interest in relation to any item on the agenda. There were no such declarations.</p>  |
| 3.      | <p><b><u>Minutes</u></b></p> <p>3.1 <u>Minutes of the meeting held on 23<sup>rd</sup> June</u></p> <p>The minutes of the meeting were agreed as a true record on the proposal of Mr S Pollard and seconded by Mr E Jackson.</p>   |
| 4.      | <p><b><u>Matters arising:</u></b></p> <p>4.1 <u>Meeting with Principal on Estates</u></p> <p>The Chair indicated that he had discussed the utilisation of the College's estate with the Principal. The Principal indicated he would report to the F&amp;GP committee at its next meeting. Early indications, he suggested, showed that SERC have the lowest Facilities Management costs in the sector whilst having the highest utilisation based on square metre per FTE. The College is working with DEL to produce software to provide detailed information on utilisation. The Chair commented that this information appeared to put to rest some initial concerns on the Estate Utilisation.</p> <p>8.1 and 9.4 <u>Presentation by DEL to the full Governing Body on the new financial and accounting arrangements</u></p> <p>The Chair indicated that there was a proposal that the full Governing Body should have an opportunity to hear about the new accounting arrangements within the sector and this could be put on the agenda for the January 2016 Governing Body meeting. The Chair asked for the</p> |

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|                  | <p>Principal and his Management Team to provide the briefing on finance and management and specifically looking at the new FM and Management Statement for that meeting.</p> <p>10.1 <u>Quality Improvement Plan on Disciplinary Processes – November meeting</u></p> <p>The Chair of the Staffing Committee indicated that this would be brought to the November Staffing Committee meeting.</p> <p>11.1 <u>Written report on Performance against FLU Targets – Education Committee/Governing Body</u></p> <p>In the absence of the Chair of the Education Committee, the Chairman indicated that the Principal and Mrs Reid would formally update members on the position throughout the year.</p>  |  |
| <p><b>5</b></p>  | <p><b><u>Presentation by DEL on New FE Strategy</u></b></p> <p>The Chair welcomed Mr Daryl Young, DEL to the meeting who gave a presentation to members on the New FE Strategy. A discussion followed on the presentation and focused on the following areas:</p> <p>Funding models; levels of delivery; image of FE; HLAs; links with industry and employer engagement and SPICE. The Chair thanked Mr Young. Mr Young then left the meeting at 6.45 pm.</p> <p>The Principal asked members to email the Director of Learning and Customer Support or Ms V Healy with any comments on the FE Strategy for submission to DEL prior to the consultation closing on the 2<sup>nd</sup> October.</p> <p><b>Action Point: Members to email the Director of Learning and Customer Support or Ms V Healy with any comments on the FE Strategy for submission to DEL prior to the consultation closing on the 2<sup>nd</sup> October.</b></p>  |  |
| <p><b>6.</b></p> | <p><b><u>Chairman’s Business</u></b></p> <p>6.1 <u>Register of Interests</u></p> <p>The Chair reported that the completion of this form was vitally important for proper governance and reminded members to complete same; members should advise V Healy if they would like an electronic version of the form emailed to them.</p> <p><b>Action Point: Members to complete Register of Interests form and submit to Ms V Healy.</b></p> <p>6.2 <u>Vice Chair of Governing Body</u></p> <p>The Chair indicated that Mr Lamb’s term of office had ended and that there had been agreement on how to select a successor. As a result of this process he was recommending the appointment of Mr G Hetherington to the position of Vice Chair. Mr Hetherington is currently the Chair of the Audit Committee. This was agreed. The Chair indicated that he was delighted and that he was looking forward to working closely with Mr Hetherington.</p> <p>6.3 <u>Vice Chairs of Committees</u></p> <p>The Chair indicated that Vice Chairs could assist in creating business continuity for each Committee. He suggested that if the Committee Chair wished to appoint a Vice Chair they should conduct an appropriate process for appointment.</p> |  |

#### 6.4 The challenges for 2015/16

The Chair drew members attention to a number of strategic challenges facing the College in 2015/16 including:

1. A very difficult financial environment with a reduction in mainstream funding;
2. The Governing Body will need to monitor closely the organisational, financial, curricular, and pastoral issues raised by the VES;
3. The exit of the Dir: L&CS on the 31<sup>st</sup> October and the Dir: C&ED on the 31 August 2016. The Chair said that the Governing Body were working on how best to respond to these exits and would be discussing with the Principal;
4. Dramatic shifts that are happening in the training world;
5. The DEL FE Strategy which will absorb Governing Body and DEL time.
6. The merger of DEL and DETI in 2016

#### 6.5 Letter from DEL re Review of Health Check Document

Members noted the draft response that the Chairman would be forwarding to Mr C Andrews, DEL.

**Action Point: Chair to send response to DEL**

#### 6.6 Governor's Council Meeting – 3<sup>rd</sup> December 2015

The Chair indicated that this would give members an opportunity to meet governors from other Colleges and reminded them to respond to Ms V Healy or directly to Ms K Lennon, CNI if they wished to attend.

**Action Point: Members to respond to Ms V Healy or Ms K Lennon if they wished to attend.**

#### 6.7 Possible dinner for Mr D Lamb and Mr S Gallagher

The Chair asked members for their views on a possible dinner for Mr D Lamb and Mr S Gallagher following their eight years of service as governors. Members agreed and a suitable date was to be arranged and communicated to members by Ms V Healy.

**Action Point: Ms V Healy to circulate suitable date and invite Mr D Lamb and Mr S Gallagher**

The Chair on behalf of the Governing Body recorded thoughts and prayers for the Secretary of the Governing body at this difficult time for her.

### 7. **Student Governor Report**

The Chairman welcomed Mr J Taylor, to his first meeting of the Governing Body. Mr Taylor tabled his report and provided an update to members on the following items:

Freshers' Fair; SU Inductions; Graduation; Quit Smoking Clinics; SERC Health; Student Executive Elections; Class Reps System; 'Big Conversation' on HE Campaign; Upcoming Events and Fundraising Events for Upskilling Uganda ongoing until December 2015. Members noted that The Chair expressed his thanks to the student governor on behalf of the Governing Body.

The Principal advised members that there were also two Upskilling Uganda charity events being organised by the College and members would receive full details in due course.

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| <p><b>8.</b></p> | <p><b><u>Committee Report – Education</u></b></p> <p>8.1 The Chair advised members that Mrs Reid was unexpectedly unable to make the full Governing Body meeting. The Chair gave a brief report of the September Education Committee meeting and highlighted three main items of discussion.</p> <ol style="list-style-type: none"> <li>1. The January meeting could look at the key strategic curriculum developments within the sector.</li> <li>2. The impact of VES on curriculum areas</li> <li>3. The Committee recommended the adoption of the CDP 2015-2018 to be submitted to the Department, subject to any amendments on the governor’s pen profiles. The recommendation was proposed by Ms K Fraser and seconded by Prof A Woodside. The Principal added that the CDP would be forwarded to the Department and published on the College’s website.</li> </ol> <p><b>Action Point:</b></p> <p><b>1. CDP to be forwarded to DEL and published on SERC website.</b></p> <p>The Principal provided a verbal update on the key themes within training including the impact of NDPB status on procurement of training provision.</p> <p>8.2 <u>Minutes of the meeting held on 16<sup>th</sup> June</u></p> <p><u>These minutes were adopted on the proposal of the Principal and seconded by Ms K Fraser.</u></p> <p>8.3 <u>Minutes of unconfirmed meeting of the 22<sup>nd</sup> September 2015</u></p> <p>As these minutes were not available due to the meeting being held only two day’s ago, the Chair indicated that they would be sent out in due course to members.</p> <p><b>Action Point: Minutes to be send out to members in due course.</b></p> <p>8.5 <u>Update on CDP targets</u></p> <p>Noted by members</p> |
| <p><b>9.</b></p> | <p><b><u>Committee Report – Audit</u></b></p> <p><b>9.1 <u>Committee Report - Audit</u></b></p> <p>Mr Hetherington updated members on the key points arising from the recent Audit Committee meeting:</p> <p><b>1. Accounts Direction 2014/15 (DEL)</b></p> <p>Mr Hetherington informed members that the current Accounts Direction contained no major changes from the 2013/14 version.</p> <p>Mr Hetherington said the Northern Ireland Audit Office (NIAO) had raised the timing of the presentation of the draft Financial Statements to the Audit Committee. Mr Hetherington informed members that the draft Financial Statements are presented to the Finance &amp; General Purposes Committee prior to external audit field work, with the final Financial Statements presented to both the Audit and Finance &amp; General Purposes Committees after the audit field work (alongside the Report to those Charged with Governance). Mr Hetherington said the NIAO considered it best practice to present to both committees prior to audit fieldwork.</p>   |

## **2. Internal Audit**

Mr Hetherington reported that based on the Internal Audit work performed during 2014/15, KPMG had provided a Substantial assurance over the internal control environment at the College. Mr Hetherington commended the management and internal control environment that resulted in the Substantial rating.

Mr Hetherington informed members of one internal audit recommendation that remained in progress, which related to Estate Utilisation. The Principal said Estate Utilisation was being reviewed by the Department (DEL) across the sector.

Mr Hetherington updated members on two areas of Internal Audit's 15/16 plan:

- i. Voluntary Exit Scheme
- ii. NDPB Status

### **9.2 Minutes of meeting held on 9<sup>th</sup> June 2015**

These minutes were adopted on the proposal of Mr Pollard, seconded by Ms Martin.

### **9.3 Minutes (unconfirmed) of the meeting held on 15<sup>th</sup> September 2015**

These minutes were noted.

Mrs K Fraser left the meeting at this point - 7.15 pm

## **10.**

### **10.1 Committee Report – Finance and General Purposes**

#### Budget 2015/16 – In-year budget cut planning

Mr Jackson informed members of the College/sector response to Dr McIvor (DEL) regarding the development of a contingency plan to deliver a further £3m of in-year cuts. He said the potential £3m in-year cuts related to End of Year Flexibility within the Sector. The Principal said it would not be possible to make such savings by March 2016.

Members discussed the potential need for contingency planning with suggestions for various methods of reducing costs. The Principal said that the College was constantly and actively pursuing all cost reduction methods.

Mr Martin informed members of the sector's £24m allocation from the Public Sector Transformation Fund to fund the NI FE Voluntary Exit Scheme. Mr Martin said that current cost estimates of VES totalled £20-£21m thereby providing the opportunity to trawl for another round of VES within 15/16.

#### NDPB Return

Mr Jackson noted that the College's reporting to the Department under Resource accounting, with a year-end of 31 March did not align to the College year end of 31 July. He informed members of a presentation to the January 2016 Governing Body meeting that would describe and explain the College's internal management accounts reporting in comparison with the NDPB Budget return.

#### Estates Report

Mr Jackson reported that most of the key objectives for 14/15 were completed with all major capital works now complete. He said that utility costs had reduced by 11% when compared with 13/14 and were considered the lowest in the sector.

## Debt Report

Mr Jackson reported a 12% reduction in student tuition debt from 31 July 2014 to 31 July 2015. It was lower than the previous year due to strengthened credit control procedures. This was then reflected in a lower bad debt provision.

## Bank Report

Mr Jackson noted the bank position as at 31st July 2015 and informed members that the closing balance equated to 7.9% of income, which was within the Department's target of 5-10% of income. He drew members' attention to the fact that the bank position included £1m of working capital investment from the Department.

### 10.2 Minutes of meeting held on 15th June 2015

These minutes were adopted on the proposal of Mr Graham, seconded by Mrs Larkin.

### 10.3.1 Minutes (unconfirmed) of the meeting held on 14th September 2015

These minutes were noted.

### 10.3.2 The SPACE Board Minutes (formerly known as PATIC)

The minutes of 30th July 2015 and 21st August 2015 were noted and adopted on the proposal of the Principal, seconded by Dr Davison.

The minutes of 10th September 2015 were noted.

Mr Jackson reported that progress on the completion of the project had slipped from July with handover completed on 7th September 2015 (with certain exclusions). He brought to members' attention the contents of the risk register and the utilisation of optimism bias. He reported that the project budget of £11.659m (as per the approved Economic Appraisal) would not be exceeded. The members discussed the reasons for the delayed handover including no additional costs being incurred in relation to the lateness of completion.

The Chair noted the invitations to the official opening, by Minister Farry, on 13th October 2015.

### 10.4 Management Accounts – Period 12

Mr Jackson reported that the Management Accounts for Period 12 recorded a historic cost surplus of £1,279k for the year compared with a break-even budget target, and noted the impact of the £1m working capital investment on the surplus. He informed members that income of £48,050k was £760k higher than budget (including the £1m), whilst excluding the working capital investment it was £240k below original budget. Mr Jackson reported that Employer Engagement activity in particular remained below the original targets throughout the year. He directed members to the headline variances within the Management Accounts, which included Staffing Costs, Other Operating Expenses, Premises Costs and Administration Costs. He said also that a number of areas of saving within 2014/15 were unsustainable, such as staff training and computer costs.

Mr Jackson presented an overview of the balance sheet and the reconciliation of the Period 10 Management Accounts to the Period 12 accounts.

Mr Jackson commended the senior management team on the exceptional results of 2014/15.

### 10.5 Draft Financial Statements for the year ended 31st July 2015

In reporting the historic cost surplus, based on draft financial statements, of c £1.3m for the year ended 31 July 2015 (timing differences for finalisation of accounts being noted when

compared to the Period 12 Management Accounts), Mr Jackson drew members' attention again to the £1m working capital investment from the Department in 2014/15. He said that this was designed to support working capital requirements and was not to be expended through the year.

Mr Jackson confirmed the submission of the draft Annual Report and Financial Statements to DEL on 18th September 2015 and the commencement of audit fieldwork on 21 September 2015. He explained the process of external audit and the presentation of the final Annual Report and Financial Statements at the November meeting.

#### 10.6 2015/16 Budget

Mr Jackson explained the budget setting process that resulted in the final version of the budget being presented to the September meeting of the Finance & General Purposes committee and presented the 2015/16 budget. It showed a break-even result for the year.

Mr Jackson reported that the College anticipates a number of funding/income changes in 2015/16 when compared to 2014/15, totalling approximately £1.2m of reductions. He said that this headline figure can be misleading as it includes recognition of both the additional working capital investment of 2014/15 and additional deferred grant release of 2015/16. He informed members a more meaningful interpretation is to consider operational income as having reduced by £800k.

Mr Jackson then described the inescapable pressure on expenditure in 15/16 of approximately £1.9m. The increase was explained as being attributable to £550k in employer's contribution to the NITPS, £270k increase in salaries resulting from 15/16 pay award, £175k increase in employer's national insurance contributions as a result of the end of the national insurance rebate, £300k incremental running costs of the opening of the SPACE facility, and £600k additional depreciation charges from capital investment.

Mr Jackson reported the net effect as being a funding "shortfall" or "gap" of approximately £2.1m. He explained a number of planned measures to counteract the funding gap, which totalled £784k alongside a further incremental cost of £500k relating to new activities. It was further explained that after recognising the impact of the funding gap, cost reduction measures, and incremental costs there remained an anticipated deficit of £1.8m. Mr Jackson explained that the College proposed a pay-bill reduction, in the form of the NI FE VES, in order to remove this deficit and deliver a break-even result.

Mr Jackson noted the stubbornness of staff costs and brought to members' attention the following reconciliation of staff costs:

|  | <b>£m</b>   |
|--|-------------|
| <b>14/15 Staff Costs</b>                 | <b>26.6</b> |
| Pension Cost Increase                    | 0.6         |
| Pay Award                                | 0.3         |
| NI Contribution                          | 0.2         |
| <b>Subtotal</b>                          | <b>27.7</b> |
| Staff Cost Savings                       | (0.3)       |
| Operational Delivery Staff Costs         | 0.5         |
| <b>Sub-total – 15/16 Cost before VES</b> | <b>27.9</b> |
| VES                                      | (1.8)       |
| <b>15/16 Budget Staff Costs</b>          | <b>26.1</b> |

Mr Jackson highlighted the need for the NI FE Voluntary Exit Scheme to stay active in order to deal with the ongoing pressures of staff costs.

The Chair of the F&GP Committee noted that, although there were a number of significant uncertainties, the budget provided a foundational plan with which to deliver a break-even result

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|                   | <p>and ensure the College lives within its means. Mr Jackson explained the reconciliation of the College budget to the NDPB reporting mechanism.</p> <p>The 2015/16 budget was approved on the proposal of Mr Jackson, seconded by Mr Hetherington.</p> <p>10.7 <u>Insurance Contract</u></p> <p>Mr Pollard proposed the ratification of the insurance contract with Allianz and Dr Davison seconded. This is a sector-wide contract.</p>  |  |
| <p><b>10.</b></p> | <p><b><u>Committee Report – Staffing</u></b></p> <p>10.1 <u>Report from Committee Chair</u></p> <p>Mr Graham updated members on the work on improving the disciplinary process and indicated that it would be reviewed at the November Committee meeting. He indicated that he would update members on the VES process under agenda item 18.6 (confidential business). Mr Graham said the Staffing Committee will continue to monitor various relevant KPIs in relation to staffing which includes staff numbers, income generated per staff member etc. Mr Graham said that he had asked the Head of HR and the Dir Curriculum and Economic Development to look at the HR priorities for 15/16. Mr Graham reported reductions in staff absence rates and highlighted the introduction of health insurance for all staff. Mr Jackson noted and welcomed the Staffing Committee minutes of the 7<sup>th</sup> September which highlighted the need for synchronicity between committees.</p> <p>10.2 <u>Minutes of the meeting held on 1<sup>st</sup> June 2015</u></p> <p>These minutes were adopted on the proposal of Mr M Graham and seconded by Mr G Hetherington.</p> <p>10.3 <u>Minutes (unconfirmed) of the meeting held on 7<sup>th</sup> September 2015</u></p> <p>These minutes were noted.</p>  |  |
| <p><b>11.</b></p> | <p><b><u>Principal’s Business</u></b></p> <p>The Principal gave an update on the enrolment process within the College and highlighted that SERC had 32 distinct curriculum areas from levels 1 to 6 with the introduction of HLAs and Youth Training Pilots in 2015/16. The Principal said that HE enrolments are currently ahead of last year and are being targeted at meeting and maintaining the level of the MaSN cap. The Principal reported FE enrolments as being net down 36 when compared to last year. He explained that a number of students had been transferred to TFS to streamline delivery and the complexity of what is being delivered by staff. The Principal said the College had introduced a Youth Training pilot with current enrolments of 50.</p> <p>The Principal gave an overview of subject areas that witnessed increases, e.g. Computing, Business and Management/Leadership and those that had declined, e.g. Public Services, Administration and Construction Services.</p> <p>The Principal reported a net increase from 13/14 of 83 students.</p> <p>The Principal discussed the link between enrolments and the VES and then informed members of the planning of staff exits under VES as a hierarchy as follows:</p> <ol style="list-style-type: none"> <li>1. Management</li> <li>2. Non-Teaching</li> <li>3. Teaching: Non-Priority Skills areas</li> <li>4. Teaching: Priority Skills area.</li> </ol> |  |

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|            | <p>Ms Goodwin asked if there were any gaps in courses which resulted in not maximising funding. The Principal confirmed that we do not have any classes that are under-utilised and explained the process for running p/t courses. The Principal highlighted the use of the on-line enrolment system which has been efficient in providing real-time information and streamlining the enrolment process. He further explained how the academic calendar for SERC has been changed to ensure efficient delivery of the curriculum.</p> <p>The Principal informed members that he was now chair of the Principals' Group and would be directly involved within the sector's Collaboration Project. The Principal gave an update following his meeting with DEL officials on the challenges of implementing the Collaboration Project. The update included a focus on the software within the sector and qualifications and pedagogy. The chair asked the Principal to provide an update for the November meeting on the Collaboration Project.</p> <p><b>Action Point: Principal to provide an update for the November meeting on the Collaboration Project.</b></p> |  |
| <b>12.</b> | <p><b><u>Colleges NI Business</u></b></p> <p>12.1 <u>Draft Further Education Manifesto 2015</u></p> <p>Members noted the draft FE Manifesto 2015. The chair recommended mapping this manifesto to the FE strategy and asked members if they had any comments to email the Principal.</p> <p><b>Action Point: Members to email the Principal with any further comments.</b></p> <p>13.2 <u>Minutes (unconfirmed) of CNI Board meeting of 19<sup>th</sup> August 2015</u></p> <p>These were noted.</p> <p>The Principal reported that the CNI were holding their first conference on the 14/15 October and that all members were invited. Members noted that there had been a newly appointed member to the CNI Board, Ms C James.</p>   |  |
| <b>14.</b> | <p><b><u>Policies for Approval</u></b></p> <p>There were no policies for approval.</p>   |  |
| <b>15.</b> | <p><b><u>Correspondence</u></b></p> <p>15.1 <u>Blended Learning Circular</u></p> <p>This was noted by members. The Chair reported that the College had been taking a strong lead in this regard.</p> <p>15.2 <u>Lecturers into Industry Initiative – 2014/15 and 205/16</u></p> <p>This was noted by members.</p> <p>15.3 <u>CEF Circular 2015-03 Non-Teaching Staff Revised Pay Rates</u></p> <p>This was noted by members.</p>   |  |
| <b>16.</b> | <p><b><u>Any other notified business</u></b></p> <p>There were no items to be taken.</p>   |  |

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| <b>17.</b> | <p><b><u>Date and Time of next meeting</u></b></p> <p>The next meeting will be held on Tuesday 24<sup>th</sup> November in the Downpatrick Campus.</p> <p>The Staff and Student Governors, Head of Finance, Mr D McCullough and Ms V Healy then left the meeting at 8.40 p.m. and members remained for confidential business.</p> |
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..... (Chairman)

..... (Date)