



**INSPIRING. TRANSFORMING. ENRICHING.**

**SOUTH EASTERN REGIONAL COLLEGE  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
YEAR ENDED 31 JULY 2018**

**South Eastern Regional College  
Annual Report and Accounts  
For the year ended 31 July 2018**

*The Accounting Officer authorised these financial statements for issue on  
26 November 2018*

*Laid before the Northern Ireland Assembly  
under the Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008  
by the Department for the Economy*

*on*

*10<sup>th</sup> December 2018*

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This publication is also available at [www.serc.ac.uk](http://www.serc.ac.uk).

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ANNUAL REPORT AND FINANCIAL STATEMENTS**

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# SOUTH EASTERN REGIONAL COLLEGE STRATEGIC REPORT 2017/18

## NATURE, OBJECTIVES AND STRATEGIES

The members present their report and the audited financial statements for the year ended 31 July 2018.

### Legal status

The current arrangements for further education in Northern Ireland were established by The Further Education (Northern Ireland) Order 1997 with colleges being self-governing incorporated bodies with effect from 1 April 1998. Based on this legislation, the Office for National Statistics, in 2010, reclassified colleges as part of Central Government. This has resulted in colleges being determined as Non-Departmental Public Bodies.

Colleges have been granted charitable status by the UK HM Revenue and Customs.

### Mission

South Eastern Regional College's (SERC) mission is to:

Shape our community, by promoting an inclusive learning environment, which will empower and enable individuals and businesses to fulfil their ambitions. We will contribute to the Programme for Government and associated strategies aimed at promoting social and economic wellbeing and the future prosperity of Northern Ireland.

### College Values

SERC seeks to be:

<b>S</b> OLUTION FOCUSED	Focus on providing creative and innovative solutions for our customer rather than academic theories. SERC invests in pioneering developments to make our offering customer led and take a similar approach to our internal processes and systems to avoid bureaucracy, focusing always on the end users' needs.
<b>E</b> XCELLENCE DRIVEN	Culture of Excellence underpins everything that we do, focusing on the activities which add value for customers. Our standards are recognised at an international level and we take pride in the levels of professionalism, expertise and industry experience of our staff. We are, and aim to be, outstanding and help our customers to achieve the same.
<b>R</b> ESPONSIVE	We are responsive to the needs of our students, colleagues, businesses, economy and local communities.
<b>C</b> OLLABORATIVE	We nurture relationships with stakeholders and are open to new partnerships. We create partnerships with organisations such as schools to ensure that our local community has access to the very best of education. This also includes working with others within the FE sector.

Our values reflect our rich history, current strengths and our future ambitions. We use these values to drive our strategy, customer service and curriculum.

As a college operating within primary legislation, and in receipt of significant public funds, we are fully accountable to the Department for the Economy (DfE) and to the Northern Ireland Assembly. We also work productively and professionally with a considerable number of local councils, statutory bodies, community and voluntary groups, businesses, trade unions and other bodies. We have also, of course, full regard for our students and trainees and for its staff, whether teaching, administrative or in support.

SERC is committed to operating, at all times, within the spirit and letter of its legislative and regulatory framework. We seek to provide a service of high quality to, and to foster positive and fruitful relationships with, all who have dealings with us. We seek to treat our students, trainees, staff and all our stakeholders with integrity, fairness, openness and consistency. We have a duty of care to our students and staff which we seek to undertake through all our processes. We attempt to provide our students and trainees, including those with learning difficulties or disabilities, with the qualifications they seek. At the same time, we will support them and provide them with education in a wider sense including the development of their personal, social and employability skills, and with appropriate pastoral care. We seek, also, to support and develop our staff to carry out their various roles and to promote professional innovation.

SERC seeks to communicate its values through a range of methods including working with bodies such as the Students' Union and the Joint Consultative Forum for staff trade unions, operating through processes such as SERC Extra, and through frequent engagement with councils, businesses, voluntary and community groups and schools.

## Corporate and Business Planning

The College Development Plan (CDP) outlines SERC's Strategic and Business plan. The CDP for the year ended 31 July 2018 was created as an interim plan due to the NI Programme for Government (PG) remaining in draft form. The interim plan was approved by the College's Governing Body on 18 September 2017.

The CDP sets out the College's Vision, Mission, Values, Core Goals and high-level targets and supports and seeks to deliver the vision and themes of the Northern Ireland Strategy for Further Education: Further Education Means Success. The College Development Plan is cognisant of the College's strategic context:

### Northern Ireland Economic Strategy

The overarching goal of the Northern Ireland Economic Strategy is to improve the economic performance of the Northern Ireland economy, with the key drivers being innovation, research and development (R&D) and the skills of our workforce. The strategy recognises the need to improve the skills and employability of the entire workforce so that people can progress up the skills ladder, thereby delivering higher productivity and increased social inclusion.

### Skills Strategy for Northern Ireland

The Department for the Economy (DfE) Skills Strategy for Northern Ireland, 'Success through Skills – Transforming Futures' highlights that the skills of Northern Ireland's workforce have a key role to play in helping Northern Ireland to reach its full economic potential. The strategy aims to enable people to access and progress up the skills ladder in order to:

- › Raise the skills level of the whole workforce;
- › Raise productivity;
- › Increase levels of social inclusion by enhancing the employability of those currently excluded from the labour market; and
- › Secure Northern Ireland's future in a global marketplace.

The Skills Strategy examines our current skills base, considers the skills we will need in the future to grow the Northern Ireland economy and highlights a number of challenges which must be addressed if we are to have a workforce equipped with the skills needed by employers to re-balance and re-build the economy. In particular, there will be an increased need:

- › For people with higher level skills;
- › For people with skills in science, technology, engineering and mathematics (STEM);
- › For people with better management and leadership skills;
- › To up-skill those people already in work; and
- › To attract certain skills into the workforce, as the economy grows.

## Further Education Strategy: Further Education Means Success

The economic vision for Northern Ireland and the Skills Strategy both emphasise that increasing skill levels and improving participation in education and training are vital elements in ensuring a strong local economy. The further education sector continues to be recognised by Government as key to helping deliver Northern Ireland's vision of a buoyant economy. The Northern Ireland Strategy for Further Education, Further Education Means Success, sets as its vision that further education colleges will be recognised locally, regionally and internationally for high quality and economically relevant education and training provision.

Colleges will be focused on achieving excellence in delivering the skills needed for the economy of today and tomorrow, and will be ambitious for their learners and for the contribution they make to improve the competitiveness of the economy of Northern Ireland.

Consequently, the Further Education system has a dual role:

- › Taking a pivotal role in generating a strong and vibrant economy through the development of technical and professional skills, increasingly at higher levels, and by helping employers to innovate; and
- › Supporting social inclusion by providing those with low or no qualifications, or who have other barriers to learning, with the skills and qualifications needed to find employment and become economically active.

To achieve the vision, there are key areas that set the future direction for further education as follows:

- › ensuring high quality provision for learner education and training;
- › developing the talents of those already in work and those seeking to enter employment in order to provide a pipeline of suitably skilled and qualified individuals at all levels to meet employers' needs, including indigenous companies and inward investment projects;
- › supporting employers to become more innovative and competitive and to source new markets; and
- › encouraging and supporting the economic participation of those who have barriers to learning and who are furthest from the labour market, to the benefit of individuals, the economy and wider society.

The nine strategic themes within the Further Education Means Success Strategy are:

<b>Theme 1:</b>	Economic Development
<b>Theme 2:</b>	Social Inclusion
<b>Theme 3:</b>	Curriculum Delivery
<b>Theme 4:</b>	Excellence
<b>Theme 5:</b>	College Partnerships
<b>Theme 6:</b>	Governance
<b>Theme 7:</b>	Funding Model and College Sustainability
<b>Theme 8:</b>	International Dimension
<b>Theme 9:</b>	Promotion of the FE Sector

The other main Departmental strategies that will have an impact on further education strategy are:

- › Apprenticeships;
- › Youth Training System at Level 2;
- › Qualifications Strategy;
- › Refresh of Essential Skills, and review of GCSEs in English and Mathematics;
- › Higher Education;
- › Careers Education, Information, Advice and Guidance; and
- › Economic Inactivity.

## Programme for Government (Draft)

The Northern Ireland economy has changed considerably in recent years, with the jobs of tomorrow requiring increasingly high levels of skills and a breadth of knowledge across many occupational areas. Over the next ten years the pace of change will heighten, driven by globalisation, new business models and rapidly changing consumer needs.

In the immediate future the College will support the Northern Ireland Programme for Government (PfG). Although the PfG remains in draft, the College has established that it will seek to contribute to the outcomes as published in the draft document:

1. We prosper through a strong, competitive, regionally balanced economy.
2. We live and work sustainably — protecting the environment.
3. We have a more equal society.
4. We enjoy long, healthy, active lives.
5. We are an innovative, creative society, where people can fulfil their potential.
6. We have more people working in better jobs.
7. We have a safe community where we respect the law, and each other.
8. We care for others and we help those in need.
9. We are a shared, welcoming and confident society that respects diversity.
10. We have created a place where people want to live and work, to visit and invest.
11. We connect people and opportunities through our infrastructure.
12. We give our children and young people the best start in life.

## Economy 2030: An Industrial Strategy for Northern Ireland)

One of the main strategies underpinning the draft Programme for Government is 'Economy 2030: An Industrial Strategy for Northern Ireland'. The strategy outlines five pillars which drive change, four of which SERC will address (being pillars 1 – 4 below):

- › Pillar One: Accelerating Innovation & research
- › Pillar Two: Enhancing Education, Skills and Employability
- › Pillar Three: Driving Inclusive, Sustainable Growth
- › Pillar Four: Succeeding in Global Markets
- › Pillar Five: Building the best economic Infrastructure

Further education has a clear and unrivalled role to reflect and respond to the changes in the economy and work through the development of innovative, flexible and economically beneficial programmes that will both meet the requirements for new ways of learning and adaptable skills, but will also lead the development of a 'learning to learn' culture in Northern Ireland.


One of the key features and strengths of the further education sector over the years is that it is accessible to a wide variety of learners, for example in terms of the level and type of learning required (from those with no, or very few qualifications to those who are following higher education provision), and in terms of different age groups of learners. Further education students come from a variety of backgrounds and have a range of learning, work and life experiences. This diversity strengthens and enhances the learning experience.

Education has become one of the clearest indicators of life outcomes, with participation in further education delivering many benefits, at an individual, economic and societal level. Along with access to employment, education is the best way to social and economic participation and is vital in supporting the achievement of Northern Ireland's economic goals. Increasingly countries are recognising that good initial vocational education and training has a major contribution to make to economic competitiveness.



## Strategic Objectives

The College's strategy in the year ended 31 July 2018 was built around four strategic "themes" or goals:



<p>Our students benefit from an innovative, flexible curriculum that develops their skills and meets society's needs</p>	<p>Our students fulfil their lifelong learning potential</p>	<p>Businesses benefit from a reskilled and upskilled workforce</p>	<p>Businesses benefit from SERCs expertise to accelerate innovation and research</p>
<p>Solution Focused                  Excellence Driven                  Responsive                  Collaborative</p>			

Within each of the strategic themes are specific actions and activities that directly underpin the theme. Each theme is interlinked and reflects the four values of SERC:

### Solution Focused Excellence Driven Responsive Collaborative

<p><b>Curriculum</b></p> <ul style="list-style-type: none"> <li>SUPPORT FOR BUSINESS SPICE</li> <li>SUPPORT FOR STUDENTS Get the Edge</li> <li>Widening Participation</li> <li>CURRICULUM PROVISION</li> <li>Training and Apprenticeships</li> <li>Higher Education</li> <li>Further Education</li> <li>Essential Skills</li> </ul>	<p><b>Quality</b></p> <ul style="list-style-type: none"> <li>Self-evaluation and Quality Improvement</li> <li>Internal College Quality Reviews</li> <li>Case Conferences</li> <li>Course Assist System</li> <li>Know and Show</li> <li>IMPMS</li> </ul>	<p><b>Listening and Influencing</b></p> <ul style="list-style-type: none"> <li>Listening to our customers and employees</li> <li>Sharing the value and success of SERC and the Further Education sector</li> </ul>	<p><b>Delivering Value for Money</b></p> <ul style="list-style-type: none"> <li>Balanced Budget</li> <li>Sound Governance</li> <li>Effective Management</li> </ul>
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Each theme had associated targets for 2017/18 that underpin all individual School or Unit managers' operational plans for the year:

Target	Target Detail	2017/18 UPDATE
<p><b>Our students benefit from an innovative, flexible curriculum that develops their skills and meets society's needs.</b></p> <p>(Linked to PfG Outcome: 1,3,4,5,6,9,10,12)</p>	<p>The appropriateness of the curriculum, the manner of curriculum delivery and how closely it reflects and supports the development of enterprise and employability skills impact on a student's ability to get a job.</p> <p>Therefore, SERC will develop a curriculum that provides skills identified in the NI Skills Barometer as being insufficient in the workforce.</p> <p><b>Key Actions:</b></p> <ol style="list-style-type: none"> <li>1. Deliver 18,500 qualifications.</li> <li>2. Deliver 780 Apprenticeships.</li> <li>3. Deliver 30,000 Enrolments.</li> </ol>	<p><b>Partially Achieved</b></p> <p><b>Outcome:</b></p> <ol style="list-style-type: none"> <li>1. 21,785 Qualifications.</li> <li>2. 762 Apprenticeships.</li> <li>3. 30,187 Enrolments.</li> </ol>
<p><b>Our students fulfil their lifelong learning potential.</b></p> <p>(Linked to PfG Outcome: 1,3,4,5,6,9,10,12)</p>	<p>Opportunities to retrain, develop new skills, diversify, and change career are paramount to our lifelong wellbeing and fulfilling our potential. Life-long learning opportunities are essential to allow individuals to upskill and progress to higher level opportunities. SERC will play a key role in providing individuals with the ability to upskill/reskill and move across sectors as economic needs change.</p> <p><b>Key Actions:</b></p> <ol style="list-style-type: none"> <li>1. We will provide pastoral care to support our students to engage in their courses and achieve a qualification. 75% students with Cause for Concern Referrals complete.</li> <li>2. In Partnership with Community Planning Partners we will support the most disadvantaged in our society to overcome barriers to education. We will provide 75 Restart and 260 Access qualifications.</li> <li>3. Enhancing Restart and Access Courses in Newcastle Campus.</li> <li>4. Developing Restart and Access Courses in Ballynahinch Campus.</li> <li>5. Undertaking initial engagement activity with local Council to create a platform for Access and Restart courses in the Ards and Holywood areas.</li> </ol>	<p><b>Partially Achieved - Ongoing</b></p> <p><b>Outcome:</b></p> <ol style="list-style-type: none"> <li>1. 76% for achievement of Cause for Concern referrals.</li> <li>2. 270 Access Students to date. Engagement activity ongoing. Projection of delivery of 118 Restart qualifications.</li> <li>3. 31 Students enrolled.</li> <li>4. 17 Students enrolled.</li> <li>5. Ongoing.</li> </ol>

Target	Target Detail	2017/18 UPDATE
<p><b>We support business development by reskilling and upskilling the workforce in priority areas.</b></p> <p>(Linked to PfG Outcome: 1,3,5,6,9,10,12)</p>	<p>Businesses are dependent upon a skilled workforce. SERC has a key role to play in responding to business need through reskilling and upskilling their existing workforce.</p> <p>Through trainee placements, businesses are supporting SERC to provide invaluable training for a new workforce.</p> <p><b>Key Actions:</b></p> <ol style="list-style-type: none"> <li>1. We will engage with 700 businesses to deliver bespoke training which reskills and upskills their workforce.</li> <li>2. We will engage with 700 businesses to provide 1,200 placements.</li> </ol>	<p><b>Achieved</b></p> <p>In total, the College has engaged 1,840 unique companies who either provide placements or have been supported by SERC business services.</p> <p><b>Outcome:</b></p> <ol style="list-style-type: none"> <li>1. Business services engaged with 900 unique companies.</li> <li>2. 1,660 placements provided in 2017/18 by 979 companies.</li> </ol>
<p><b>We support business development by using SERCs expertise to accelerate innovation and research.</b></p> <p>(Linked to PfG Outcome: 1,3,5,6,9,10,12)</p>	<p>Future economies will need to focus on innovation and enterprise, where the latest technology and e-commerce can help provide new employment opportunities. To be globally competitive NI must develop, expand and diversify its business base.</p> <p>SERC can support businesses with cost effective research and innovation for products, processes and systems.</p> <p><b>Key Action:</b></p> <ol style="list-style-type: none"> <li>1. We will complete 120 InnovateUS Projects.</li> </ol>	<p><b>Achieved</b></p> <p><b>Outcome:</b></p> <ol style="list-style-type: none"> <li>1. 153 InnovateUS projects completed.</li> </ol>

## Financial Objectives

The College's financial objectives are:

- › To ensure financial performance remains within Non-Departmental Public Body (NDPB) allocation limits, i.e. as an Arms' Length Body (ALB) it "lives within its means" and contributes to meeting the Department's budget pressures;
- › To pursue alternative sources of funding, on a selective basis, consistent with the College's core competencies, and the need for a financial contribution to the College's overall finances;
- › To generate sufficient levels of income to support the asset base of the College;
- › To further improve/maintain the College's shorter term liquidity; and
- › To fund continued capital investment.

These objectives have remained consistent in recent years: SERC's on-going financial strategy is to secure the maximum potential funding for its operations and to utilise this funding in the most beneficial way for the benefit of its students.

Going forward into 2018/19 the College has set the following five target financial ratios:

Ratio	Target
Final Outturn to Final Resource Consumption Budget Variance	0%
Total Staff Costs as % of Total Income (including Grant in Aid)	65%
Cash Balance as % of Total Prior Year Income (including Grant in Aid)	10%
Debtor Days	45 days
Payment Performance - % of supplier invoices paid within 30 days	85%

The **Final Outturn to Final Resource Consumption Budget Variance** is a target of 0% and demonstrates that the College must pursue a performance that is within the resource consumption budget allocation.

The ratio for **Total Staff Costs as a % of Total Income** compares the total cost of staffing within the College against the total income. The target of 65% displays the causal relationship between the total staff costs and total income.

The **Cash Balance** ratio details the percentage of cash reserves held by the College. The target of 10% is within the Department for the Economy's target level for the sector.

The **Debtor Days** ratio measures how quickly cash is being collected from trade debtors (non-government department debt). The target of 45 days reflects the phasing of tuition fee payments from Student Loans Company.

The **Payment Performance** ratio measures the percentage of invoices paid within 30 days. This ratio will monitor our statutory requirement under The Late Payment of Commercial Debts (Interest) Act 1998.

The financial target ratios will be monitored throughout the year in conjunction with the Department for the Economy

### Financial Performance Indicators

During 2017/18 the College monitored performance against its budget and against prior year position via the production of a full set of College Management Accounts on a monthly basis. These College Management Accounts include a Resource Budget Report (an Income and Expenditure Account), Income Analysis, Expenditure Analysis, a Balance Sheet, Debtors and Creditors analysis, a Cash-flow forecast and a Full Year Financial Forecast.

The College Management Accounts are reviewed on a monthly basis by the College Management Team and are presented to the Governing Body throughout the year in the form of a Financial Governance Report. The Financial Governance report provides the Governing Body with data on both the Departmental year (31 March) and College year (31 July).

In addition, the College produces a set of Departmental Management Accounts for each school or unit on a monthly basis. These Departmental Management Accounts consist of an Income and Expenditure Account and highlight actual year-to-date performance against budget.

These departmental management accounts are issued to each of the College's Budget Holders shortly after period close and are used as the basis of the financial element of the College's "Integrated Monthly Performance Management" meetings at which each Budget Holder presents their department's year to date performance against budget to, and reviews their most recent full year forecast with, the College Management Team.

## FINANCIAL POSITION

### Financial Results

The College generated a deficit in the year of £2,728k (2016/17 deficit of £1,439k). The result in 2017/18 is stated after accounting for a Pension Charge adjustment of £1,188k (Pension Charge £961k and Net Interest £227k) and a VES/redundancy net cost of £52k.

The College's financial performance target, as set out by the Department for the Economy, is to deliver an actual Resource Requirement in line with its approved Resource Budget Allocation. The Resource Requirement is arrived at by quantifying the College's total resource expenditure less income received outside of Grant in Aid.

The result in 2017/18 is therefore translated into Resource Requirement as follows:

	<b>£'000</b>
<b>Income</b>	
Non-Grant in Aid (Note 29)	<b>11,308</b>
<b>Expenditure</b>	
Staff costs (excluding VES and Pension Charge & Interest)	(26,707)
Other operating expenses	(16,482)
<b>Total expenditure</b>	<b>(43,189)</b>
<b>RESOURCE REQUIREMENT</b>	<b>(31,881)</b>
<b>GRANT-IN-AID FUNDING (Note 29)</b>	<b>35,818</b>
<b>Non Resource Expenditure</b>	
Voluntary exit scheme	(647)
Depreciation	(4,721)
Pension cost	(1,070)
Net interest on pension scheme	(227)
<b>Deficit as recorded in Statement of Comprehensive Income and Expenditure</b>	<b>(2,728)</b>

The College's final approved Resource Budget Allocation [excluding VES] (and therefore financial target) for 2017/18 totalled £32,236k.

SERC's full year Resource Requirement result of £31,881k constitutes an improvement of £355k against this target. The improvement was partly the result of:

1. A £120k shortfall in income caused by reduced Commercial Income and a variation in the timings of Training for Success Income offset by higher than anticipated EU Grant Income.
2. A £167k underspend in Resource Expenditure with the most significant underspends in Insurance, Professional Fees and ICT Direct Expenses.
3. A £94k reclassification from "grant-in-aid" to "non-grant-in-aid" income.
4. A £214k reduction in staff costs due to the removal of pay revalorisation accrual, as per DfE instruction, for teaching staff and other senior staff that relates to outstanding pay remits from 2015/16.

The College's full-year out-turn is therefore in line with its Non-Departmental Public Body Budget Allocation limits.

The College has significant reliance on the Department for the Economy (DfE) for its principal funding source, largely from recurrent grants. In 2017/18, DfE provided some 58.02% of the College's total income through allocated recurrent grant (2016/17: 53.65%).

This represented 17.8% of the total recurrent grant available to the sector (2016/17: 16.8%).

### Reserves

The College has accumulated income and expenditure reserve of £6,376k (2016/17: £6,312k) (excluding the Pension Reserve Deficit of £6,275k) and cash balances of £6,618k (2016/17: £4,346k) as at 31 July 2018.

At approximately 13.96% of prior year income, the College's 2017/18 cash reserves is marginally beyond DfE's Key Performance Indicator target for the sector of between 5% and 10%. However, part of the cash increase (in comparison to prior year) relates to the timing of payments of payroll deductions (including HMRC) that are included as payables in 2017/18.

The College is focused on maintaining cash reserves at the recommended levels over the coming year.

## Treasury policies and objectives

Treasury Management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks.

The Further Education Order 1997 gives the College power to invest its funds. The College has a formal Treasury Management Policy which has been approved by the Finance & General Purposes Committee and the Governing Body. This policy is designed to ensure that appropriate controls are in place to regulate cash funds.

The purpose of the policy is to provide for the College cash funds to ensure all investments are held with major UK financial institutions and the requirement for any borrowings to be fully evaluated and approval sought from the Finance and General Purposes Committee and the Department for the Economy.

### Cash Flows

The College had a net cash inflow of £2,272k during the year as a result of cash inflows from operating activities, investments and capital (2016/17: an inflow of £108k).

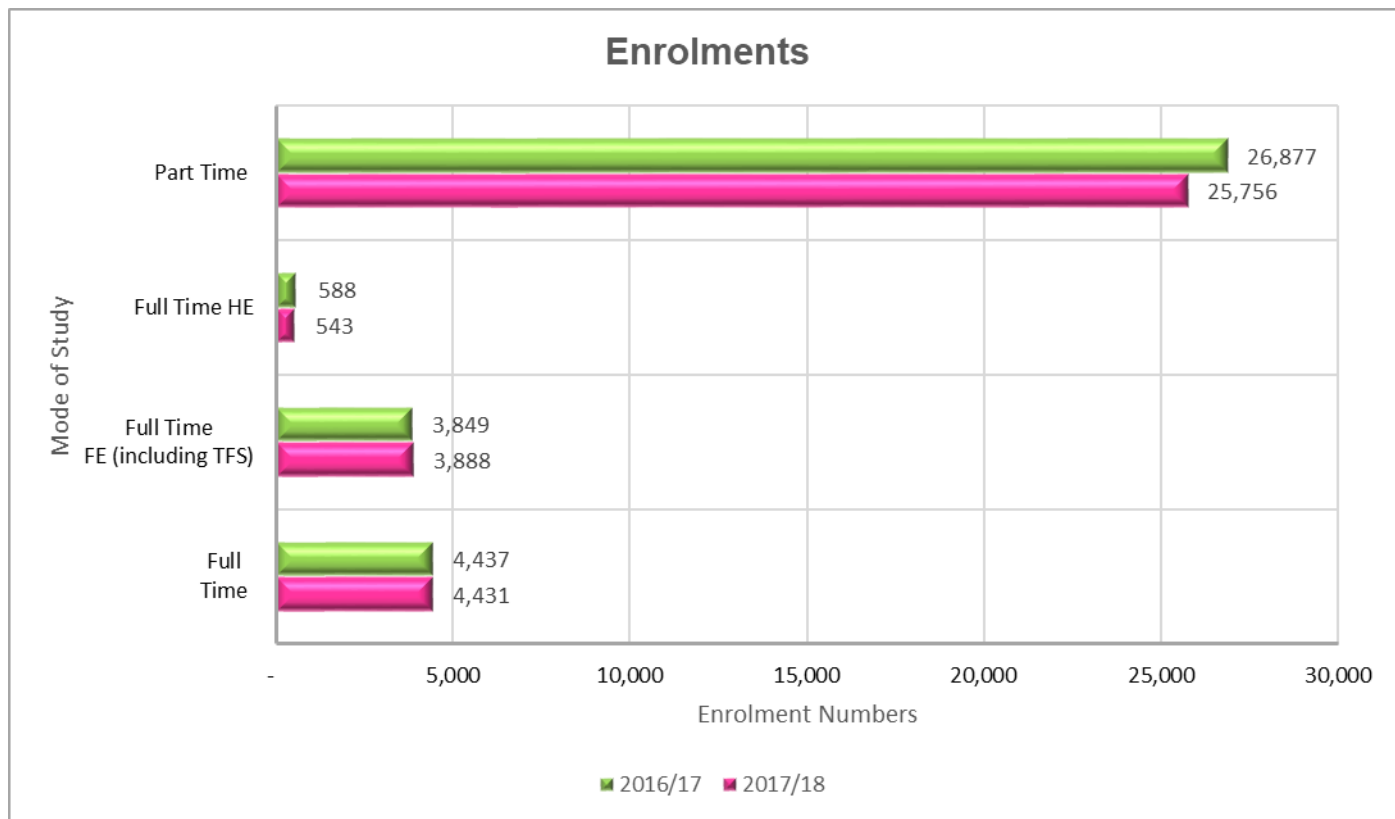
### Liquidity

With a cash balance of £6,618k (2016/17 £4,346k), the College's liquidity is marginally above the Department's KPI target for College cash reserves.

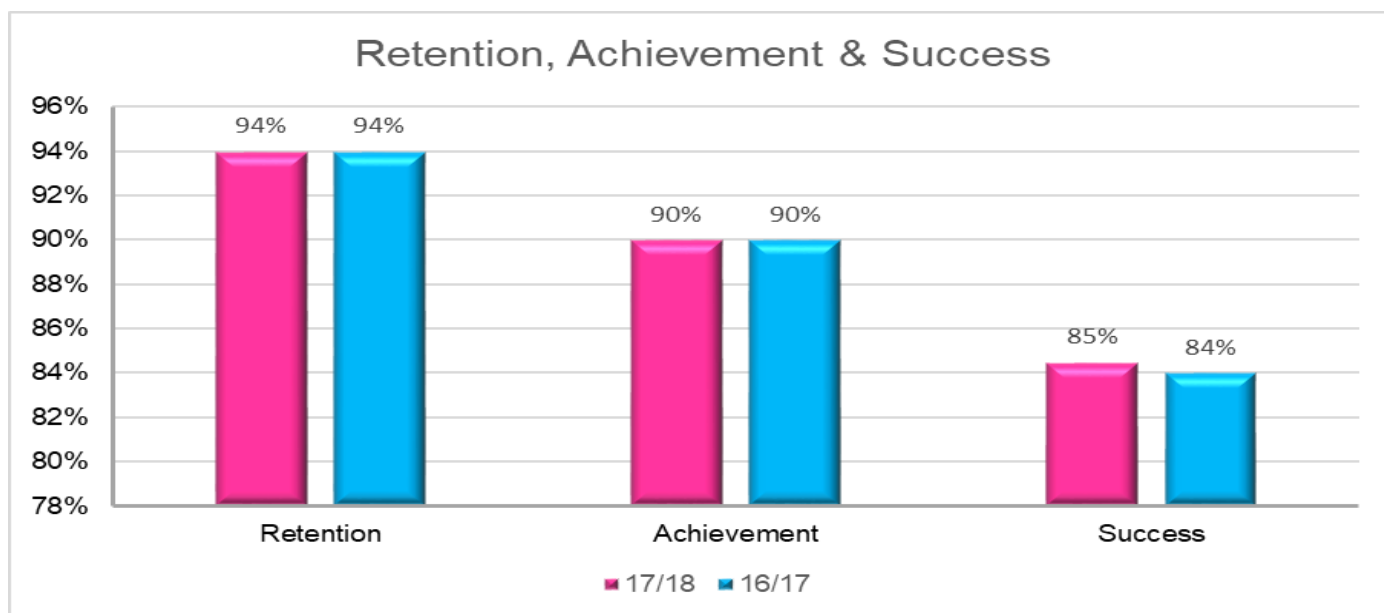
## CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

### Student Numbers

The College's student enrolments decreased by 5.6% during the year, giving a total enrolment of 30,187 in 2017/18 compared to 31,314 in 2016/17:



The College had excellent student retention (a measure of the proportion of learners who complete their learning programme), overall achievement and success rates (the measures of the proportion of learners who successfully achieve their qualification and the proportion who successfully complete their learning programme and achieve their qualification):



## Student and Staff Achievements

SERC's success has been recognised in 2017/18:

### › IMI Skills Auto Competition

SERC apprentice Michael Kelly competed at the National Qualifiers of the IMI Skills Auto Competition and was crowned the UK's best Heavy Vehicle Engineer.

### › BT Young Scientist and Technology competition

Applied Science students Stephanie Robinson and Jonathan Elder secured Second Place in the Biological and Ecological category with their project which investigates antifungal uses of oregano to stop the growth of mould on silage.

### › 4<sup>th</sup> International Young Chef Olympiad

Top Hospitality & Catering Student Jake McKenna made the long journey to India to take part in the World's Biggest Student Culinary Competition.

### › NI Hairdressers Association championships

Hairdressing student Courtney Smith obtained Third Place in the junior fashion look category at the NI Hairdressers Association championships

### › 2017 SkillFridge Competition

Refrigeration apprentice Gary McGaughey was awarded Silver at the 2017 Skill Fridge Competition

### › SkillBuild NI Finals

Andrew Tucker achieved a Bronze medal in the electrical installation competition and Matthew Patterson achieved a Silver medal in the joinery competition.

### › 2018 Commonwealth Games

Sports student Rhys McClenaghan (pictured) won Northern Ireland's first Gold Medal of the 2018 Commonwealth Games.

Rhys won Gold on the pommel horse by beating the Olympic champion, Max Whitlock, thanks to better execution.



### › 23rd Institute of Hospitality Awards for Professionalism

Catering apprentice Rachel Carson celebrated after she was named Outstanding Apprentice of the year.

Francesca Ringrow was a Finalist in the student with best management potential award category.

Jordan Given was a Finalist in the student with best management potential award category.

Part time lecturer Friedrich Machala celebrated being awarded Contract Catering Chef of Year.

Michelle McCarthy was a Finalist in the Lecturer of the Year award.

### › IOD Director of the year Awards 2018

SERC Director of Strategic Planning, Quality and Support, Heather McKee, was shortlisted for the IOD Director of the Year awards.

### › Institute of the Motor Industry (IMI) Skill Auto competition National Heats

Motor Vehicle students Gareth Rea and Glenn Palmer competed in the automotive technology category at IMI Skill Auto competition heats with Glenn securing second place and Gareth third place.



› **Roxana Magee completes PhD**



Lecturer Roxana Magee has been awarded a PhD from the Ulster University.

Roxana's research is placed in the field of cultural heritage management and focused on the evaluation of a specific services marketing management framework (expanded servicescape) through its application to sites of Holocaust and Nazi Germany atrocities.

The topic investigated the presentation of the events of the Holocaust and other Nazi Germany atrocities at memorial sites (and museums); it also evaluated the value of such sites to the new generation of visitors and current society overall.

› **2018 Special Olympic Ireland Games**

Hospitality student Luke Hollywood won a gold medal with his basketball team, Team Ulster, at the 2018 Special Olympic Ireland Games, Dublin.

## CURRICULUM AND QUALITY DEVELOPMENTS

### CURRICULUM

The College has set as a priority the development of a strategy for the promotion of enterprise, entrepreneurship and employability built upon existing good practice. The College seeks to enhance the place of enterprise, entrepreneurship and employability across its whole current provision through the support for employers and students.

› **Strategic Context**

Employer engagement activity is central to the College strategy and meets the requirements of the FE Strategy and DfE Skills Strategy.

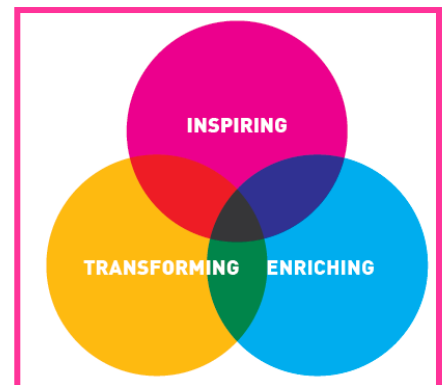
› **Purpose**

The purpose of the College's employer engagement activity is to create a demand led model which is focused on understanding and meeting the needs of employers in a responsive manner for short, medium and long-term needs.

Employer engagement is a shared responsibility across the College and is concerned with all employer facing activities. These include supporting employers and the economy by upskilling the existing workforce and preparing the new workforce with the appropriate skills and attitudes to succeed.

There are three interrelated objectives to this approach:

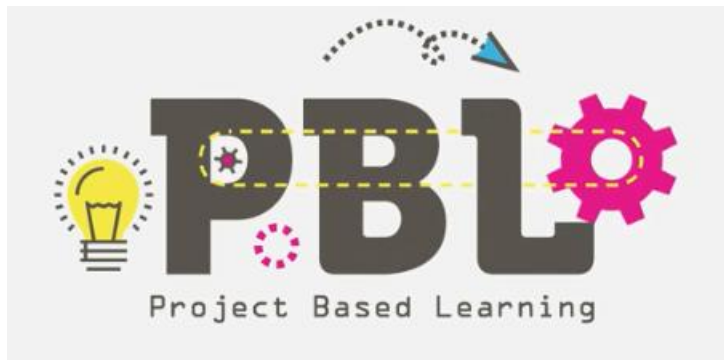
1. **Inspiring** Enterprise, Entrepreneurship and Innovation
2. **Transforming** the existing workforce.
3. **Enriching** the student learning experience.



## › Strategic Projects

The College has developed two strategic projects that help deliver these three objectives: 'Get the Edge' (GTE) and Project Based Learning (PBL).

The 'Get the Edge' strategy is a toolkit to encourage students to participate in enterprise and entrepreneurship and support the development of their employability skills. 'Get the Edge' commences each year in the first fortnight of September where students participate in Project Based Learning. Project Based Learning is the most recent strategic project within the curriculum.



Project Based Learning is a dynamic approach to teaching in which students explore real-world problems and challenges. This approach promotes active and engaged learning, thereby making students inspired to obtain a deeper knowledge of the subjects they are studying.

Traditional teaching and learning approaches reflect the needs of the post-primary school sector, however Western economies and societies require students who are creative, effective problem solvers and great communicators.

PBL differs from more traditional approaches; thereby meeting the needs of the economy, by:

- Imparting the connections, the lecturer has made through discovery and learner facilitation.
- Enabling the learner to make connections by discovery and experiment i.e. trial and error.

Project Based Learning is '*learn as you do*', which is considered more effective than '*learn then do*' as it contextualises the subject on a real world activity. SERC bases PBL on projects and has developed a twelve-stage process for its operation:



PBL allows students to learn and develop a range of skills that will stay with them for life: communication, teamwork, negotiation, research, digital skills, critical thinking, innovation and creativity, conflict resolution.

## › **Widening Participation**

The College values diversity within the student population and is committed to widening participation and avoiding unfair discrimination on any grounds. SERC recognises that success depends on the ability to attract a wide range of students from a range of educational backgrounds.

In relation to Higher Education (HE), SERC seeks to ensure that all students are able to participate in higher education regardless of financial circumstances. The College will use additional fee income to financially support those within the lowest income groups. All higher education students at SERC in 2017/18 who were in receipt of the maximum maintenance grant from Student Finance NI or student support grant were eligible for a bursary of 10% of the tuition fee.

SERC has set Widening Participation targets with DfE which focus on target groups:

### › **Deprivation Groups 1 and 2**

By 2017/18, 26% or 139 of SERC's higher education enrolments will come from Multiple Deprivation Measures (MDM) areas 1 and 2.

In 2017/18, 27% of enrolments came from these areas.

### › **Adult Returners**

SERC defines adult returner as those over 25 with a break in their education. By 2017/18, 40% or 605 enrolments of SERC's higher education adult returner's enrolments will be adult returners.

In 2017/18, 40% of higher education enrolments came from adult returners.

### › **Disabled and Learning Difficulty**

SERC will continue to screen all students for learning needs. The higher education body will continue to reflect the LGD catchment of 10% or 145 enrolments.

In 2017/18, 9% of HE students were designated as requiring support.

### › **Care Experience**

SERC will continue to support those with care experience. By 2017/18, 10 higher education enrolments will be from students with care experience and individual support packages will be provided.

In 2017/18, 9 higher education enrolments were from students with care experience.

### › **Young Males (YM) from MDM Quintile 1**

By 2017/18, 22 young male students from MDM 1 will be enrolled in higher education programmes.

In 2017/18, 15 young males from MDM 1 were enrolled in higher education. SERC's pre-access strategy responds to this challenging target in that through community partnership hard to reach young males are supported to develop the skills and qualifications to enter higher education.

The following targets have been agreed for the 2018/19 year:

- › 9% or 142 enrolments from MDM Quintile 1.
- › 40% or 600 enrolments from adult returners.
- › 9% or 130 enrolments from students with a disability.
- › 12 enrolments from students who have a Care Experience.
- › 21 young male students in MDM Quintile 1.

The College has a long and successful record of implementing outreach activity to widen participation, raise aspirations and encourage students from under-represented groups to apply to further and higher education. Pre-access courses and community based promotional events will seek to attract the key target groups.

## QUALITY

There are a range of activities that support the process of improving the quality of the learning experience for students at SERC in all courses and across all campuses. They are considered under the Education and Training Inspectorates' (ETI) Improving Quality:Raising Standards and the Quality Assurance Agency (QAA) UK Quality Code for Higher Education. It sets out the expectations that all providers of UK higher education are required to meet. These can be summarised under the following headings:

- › Leadership and Management;
- › Teaching and Learning;
- › Quality of provision for learning; and
- › Achievement and Standards.

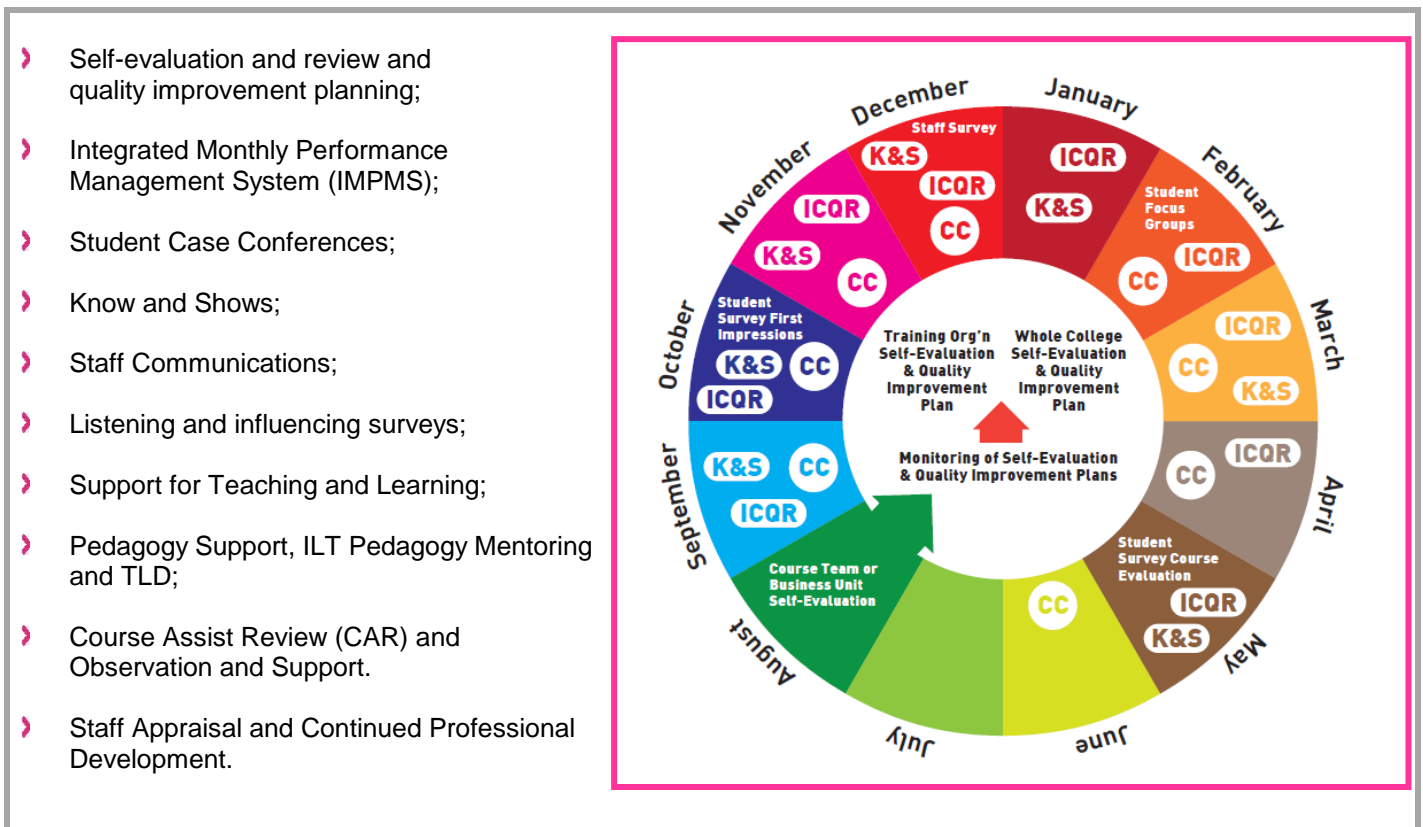
### Leadership and Management

#### Quality Assurance Cycle

The Quality Assurance Cycle outlines the activities taken by the teams and units over the academic year to ensure quality assurance and improvement is managed in a coherent and consistent manner.

The outcomes of the Quality Assurance Cycle informs the Human Resource Policy and annual staff development plan.

The Quality Assurance Cycle shows the sequence of the main actions which include:



#### › Self-Evaluation Reports and Quality Improvement Plans

In August, course teams and business units develop self-evaluation reports and quality improvement plans and consider a key question – how effective is the provision in meeting the needs of the learners?

#### › Monitoring the Self-Evaluation Reports and Quality Improvement Plans

The quality and robustness of the course team and business unit self-evaluation reports and quality improvement plans is monitored by the heads of school or unit managers respectively. The Quality Excellence Department manages the process.

## › **Whole College Self-Evaluation Report and Quality**

In November, the Whole College Self-Evaluation Report and Quality Improvement Plan is submitted to the Department. The College's key strengths and areas for improvement in Further and Higher Education are highlighted, and the actions to be taken to improve the provision are recorded.

## › **Integrated Monthly Performance Management System (IMPMS)**

Monthly meetings are scheduled to measure the progress made by each course team or business unit against the Improvement Plan.

## › **Case Conferences (CC)**

Progress of individual students is reviewed by lecturers and support staff. Discussion considers why is a student not attending? Why is a student not making good progress? Will the student achieve their qualification?

## › **The Course Assist Review**

Process supports course teams and individual staff where the quality of the provision and/or the levels of course success are poor.

## › **K&S (Know and Show)**

Manager and lecturers from across the college are invited to share best practice, discuss cross-college topics and learn lessons from mistakes made. The aim of Know and Show is to improve the quality of the educational provision.

## **The Learning Academy Support for Teaching and Learning**

The College has as a central aim the constant improvement of teaching and learning and the overall learning experiences of all students. Observing lessons is a key part of the strategy to provide targeted support for course teams and staff. There are five opportunities for lesson observations:

- The post-graduate certificate in education and certificate in teaching programme;
- CAR process;
- ILT Pedagogy mentoring / Pedagogy Training;
- Staff Appraisal process; and
- Continuing Professional Development.

## › **PGCE Lesson Observation**

As part of the PGCE, the teacher/tutor provides developmental lesson observations which contribute to the completion of the award. Targeted support including ILT mentoring and staff development may result from this observation process.

## › **Course Assist Review (CAR)**

The Course Assistance Review (CAR) supports course teams and individual staff where there are issues of concern that may affect the quality of the provision and the levels of course success. The Course Assist Review encourages teams through a culture of self-evaluation to reflect on the students' learning experience and plan for improvement through a well-resourced, inclusive process. The review is led by the Quality Improvement Mentor who has experience of evaluating programmes, programme development and staff support.

The Course Assist Review has two elements:

- An open and supportive evidence-based review process to clarify areas of strength and make recommendations for improvements. The review is conducted by the Quality Improvement Mentor following which the teaching team are provided with oral feedback and written main findings. At a separate meeting, the Principal, the Director of Curriculum and Information Services, the Heads of School (HOS), the Deputy Heads of School (DHOS) and the QED are provided with same.
- The development of a Quality Improvement Plan (QIP) which is an agreed, resourced action plan, with milestones, monitored regularly at school level and reported at IMPMS. Progress against the QIP is also monitored by the Quality Improvement Mentor over a 12 to 18-month period and comprises of interim visits and a final follow-up visit to the programme to evaluate progress made against the QIP.

## › Pedagogy Support

### *ILT Pedagogy Mentoring*

The ILT Pedagogy Mentors support lecturers through a six step process where the mentor teaches the mentee's class; team teaches and peer observes them; alongside bespoke training tailored to the pedagogical and technological needs of the lecturer and their students.

The peer mentoring model promotes a collaborative, professional, enquiry based approach, characterised by personalised, adaptive and reflective professional learning. Student feedback is captured at each stage and this feeds forward into agreed targets and training for the next stage of this interactive model. Mentees are nominated by the HOS. A mentee can choose to complete the mentoring on a number of occasions to incrementally improve their technological and pedagogical skills.

### *Pedagogy Training and Support*

As part of the Post Graduate Certificate in Further and Higher Education (PGCFHE) and Certificate in Teaching (CIT) programmes the Teacher Tutor provides a range of support including developmental lesson observations. Specific needs based training is offered and this feeds forward into the continuous professional development of staff. The College provides a range of activities that are aimed at improving the pedagogical skills of lecturers. As part of the early CPD support for new lecturers and part-time lecturers and following a supportive lesson observation, tailored support is offered through workshops, one to one sessions and mentoring.

Lesson observations and supplementary support are given to staff completing CIT and the PGCFHE. Where additional support for an individual or team is identified as an outcome of the College's quality processes, this is agreed, resourced and reviewed. Practice led sharing of good practice is facilitated at a College wide level through Moodle Mondays (focusing on blended learning) and Webinar Wednesdays (sharing good practice in learning and teaching) and Best Practice Videos.

## › Staff Appraisal

This is an important area for professional self-evaluation and review and contributes to the overall improvement cycle. Separate sector-wide appraisal schemes exist for Academic and Corporate Staff with the Academic scheme incorporating a lesson observation as a key element. The appraisal process is on a continuous two-year cycle following agreed guidelines.

## › Continuing Professional Development

There is a range of continuing professional development activities organised each year which address a number of college needs including mandatory training, curriculum specific and management/administration. These activities may be organised across the whole college or within a specific school/unit. A range of these activities are delivered online. Continuing professional development activities will be informed by the self-evaluation process.

## Quality of Provision for Learning

### › Team Meetings

The course team has a critical role in the successful management of the programme and the quality of the learning experience delivered to the students. The DHOS/HOS attend a number of course team meetings per year. The course team is responsible for the complete programme of study including all vocational modules and essential skills provision. The team is composed of all module and essential skills tutors, training support and learning support officers (where appropriate).

### › Standardisation

This is to ensure that all students receive the same high quality learning experience and therefore the College has produced a standard range of documentation, processes and activities. The range of documentation includes schemes of work and lesson plans, assessment planner/schedule, assignment cover sheet and student feedback sheet, curriculum enrichment tracking and internal verification documentation.

### › Team sites

Team sites will be organised at programme level and include assignment schedules, assignment briefs, schemes of work, and self-evaluation reports and minutes of meetings.

## › **Developing independent learning using technology**

MOODLE is the College virtual learning environment (VLE) and is used to enhance, integrate and encourage student independent learning. MOODLE is central to the student learning experience both in provision of materials and in lesson delivery. The MOODLE experience is available externally to staff and learners as well as within the College. It is expected that all course teams will fully exploit MOODLE functionality for the benefit of their students and the development of independent learning opportunities and will follow a standardised MOODLE course site structure to ensure a high quality experience for students.

## › **Competitions and Awards**

The College is fully committed in promoting a competition and awards culture. Academic staff are aware of the significant benefits competitions and awards offered to all those who enter and support them by complimenting all teaching and learning by raising standards, promoting excellence in skills, building confidence and self-esteem and putting excitement into learning and achievement.

## **Quality of Achievements and Standards**

### › **Setting and Monitoring of Targets**

The College publishes and monitors targets at College, School and programme level. The College provides reliable benchmarking data for the range of different provision it delivers each year. The data includes the key performance indicators of retention, achievement and success.

The range of provision covered by the data includes Higher Education, Further Education, TFS, ApprenticeshipsNI, University Access, GCEs, GCSEs, Essential Skills and School Partnerships. The purpose of the published benchmarks is to provide a datum from which comparisons are made. These benchmarks are used in all course and school level SERs.

In addition, external benchmarking data including the DfE Health Check is used to analyse performance within the sector. Targets are also set to meet Widening Access and Participation objectives.

### › **Further Education Leavers Survey (FELS) Report**

All lecturers who teach a vocational course or module are required to return the outcome of that course or module for every student on their programme. The FELS report will be used to trend the performance of courses that last up to one-year duration only. The outcome may be full achievement, partial achievement, or no achievement. The FELS will also track the student destination after they have completed their programme of study. Students may progress to further education or training, employment or unemployment.

### › **ETI based Report**

Courses lasting two or more years are trended using a specialist report that tracks the students across academic years. This 'ETI based' Report enables course teams to identify all students who started a programme through to completion. As with the FELS it enables teams to explore any variations in performance between campuses and provide a basis for self-evaluation.

### › **E-Individual Learning Plan (E-ILP) and E-Personalised Training Plan (E-PTP)**

The E-Individual Learning Plan and E- Personalised Training Plan is key to tracking student information and progression and provides students with personalised targets. All full time students are required to complete an E-ILP. Course teams ensure that the students have completed the induction elements of the E- ILP to supplement the induction onto the programme of study. The induction modules must be completed within the first two weeks of programme commencing. The student can monitor their attendance and progression through E-ILP and this is encouraged by the course team. The careers element of the E-ILP is completed by the student with the course tutor at tutorial.

### › **Examination and Progress Boards**

Examination and Progress Boards are an important element of quality assurance. They determine the academic progress of students on the basis of their performance in examinations and other forms of assessment and help to ensure that the examination and assessment of candidates are conducted in accordance with regulations and procedures as required by the awarding body.

## OTHER INFORMATION, DEVELOPMENTS AND DISCLOSURES

### Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%.

During the accounting period 1 August 2017 to 31 July 2018, the College paid 78.9% of its invoices within 30 days (2016/17: 85.4%). The average payment days is 20.28 days. The College incurred no interest charges in respect of late payment for this period.

The Northern Ireland Executive is committed to paying suppliers as quickly as possible, within 10 working days. During the accounting year 1 August 2017 to 31 July 2018, the college paid 30.35% of its invoices within 10 days (2016/17: 45.04%).

### Events after the end of the reporting date

The Chair of the Governing Body, Mr Deep Sagar, resigned from the Governing Body on 17 August 2018 with immediate effect.

### Going Concern

The College is satisfied that the organisation is a going concern on the basis that there is no reason to believe that the department's future sponsorship and future Assembly approval will not be forthcoming to meet the College's liabilities as they fall due. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

## RESOURCES

The College has various resources at its disposal that it can deploy in pursuit of its strategic objectives.

### Estate

The College is spread over a wide geographical area with main campus buildings located at Bangor, Downpatrick, Lisburn and Newtownards each of which offer a range of courses. The College also delivers courses in a number of out centres at various locations.

The College's estate consists of land with a net book value of £6,963k as at 31 July 2018 (31 July 2017 £6,631k) and buildings with a net book value of £144,380k as at 31 July 2018 (31 July 2017 £135,021k).

The estate includes campuses at:

- Bangor
- Newtownards
- Lisburn
- Downpatrick
- Newcastle
- Ballynahinch
- Holywood

### Financial

Net assets at 31 July 2018 were £75,972k (31 July 2017: £61,559k). This includes a £6,275k pension liability (2016/17 £9,476k).

### People

The College employs 640 people (expressed as full time equivalents), of whom 359 are teaching staff.

In the year August 2017 to July 2018 the sickness absence rate for staff was 4.4% (2016/17: 4.02%).



## PRINCIPAL RISKS AND UNCERTAINTIES

The College has developed and embedded a system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

A risk management policy is in place and has been approved by the College's Audit Committee and Governing Body. This policy clearly outlines the risk management arrangements across the College, including respective roles and responsibilities, and the mechanisms for identifying and evaluating risks.

A Risk Management Team has been established, consisting of the College Management Team. This group meets on a regular basis, with a schedule of meetings for the year outlined in advance. This group is responsible for the updating of the College Risk Register.

The College operates a formal system of Integrated Monthly Performance Review meetings at which budget holders report to the College Management Team outlining their department's financial performance against plan and reviewing other key operational performance indicators. A key element of these monthly review meetings is the presentation of each department's operational risk register and a review of the steps being taken to ensure appropriate internal controls are maintained and to mitigate identified risks. The College Management Team identify any which should be escalated to the College Risk Register.

Both the college and departmental risk registers identify the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are evaluated using a consistent scoring system.

The Audit Committee reviews the College Risk Register at every meeting to provide challenge and advice. The Audit Committee reviews the College's operational risks via a rolling programme of presentations by the College Management Team. The overall responsibility for the on-going review and monitoring of risk management arrangements across the South Eastern Regional College lies with the Chief Finance Officer.

As of August 2018, the College Risk Register contained 10 Active Risks: 4 at Red Zone status and 6 at Amber Zone status. Red Zone risks are those assessed as Extremely High where urgent proactive actions are to be taken to ensure they are managed effectively and risks are reduced to an acceptable level. Amber Zone risks are those assessed as Medium where proactive management is required with appropriate actions to be taken.

The following extract from the Risk Management Report to the Audit Committee, dated 6<sup>th</sup> September 2018, outlines the principal College risks. Not all factors are within the College's control, and other factors may also affect the College.

Risk Classification	Risk Identified	Risk Categorisation
Enrolments	Managing the College's Enrolments	Red Zone
Enrolments	Curriculum reform implementation negatively affecting enrolments	Red Zone
Staffing	Managing the College's Sickness Absence	Red Zone
Financial	Negative impact of external testing in Essential Skills on College performance.	Red Zone
Financial	Managing the financial viability of the College	Amber Zone
Financial	Managing the impact of financial cuts.	Amber Zone
Financial	Risk in using Properties Division appointed suppliers: achieving value for money and maintaining an appropriate (and statutorily compliant) learning environment.	Amber Zone
Enrolments	Maintaining current levels of Higher Education provision	Amber Zone
Estates	Efficiently utilising the College Estate	Amber Zone
ILT	Delivering the NI Further Education Sector Systems Technology & Services Project	Amber Zone

## STAKEHOLDER RELATIONSHIPS

In line with other colleges and with universities, the College has many stakeholders. These include:

- Students;
- The Department for the Economy (DfE);
- Staff;
- Local employers (with specific links);
- Local Councils;
- Government Offices/ Regional Development Agencies;
- The local community;
- Other FE Institutions;
- Trade unions;
- Professional bodies;
- Universities; and
- Elected Representatives.

The College recognises the importance of these relationships and engages in regular communication with them through the College Internet site and by meetings.

The College considers good communication with its staff to be very important and regular meetings are held. The College encourages staff and student involvement through membership of the Governing Body.

### Reputation

SERC is committed to listening to key stakeholders, not only students and staff, but others such as politicians, businesses, voluntary and community groups and local Government and take actions to influence their perceptions of FE and promote its value and importance. This engagement process is also used to persuade more businesses, decision makers and influencers, such as school teachers and parents, of the quality of the FE offer in order to develop existing curriculum and seek new entrants.

Given the diversity of stakeholders that FE engages with, measuring stakeholder views and perceptions is undertaken in a number of ways. SERC conduct annual surveys with part-time and full-time students, staff members and business customers to gauge their perceptions and to enable us to respond better to stakeholder needs.

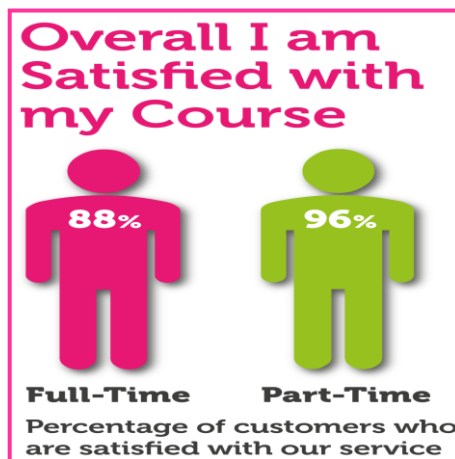
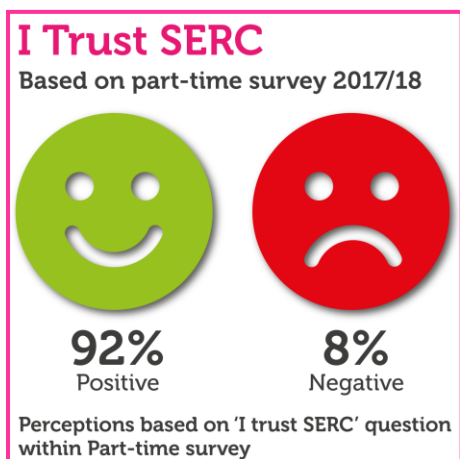
There is no one entity which can provide a single reflection of how SERC is perceived so we use a 'Listening and Influencing' quotient to measure all listening and influencing activity. These reflect customer satisfaction, employee satisfaction and reputation/perceptions of SERC.

The reputation indicator is based on core questions used in all customer surveys and shows how SERC is perceived by stakeholders – a fundamental output from all listening and influencing activity. Academic research into perceptions in the public sector has indicated that such organisations should manage expectations in this area in that the best output could be 'neutral' rather than positive.

Customer satisfaction is viewed by SERC as of strategic importance and again a fundamental indicator of how effective listening and influencing activity has been. It is also an indicator of our quality standards.

Employees are a key stakeholder and are critical champions in influencing and listening to other stakeholders. They impact greatly on the perceptions of the College and so their satisfaction levels are an important indicator.

The perceptions of customers are shown in the latest survey results:



The latest employee satisfaction results show:



### Equality of Opportunity and employment of disabled persons

By virtue of Section 75 of the Northern Ireland Act 1998 the South Eastern Regional College is carrying out all its functions, powers and duties as required to have due regard to the need to promote equality of opportunity:

- › between persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation;
- › between men and women generally;
- › between persons with a disability and persons without; and
- › between persons with dependants and persons without.

Without prejudice to its obligations above, the College has, in carrying out its functions, had regard to the desirability of promoting good relations between persons of different religious belief, political opinion or racial group. The College has included the promotion of good relations as part of the corporate planning process.

The College is committed to the fulfilment of its Section 75 obligations in all parts of its organisation. The College is committed to allocating necessary resources to ensure that the statutory duties are complied with and that the measures within the Equality Scheme to promote equality of opportunity are implemented effectively and on time.

## Disability statement

The College's Disability Equality Statement sets out the College's commitment to potential and existing employees and students with a disability. The College is committed to:

- › A policy of equal opportunity and seeking to ensure that disabled staff and students have equitable access, as far as reasonably possible, to the full range of facilities, services and aspects of College life.
- › Creating an environment where those with disabilities are comfortable in disclosing their disability and are provided with opportunities to disclose at various stages throughout their time at the College.
- › Providing access to the appropriate reasonable adjustments to enable those with disabilities to overcome any arrangements and/or physical features that make it difficult to access or participate in all aspects of College life.
- › Preventing occurrences of unlawful direct discrimination, indirect discrimination, harassment and victimisation.
- › Treating all staff and students with dignity and respect and will seek to provide a positive and safe working and learning environment.

The College's Disability Action Plan 2013 – 2018 confirms our commitment to and proposals for fulfilling the statutory obligations in compliance with Sections 49A and 49B of the Disability Discrimination Act 1995 (as amended by the Disability Discrimination (NI) Order 2006).

This plan outlines how the College can more effectively mainstream disability issues within policy decision-making, committing to the following;

- › promotion of Disability Duties;
- › allocating the necessary resources to implement the plan;
- › communication with staff;
- › training on disability awareness;
- › encouraging the involvement of people with a disability in internal working groups, partnerships and focus groups; and
- › engaging with a wide range of key stakeholders including consulting with people with a disability on the implementation of the plan.

Specific action measures within the plan are monitored on an annual basis as part of the Annual Equality Progress Report. Progress for the reporting year 2017/18 can be viewed at <https://www.serc.ac.uk/public-information/equality>.

The College delivers on the objectives set out in the Disability Discrimination Act 1995, the Special Education Needs and Disability Order (NI) 2005 and the Disability Discrimination (NI) Order 2006, through a wide range of structures and initiatives aimed at ensuring students with physical disabilities, learning difficulties and long term medical conditions are facilitated in accessing and fully engaging in the breadth of the available learning opportunities. In addition, a range of supports are also in place to help students experiencing difficulties in their personal lives so that the challenges arising from these issues do not become barriers to their ongoing learning. Specific examples of these support structures include:

- › The Learning Support Unit manages the provision of support, help and guidance for students with physical disabilities, learning difficulties and medical conditions. This service is primarily funded through the Department for the Economy's Additional Support Fund and during the year 2017/18 students have accessed:
  - Physical resources: specialist computers and software, orthopaedic chairs, smart pens, audio note takers.
  - Specialist human support: General Studies Support Workers, College Lecturing staff and specialist support for a range of conditions that include Dyslexia, Autistic Spectrum Disorders, and British Sign Language Interpreters.
  - Administrative adjustments: exams, College access and arrangements in the event of illness or episode such as epilepsy.

The unit is resourced by staff who are experienced in designing and implementing individual support strategies as well as in providing essential information and guidance for staff on a wide range of disabilities and conditions so that students are effectively supported.

- › As part of the Quality Management processes a range of student performance monitoring structures are in place to identify and address issues of student under performance, often the first indication of a student disability or learning difficulty to College staff. These arrangements include:
  - Ongoing individual student tutorial support through which issues and concerns can be identified and highlighted.
  - Regular case conferences which enable the support teams to liaise directly with the teaching staff to identify and put in place actions to address specific student difficulties in a holistic manner.
  - Teaching staff having access to specific knowledge and experience of strategies and approaches from within the Learning Support Team, experience which is augmented through participation in the cross College student support working group.
  
- › In partnership with the other Colleges in Northern Ireland, SERC has engaged with Disabled GO to develop good practice guides for the estate and to provide students with the opportunity to view college premises on-line and get to information about the accessibility of the estate
  
- › The Pastoral Care, Welfare and Safeguarding processes within the College focus on promoting the personal and social development of the individual students and trainees through a range of initiatives including:
  - All students have access to, and are provided with details of the externally procured student counselling and wellbeing support service. This service offers a 24/7 Helpline as well as weekly drop-in and face-to-face support sessions for all learners within the College;
  - The Cause for Concern referral system allows staff to record and forward a concern about the wellbeing of any student to the Pastoral Care team who can implement a range of interventions including engagement with the statutory bodies to ensure that all of the responsibilities regarding the Safeguarding of Children and Vulnerable Adults are addressed. The Pastoral Care team also engage with external agencies and support organisations to ensure the College can maintain current best practise approaches to dealing with students experiencing issues relating to mental health and wellbeing;
  - Since 2012 the College operates; in partnership with the South Eastern Health and Social Care Trust (SE Trust), a Youth Health Advice Clinic (YHAC) on all of our Campuses. This is a service that also partners with Community Organisations such as the Link Centre in Ards and Bangor, and the County Down Rural Community Network. The YHAC offers a range of services that range from General Health, Sexual Health, or support for those learners who may have a Mental Health Condition that is having an impact on their daily lives.
  - Through the students' union, and class activities the College provides a range of opportunities for students to engage in extra-curricular activities, including sports, volunteering and charity fundraising activities which are all aimed at helping students engage fully with their community and develop their skills and abilities.

The College has 18 Designated Safeguarding Officers looking after the needs of its learners, whether they be designated as Children or Vulnerable Adults. Safeguarding Officers are based at all of the main Campuses. In addition, two members of the Governing Body are classified as Designated Officers and overview aspects of the Safeguarding and Pastoral Care systems, through regular reporting to the Governing Body. Update training was provided for all Safeguarding Officers in September 2017.

## Disclosure of Information to Auditors

These financial statements are subject to audit by statute by the Comptroller and Auditor General for Northern Ireland.

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

## Personal data related incidents

The Information Commissioner's Office (ICO) was notified of a potential data breach on 29 June 2018. This was occasioned by the unauthorised access to an employee's email account by hacking. The College was successful in identifying and isolating the breach within thirty minutes of identification.

The incident is subject to review by the ICO and PSNI. At this time, there is no evidence to suggest that data contained within the hacked email account has been exported to any third parties and the College is satisfied that there was no evidence that information technology systems were compromised.

The ICO notified the College, on 31 August 2018, of their decision that no further action on behalf of ICO was necessary.

## Charitable and Taxation Status

The College has charitable status with the HM Revenue and Customs and is not liable to corporation tax.

## Charitable/Political Donations

The College made no charitable or political donations during the year.

## Professional Advisers

<b>External Auditors</b>	Comptroller and Auditor General Northern Ireland Audit Office 106 University Street Belfast BT7 1EU
<b>Internal Auditors</b>	Grant Thornton 12-15 Donegall Square West Belfast BT1 6JH Northern Ireland
<b>Bankers</b>	Danske Bank Donegall Square West Belfast BT1 6JS

## Members

The members who served the Governing Body during the year were as follows:

Name	Date of Appointment	Term of Office	Date of Resignation	Status of appointment	Committees Served	GB Attendance
Mr Deep Sagar (Chair)	4 April 2016	4 years	17 August 2018	Independent Member – Business Category	Education, Staffing, and Finance and General Purpose Committees (ex-officio member)	8 / 8
Mr Neil Bodger	1 August 2011 1 August 2015 (Second Term)	4 years	-	Independent Member – Business Category	Audit and Staffing Committees	6 / 8
Mr Andrew Corbett	11 April 2016	4 years	-	Staff Governor	Education and Finance and General Purpose Committees	7 / 8
Mrs Shirleen Corbett	24 November 2014	4 years	16 August 2018	Independent Member – Education Authority Nominee	Audit and Education Committees	8 / 8
Mrs Karen Fraser	1 August 2014	4 years	-	Independent Member – Business Category	Finance and General Purpose and Staffing Committees	5 / 8
Ms Christine Goodwin	1 August 2015	4 years	-	Independent Member – Business Category	Staffing Committee (Chair) and Finance and General Purpose Committee	8 / 8
Miss Rachael Heaney	3 October 2017	1 year	-	Student Governor	Audit Committee and Education Committee	5 / 7

Name	Date of Appointment	Term of Office	Date of Resignation	Status of appointment	Committees Served	GB Attendance
Mr Gareth Hetherington (Vice Chair)	1 May 2013  1 May 2017 (Special Extension)	4 years	-	Independent Member – Business Category	Audit Committee (Chair) and Staffing Committee	7 / 8
Mr Edward Jackson	1 April 2010  1 April 2014 Second Term  1 April 2018	4 years   6 months	-	Independent Member – Business Category	Finance and General Purpose Committee (Chair) and Staffing Committee	8 / 8
Mrs Carolyn King	11 April 2016	4 years	-	Staff Governor	Audit and Education Committees	6 / 8
Mrs Barbara Larkin	1 August 2013 1 August 2017 (Second Term)	4 years	-	Co-opted	Education (Chair) and Finance and General Purpose Committees	6 / 8
Mr John Mackell	1 February 2016	4 years	-	Independent Member – Business Category	Audit and Staffing Committees	8 / 8
Ms Claire Meharg	1 August 2015	4 years	25 October 2017	Independent Member – Business Category	Audit and Education Committees	0 / 1
Mr Steve Pollard	17 December 2014	4 years	-	Co-opted	Audit and Education Committees	6 / 8
Mrs Heather Reid	1 August 2011  1 August 2015 Second Term	4 years  4 years	-	Independent Member – Business Category	Education Committee and Staffing Committee	6 / 8
Mrs Kim Scott	24 November 2014	4 years	-	Independent Member – Education Authority Nominee	Education and Finance and General Purpose Committee	5 / 8

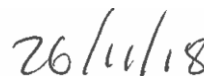


Name	Date of Appointment	Term of Office	Date of Resignation	Status of appointment	Committees Served	GB Attendance
Mr Ken Webb	1 July 2008	On-going	-	Principal and Chief Executive	Education Committee, Staffing Committee, and Finance and General Purpose Committee	8 / 8
Professor Alan Woodside	19 January 2015	4 years	-	Independent Member – Business Category	Education and Finance and General Purpose Committees	7 / 8

For and on behalf of the members of the Governing Body



Mr Gareth Hetherington  
Chair (Acting)



Date

## SOUTH EASTERN REGIONAL COLLEGE REMUNERATION REPORT

### Remuneration Policy

#### Members of the Governing Body

There are normally 18 members of the College Governing Body, most of whom are appointed in accordance with the Code of Practice of the Office of the Commissioner for Public Appointments for Northern Ireland. Of these, six members are appointed in line with statutory requirements. The majority of members are appointed for a fixed period of up to four years and thereafter they may be re-appointed in accordance with the Code of Practice.

The remuneration of Governing Body members (excluding staff members) was first introduced by the Department for the Economy from 1 January 2016. There are no arrangements in place for the payment of a bonus. The Governing Body Chair and individual Governors are not deemed to be employees of the College and are therefore not eligible to join the NILGOSC Pension Scheme. The Pensions Regulator has confirmed that the Governing Body Chair and individual Governors are excluded from the pension auto-enrolment process as members of the Governing Body do not hold a contract of employment with the College. The College also reimburses Governing Body members for any incidental expenses incurred for carrying out their duties relevant to the College.

The remuneration of the Chair and Governing Body is as follows (Audited):

Name	2017/18				2016/17			
	Re- muneration	Benefits in kind	Pension Benefits	Total	Re- muneration	Benefits in kind	Pension Benefits	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Mr Deep Sagar (Chair)	15 – 20	-	-	<b>15 - 20</b>	15 – 20	-	-	<b>15 - 20</b>
Mr Neil Bodger	0 – 5	-	-	<b>0 – 5</b>	0 – 5	-	-	<b>0 – 5</b>
Mr Andrew Corbett	0 – 5	-	-	<b>0 – 5</b>	0 – 5	-	-	<b>0 – 5</b>
Mrs Shirleen Corbett	0 – 5	-	-	<b>0 – 5</b>	0 – 5	-	-	<b>0 – 5</b>
Mrs Karen Fraser	0 – 5	-	-	<b>0 – 5</b>	0 – 5	-	-	<b>0 – 5</b>
Ms Christine Goodwin	0 – 5	-	-	<b>0 – 5</b>	0 – 5	-	-	<b>0 – 5</b>
Ms Rachel Heaney	0 – 5	-	-	<b>0 - 5</b>	-	-	-	-
Mr Gareth Hetherington	0 – 5	-	-	<b>0 – 5</b>	0 – 5	-	-	<b>0 – 5</b>
Mr Edward Jackson	0 – 5	-	-	<b>0 – 5</b>	0 – 5	-	-	<b>0 – 5</b>
Mrs Carolyn King	0 – 5	-	-	<b>0 – 5</b>	0 – 5	-	-	<b>0 – 5</b>
Mrs Barbara Larkin	0 – 5	-	-	<b>0 – 5</b>	0 – 5	-	-	<b>0 – 5</b>
Mr John Mackell	0 – 5	-	-	<b>0 – 5</b>	0 – 5	-	-	<b>0 – 5</b>
Ms Claire Meharg	0 – 5	-	-	<b>0 – 5</b>	0 – 5	-	-	<b>0 – 5</b>

Name	2017/18				2016/17			
	Re-muneration	Benefits in kind	Pension Benefits	Total	Re-muneration	Benefits in kind	Pension Benefits	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Mr Steve Pollard	0 – 5	-	-	<b>0 – 5</b>	0 – 5	-	-	<b>0 – 5</b>
Mrs Heather Reid	0 – 5	-	-	<b>0 – 5</b>	0 – 5	-	-	<b>0 – 5</b>
Mrs Kim Scott	0 – 5	-	-	<b>0 – 5</b>	0 – 5	-	-	<b>0 – 5</b>
Ms Marie Shaw	-	-	-	-	0 – 5	-	-	<b>0 – 5</b>
Professor Alan Woodside	0 – 5	-	-	<b>0 – 5</b>	0 – 5	-	-	<b>0 – 5</b>

### The Principal/Director and Deputy Directors

The Principal/Director and the Deputy Directors appointments are made in accordance with the College's recruitment policy. The policy requires appointments to be made on merit on the basis of fair and open competition.

The Principal/Director and the Deputy Directors hold permanent appointments. Staff may be able to retire before state pension age with no diminution of earned pension benefits depending on the terms of their pension. The policy relating to notice periods is contained in the College's Staff Handbook.

### Minimum Pay Levels

Minimum pay levels are dependent on college size and vary across the sector.

### Progression

There is no incremental progression for Principals/Directors as they are paid on a one-point scale according to college size. However, if the college size changes they will automatically move to that new salary point.

At initial appointment, Deputy Directors are normally placed on the bottom point of the four-point scale relevant to the size of their college. Thereafter, there is annual incremental progression up the scale until the maximum of the scale is reached. A common incremental date of September is used for all Deputy Directors. If the College increases in size a Deputy Director will automatically move to the new relevant salary scale.

### Performance Pay

There is no performance related pay for the Director or any Deputy Director.

### Total Reward Package

Senior staff within the College have access to the Northern Ireland Teachers' Pension scheme.

Senior staff posts are based on 36 hours per week and post-holders have access to the College's Maternity Leave Scheme, Paternity Leave Scheme, Adoption Leave Scheme and flexible working arrangements.

All Senior Staff have 35 days' holiday entitlement and a further twelve statutory and public holidays as recognised by the sector.

### Service Contracts

College appointments are made on merit on the basis of fair and open competition. Unless otherwise stated, the officials covered by this report hold appointments, which are open ended. Early termination, other than for misconduct, would result in the individual being entitled to receive compensation.

## Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the most senior management of the College.

### Remuneration (including salary) and pension entitlements (Audited)

Name	2017/18				2016/17			
	Salary	Benefits in kind	Pension Benefits*	Total	Salary	Benefits in kind	Pension Benefits	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Mr Ken Webb Director (Appointed 1 July 2008)</b>	110-115	-	51-55	165-170	110-115	-	31-35	145-150
<b>Dr Michael Malone Deputy Director (Appointed 1 June 2009)</b>	90-95	-	41-45	135-140	90-95	-	65-70	160-165
<b>Mrs Heather McKee Deputy Director (Appointed 1 January 2017)</b>	70-75	-	15-20	90-95	40-45	-	-	40-45

\*The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decrease due to a transfer of pension rights.

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. Total remuneration includes salary, non-consolidated performance-related pay, and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

The banded remuneration of the highest-paid director South Eastern Regional College in the financial year 2017/18 was £110-115k (2016/17: £110-115k). This was 3.26 times (2016/17: 3.29 times) the median remuneration of the workforce (based on annualised, full-time equivalent remuneration at reporting date), which was £34,538 (2016/17: £34,196):

	2017/18 £'000	2016/17 £'000
<b>Band of highest paid directors total remuneration</b>	110-115	110-115
<b>Median total remuneration</b>	34,538	34,196
<b>Ratio</b>	3.26	3.29

### Salary

'Salary' includes gross salary; performance pay or bonuses; overtime; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

### Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the HM Revenue and Customs as a taxable emolument. No senior officials received any benefits in kind.

## Pension Entitlements (Audited)

Officials	Accrued pension at pension age as at 31/7/18 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/7/18 £'000	CETV at 31/7/17 £'000	Real increase in CETV £'000
<b>Mr Ken Webb Director</b>	45-50 Plus lump sum of 0*	3.0-3.5 Plus lump sum of 0*	799	763	36
<b>Dr Michael Malone Deputy Director</b>	40-45 Plus lump sum of 125-130	2.0-2.5 Plus lump sum of 6.5-7.0	997	916	81
<b>Mrs Heather McKee Deputy Director</b>	0-5 Plus lump sum of 0*	1.0-1.5 Plus lump sum of 0*	22	8	14

\* An entrant to the NITPS after 01/04/2007 has no lump sum applicable, although the entrant may elect to commute part of their pension to a lump sum. Mr K Webb joined SERC and NITPS on 1 July 2008 and Mrs H McKee joined SERC and NITPS on 1 January 2017 therefore this condition applied.

## Pension arrangements

Retirement benefits to employees of the College are provided by the Northern Ireland Teachers' Pension Scheme (NITPS) and the Local Government Pension Scheme for Northern Ireland administered by the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC). These are defined benefit schemes, which are externally funded and contracted out of the State Earnings-Related Pension Scheme (SERPS).

Contributions to the NITPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective/benefit method. The NITPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The NITPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The assets of the NILGOSC scheme are measured using closing market values. NILGOSC liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in Other Comprehensive Income section of the Statement of Comprehensive Income and Expenditure.

## Enhanced Pensions

There are currently no enhanced pensions payable to any former member of staff.

## Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NITPS pension arrangements and for which the Fund has received a transfer payment commensurate with the additional pension liabilities being assumed. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### **Real Increase in CETV**

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

**SOUTH EASTERN REGIONAL COLLEGE  
STATEMENT OF THE RESPONSIBILITIES OF THE GOVERNING BODY  
FOR THE YEAR ENDED 31 JULY 2018**

The Governing Body of the College is required to present audited financial statements for each financial year.

Within the terms and conditions of the Management Statement/Financial Memorandum agreed between the Department for the Economy (the Department) and the Governing Body of the College, the Governing Body through its Chairperson, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the College and the result for that year.

In preparing the financial statements the Governing Body is required to:

- › select suitable accounting policies and then apply them consistently;
- › make judgements and estimates that are reasonable and prudent;
- › state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- › prepare the financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation.

The Governing Body is also required to prepare an Annual Strategic Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

The Governing Body is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and enable it to ensure that the financial statements are prepared in accordance with the relevant legislation and other relevant accounting standards. It has general responsibility for taking such steps that are reasonably open to it to safeguard assets of the College and to prevent and detect fraud and other irregularities.

The maintenance and integrity of the College website is the responsibility of the Governing Body of the College; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Governing Body is responsible for ensuring that funds from the Department are used only in accordance with the Management Statement/Financial Memorandum agreed with the Department and other conditions which the Department may from time to time prescribe.

The Governing Body must ensure that there are appropriate financial and management controls in place sufficient to safeguard public funds and ensure that they are used only in accordance with the conditions under which they have been made available.

In addition, the Governing Body is responsible for securing the economic, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds by the Department are not put at risk.

Approved by order of the Governing Body members on 26 November 2018 and signed on its behalf by:



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**Mr Gareth Hetherington  
Chair (Acting)  
South Eastern Regional College**

## **SOUTH EASTERN REGIONAL COLLEGE STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2018**

### **Introduction**

This Statement of Corporate Governance and Internal Control for South Eastern Regional College (SERC) sets out the governance structures, risk management and internal control procedures that operated within SERC during the 2017/18 financial year and up to the date of approval of the Annual Report and Financial Statements.

This Statement of Corporate Governance and Internal Control has been prepared in accordance with guidance issued by the Department of Finance (DoF) and is aimed at supporting better governance and driving more consistent, coherent and transparent reporting.

### **Scope of Responsibility**

The Chief Executive and Accounting Officer for the College has responsibility for maintaining a robust governance and risk management structure and a sound system of internal control that supports the achievement of the College's aims and objectives set by the Governing Body, whilst safeguarding the public funds and College assets for which he is personally responsible.

The responsibilities as Chief Executive and Accounting Officer are set out in Managing Public Money Northern Ireland (MPMNI) issued by DoF and in accordance with the Management Statement/Financial Memorandum between the Department for the Economy (DfE) and the Further Education Colleges.

The Chief Executive and Accounting Officer is accountable to the Governing Body, the Department for the Economy and the NI Assembly.

In order to manage the College efficiently, the Accounting Officer has been supported by formal governance structures with clear remits, details of which are provided below.

### **Governing Body**

The Governing Body is established in accordance with the Further Education (Northern Ireland) Order 1997 which provides the statutory basis for further education in Northern Ireland. The Governing Body is subject to an Instrument and Articles of Government, the Management Statement/Financial Memorandum, the Audit Code and other regulatory requirements. In terms of governance, all other documents are subordinate to the Order and subject to its provisions.

The Governing Body of a college is a body corporate appointed by the Minister to act on behalf of the Department to ensure the efficient and effective management of the college and to ensure it secures the provision of suitable and efficient education to its students in line with statutory obligations in respect of further education. The purpose of corporate governance in further education is to ensure that the systems by which colleges are directed and controlled are operating effectively. The Governing Body has responsibility for setting the strategic direction of the College and for maintaining strategic oversight. It should ensure the demarcation of responsibilities between the Governing Body and the College's executive and provide and exercise both a support and challenge function in respect of the Principal and the executive team. Individual Governing Body members should bring independence, objectivity, impartiality and expertise to both the decision making and challenge processes within the college. There should be an appropriate balance of skills, experience and knowledge to enable the Governing Body to discharge its duties effectively.

The College's Governing Body comprises of members appointed by the Minister for the Economy, members nominated by the Education Authority for the area, staff and students who are elected within the College, the Chief Executive/Principal and members co-opted by the Governing Body.



Membership and attendance during the year at the Governing Body meetings was as follows:

Governing Body Member	Meetings Attended	Out of a Possible
Mr Deep Sagar	8	8
Mr Neil Bodger	6	8
Mr Andrew Corbett	7	8
Mrs Shirleen Corbett	8	8
Mrs Karen Fraser	5	8
Ms Christine Goodwin	8	8
Miss Rachael Heaney	5	7
Mr Gareth Hetherington	7	8
Mr Edward Jackson	8	8
Mrs Carolyn King	6	8
Mrs Barbara Larkin	6	8
Mr John Mackell	8	8
Ms Claire Meharg	0	1
Mr Steve Pollard	6	8
Mrs Heather Reid	6	8
Mrs Kim Scott	5	8
Mr Ken Webb	8	8
Professor Alan Woodside	7	8
<i>In attendance:</i>		
Director of Strategic Planning, Quality and Support	6	6
Director of Curriculum and Information Services)	4	4
Chief Human Resources Officer	3	3
Chief Finance Officer	7	7
Head of Quality, Excellence and Development	3	3
Head of International, Quality, Excellence and Development	3	3
Chief Training and Contracts Officer	2	2
Commercial Contracts Manager	1	1
Head of Learning Academy	1	1
Records Manager	1	1
Boardroom Apprentice 2017-18	4	8
Boardroom Apprentice 2018-19	1	1

Members of SERC staff are invited to attend where significant items pertaining to their business area are to be discussed by the Governing Body.

Information presented to the Governing Body is drafted by the appropriate department and proceeds through the necessary internal clearance procedures before being presented as formal agendas, papers and reports to the Governing Body. This ensures a high quality of reliable and up-to-date information is presented for the Governing Body's consideration. The Governing Body is satisfied with the quality and reliability of the information presented during 2017/18.

In order to fulfil its role, the Governing Body met 8 times during 2017/18. There are four established Committees: the Finance and General Purposes Committee; the Audit Committee; the Education Committee; and a Staffing Committee. All of these committees are formally constituted with terms of reference and comprise mainly lay members of the Governing Body.

A minimum of 6 members of the Governing Body must be present for the meeting to be deemed quorate. All Governing Body meetings during the 2017/18 financial year were fully quorate.

Full minutes of Governing Body meetings are available from the Secretary to the Governing Body. The Secretary to the Governing Body maintains a register of financial and personal interests of the Governing Body members and this is also available for inspection.

### **Governing Body Conflicts of Interest**

The Governing Body, and each committee, has a standing agenda item at the outset of each meeting to allow declaration of conflicts of interest.

Each member takes personal responsibility to pro-actively declare any potential conflict of interest arising out of business undertaken by the college, arising on the agenda or from changes in the member's personal circumstances.

The Chair of the Governing Body (or committee) then determines an appropriate course of action in order to manage the conflict appropriately, for example the member may be asked to leave the meeting while a particular item of business is taken.

### **Governing Body Performance and Effectiveness**

In 2017/18 the Governing Body completed the Department's assessment exercise (as per FE Circular FE 06/12) that focuses on three strands: individual assessment of each member; assessment of the Chair; and Governing Body self-assessment. The third strand that focuses upon the Governing Body is administered by the Department through completion of a detailed evaluation questionnaire that focused on areas such as:

- › Objectives;
- › Strategy;
- › Infrastructure;
- › Regulatory Environment;
- › Team Work;
- › Roles and Responsibilities;
- › Decision Making; and
- › Constructive Relationships with the Department and other key stakeholders.

The questionnaire was returned to the Department and benchmarked against other Governing Bodies.

Governing Body members were circulated with the Department's analysis of the self-assessment forms, benchmarked against the sector's other Governing Bodies. For four of the five themes, the views expressed were less positive than in 2016/17. As for last year, views were most positive for Training and Induction.

## Audit Committee

The Audit Committee is responsible for reviewing the effectiveness of the College's accounting procedures and systems of internal control and reporting to the Governing Body. The Audit Committee provides a channel of communication from the College's auditors, which is not controlled by College management.

Members of the Audit Committee are drawn from the Governing Body. Attendance during the year at Audit Committee meetings was as follows:

Audit Committee Member	Meetings Attended	Out of a Possible
Mr Gareth Hetherington (Chair)	4	4
Mr Neil Bodger	4	4
Ms Shirleen Corbett	3	4
Miss Rachael Heaney	1	3
Mr John Mackell	4	4
Ms Claire Meharg	0	1
Mr Steve Pollard	2	4
Mrs Carolyn King	3	4
<i>In attendance:</i>		
Principal	4	4
Chair of the Governing Body	3	4
Christine Goodwin, Governor	2	2
Alan Woodside, Governor	1	1
Director of Curriculum and Information Services	2	2
Director of Strategic Planning, Quality and Support	2	2
Chief Finance Officer	2	2
Financial Controller	2	2
Chief Human Resources Officer	2	2
Head of ICT Infrastructure	1	1
Principal Systems, Technology, Infrastructure & Information Services Officer	1	1
Northern Ireland Audit Office Representative	4	4
Internal Audit Representative	4	4
Department for the Economy Representative	4	4
Boardroom Apprentice 2017-18	2	4

Other attendees are invited to attend the Audit Committee meetings if a discussion is to be held around their particular business area.

The Articles and Terms of Reference for the Audit Committee state that the Committee should meet at least 4 times a year, and more frequently as circumstances require. During the 2017/18 financial year there were 4 Audit Committee Meetings held. A quorum for any meeting of the Audit Committee is 3 members. All Committee meetings during the 2017/18 financial year were fully quorate.

Information presented to the Audit Committee is drafted by the appropriate department and proceeds through the necessary internal clearance procedures before being presented as formal agendas, papers and reports to the Audit Committee. This ensures a high quality of reliable and up-to-date information is presented for the Committee's consideration. The Audit Committee is content with the quality and reliability of the information presented during 2017/18.

The key issues discussed at the Audit Committee meetings during the 2017/18 financial year were as follows:

- › DfE Accounts Direction
- › Properties Division
- › Risk Management Reports
- › Annual Report & Financial Statements (including Governance Statement)
- › Internal Audit and External Audit reports
- › External Audit Strategy 2017/18
- › Fraud Update including a review of the National Fraud Initiative
- › IT Resilience and Cyber security
- › Curriculum Reform
- › Audit and Risk Committee Assurance Handbook
- › Complaint Information
- › Whistleblowing Policy
- › Data Protection and Freedom of Information requests

The Governing Body takes assurance from the reports presented by the Chair of the Audit Committee to the Governing Body at each meeting.

### Finance and General Purposes Committee

The Finance and General Purposes (F&GP) Committee inter alia supervises all matters relating to the finance and accounts of the College and the receipt of its income and expenditure.

Members of the Finance and General Purposes Committee are drawn from the Governing Body.

Attendance during the year at the Finance and General Purposes Committee meetings was as follows:

F&GP Committee Member	Meetings Attended	Out of a Possible
Mr Edward Jackson (Chair)	4	4
Mr Deep Sagar (Ex-Officio)	4	4
Mr Andrew Corbett	3	4
Mrs Karen Fraser	4	4
Ms Christine Goodwin	3	4
Mrs Barbara Larkin	3	4
Mrs Kim Scott	3	4
Mr Ken Webb	4	4
Professor Alan Woodside	4	4
Miss Rachael Heaney	1	3
<i>In attendance:</i>		
Chief Finance Officer	4	4
Director of Strategic Planning, Quality & Support	1	1
Financial Controller	1	1
Head of Health & Safety	1	1
Head of School – Health, Early Years and Adult Education	1	1
Boardroom Apprentice 2017-18	2	4

Other attendees are invited to attend the Finance and General Purposes Committee meetings if a discussion is to be held around their particular business area.

The Articles and Terms of Reference for the F&GP Committee state that the Committee should meet at least 4 times a year, and more frequently as circumstances require. During the 2017/18 financial year there were 4 F&GP Committee Meetings held. A quorum for any meeting of the F&GP Committee is 3 members. All Committee meetings during the 2017/18 financial year were fully quorate.

Information presented to the F&GP Committee is drafted by the appropriate department and proceeds through the necessary internal clearance procedures before being presented as formal agendas, papers and reports to the F&GP Committee. This ensures a high quality of reliable and up-to-date information is presented for the Committee's consideration. The F&GP Committee is content with the quality and reliability of the information presented during 2017/18.

The key issues discussed at the F&GP Committee meetings during the 2017/18 financial year were as follows:

- › Financial Performance
- › Capital Expenditure
- › Bank & Debt Updates
- › Health & Safety Update
- › Budget Allocation – 2017/18
- › Financial Policies
- › Applications and Enrolments

The Finance and General Purposes Committee presents a report to each meeting of the Governing Body.

### Education Committee

The Education Committee is responsible for overseeing College curricular provision, especially the nature, quality and performance of the provision and the extent to which it meets the needs of the community that the College seeks to serve.

Members of the Education Committee are drawn from the Governing Body. Attendance during the year at the Education Committee meetings was as follows:

Education Committee Member	Meetings Attended	Out of a Possible
Mrs Heather Reid (Chair – September 2017)	2	5
Mrs Barbara Larkin (Chair from February 2018)	4	5
Mr Deep Sagar (Ex-Officio)	5	5
Mr Andrew Corbett	5	5
Ms Shirleen Corbett	4	5
Miss Rachael Heaney	3	4
Mrs Carolyn King	4	5
Ms Claire Meharg	0	1
Mr Steve Pollard	5	5
Mrs Kim Scott	4	5
Mr Ken Webb	5	5
Professor Alan Woodside	5	5
<i>In attendance:</i>		
Director of Curriculum and Information Services	5	5
Director of Strategic Planning, Quality and Support	5	5
Head of Quality, Excellence and Development	4	4
Head of International, Quality, Excellence and Development	3	3
Quality Improvement Mentor	2	2
Head of SERC Extra	1	1
Boardroom Apprentice 2017-18	3	5
Ms Christine Goodwin, Governor	2	2

Other attendees are invited to attend the Education Committee meetings if a discussion is to be held around their particular business area.

The Articles and Terms of Reference for the Education Committee state that the Committee should meet at least 4 times a year, and more frequently as circumstances require. During the 2017/18 financial year there were 5 Education Committee Meetings held. A quorum for any meeting of the Education Committee is 3 members. All Committee meetings during the 2017/18 financial year were fully quorate.

Information presented to the Education Committee is drafted by the appropriate department and proceeds through the necessary internal clearance procedures before being presented as formal agendas, papers and reports to the Education Committee. This ensures a high quality of reliable and up-to-date information is presented for the Committee's consideration. The Education Committee is content with the quality and reliability of the information presented during 2017/18.

The key issues discussed at the Education Committee meetings during the 2017/18 financial year were as follows:

- › Curriculum on offer for 2017/18, Enrolments and Results
- › College Development Plan/Outcome Based Accountability
- › Cause for Concerns and Prevention
- › Northern Ireland Skills Barometer 2017
- › SERC International Plan
- › Students Union Constitution
- › Quality Assurance and Higher Education Quality Assurance
- › Higher education (HE) Structures and Audit
- › Annual Quality Assessment Review
- › HE Courses 2018/19
- › Prospectus 2018/19
- › Curriculum Hubs
- › Applications and Enrolments
- › 14-19 year old Strategy Working Group update
- › Community HUB
- › Student Surveys
- › ETI Training for Success Evaluation Report
- › Complaints and Compliments Annual Report
- › Whole College Self-Evaluation Report and Quality Improvement Plan
- › ETI Repots

The Education Committee presents a report to each meeting of the Governing Body.

### Staffing Committee

The Staffing Committee is responsible for carrying out procedures in relation to the recruitment, appointment, promotion and grading of all staff, other than senior staff.

Members of the Staffing Committee are drawn from the Governing Body. Attendance during the year at the Staffing Committee meetings was as follows:

Staffing Committee Member	Meetings Attended	Out of a Possible
Ms Christine Goodwin (Chair)	4	4
Mr Neil Bodger	2	4
Mrs Karen Fraser	2	4
Mr Gareth Hetherington	3	4
Mr Edward Jackson	2	4
Mr John Mackell	4	4
Mrs Heather Reid	3	4
Mr Deep Sagar (Ex-Officio)	4	4
Mr Ken Webb	4	4
<i>In attendance:</i>		
Chief HR Officer	4	4
Boardroom Apprentice 2017-18	2	4

Other attendees are invited to attend the Staffing Committee meetings if a discussion is to be held around their particular business area.

The Articles and Terms of Reference for the Staffing Committee state that the Committee should meet at least 4 times a year, and more frequently as circumstances require. During the 2017/18 financial year there were 4 Staffing Committee Meetings held. A quorum for any meeting of the Staffing Committee is 3 members. All Committee meetings during the 2017/18 financial year were fully quorate.

Information presented to the Staffing Committee is drafted by the appropriate department and proceeds through the necessary internal clearance procedures before being presented as formal agendas, papers and reports to the Staffing Committee. This ensures a high quality of reliable and up-to-date information is presented for the Committee's consideration. The Staffing Committee is content with the quality and reliability of the information presented during 2017/18.

The key issues discussed at the Education Committee meetings during the 2017/18 financial year were as follows:

- › HR Strategy Delivery Plan 2017/18
- › Review of HR Delivery Plan 2016/17
- › KPI Report 2017/18
- › Absence Management
- › Gender Pay Gap
- › Employee Relations Update
- › Staff Feedback-Employee Benefits Booklet
- › Equality Annual Progress Report
- › Investigation Officer Recruitment competition
- › Healthcare scheme
- › Voluntary Exit Scheme
- › Equality and Social Inclusion
- › Internal Audit reports

The Staffing Committee presents a report to each meeting of the Governing Body.

### College Management Team

The College Management Team (CMT) of the College consists of:

- › Principal and Chief Executive
- › Directors
- › Chief Finance Officer
- › Chief Human Resources Officer
- › Chief Training & Contracts Officer
- › Head of Quality, Excellence and Development
- › Head of International, Quality, Excellence and Development

Attendance during the year at the CMT meetings was as follows:

College Management Team Member	Meetings Attended	Out of a Possible
Mr Ken Webb, <i>Principal and Chief Executive</i>	11	11
Dr Michael Malone, <i>Director of Curriculum and Information Services</i>	8	11
Mrs Heather McKee, <i>Director of Strategic Planning, Quality and Support</i>	8	11
Mr Tommy Martin, <i>Chief Finance Officer</i>	9	11
Mr Paul Smyth, <i>Chief Human Resources Officer</i>	10	11
Mrs Claire Henderson, <i>Head of International, Quality, Excellence and Development</i>	9	11
Mrs Heather Miller, <i>Head of Quality, Excellence and Development</i>	7	11
Mr William Greer, <i>Chief Training &amp; Contracts Officer</i>	11	11

The CMT meets to consider a pre-determined agenda. Typical agenda items which are discussed at CMT meetings include:

- › Chairman's Business
- › Enrolment and FLU Updates;
- › Update on Investigations;
- › Project Priorities
- › Update from the Director of Curriculum and Information Services;
- › Update from the Director of Strategic Planning, Quality and Support
- › Update from Quality, Excellence and Development;
- › Update from Chief Human Resources Officer;
- › Update from Chief Finance Officer;
- › Update from Chief Training and Contracts Officer

The College has developed an online approval process, facilitated by its secure intranet, which provides a timely process for requests that require CMT review and approval (e.g. staff recruitment, capital expenditure, new Policies and Standard Operating Procedures). The system provides a tool for decision making without the necessity of a physical meeting.

### **Compliance with the Corporate Governance Code**

During 2017/18, the College complied with the principles and supporting provisions set out in the Corporate Governance Code.

### **Risk Management**

The College places significant emphasis on risk management. Risk management is viewed by the College as an essential element of the College's corporate governance framework and is closely linked with the College Development Plan and monitoring process.

The robust risk management process is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

Risk management within the College is a dynamic process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The College's capacity to manage risk is established through the risk and control framework and the experience of senior management in the risk management process. The College Management Team, together with the Governing Body, provide leadership to the risk management environment.

The College has an embedded Risk Management Policy which has been enforced to ensure that the College's objectives and risks have been identified and that a control strategy for each of the significant risks has been determined. Risk ownership is allocated to the appropriate staff and the College has set out its attitude to risk to the achievement of the College objectives.

The College has ensured that staff are trained and equipped to manage risk in a way appropriate to their level of authority and duties, and guidance on the College's risk management process is available to all staff on the intranet. During 2017/18 all new Governors were provided training by the Department for the Economy pertaining to their role on the Governing Body, which included risk management.

### **Risk and Control Framework**

The Governing Body has instructed that procedures are in place for verifying that aspects of risk management and internal control are regularly reviewed and reported on.

There has been a full risk and control assessment before reporting on the year ending 31 July 2018 with budget holders throughout the College assessing their own departments and submitting a Departmental Statement of Internal Control to the Accounting Officer.

Risk management has been incorporated fully into the corporate planning and decision making processes of the College:

- › The College has a Risk Management Team which meets regularly to review and update the register of corporate risks facing the organisation
- › Each corporate risk is prioritised against a standardised risk impact/likelihood matrix to reduce subjectivity in assessing risk.
- › The Corporate Risk Register is presented to the Audit Committee at each scheduled meeting.
- › The College operates a formal system of Integrated Monthly Performance Review meetings at which budget holders report to the College Management Team outlining their department's financial performance against plan and target and reviewing other quantitative and qualitative key performance indicators. A key element of these monthly performance review meetings is the presentation of each department's operational risk register and a review of the steps being taken to ensure appropriate internal controls are maintained and to mitigate identified risks.



- › The College holds regular management meetings to review enrolments, retentions and achievements and to review and assess quality.
- › A fundamental aspect of the College's control framework is the continual development of policies and standard operating procedures. Key policies and procedures are identified as mandatory training for all staff. Completion of such online training is monitored by College management.

The Governing Body has received periodic reports concerning internal control. The appropriate steps have been taken to manage risks in significant areas of responsibility and progress on key projects has been monitored.

### College Risks Identified in 2017/18

The College risks identified for the Risk Register as at August 2018 included:

Risk Classification	Risk Identified	Risk Categorisation
Enrolments	Managing the College's Enrolments	Red Zone
Staffing	Managing the College's Sickness Absence	Red Zone
Financial	Negative impact of external testing in Essential Skills on College performance.	Red Zone
Enrolments	Curriculum reform implementation negatively affecting enrolments	Red Zone
Financial	Managing the financial viability of the College	Amber Zone
Financial	Managing the impact of financial cuts.	Amber Zone
Financial	Risk in using Properties Division appointed suppliers: achieving value for money and maintaining an appropriate (and statutorily compliant) learning environment.	Amber Zone
Enrolments	Maintaining current levels of Higher Education provision	Amber Zone
Estates	Efficiently utilising the College Estate	Amber Zone
ILT	Delivering the NI Further Education Sector Systems Technology & Services Project	Amber Zone

All risks identified throughout 2017/18 have been appropriately managed within the Risk and Control Framework.

### Fraud Reporting

The College has a detailed Anti-Fraud Policy which is reviewed annually. The Anti-Fraud Policy sets out the definition of fraud, details the responsibilities regarding the prevention of fraud and highlights the procedures to be followed in the event of a fraud being detected or suspected.

The Anti-Fraud Policy is included as mandatory training for all staff.

The College reports all suspected or detected frauds to the Department for the Economy in line with the Management Statement/Financial Memorandum.

During 2017/18 the College had two instances of suspected fraud:

- › Suspected Fraud  
False Representation: Suspected fraud in relation to misrepresentation of claiming hours under part-time lecturing contract. Investigation completed with the conclusion of no actual fraud or intention for material gain. Investigation found that some actions taken were outside of the College's normal processes and procedures and constituted a clear misrepresentation of the facts.
- False Representation: Suspected fraud in relation to the recording of review meetings and suspected false recording of service guarantee hours on the Steps to Success scheme. Investigation completed with matter referred to College disciplinary procedure.

The College participates in the National Fraud Initiative (NFI) by investigating matches in relation to payroll, pensions, and trade creditors.

### Whistleblowing

The College has a detailed Whistleblowing Policy which is reviewed annually. The Policy provides individuals with a process to facilitate the reporting of concerns and suspected wrongdoing within the College and highlights the protection afforded to those who disclose concerns under the Public Interest Disclosure (NI) Order 1998.

The Whistleblowing Policy is included as mandatory training for all staff.

During 2017/18 the College had no incidents reported under the Whistleblowing Policy.

### Education and Training Inspectorate (ETI)

The Education and Training Inspectorate carried out one evaluation in SERC in December 2017, a TFS Evaluation of the Training for Success programme.

The published evaluation report of the TFS provision identified eight areas of strength over the areas of learning experience, teaching and learning and leadership and management.

### Quality Assurance Agency (QAA)

The Quality Assurance Agency completed a Quality Review Visit of higher education provision in 2018 and submitted a judgement of confidence in academic standards and the quality of the learning experience.

The QAA identified no areas for improvement or areas of specified improvement. This formed the basis of the Department of the Economy's decision to award SERC the status of 'Established Provider' for its higher education provision.

### Internal Audit

The College has an internal audit service, the work of which concentrates on areas of key activities determined by an analysis of the areas of greatest risk and in accordance with the annual internal audit plan. The internal audit plan was endorsed and approved by the Audit Committee and the Governing Body.

The internal audit service reports to the Accounting Officer and to the Audit Committee on a regular basis and have direct access to the Governing Body and to the Chairperson of the Audit Committee.

Internal audit opinions are graded as follows, in line with DAO (DoF) 07/16 Internal Audit Opinions and Prioritisation of Recommendations:

Assurance Rating	Definition
Satisfactory	Overall there is a satisfactory system of governance, risk management and control. While there may be some residual risk identified, this should not significantly impact on the achievement of system objectives.
Limited	There are significant weaknesses within the governance, risk management and control framework, which, if not addressed, could lead to the system objectives not being achieved.
Unacceptable	The system of governance, risk management and control has failed or there is a real and substantial risk that the system will fail to meet its objectives.

Recommendations are prioritised to reflect organisational priorities in order to enable management to more easily identify significant issues at an organisational level. The priority levels are defined as:

Priority	Definition
1	Failure to implement the recommendation is likely to result in a major failure of a key organisational objective, significant damage to the reputation of the organisation or the misuse of public funds.
2	Failure to implement the recommendation could result in the failure of an important organisational objective or could have some impact on a key organisational objective.
3	Failure to implement the recommendation could lead to an increased risk exposure.

The Head of Internal Audit issues an Assurance Statement to the Accounting Officer which provides an independent and objective opinion on the overall adequacy and effectiveness of the College's risk management, control and governance processes. The Assurance Statement, provided by the Head of Internal Audit, is a key element of the framework of assurance that the Accounting Officer needs to inform this Governance Statement.

On the basis of the audit work performed during the 2017/18 financial year, the Head of Internal Audit has provided a Satisfactory Overall Assurance.

A summary of the findings from the assurance reviews completed during 2017/18 is provided below:

Area reviewed	Assurance Rating
Business Continuity Planning / Disaster Recovery	Satisfactory
Health & Safety	Satisfactory
IT Security	Satisfactory
Key Financial Controls	Satisfactory
Staff Sickness & Wellbeing	Satisfactory

There were no Priority 1 issues reported in the 2017/18 Internal Audit Reviews.

There was one internal audit recommendation in progress brought forward from 2016/17, which was completed in the 2017/18 year. There are seven new recommendation (Priority 2: Two and Priority 3: Five) arising in the current year that are being carried forwarded into 2018/19.

Internal Audit arrangements were compliant with Public Sector Internal Audit Standards.

### Pay Remits

The College is required to comply each year with Department of Finance (DoF) guidance on the approval of pay remits.

The College withholds progression increments until DoF approval is received.

## Information Assurance

Effective information security is a key priority for the College and it recognises that stringent principles of information security must be applied to all information it holds.

In 2017/18 the College developed its framework of Policies and Standard Operating Procedures surrounding information assurance and records management in relation to the introduction of the Data Protection Act 2018 and the principles set out in the General Data Protection Regulation (GDPR). The Policies and Procedures provide detailed guidance on information security, roles and responsibilities, and the monitoring and reporting processes in place regarding information assurance. The framework of documents is regularly reviewed to ensure compliance with best practice.

The Information Commissioner's Office (ICO) was notified of a potential data breach on 29 June 2018. This was occasioned by unauthorised access to an employee's email account by hacking. The College was successful in identifying and isolating the breach within thirty minutes of identification.

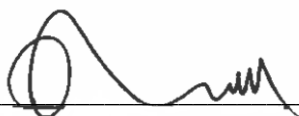
The incident is subject to review by the ICO and PSNI. At this time, there is no evidence to suggest that data contained within the hacked email account has been exported to any third parties and the College is satisfied that there was no evidence that information technology systems were compromised.

The ICO notified the College, on 31 August 2018, of their decision that no further action on behalf of ICO was necessary.

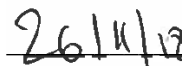
## Office for National Statistics (ONS) Reclassification of Further Education Colleges

South Eastern Regional College is a Non-Departmental Public Body (NDPB), as classified by the Office of National Statistics on 26 August 2010.

The College complies with all governance, financial, and accounting requirements of a Non-Departmental Public Body.



Accounting Officer



Date

## **SOUTH EASTERN REGIONAL COLLEGE**

### **THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY**

#### **Opinion on financial statements**

I certify that I have audited the financial statements of the South Eastern Regional College for the year ended 31 July 2018 under the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008. The financial statements comprise: the Statements of Comprehensive Income, Balance Sheet, Cash Flow Statement, Statement of Changes in Reserves; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Strategic Report that is described in that report as having been audited.

In my opinion the financial statements:

- › give a true and fair view of the state of South Eastern Regional College's affairs as at 31 July 2018 and of South Eastern Regional College's net expenditure for the year then ended; and
- › have been prepared in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008 and the Department for the Economy directions issued thereunder.

#### **Opinion on regularity**

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

#### **Basis of opinions**

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of South Eastern Regional College in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2016, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

#### **Other Information**

The Governing Body and the Accounting Officer are responsible for the other information included in the annual report. The other information comprises the information included in the annual report other than the financial statements, the parts of the Strategic Report described in the report as having been audited, and my audit certificate and report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

**Opinion on other matters**

In my opinion:

- › the parts of the Strategic Report to be audited have been properly prepared in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008 and the Department for the Economy directions issued thereunder; and
- › the information given in the Strategic report and Statement of Corporate Governance and Internal Control for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Responsibilities of the Governing Body and Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer Responsibilities, the Governing Body and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

**Auditor's responsibilities for the audit of the financial statements**

My responsibility is to examine, certify and report on the financial statements in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008.

I am required to obtain evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## SOUTH EASTERN REGIONAL COLLEGE

### THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY (Cont'd)

#### Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- › adequate accounting records have not been kept; or
- › the financial statements and the parts of the Strategic Report to be audited are not in agreement with the accounting records; or
- › I have not received all of the information and explanations I require for my audit; or
- › the Statement of Corporate Governance and Internal Control does not reflect compliance with the Department of Finance's guidance.

#### Report

I have no observations to make on these financial statements.



*KJ Donnelly*

*Comptroller and Auditor General*

*Northern Ireland Audit Office*

*106 University Street*

*Belfast*

*BT71EU*

*Date 29<sup>th</sup> November 2018 .*

**SOUTH EASTERN REGIONAL COLLEGE**  
**STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE**  
**FOR THE YEAR ENDED 31 JULY 2018**

		2018	2017
	Note	£'000	£'000
<b>INCOME</b>			
Department for the Economy income	1	36,312	37,103
Education contracts	2	6,368	6,504
Tuition fees and charges	3	2,474	2,575
Other grant income	4	577	395
Other operating income	5	783	815
Investment income	6	-	6
Donations and endowments	7	-	-
<b>Total Income</b>		<b>46,514</b>	<b>47,398</b>
<b>EXPENDITURE</b>			
Staff costs	8	27,760	27,346
Other operating expenses	10	16,482	16,718
Depreciation	13	4,721	4,435
Interest and other finance costs	11	227	304
<b>Total expenditure before exceptional items</b>		<b>49,190</b>	<b>48,803</b>
<b>Deficit before exceptional items</b>		<b>(2,676)</b>	<b>(1,405)</b>
<b>EXCEPTIONAL ITEMS</b>			
Exceptional costs (staff)	8	664	127
Exceptional costs (non-staff)	10	-	-
Exceptional income (VES – Grant in Aid)		612	93
<b>Deficit before other gains/losses</b>		<b>(2,728)</b>	<b>(1,439)</b>
(Loss) / gain on investment		-	-
<b>Deficit before tax</b>		<b>(2,728)</b>	<b>(1,439)</b>
Taxation	12	-	-
<b>Deficit for the year</b>		<b>(2,728)</b>	<b>(1,439)</b>
Unrealised surplus on revaluation of land and buildings	13	12,752	8,255
Actuarial gain in respect of pension scheme	22	4,389	5,023
<b>Total comprehensive income for the year</b>		<b>14,413</b>	<b>11,839</b>
<b>Represented by:</b>			
Endowment comprehensive income for the year		-	-
Restricted comprehensive income for the year		-	-
Unrestricted comprehensive income for the year		14,413	11,839
		<b>14,413</b>	<b>11,839</b>

All amounts above relate to the continuing operations of the College.

The accompanying accounting policies and notes form an integral part of these financial statements.



**SOUTH EASTERN REGIONAL COLLEGE  
STATEMENT OF CHANGES IN RESERVES  
FOR THE YEAR ENDED 31 JULY 2018**

	Income and Expenditure Account						Total Reserves £'000
	Endowment Permanent Restricted £'000	Endowment Temporary Restricted £'000	Restricted Reserve £'000	Pension Reserve £'000	Unrestricted Reserve £'000	Revaluation Reserve £'000	
<b>Balance at 1 August 2016</b>	<b>3</b>	<b>1</b>	<b>-</b>	<b>(13,356)</b>	<b>5,125</b>	<b>57,947</b>	<b>49,720</b>
(Deficit) from income and expenditure statement	-	-	-	(1,143)	(296)	-	(1,439)
Other comprehensive (deficit)/income	-	-	-	5,023	-	8,255	13,278
Transfers between revaluation reserve and income and expenditure account	-	-	-	-	1,483	(1,483)	-
<b>Balance at 31 July 2017 and 1 August 2017</b>	<b>3</b>	<b>1</b>	<b>-</b>	<b>(9,476)</b>	<b>6,312</b>	<b>64,719</b>	<b>61,559</b>
(Deficit) from income and expenditure statement	-	-	-	(1,188)	(1,540)	-	(2,728)
Other comprehensive (deficit)/income	-	-	-	4,389	-	12,752	17,141
Transfers between revaluation reserve and income and expenditure account	-	-	-	-	1,604	(1,604)	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,201</b>	<b>64</b>	<b>11,148</b>	<b>14,413</b>
<b>Balance as at 31 July 2018</b>	<b>3</b>	<b>1</b>	<b>-</b>	<b>(6,275)</b>	<b>6,376</b>	<b>75,867</b>	<b>75,972</b>

**SOUTH EASTERN REGIONAL COLLEGE**  
**BALANCE SHEET**  
**AS AT 31 JULY 2018**

		<b>2018</b>	2017
	Note	<b>£'000</b>	£'000
<b>Non-Current Assets</b>			
Tangible fixed assets	13	<b>155,421</b>	145,525
Intangible assets	14	<b>167</b>	-
Investments	16	<b>3</b>	3
<b>Total non-current assets</b>		<b><u>155,591</u></b>	<u>145,528</u>
<b>Current assets</b>			
Trade and other receivables	17	<b>2,104</b>	3,412
Cash and cash equivalents	21	<b>6,618</b>	4,346
<b>Total current assets</b>		<b>8,722</b>	7,758
Less: Creditors - amounts falling due within one year	18	<b>(5,579)</b>	(4,205)
Less: PPP finance lease creditor - amounts falling due within one year	15	<b>(1,191)</b>	(1,132)
<b>Net current assets</b>		<b><u>1,952</u></b>	<u>2,421</u>
<b>Total assets less current liabilities</b>		<b>157,543</b>	147,949
Less: Creditors – amounts falling due after more than one year	19	<b>(41,913)</b>	(42,340)
Less: PPP finance leases – amounts falling due after more than one year	15	<b>(33,383)</b>	(34,574)
<b>Provisions (including pension liability):</b>			
Pension provisions	22	<b>(6,275)</b>	(9,476)
<b>Net assets including pension liability</b>		<b><u>75,972</u></b>	<u>61,559</u>

**SOUTH EASTERN REGIONAL COLLEGE**  
**BALANCE SHEET (continued)**  
**AS AT 31 JULY 2018**

		<b>2018</b>	2017
	Note	<b>£'000</b>	£'000
<b>Restricted Reserves</b>			
Income and expenditure account - endowment	20	<b>4</b>	4
<b>Unrestricted Reserves</b>			
Income and expenditure account – unrestricted reserve		<b>6,376</b>	6,312
Income and expenditure account – pension reserve		<b>(6,275)</b>	(9,476)
<b>Revaluation reserve</b>		<b>75,867</b>	64,719
		<hr/>	<hr/>
<b>Total reserves</b>		<b><u>75,972</u></b>	<b><u>61,559</u></b>

The financial statements on pages 52 to 82 were approved by the Governing Body of South Eastern Regional College on 26 November 2018 and were signed on its behalf on that date by:



**Mr Gareth Hetherington**  
**Chair of Governing Body (Acting)**  
**South Eastern Regional College**



**Mr Ken Webb**  
**Accounting Officer**  
**South Eastern Regional College**

**The accompanying accounting policies and notes form an integral part of these financial statements.**

**SOUTH EASTERN REGIONAL COLLEGE**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 JULY 2018**

	Note	2018 £'000	2017 £'000
<b>Cash inflow/(outflow) from operating activities</b>			
Deficit for the year		<b>(2,728)</b>	(1,439)
<b>Adjustment for non-cash items</b>			
Depreciation	13	<b>4,721</b>	4,435
Deferred capital grants released to income	1	<b>(2,242)</b>	(2,022)
Interest and investment income receivable	6/7	-	(6)
NILGOSC FRS 102 (28) Pension Adjustment	22	<b>1,188</b>	1,143
Decrease in trade and other receivables	17	<b>1,308</b>	386
Increase in creditors	18/19	<b>3,022</b>	619
Adjustment for investing or financing activities (Service Concession Interest)	10	<b>2,015</b>	2,076
<b>Net cash inflow from operating activities</b>		<b>7,284</b>	5,192
<b>Cash flows from investing activities</b>			
Investment income	6	-	6
Payments made to acquire fixed assets	13	<b>(1,865)</b>	(1,939)
<b>Cash (outflow) from investing activities</b>		<b>(1,865)</b>	(1,933)
<b>Cash flows from financing activities</b>			
Interest element of finance lease and service concession payments	10	<b>(2,015)</b>	(2,076)
Capital payment of service concession payments	15	<b>(1,132)</b>	(1,075)
<b>Cash (outflow) from financing activities</b>		<b>(3,147)</b>	(3,151)
<b>Increase in cash and cash equivalents in the years</b>		<b>2,272</b>	108
Net funds at 1 August		<b>4,346</b>	4,238
<b>Net funds at 31 July</b>		<b>6,618</b>	4,346

In this statement, figures in brackets refer to cash outflows and all other figures are cash inflows to the College.

The accompanying accounting policies and notes form an integral part of these financial statements.

**SOUTH EASTERN REGIONAL COLLEGE  
STATEMENT OF ACCOUNTING POLICIES  
FOR THE YEAR ENDED 31 JULY 2018**

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**Statement of Accounting Policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

**Basis of Preparation**

These financial statements have been prepared on the going concern basis in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standard (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit entity requirements of FRS 102.

The financial statements are prepared in accordance with the historical cost convention except that certain freehold properties are shown at their revalued amounts.

They also conform to the Accounts Direction issued by the Department for the Economy (DfE).

**Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets and in accordance with applicable United Kingdom accounting standards.

**Going concern**

The activities of the College, together with factors likely to affect its future development and performance are set out in the Strategic Report. The financial position of the College, its cashflow, liquidity and borrowings are described in the financial statements and accompanying notes.

The College is satisfied that the organisation is a going concern on the basis that there is no reason to believe that the department's future sponsorship and future Assembly approval will not be forthcoming to meet the College's liabilities as they fall due. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

**Government Grants (Accruals Model)**

The recurrent grant and other revenue grants received from Department for the Economy and other government bodies are recognised in income over the periods in which the College recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

The Public Private Partnership (PPP) grant from DfE represents their contribution to the total unitary charge payments made under the PPP contracts and is credited directly to the income and expenditure account.

**Tuition Fees**

Income from tuition fees is recognised in the period for which it is received and includes all fees payable by students or their sponsors.

**Non-Government Grants**

Income from non-government grants, controls and other services rendered is included to the extent that the conditions of the funding have been met, or the extent of the completion of the contract or service concerned.

**SOUTH EASTERN REGIONAL COLLEGE  
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)  
FOR THE YEAR ENDED 31 JULY 2018**

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**Interest**

All income from short-term deposits is credited to the income and expenditure account in the year in which it is earned.

**Capital Grants (Non Land Grants) (Accruals Model)**

Non-recurrent grants from DfE and other government bodies received in respect of the acquisition of fixed assets are recognised in income over the expected useful life of the asset.

**Other Capital Grants**

Other capital grants are recognised on income when the College is entitled to the funds subject to any performance related conditions being met.

**Capital Grants (Land Grants)**

Capital government grants for land are accounted for in accordance with the performance model.

**Donations and Endowments**

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the College is entitled to the income. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at the point the income is released to general reserves through a reserve transfer.

Donations within no restrictions are recognised in income when the College is entitled to the funds.

**Pension Scheme**

The two principal pension schemes for the College's staff are the Northern Ireland Teacher's Pension Scheme (NITPS) and the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) defined benefit schemes, which are externally funded and contracted out of the State Earnings Related Pension Scheme.

The NITPS is an unfunded contributory, voluntary membership scheme administered by the Department of Education. The current regulations under which the scheme operates are the *Teachers' Superannuation Regulations (NI) 1998 (as amended)*. The NITPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The NITPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

NILGOSC is a defined benefit scheme which is externally funded and contracted out of the second state Pension Scheme. The Funds are valued every three years by actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. Pension costs are assessed on the basis of the latest actuarial valuations of the schemes and are accounted for on the basis of charging the cost of providing pensions over the period during which the College benefits from the employees' services. Variations from regular cost are spread over the expected average remaining working lifetime of members of the schemes after making allowances for future withdrawals.

**SOUTH EASTERN REGIONAL COLLEGE  
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)  
FOR THE YEAR ENDED 31 JULY 2018**

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The difference between the fair value of the assets held in the College's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the College's balance sheet as a pension scheme asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the College is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

Changes in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by the College are charged to the Statement of Comprehensive Income.

### **Tangible Fixed Assets**

#### **› Land and buildings**

Land and buildings (including those inherited from the Education and Library Board) are stated in the balance sheet at valuation on the basis of depreciated replacement cost, including irrecoverable VAT, as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis. Land and buildings acquired since the last valuation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College as advised by the LPS. The depreciation charge on buildings is based on the opening value as valued by LPS. Where land and buildings are acquired with the aid of specific grants, these are accounted for in accordance with the revenue recognition policies above.

#### **› Assets other than land and buildings**

Assets other than land and buildings costing less than £3,000 per individual item are written off to the income and expenditure account in the period of acquisition. Assets other than land and buildings inherited from the Education & Library Board are included in the balance sheet at valuation. All other assets are capitalised at cost.

These assets are depreciated over their useful economic lives as follows:

<b>Fixed Asset</b>	<b>Depreciation</b>
Computers	33 1/3% per annum on a straight line basis
Fixtures and fittings	15% per annum on a straight line basis
Motor vehicles	25% per annum on a straight line basis
Plant and equipment	20% per annum on a straight line basis

#### **› Assets under construction**

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July 2018. They are not depreciated until they are brought into use.

#### **› Jointly Controlled Assets (Northern Ireland FE Sector)**

Colleges recognise their individual share of assets that are jointly owned and controlled amongst the Northern Ireland Further Education sector. The assets are classified according to their nature.

#### **Public Private Partnerships**

Where it is concluded that the College has an asset of the property and therefore a liability to pay for it, these are recorded on the balance sheet. The initial amount recorded for each is the fair value of the property or if lower the present value of the minimum lease payments determined at the inception of the lease. Subsequently, the asset is depreciated over its useful economic life.

**SOUTH EASTERN REGIONAL COLLEGE  
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)  
FOR THE YEAR ENDED 31 JULY 2018**

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Payments are allocated between service costs, finance charges and financial liability repayments to reduce the financial liability to nil over the life of the arrangement.

The College recognises the property when it comes into use, unless it bears significant construction risk, in this case the property is recognised as it is constructed.

### **Leased Assets**

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright and are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

### **Intangible Assets**

Intangible assets, greater than £3,000 per individual item, are capitalised in the accounts. Software integral to an item of hardware is dealt with as tangible assets.

### **Investments**

Fixed asset investments are measured at their fair value with changes in fair value recognised in the statement of income and expenditure.

### **Foreign Currency Translation**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

### **Taxation**

As an exempt charity the College benefits by being broadly exempt from corporation tax on income it receives from tuition fees, interest and rents.

The College is exempted from levying VAT on most of the services it provides to students. For this reason, the College is partially exempt in respect of VAT, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

### **Liquid Resources**

Liquid resources include sums on short-term deposits with recognised banks and building societies.

### **Provisions**

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event. It is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.



**SOUTH EASTERN REGIONAL COLLEGE  
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)  
FOR THE YEAR ENDED 31 JULY 2018**

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**Agency Arrangements**

The College acts as an agent in the collection and payment of Hardship Funds and the Care to Learn Scheme.

Hardship Fund payments and Care to Learn received from DfE and subsequent disbursements to students and child minding facilities are excluded from the Income and Expenditure account and are shown separately in Note 28.

**SOUTH EASTERN REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2018**

**1. DEPARTMENT FOR THE ECONOMY INCOME**

	<b>2018</b>	2017
	<b>£'000</b>	£'000
<b>Grant in Aid Received from DfE</b>		
Recurrent grant	<b>27,559</b>	25,478
Release of deferred capital grants	<b>2,242</b>	2,022
Public Private Partnership (PPP)	<b>4,006</b>	5,976
Additional Support Funds (ASF)	<b>373</b>	346
Employer Support Program / InnovateUs	<b>302</b>	450
Essential Skills in Schools	<b>8</b>	16
Students with Learning Difficulties and/or Disabilities (SLDD)	<b>144</b>	186
Skills Focus	<b>476</b>	484
Other	<b>96</b>	484
<b>Grant in Aid Received from DfE</b>	<b>35,206</b>	35,442

As of 1 April 2018 (due to the implementation of a new DfE Colleges' funding model), the recurrent grant amount includes items of Grant in Aid Income that would have previously been received by the College as a separate income stream from the DfE. The separate income streams were Public Private Partnership (PPP), Additional Support Fund (ASF), Employer Support Programme/InnovateUS, Skills Focus, and Students with Learning Difficulties and or Disabilities (SLDD).

As a result of the new funding model, these lines are no longer being received as separate income streams from the DfE as of 1 April 2018. Such income streams were received by the College separately from the DfE for 8 months of the Financial Year and shown as separate line items for this period. From 1 April 2018 they are subsequently included within the recurrent grant for the remainder of the year.

**Non-Grant in Aid Received from DfE**

Educational Maintenance Allowance Administration	<b>21</b>	24
Youth Training	<b>528</b>	1,090
Higher Level Apprenticeships	<b>348</b>	518
Level 3 Apprenticeships	<b>49</b>	29
Entry to Management	<b>66</b>	-
Other	<b>94</b>	-
<b>Non-Grant in Aid Received from DfE</b>	<b>1,106</b>	1,661
<b>Total DfE Income</b>	<b>36,312</b>	37,103

**2. EDUCATION CONTRACTS**

	<b>2018</b>	2017
	<b>£'000</b>	£'000
Entitlement Framework	<b>788</b>	818
Training for Success	<b>5,316</b>	5,326
Steps to Work	<b>-</b>	4
Steps to Success	<b>229</b>	314
Into Work Training	<b>35</b>	42
	<b>6,368</b>	6,504

**SOUTH EASTERN REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 JULY 2018**

**3. TUITION FEES AND CHARGES**

	<b>2018</b>	2017
	<b>£'000</b>	£'000
Higher Education (HE) income	<b>1,922</b>	2,085
Home and other European Union	<b>546</b>	468
Non-European Union	<b>6</b>	22
	<b><u>2,474</u></b>	<u>2,575</u>

**Tuition fees funded by bursaries**

Included within the above amounts are tuition fees funded by bursaries of £37k (2017: £41k)

**4. OTHER GRANT INCOME**

	<b>2018</b>	2017
	<b>£'000</b>	£'000
European funds	<b>328</b>	169
Other funds	<b>249</b>	226
	<b><u>577</u></b>	<u>395</u>

**5. OTHER OPERATING INCOME**

	<b>2018</b>	2017
	<b>£'000</b>	£'000
Catering and residence operations	<b>205</b>	237
Other income generating activities	<b>494</b>	428
Other income	<b>84</b>	150
	<b><u>783</u></b>	<u>815</u>

**6. INVESTMENT INCOME**

	<b>2018</b>	2017
	<b>£'000</b>	£'000
Other interest receivable	<b>-</b>	6
	<b><u>-</u></b>	<u>6</u>

**7. DONATIONS AND ENDOWMENTS**

	<b>2018</b>	2017
	<b>£'000</b>	£'000
New endowments	<b>-</b>	-
	<b><u>-</u></b>	<u>-</u>

**SOUTH EASTERN REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 JULY 2018**

**8. STAFF COSTS**

The average number of persons (including senior post-holders) employed by the College (or in the case of Governors those appointed to the College) during the year, expressed as full-time equivalents (except Governing body where it is expressed as number of persons who served during the year) was:

	<b>2018</b>	2017
	<b>Number</b>	Number
Governing Body	<b>18</b>	18
Teaching	<b>359</b>	345
Support	<b>138</b>	131
Administration	<b>130</b>	136
Premises	<b>13</b>	13
<b>Total</b>	<b>658</b>	643

	<b>2018</b>	2017
	<b>£'000</b>	£'000
<b>Staff costs for the above persons</b>		
Governing Body	<b>55</b>	63
Teaching	<b>15,399</b>	15,711
Support	<b>5,794</b>	5,547
Administration	<b>5,014</b>	4,649
Premises	<b>428</b>	428
Pension Cost	<b>1,070</b>	948
	<b>27,760</b>	27,346
Exceptional staff costs – Voluntary Exit Scheme	<b>647</b>	112
Exceptional staff costs - Redundancy	<b>17</b>	15
<b>Total</b>	<b>28,424</b>	27,473

Wages and salaries	<b>21,032</b>	20,499
Social Security costs	<b>2,020</b>	2,011
Apprenticeship Levy	<b>90</b>	31
Other pension costs (including Pension adjustments of £1,070k (2017: £948k))	<b>4,618</b>	4,805
	<b>27,760</b>	27,346
Exceptional staff costs – Voluntary Exit Scheme	<b>647</b>	112
Exceptional staff costs - Redundancy	<b>17</b>	15
<b>Total</b>	<b>28,424</b>	27,473

**SOUTH EASTERN REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 JULY 2018**

The number of senior post-holders and other staff who received emoluments, including pension contributions and benefits in kind but excluding redundancy and Voluntary Exit Scheme payments, in the following ranges was:

	<b>Senior Post Holders</b>		<b>Other Staff</b>	
	<b>2018</b>	2017	<b>2018</b>	2017
	<b>Number</b>	Number	<b>Number</b>	Number
£60,001 to £70,000	-	-	<b>13</b>	8
£70,001 to £80,000	-	-	<b>9</b>	9
£80,001 to £90,000	-	-	<b>3</b>	3
£90,001 to £100,000	<b>1</b>	-	-	-
£100,001 to £110,000	-	-	-	-
£110,001 to £120,000	<b>1</b>	1	-	-
£120,001 to £130,000	-	-	-	-
£130,001 to £140,000	<b>1</b>	1	-	-
	<b>3</b>	2	<b>25</b>	20

**9. KEY MANAGEMENT PERSONNEL**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Governing Body and the Principal/Director/Chief Executive and Directors:

	<b>2018</b>	2017
	<b>Number</b>	Number
The number of senior post-holders including the Chief Executive/Principal was:	<b>3</b>	3
Governors	<b>18</b>	18

Senior post-holders' emoluments are made up as follows:

	<b>2018</b>	2017
	<b>£'000</b>	£'000
Governing Body Remuneration	<b>55</b>	63
Salaries	<b>279</b>	245
Benefits in kind	-	-
Pension contributions	<b>49</b>	43
<b>Total emoluments</b>	<b>383</b>	351

**SOUTH EASTERN REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 JULY 2018**

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The above emoluments include amounts payable to the Chief Executive/Principal (who is also the highest paid senior post-holder) of:

	<b>2018</b>	2017
	<b>£'000</b>	£'000
Salaries	<b>110</b>	110
Benefits in kind	<u>-</u>	<u>-</u>
	<b>110</b>	110
Pension contributions	<u>19</u>	<u>19</u>
<b>Total</b>	<b><u>129</u></b>	<b><u>129</u></b>

The pension contributions in respect of the Chief Executive/Principal and senior post-holders are in respect of employer's contributions to the Teachers' Pension Scheme and are paid at the same rate as for other employees.

**SOUTH EASTERN REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 JULY 2018**

**10. OTHER OPERATING EXPENSES**

	<b>2018</b>	2017
	<b>£'000</b>	£'000
Direct teaching	<b>585</b>	549
Direct support	<b>3,809</b>	3,786
Administration	<b>1,706</b>	1,676
Consultancy Fees	-	-
Premises	<b>2,853</b>	3,254
Unitary payments – PPP operating cost	<b>5,514</b>	5,377
Unitary payments – PPP finance lease interest	<b>2,015</b>	2,076
<b>Total</b>	<b>16,482</b>	16,718

**Other operating expenses include:**

	<b>2018</b>	2017
	<b>£'000</b>	£'000
Auditors' remuneration:		
Financial statements audit	<b>23</b>	20
Internal audit	<b>14</b>	17
Other services provided by the financial statements auditors	-	1
Other services provided by the internal auditors	-	-
Hire of other assets – operating leases	<b>19</b>	19
Hire of other assets – premises	<b>50</b>	16

**11. INTEREST AND OTHER FINANCE COSTS**

	<b>2018</b>	2017
	<b>£'000</b>	£'000
Net charge on pension scheme	<b>227</b>	304

**12. TAXATION**

The members do not believe the College was liable for any corporation tax arising out of its activities during the year.

**SOUTH EASTERN REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 JULY 2018**

**13. TANGIBLE FIXED ASSETS**

	Freehold land	Buildings	PFI	Plant and equipment	Computers	Fixtures and fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>								
At 1 August 2017	6,631	47,392	87,629	4,442	1,343	2,542	374	150,353
Additions	-	206	190	800	310	353	6	1,865
Disposals	-	-	-	-	-	-	-	-
Revaluation	332	4,473	8,273	-	-	-	-	13,078
<b>At 31 July 2018</b>	<b>6,963</b>	<b>52,071</b>	<b>96,092</b>	<b>5,242</b>	<b>1,653</b>	<b>2,895</b>	<b>380</b>	<b>165,296</b>
<b>Accumulated Depreciation</b>								
At 1 August 2017	-	-	-	2,603	1,073	905	247	4,828
Charge for the year	-	1,401	2,056	666	186	364	48	4,721
Disposals	-	-	-	-	-	-	-	-
Revaluation	-	132	194	-	-	-	-	326
<b>At 31 July 2018</b>	<b>-</b>	<b>1,533</b>	<b>2,250</b>	<b>3,269</b>	<b>1,259</b>	<b>1,269</b>	<b>295</b>	<b>9,875</b>
<b>Net book value at 31 July 2018</b>	<b>6,963</b>	<b>50,538</b>	<b>93,842</b>	<b>1,973</b>	<b>394</b>	<b>1,626</b>	<b>85</b>	<b>155,421</b>
Net book value at 31 July 2017	6,631	47,392	87,629	1,839	270	1,637	127	145,525



**SOUTH EASTERN REGIONAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2018**

**Surplus on Revaluation**

Land and buildings were last subject to a full revaluation at 31 July 2017 on a depreciated replacement cost basis. The valuations were performed independently by the Land and Property Services in accordance with Department specifications. Subsequently that revaluation has been updated using indices supplied by Land and Property Service to provide valuations as at 31 July 2018. These revaluations have been incorporated into the financial statements and the resulting revaluation adjustments have been taken to the revaluation reserve.

**Jointly Controlled Asset**

The net book value of computers includes £2k of computer hardware that is a jointly owned and controlled asset amongst the six college of the Northern Ireland Further Education Sector. The hardware is used to support the sector's Management Information Systems and Information Technology services and is operated centrally on behalf of the sector.

**Depreciation Charge**

The depreciation shown in the Income & Expenditure Account is analysed below:

	<b>2018</b>	2017
	<b>£'000</b>	£'000
Charge for the year on owned assets	<b>2,665</b>	2,364
Charge for the year on PPP assets	<b>2,056</b>	2,071
	<hr/>	<hr/>
Charge in the Income & Expenditure Account	<b>4,721</b>	4,435
	<hr/>	<hr/>

**14. INTANGIBLE ASSETS**

	<b>Asset Under Construction</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>
<b>Cost or valuation</b>		
At 1 August 2017	-	-
Additions	167	167
Disposals	-	-
<b>At 31 July 2018</b>	<b>167</b>	<b>167</b>
	<hr/>	<hr/>
<b>Amortisation</b>		
At 1 August 2017	-	-
Charge for the year	-	-
Disposals	-	-
<b>At 31 July 2018</b>	<b>-</b>	<b>-</b>
	<hr/>	<hr/>
<b>Net book value at 31 July 2018</b>	<b>167</b>	<b>167</b>
	<hr/>	<hr/>
Net book value as at 31 July 2017	-	-
	<hr/>	<hr/>

The net book value of the intangible asset under construction is a jointly owned and controlled asset amongst the six colleges of the Northern Ireland Further Education Sector. The asset under construction is a Learner Management System that will be operated centrally for the sector. The intangible asset is funded in full through a capital grant from the Department for the Economy. The total commitment for the sector of this asset under construction is £2,263k.

## 15. SERVICE CONCESSION ARRANGEMENTS

The College has two on balance sheet arrangements where service delivery has commenced.

### Movement in service concession arrangement assets

The asset value of the service concession included in the balance sheet as at 31 July 2018 is £93,842k (2017: £87,629k). The increase of £6,213k is the net of additions, depreciation and revaluation.

### Movement in service concession liabilities

The total liabilities relating to the service concession included in the balance sheet as at 31 July 2018 was £34,574k (2017: £35,706k). The sum of £1,132k was repaid during the year.

### Future Commitments

The following table analyses the College's future commitments in relation to service concession arrangements:

	<b>Payable in 1 year £'000</b>	<b>Payable 2–5 years £'000</b>	<b>Payable 6–10 years £'000</b>	<b>Total £'000</b>
Liability repayments	1,191	5,429	8,578	<b>15,198</b>
Finance charge	1,951	7,099	6,976	<b>16,026</b>
Service charge (excluding inflationary increases)	5,612	22,491	28,218	<b>56,321</b>
	<b>8,754</b>	<b>35,019</b>	<b>43,772</b>	<b>87,545</b>

## 16. INVESTMENTS

	<b>Other fixed asset investments £'000</b>	<b>Total £'000</b>
At 1 August 2017	3	3
Additions	-	-
Disposals	-	-
Impairment	-	-
<b>At 31 July 2018</b>	<b>3</b>	<b>3</b>

**SOUTH EASTERN REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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**17. TRADE AND OTHER RECEIVABLES**

	<b>2018</b>	2017
	<b>£'000</b>	£'000
Amounts falling due within one year:		
Trade receivables	<b>890</b>	1,148
Other receivables (VES)	-	8
Prepayments and accrued income	<b>1,214</b>	2,256
<b>Total receivables</b>	<b><u>2,104</u></b>	<u>3,412</u>

**18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2018</b>	2017
	<b>£'000</b>	£'000
Payments received in advance	<b>281</b>	230
Trade payables	<b>1,245</b>	314
Taxation and social security	<b>589</b>	25
Accruals and deferred income	<b>3,382</b>	3,636
Other payables	<b>82</b>	-
<b>Total creditors falling due within one year</b>	<b><u>5,579</u></b>	<u>4,205</u>

**Deferred Income**

Included within accruals and deferred income are the following items of income which have been deferred until specific performance related conditions have been met:

	<b>2018</b>	2017
	<b>£'000</b>	£'000
Grant income	<b>2,341</b>	2,124
Total	<b><u>2,341</u></b>	<u>2,124</u>

**SOUTH EASTERN REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 JULY 2018**

**19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2018</b>	2017
	<b>£'000</b>	£'000
Deferred income	<b>41,913</b>	42,340
<b>Total creditors falling due after more than one year</b>	<b>41,913</b>	42,340

**20. ENDOWMENT RESERVES**

	<b>Restricted permanent</b>	<b>Unrestricted permanent</b>	<b>Expendable endowments</b>	<b>2018 Total</b>	2017 Total
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	£'000
At 1 August					
Capital	3	-	-	<b>3</b>	3
Accumulated Income	1	-	-	<b>1</b>	1
	<b>4</b>	-	-	<b>4</b>	4
New endowments					-
Income for year	-	-	-	-	-
Expenditure for year	-	-	-	-	-
(Decrease)/Increase in market value of investments	-	-	-	-	-
As at 31 July	<b>4</b>	-	-	<b>4</b>	4

**21. CASH AND CASH EQUIVALENTS**

	At 1 Aug 2017	Cash flows	At 31 July 2018
	£'000	£'000	£'000
Cash and Cash Equivalents	<u>4,346</u>	<u>2,272</u>	<u>6,618</u>

## 22. PENSION PROVISIONS

The College's employees belong to two principal pension schemes: the Northern Ireland Teachers' Pension Scheme (NITPS) for academic and related staff; and the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) for non-teaching staff. Both are defined-benefit schemes.

### Total pension cost for the year

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
NITPS: contributions paid	<b>2,245</b>	<b>2,295</b>
NILGOSC: contributions paid	1,531	1,421
NILGOSC: FRS 102 (28) adjustments	1,188	1,143
NILGOSC: charge to the Statement of Comprehensive Income (Staff Costs / Interest Paid)	<b>2,719</b>	<b>2,564</b>
Enhanced pension charge to the Statement of Comprehensive Income (staff costs)	<b>0</b>	<b>0</b>
<b>Total pension cost for the year</b>	<b>4,964</b>	<b>4,859</b>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the NITPS was 31 March 2012 and NILGOSC was 31 March 2013.

### NITPS

The NITPS is an unfunded contributory, voluntary membership scheme administered by the Department of Education.

Until 1 April 2015 the scheme operated under the Teachers' Superannuation Regulations (NI) 1998 (as amended). Further information about the scheme is given in the explanatory booklet dated November 2007, and on the Department of Education's website at [www.deni.gov.uk](http://www.deni.gov.uk).

The Public Service Pensions Act (Northern Ireland) 2014 provides for the closure of existing public sector pension schemes (including the NITPS) from 31 March 2015 and the establishment of new schemes based on a career average re-valued earnings model with normal pension age equal to state pension age introduced from 1 April 2015.

The Government Actuary's Department values the scheme every 4 years with an interim valuation in the intervening 2-year period using the projected accrued benefit method.

The employer contribution rate is 17.7%.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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The salary bands applicable to member contributions for the NITPS from 1 April 2017 are:

Salary	Contribution Rate
Up to £26,259	7.4%
£26,260 to £35,349	8.6%
£35,350 to £41,914	9.6%
£41,915 to £55,549	10.2%
£55,550 to £75,749	11.3%
£75,750 and above	11.7%

From 1 April 2018 the bands changed to the following:

Salary	Contribution Rate
Up to £27,047.99	7.4%
£27,048 to £36,410.99	8.6%
£36,411 to £43,171.99	9.6%
£43,172 to £57,216.99	10.2%
£57,217 to £78,022.99	11.3%
£78,023 and above	11.7%

The NITPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme, and therefore, as required by FRS 102 (28), accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income represents the contributions payable to the scheme in respect of the accounting year. The College has set out above the information available on the scheme and the implications for the College in terms of the anticipated contribution rates.

### **NILGOSC**

NILGOSC is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme Regulations (Northern Ireland) 2002, as amended. It is contracted out of the state pension scheme.

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 July 2014 by a qualified independent actuary.

### **Principal actuarial assumptions**

Principal actuarial assumptions at the balance sheet date are as follows:

	<b>2018</b>	2017
Discount Rate	<b>2.8%</b>	2.6%
RPI Inflation	<b>3.2%</b>	3.1%
CPI Inflation	<b>2.1%</b>	2.0%
Pension Increases	<b>2.1%</b>	2.0%
Pension Accounts Revaluation Rate	<b>2.1%</b>	2.0%
Salary Increases	<b>3.6%</b>	3.5%

**SOUTH EASTERN REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 JULY 2018**

The mortality assumptions are based on the recent actual mortality experience of members within the Fund and allow for expected future mortality improvements. Sample life expectancies at age 65 resulting from these mortality assumptions are as follows:

	<b>2018</b>	2017
<u>Males</u>		
Member aged 65 at 31 July 2018	<b>23.3</b>	23.2
Member aged 45 at 31 July 2018	<b>25.5</b>	25.4
<u>Females</u>		
Member aged 65 at 31 July 2018	<b>25.9</b>	25.8
Member aged 45 at 31 July 2018	<b>28.2</b>	28.1

The College's share of the assets and liabilities in the scheme and the expected rates of return were:

	<b>Value at 31 July 2018</b>	Value at 31 July 2017
	<b>£'000</b>	£'000
Equities	<b>28,289</b>	30,272
Bonds	<b>10,602</b>	4,528
Property	<b>4,723</b>	4,039
Cash	<b>1,852</b>	1,550
Other	<b>833</b>	408
	<hr/>	<hr/>
<b>Fair value of assets</b>	<b>46,299</b>	40,797
Present value of liabilities	<b>(52,574)</b>	(50,273)
	<hr/>	<hr/>
<b>Deficit in the scheme</b>	<b>(6,275)</b>	(9,476)

**SOUTH EASTERN REGIONAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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<b>Amounts recognised in the balance sheet:</b>	<b>2018</b>	2017
	<b>£'000</b>	£'000
Present value of funded liabilities	<b>(52,547)</b>	(50,245)
Fair value of employer assets	<b>46,299</b>	40,797
	<b>(6,248)</b>	(9,448)
Present value of unfunded liabilities	<b>(27)</b>	(28)
<b>Net liability</b>	<b>(6,275)</b>	(9,476)
<b>Amounts recognised in the Statement of Comprehensive Income in respect of the plan are as follows</b>		
	<b>2018</b>	2017
	<b>£'000</b>	£'000
<b>Amounts included in staff costs:</b>		
Employer service cost (net of employer contributions)	<b>841</b>	780
Curtailment Cost	<b>120</b>	59
<b>Total</b>	<b>961</b>	839
Net Interest Cost	<b>227</b>	304
<b>Net charge to Statement of Comprehensive Income</b>	<b>1,188</b>	1,143
<b>Analysis of Other Comprehensive Income for Pensions</b>		
Asset gains arising during the year	<b>3,449</b>	3,130
Liability gains/(losses) arising during the year	<b>940</b>	1,893
<b>Total amount recognised in other comprehensive income</b>	<b>4,389</b>	5,023
<b>Movement in deficit during the year</b>		
	<b>2018</b>	2017
	<b>£'000</b>	£'000
As at 1 August as stated	<b>(9,476)</b>	(13,356)
Employer Service Cost	<b>(2,372)</b>	(2,201)
Employer contributions	<b>1,529</b>	1,419
Curtailment cost	<b>(120)</b>	(59)
Contributions in respect of unfunded benefits	<b>2</b>	2
Losses on curtailments and settlements	<b>-</b>	-
Net Interest Cost	<b>(227)</b>	(304)
Actuarial Gains/(Losses) on liabilities	<b>940</b>	1,893
Remeasurement Gains on assets	<b>3,449</b>	3,130
<b>Deficit in scheme at 31 July</b>	<b>(6,275)</b>	(9,476)



**SOUTH EASTERN REGIONAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2018**

**Reconciliation of Defined Benefit Obligation**

	<b>2018</b>	2017
	<b>£'000</b>	£'000
<b>Liabilities at 1 August</b>	<b>50,273</b>	49,298
Current service cost	<b>2,372</b>	2,201
Interest cost	<b>1,301</b>	1,177
Employee contributions	<b>456</b>	420
Actuarial (gains)/ losses	<b>(940)</b>	(1,893)
Curtailement cost	<b>120</b>	59
Unfunded Net benefits paid	<b>(2)</b>	(2)
Net benefits paid	<b>(1,006)</b>	(987)
Losses on curtailments and settlements	<b>-</b>	-
<b>Liabilities at 31 July</b>	<b>52,574</b>	50,273

**Reconciliation of Fair Value of Employer Assets**

	<b>2018</b>	2017
	<b>£'000</b>	£'000
<b>Assets at 1 August</b>	<b>40,797</b>	35,942
Interest income on assets	<b>1,074</b>	873
Remeasurement gains on assets	<b>3,449</b>	3,130
Employer contributions	<b>1,529</b>	1,419
Employer contributions in respect of unfunded benefits	<b>2</b>	2
Employee contributions	<b>456</b>	420
Unfunded benefits paid	<b>(2)</b>	(2)
Net benefits paid	<b>(1,006)</b>	(987)
<b>Assets at 31 July</b>	<b>46,299</b>	40,797

The estimated value of employer contributions for the year ended 31 July 2019 is £1,530k

**History of actuarial gains/(losses) recognised in OCI**

	<b>2018</b>	2017	2016	2015	2014
	<b>£'000</b>	£'000	£'000	£'000	£'000
Total Actuarial gains/(losses) recognised in OCI	<b>4,389</b>	5,023	(6,195)	3,761	(7,274)
Present value of liabilities	<b>52,574</b>	50,273	49,298	37,077	35,497

### 23. EVENTS AFTER THE END OF THE REPORTING DATE

The Chair of the Governing Body, Mr Deep Sagar, resigned from the Governing Body on 17 August 2018 with immediate effect.

### 24. FINANCIAL COMMITMENTS

At 31 July the College had annual commitments under non-cancellable operating leases as follows:

	<b>2018</b>	2017
	<b>£'000</b>	£'000
<b>Land and buildings</b>		
Expiring within one year	<b>40</b>	13
Expiring within two and five years inclusive	<b>12</b>	18
Expiring in over five years	<u>-</u>	<u>-</u>
	<b>52</b>	31
<b>Plant and Equipment</b>		
Expiring within one year	<b>5</b>	16
Expiring within two and five years inclusive	<b>-</b>	5
Expiring in over five year	<u>-</u>	<u>-</u>
	<b>5</b>	21
<b>Total</b>	<b><u>57</u></b>	<b><u>52</u></b>

### 25. CONTINGENT LIABILITY

The College has a possible obligation in relation to outstanding pay revalorisation (cost of living increases) for those staff who are contracted under the "Contract for Lecturers" and Other Senior Staff.

The possible obligation relates to the periods 2015/16, 2016/17 and 2017/18, with the main issue of uncertainty being affordability.

It is not possible to make a reliable estimate of the financial effect of the possible obligation as at 31 July 2018.

**SOUTH EASTERN REGIONAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2018**

**26. RELATED PARTY TRANSACTIONS AND TRANSACTIONS INVOLVING GOVERNING BODY MEMBERS AND SENIOR MANAGEMENT**

Owing to the nature of the College's operations and the composition of the Governing Body being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Governing Body may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

**Transactions where goods or services are provided to the College by the related organisation:**

<b>Related Organisation</b>	<b>Governor (G) / Director (D)</b>	<b>Position in Related Organisation</b>	<b>2018 Trans Paid £'000</b>	<b>2017 Trans Paid £'000</b>	<b>Outstanding at 31 July 2018 £'000</b>	<b>Outstanding at 31 July 2017 £'000</b>
University of Ulster	Gareth Hetherington (G)	Associate Director				
	Steve Pollard (G)	Lecturer	<b>28</b>	21	-	-
	Alan Woodside (G)	Emeritus Professor				
Colleges NI	Ken Webb (D)	Chair of Finance & Audit Committee	<b>88</b>	67	-	86
Department of Justice	John Mackell (G)	Chairman of Legal Aid Panel	-	-	-	-
BT	Christine Goodwin (G)	Senior Business Insight Manager	<b>535</b>	112	<b>96</b>	21
Construction Industry Training Board	Michael Malone (D)	Standards Committee Member	<b>23</b>	4	-	-
Engineering Training Council	Michael Malone (D)	Director	-	8	-	-
Queens University Belfast	Karen Fraser (G)	Educational Developer	<b>9</b>	19	-	-
Chartered Management Institute	Ken Webb (D)	Board Member	<b>22</b>	15	<b>1</b>	-
Southern Regional College	Barbara Larkin (G)	Part Time Lecturer	<b>10</b>	-	-	-

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**Transactions where goods or services are provided by the College to the related organisation:**

Related Organisation	Governor (G) / Director (D)	Position in Related Organisation	2018 Trans Paid £'000	2017 Trans Paid £'000	Outstanding at 31 July 2018 £'000	Outstanding at 31 July 2017 £'000
Department for Social Development	Deep Sagar (G)	Independent Board Member	-	-	-	-
Colleges NI	Ken Webb (D)	Chair of Finance & Audit Committee	62	11	-	32
Education Authority	Kim Scott (G)	Assistant Director	11	9	2	-
	Neil Bodger (G)	Appeals Tribunal Member				
University of Ulster	Gareth Hetherington (G)	Associate Director	202	105	-	7
	Steve Pollard (G)	Lecturer				
	Alan Woodside (G)	Emeritus Professor				
Friends School	Alan Woodside (G)	Ministerial Appointed Governor	2	16	-	-
South West College	Alan Woodside (G)	Visiting Lecturer & Industrial Advisory Board Member	-	-	1	-

The transactions with CNI mainly relate to the annual membership fee. All other transactions are related to general operations.

**27. LOSSES AND SPECIAL PAYMENTS**

	<b>2018</b> <b>£'000</b>	2017 £'000
Bad Debt Write Off less than £1k (288 cases)	<b>76</b>	35
Bad Debt Write Off greater than £1k (48 cases)	<b>79</b>	89
	<b>155</b>	124

The bad debt write off refers to outstanding tuition fees and charges that are considered uncollectable. The College held a bad debt provision to match the bad debt write off.

**SOUTH EASTERN REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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**28. AMOUNTS DISBURSED AS AGENT**

	<b>2018</b> <b>£'000</b>	2017 £'000
<b><u>Hardship Fund</u></b>		
Balance at 1 August	52	32
DfE Allocation	169	237
	<b>221</b>	269
Disbursed to students	<b>(143)</b>	(217)
Balance unspent at 31 July	<b>78</b>	52

Hardship funds are available solely for students; the College acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

	<b>2018</b> <b>£'000</b>	2017 £'000
<b><u>Care to Learn</u></b>		
DfE Allocation	17	25
Disbursements	<b>(17)</b>	(25)
Balance unspent at 31 July	<b>-</b>	-

The Care to Learn Scheme funds are available solely for the purposes of paying Childcare under the DfE Care to Learn Scheme; the College acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

**SOUTH EASTERN REGIONAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2018**

**29. ADDITIONAL DISCLOSURES TO COMPLY WITH FINANCIAL REPORTING MANUAL**

Financial Reporting Manual (FReM) requires Non-Departmental Public Bodies to regard grant-in-aid received as contributions from controlling parties giving rise to a financial interest in the residual interest of the body, and hence accounted for as financing i.e. by crediting them to the income and expenditure reserve.

	<u>Notes</u>	<b>2018</b> <b>£'000</b>	2017 £'000
<b>INCOME</b>			
Department for the Economy income (non grant in aid)	1	<b>1,106</b>	1,661
Education contracts	2	<b>6,368</b>	6,504
Tuition fees and charges	3	<b>2,474</b>	2,575
Other grant income	4	<b>577</b>	395
Other operating income	5	<b>783</b>	815
Investment income	6	-	6
Donations and endowments	7	-	-
<b>Total incoming recourses</b>		<b>11,308</b>	11,956
<b>EXPENDITURE</b>			
Staff costs	8	<b>27,974</b>	27,346
Other operating expenses	10	<b>16,482</b>	16,719
Depreciation	13	<b>4,721</b>	4,435
Interest and other finance costs	11	<b>227</b>	304
Exceptional costs (staff)	8	<b>664</b>	127
Exceptional costs (non-staff)	10	-	-
<b>Total resources expended</b>		<b>50,068</b>	48,931
<b>Net deficit for the year</b>		<b>(38,760)</b>	(36,975)
Unrealised surplus on revaluation of land and buildings	13	<b>12,752</b>	8,255
Actuarial gain in respect of pension scheme	22	<b>4,389</b>	5,023
<b>Amount transferred to reserve</b>		<b>(21,619)</b>	(23,697)
<b>Analysis of reserves prepared under FReM</b>			
<b>Balance as at 1 August</b>		<b>61,559</b>	49,720
Grant-in-aid received in year	1	<b>35,818</b>	35,536
Net operating cost for year		<b>(21,619)</b>	(23,697)
<b>Balance as at 31 July</b>		<b>75,758</b>	61,559