



SOUTH EASTERN REGIONAL COLLEGE

Governing Body – Finance and General Purposes Committee

Minutes of the meeting of the Governing Body Finance and General Purposes Committee
held on 30th January 2017 at 5.50pm p.m. in Lisburn Campus

<p>1.</p>	<p>Attendance and Apologies:</p> <p>Present: Ms C. Goodwin, Ms. K Fraser, Mr A. Corbett, Mr E. Jackson, Mrs M. Shaw, Mr K. Webb, Mr D. Sagar, Mrs B. Larkin</p> <p>In attendance: Mr T. Martin (Chief Finance Officer), Mrs Heather McKee(Director Strategic Planning and Quality Support), Mrs C. Williamson (Secretary to Governing Body)</p> <p>Apologies: Ms K Scott, Professor A. Woodside</p> <p>In the Chair: Mr E. Jackson</p> <p>The Chair welcomed members to the meeting and noted the apologies.</p>
<p>2.</p>	<p>Conflicts of Interest:</p> <p>The Chair asked if any members wished to declare an interest in respect of any item on the agenda. There were no declarations of conflicts of interest.</p>

<p>3.</p>	<p>Minutes of the meeting held on 22nd November 2016:</p> <p>The Chair asked members to review the minutes from the previous meeting on 22nd November 2016, they were accepted as a true and accurate record.</p> <p>Proposer: Christine Goodwin Seconder: Karen Fraser</p>
<p>4.</p>	<p>Matters arising:</p> <p>The Chair reviewed the action points from the previous meeting and confirmed they were complete or addressed on the agenda.</p>
<p>5.</p>	<p>Correspondence:</p> <p>There were no items taken.</p>
<p>6.</p>	<p>Chairman’s Business:</p> <p>The Chair asked the Chief Finance Officer to provide a brief verbal update on the progress made with the VAT Cost Sharing Group since the last Governing Body meeting. The CFO advised the committee that all 6 Governing Body’s had approved the proposal and discussions were now taking place with the Department of Finance to move the project forward and ensure that it is in place by May to meet the overall timetable.</p> <p>The Chair informed the committee that he was aware through this committee and others that governors would like more detail and assurance on staff costs especially in relation to the Voluntary Exit Scheme. The CFO confirmed that staff costs have risen despite VES, however he emphasized that the College is still well within its NDPB budget. The committee were asked to note that there are various reasons for the rise in staff costs such as long-term sickness; additional resource in income generating areas such as Employer Engagement; and investment in additional Quality and Staff Development “projects”. The CFO advised he would provide a</p>

	<p>summary briefing on the current staff cost forecast to all governors at the next full Governing Body meeting in order to provide assurance to the board.</p> <p>Action Point: The CFO will present a summary briefing on staff cost forecast at the next Governing Body meeting on 21st February</p>
7.	<p>To approve:</p> <p>There were no items taken.</p>
8.	<p>Items for Noting:</p> <p>a) Capital Projects and Estates</p> <p>The CFO asked the committee to note the written report provided on Estates, he provided an overview to the committee on the Executive summary of the report; in particular, he highlighted the current issues around procurement and the progress made on the utilisation-benchmarking project with DfE. A brief discussion took place and the following points were noted:</p> <ul style="list-style-type: none"> • The committee were asked to note that previously capital works were procured through a 3rd party specialist, however DfE have advised that all procurement should go straight through CPD and this has significantly slowed down the process. The CFO advised the committee that DfE are aware of this issue and he has been working to raise the profile of it, workshops have been organised by DfE to try to agree on an alternative approach. • The CFO advised the committee that a formal space utilisation data submission has been made to DfE as the first step in the now agreed utilisation benchmarking process. The process now has a 3-stage plan over the next 3 years, which is about getting agreed formula parameters to ensure that all FE Colleges are using the same data. FE Estates have visited SERC since the submission to review course codes, student numbers, common modules etc. to ensure they have a high level of quality and consistency of statistical data to work with. • The Chair enquired about the snagging problems at the SPACE Building and asked if this was not too long after completion of the project to still have these issues. The

CEO informed the committee there are six snagging problems currently and none of these affect the operation of the building. The committee were asked to note that due to illness the contractor back in their deadlines.

Action Point: The committee requested that a discussion on utilisation and the review of the current draft SERC data was on the agenda for the next meeting in April

b) Debt Report

Members noted the debt position as at 30 November 2016 (Period 4).

The CFO provided a brief overview of the Executive summary and advised the committee that the position is slightly higher in comparison to the previous year but there is nothing of concern. The CFO highlighted that some EU funded programmes have stopped and this has had an impact on the position. Projects such as ERASMUS has been flagged to DfE as a priority after Brexit as the College are quite passionate about the quality it adds to the student experience. The committee were reassured that there are appropriate steps in place to recover debt.

c) Bank Report

Members noted the bank position as at 30 November 2016 (Period 4).

d) Update on applications and enrolments

The CEO gave a verbal update to the committee on applications and enrolments; he advised that Essential Skills is currently below target. There is currently a 7-week delay between assessment and the results period, which means that students cannot move to the next level in the correct timeframe. The committee were advised that there is no financial penalty for missing targets in the area but there is a potential of clawbacks next year. The CEO also notified the committee that FE and HE Is below target and this has been reported to DfE, this will not effect in year funding.

9. Headline financial pressures: forecasts for years 2 &3

	<p>The CFO addressed the committee to present the Headline financial pressures beyond this financial year, he provided the committee with a brief overview on how forecasts and assumptions are made internally and provided to DfE, a brief discussion took place and the following points were noted:</p> <ul style="list-style-type: none"> • The committee noted the pressures, assumptions and mitigation as outlined in the written report provided. The Chair highlighted the assumption ‘Static non-staff costs to reflect absorption of inflationary pressures’ and asked the CFO to elaborate. The CFO explained that in a static funding environment with inescapable rises in staff costs (due to pay awards etc), the College had little choice but to absorb inflationary costs in non-staff items annually in order to deliver efficiencies. He informed the committee that the value of the FLU was discussed at a recent NIFON meeting, as it had not changed since 2008. This discussion estimated that Colleges have absorbed up to 31% of inflationary costs in the period 2008 - 2017. • The Chair asked why redundancy was included in the forecast if the VES scheme is still in place, the CFO explained that after a 4-year period part time lecturers gain entitlement to redundancy through basic employment rights and the VES scheme is for full time staff only. • The Chair enquired why the pension interest charge is not included in years 2 and 3. The CFO advised the Chair that the College includes a generic forecast of pension liability costs until a detailed update is provided annually by the actuary at the end of each financial year. The most recent forecasts indicated a sizeable increase in the forecasted overall costs for 2016/17, but suggested that this may decrease in the following years – the longer-term forecast is therefore currently being held at c. £950k. •
<p>10.</p>	<p>Management Accounts period 4</p> <p>The Chief Finance Officer provided members with an update on the Period 4 Management Accounts. The following points were highlighted:</p>

	<ul style="list-style-type: none"> • The negative year-to-date variance is largely due to reduced income, particularly in relation to the TfS Programmes. There are two underlying reasons for this: firstly a delay in assessing, compiling and submitting claims by SERC; and secondly a move in participant numbers towards AppNI which changes the profile of when the College receives funding. • There was a general discussion concerning the Traineeship Pilots. The CFO confirmed that he expected income to be £42k behind the original budget at the end of the year. The CFO informed the committee that these pilots would not be extended. He also pointed out that not only had demand for HLA’s not materialised at the high level anticipated at one stage but that the funding was also not as high as first envisaged. Nevertheless, the original target would still likely be met. • The committee expressed concern that the demand for HLA’s did not seem to be as high as first anticipated and queried if this was an issue that DfE were aware of; the CFO confirmed that this was a sector wide issue and DfE were aware of the current problems with the pilot. The CEO advised the committee that discussions are needed between the sector and DfE to get the HLA’s into a format which is both attractive to participants and employers whilst also ensuring that it is financially deliverable. • The CFO highlighted that staff costs are higher than originally budgeted due to a variety of reasons, the first being that there is currently an unusually high long term sickness rate which in academic areas demands backfill delivery. Another is that investment has been made in additional Quality and Staff Development projects to improve the College’s offering and to target improvement in the retention of students. Finally, there had also been an increase in resourcing the College’s Employer Engagement delivery, but it was stressed that this additional cost was more than matched by the additional income expected in return.
11.	NDPB Forecasting Return

	<p>The CFO asked the committee to note the latest return was submitted on 22nd December 2016 - the 'Forecast Expenditure' schedule is attached. It covers the period April 2016 – March 2017 and reflects:</p> <ol style="list-style-type: none"> 1. Actual performance as per SERC's 2015/16 (draft) Financial Statements for the four months from April to July 2016. 2. Actual performance as per SERC's Period 4 Management Accounts for the months August to November 2016. 3. Forecast performance as per SERC's 2016/17 Budget for the period December 2016 to March 2017. <p>The return highlights a full year forecast of £39,088k for the April 2016 to March 2017 year. This forecast is only £12k over the DfE allocated budget. In terms of the primary focus, i.e. the DEL (Departmental Expenditure Limit) forecast, the College is £43k under the current target.</p>
<p>12.</p>	<p>Policies for Approval</p> <p>There were no items taken.</p>
<p>13.</p>	<p>Tender Awards</p> <p>There were no items taken.</p>
<p>14.</p>	<p>Verbal update on Collaboration Programme</p> <p>The CEO gave the committee a brief verbal update on the Collaboration Programme, the following points were noted:</p> <ul style="list-style-type: none"> • The current FLU funding model is outdated and a more fit-for-purpose model is required. David McCullough, SERC's Financial Controller is involved in developing this model, which will provide a common funding model across the FE Sector. The CEO highlighted some of the complexities including the fact that none of the six FE Colleges are the same in terms of resource and facilities: for example SERC have invested a significant amount in their estate

	<p>in recent years, yet the College receives the same level of funding as others who may not have this level of financial commitment. He went on to highlight that the College is actively discussing the need to recognise complexities such as fixed and semi fixed cost bases with DfE.</p> <ul style="list-style-type: none"> • SERC and the other FE colleges will no longer have to tender for Training for Success contracts due to their NDPB status. • Level 2 and 3 Traineeships end in September 2018, new entrants will therefore be offered TSF. • Michael Malone is involved in the curriculum project; a model has been created on how a new curriculum is produced and how with DfE the College will interface with businesses and awarding bodies, the delivery date for the project is September 2019. • Project Based Learning-SERC is leading in this area, providing training to other FE Colleges and ILT. • SERC are now managing and overseeing updates for the systems for IT, finance, staff and students on behalf of the sector. DfE provides 50% of funding. • Three FE Colleges are now using SERC's online enrolment system with the travel app also being demo-ed. • Staffing-SERC have ran sector wide events on CPD and are looking at developing a calendar of events going forward. • ETI Inspection- The inspection model has changed and DfE are looking across the sector at how and when inspections are carried out.
<p>15.</p>	<p>Any other notified business</p> <p>The Chair thanked the CFO for Finance Training sessions he carried out for governors before the Christmas break and stated that he thought it was very beneficial. The CFO acknowledged that sometimes detail can be missed in these meetings and asked Governors to contact the Secretary if there was anything specific they would like to look at in more detail for future meetings.</p>

16.	Date of next meeting The date of the next meeting will be 3 rd April 2017, 6pm at the Lisburn Campus. The meeting ended at 19.47 p.m.