



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
Wednesday 13th September 2017, 5pm, Lisburn Campus

<p>1.</p>	<p>Attendance and Apologies:</p> <p>Present: Mr A. Corbett, Mr E. Jackson, Mr K. Webb, Mrs B. Larkin, Mrs K Scott, Professor A. Woodside Items 1-10 Only , Mr D. Sagar (Chair of the Governing Body)</p> <p>In attendance: Mr T. Martin (Chief Finance Officer), Mrs C. Williamson (Secretary to Governing Body), Annie Hamilton (Boardroom Apprentice), Rachael Heaney (Student Governor term, commencing 01.10.17), Mr John Gault (Head of Health and Safety) Items 1-7 only</p> <p>Apologies: Ms C. Goodwin, Mrs K Fraser</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 19th June 2017:</p> <p>The Chair asked members to review the minutes from the previous meeting on 19th June 2017. Mr Sagar suggested rewording agenda item 8b on page 6 of the minutes to reflect that</p>

	<p>the committee were content with the financial arrangements of the Fields of Life Project. Subject to these changes being made the minutes were agreed to be a true and accurate record of the meeting.</p> <p>Proposer: Andrew Corbett Seconder: Barbara Larkin</p>
4.	<p>Matters arising: The Chair advised that all action points were addressed on the agenda or ongoing items.</p>
5.	<p>Correspondence: The committee were asked to note the circular from DfE which sets out the requirements for Colleges to prepare their 2016/17 Annual Report and Financial Statements. The Chief Finance Officer confirmed there are no material changes in this direction to report.</p>
6.	<p>Chairman’s Business: The Chair advised members that the committee Terms of Reference are reviewed annually in September and invited members to confirm if they were content with the current version presented to them. Mr Sagar noted that at a Chair’s discussion in 2016 a list of main subjects had been agreed for each committee to build their terms of reference around and the current version of Terms of Reference does not reflect this. The committee briefly discussed whether duties outside of the committee controls such as Banking arrangements need to be included in the document. The CFO highlighted that there is no flexibility in this area and advised that tension exists in these areas between the FE Order and the MSFM. The Principal advised members that such tensions can only reconciled through legislation and it is important that the committee strikes a balance between our obligations and the legal position.</p> <div style="border: 1px solid black; background-color: #e0e0e0; padding: 5px;"> <p>Action Point: The Chair, GB Secretary and CFO will revise the committee’s Terms of Reference and present them at the next meeting in November for the committee to review and adopt</p> </div>
7.	<p>Annual Health and Safety Report</p> <p>The Head of Health and Safety, John Gault, attended the meeting to present the Annual Health and Safety Report to the committee. A brief discussion took place and the following points were noted:</p> <ul style="list-style-type: none"> • The Head of Health and Safety gave the committee a detailed overview of the recent partnership SERC have formed with Construction Industry Training Board NI. The HoH&S advised the committee that SERC have availed of the unused

	<p>premises CITB have in their Dundrod base, this has enabled the College to provide more courses in areas such as gas and fire alarm installation.</p> <ul style="list-style-type: none"> • Another part of this new collaboration has been the installation of a new virtual environment risk assessment training programme which has helped deliver cost effective Health and Safety Training to companies across the province. • Professor Woodside suggested that as this partnership has been so successful has any consideration been given to consulting the Transport Training Services too as they are located beside CITB in Dundrod. • In response to a question on how the College works alongside Grahams Facilities Management, the HoHS confirmed that we have an excellent working relationship with them across all the PPE sites alongside Gary Chambers, Head of Estates and Facilities Management. He advised that Health and Safety is a priority for all and they work together to ensure all campuses are safe for use. • The Chair enquired about the figures the HoH&S had presented with regard to insurance claims and how other Colleges premiums would affect SERC. The CFO advised that since the FE Colleges operate under a sector-wide insurance policy, the claims history of all colleges (both positive and negative) will feed into the premium assessments. The CFO asked the committee to note that although excesses and therefore associated risk have been increased in recent years, this was necessary in order to reduce premiums and therefore obtain approval from DoF to maintain a commercial insurance contract. <p>Action Point: The Principal agreed to consult Transport Training Services to extend opportunities for SERC in business services</p>
<p>8.</p>	<p>Full Year Management Accounts 2016/17</p> <p>The Chief Finance Officer provided members with an update on the Period 12 Management Accounts. The CFO reported the College has recorded a small historic cost surplus of £4k for the year compared with a budgeted surplus of £7k; the full year result is therefore on target.</p> <p>Total Grant-in-aid & Other Income of £45,435k was £1,112k over budget due mainly to higher than budgeted Business Services and Other DfE income offset by lower than budgeted Training for Success, Steps to Success and School Links income.</p> <p>Total Resource Expenditure was £402k or 0.9% over budget due to a £612k overspend in staffing and a £210k underspend in non-staffing in the year.</p>

	<p>The Chair of the Governing Body, Mr Sagar congratulated the CFO and his team for hitting their financial targets for the year, he enquired if there was an area in the accounts which is flexible and influenced by staff that the committee hear a presentation on at a future meeting. The CFO suggested that a Head of School could be invited to demonstrate how they make savings in their budgets and manage efficiencies when it is required. The committee requested a record of thanks was included to the Heads of Schools and all Budget Holders in making the efficiencies to deliver savings of £200k.</p> <p>The committee briefly discussed the impact that schools retaining 6th form students is having on the College's enrolments and finances. It was agreed that the impact of this issue is much wider than finance and the Education committee will continue to monitor this matter.</p> <p>Action Point: The committee agreed to invite a Budget holder (Head of School) to a future meeting to discuss how they manage staff costs and react to costs saving measures</p>
<p>9.</p>	<p>Draft Annual Report and Financial Statements for the year ended 31st July 2017</p> <p>The CFO directed members to the Draft Annual Report and Financial Statements for the year ended 31st July 2017. The CFO provided a high-level summary of the main points and advised that the committee will have sight of the Audited draft in November before it is approved by the Governing Body.</p> <p>Mr Sagar suggested that the Annual Report section of this document was too lengthy and enquired if it could be reduced as it would ensure that the successes of SERC do not get lost amongst the detail. The CFO noted this but advised that the headings and wording used is stipulated in the DfE Accounts Direction and this cannot be altered. The CFO suggested to Mr Sagar, as the Chair of the Governing Body he could raise this concern with the DfE representatives at the next Audit committee meeting.</p>
<p>10.</p>	<p>Budget 2017/18</p> <p>The CFO presented the Draft Budget 2017/18 to the committee for review and approval. He highlighted that this budget has significant changes to the format, he advised both the timeline and the process for the 2017/18 plan have been amended significantly. Rather than "bidding" for FLU during the bilateral process, the College submitted a forecast of what it planned to deliver in 2017/18 whilst simultaneously submitting a financial forecast outlining the necessary funding associated with this delivery. This approach is designed to "break" the hard link between FLU and funding and therefore lay the foundations in this transitional year for the introduction of a new funding model for the sector in 2018/19. Following the</p>

submission, and the subsequent bilateral, the College received an “Indicative Funding” communication on 12th June 2017. Following the CFO’s summary of the new format a brief discussion took place and the following points were noted:

- The CFO highlighted that the new format will focus on a March year end rather than July as the Budget had previously. Figures were provided across both timelines to give the committee reassurance that this has not impacted on the final numbers.
- In response to a query from the Chair if this Budget was more fixed than previous ones the CFO advised that he proposes to freeze this version of the financial plan to be used as a “budget” yardstick for information purposes. He will report against this at every meeting of this committee.
- The Chair asked the CFO how the £12m non-core would be managed, he stressed that as this is very volatile he would like to see some flexibility to reforecast. The CFO agreed that as this sum is not guaranteed there is an element of risk but the College will continue to manage financials in the same way it has done with IMPMS meetings and reforecasting each month.
- The committee had a robust discussion around the amount of funding requested and discussed if there was any value in requesting more. The CFO advised the committee that all Colleges were recently tasked by DfE to make savings of £1.6m to tackle the sector’s £8m forecast overspend and therefore he would advise that it would not be timely to request any budget increases without a solid business case on how it would be utilised. He also highlighted that for the College’s credibility in financial planning there is a risk if additional funding requirements were put into an existing operational plan.
- The Principal advised that the College has a duty to operate efficiently and doesn’t believe that additional funding was necessary to operate its current activities. However, he said that if a strategic development were identified then an appropriate business case could be written to support any request for additional funding and to tie it directly to specific outcomes.
- In response to a query how the College follows up on applications the Principal highlighted the process in place to communicate at all stages with potential students and this is being outlined to the Education committee to ensure that the College is doing all it can in this area.
- The CFO reiterated the fact that DfE have tasked the sector with making savings which SERC have delivered, therefore if there are any future cuts the College will be in a stronger position to negotiate.

	<p>Key Decision: The committee agreed to recommend the proposed Budget 2017/18 to the Governing Body for approval</p> <p>Proposer: Ed Jackson</p> <p>Seconded: Barbara Larkin</p>
<p>11.</p>	<p>Health Check Issue 3</p> <p>The CFO asked members to note the recent Health Check issued by DfE. He advised that SERC and the other 5 Colleges were showing a forecasted overspend as at June. The sector shortfall at that stage was approximately £6.2m which Colleges were asked to reduce by making savings. It is anticipated that this figure will reduce to £5m, and will then be the subject of a request to draw down End Year Flexibility monies.</p> <p>Members briefly discussed the risk register presented in the Health Check and the CFO reminded members that this is the risk register the College owns and any scoring has been conducted internally.</p>
<p>12.</p>	<p>NDPB Budgeting and Forecasting Submission</p> <p>The CFO asked members to note the latest return was submitted on 25th August 2017 - the 'Forecast Expenditure' schedule is attached. It covers the period April 2017 – March 2018 and reflects:</p> <ol style="list-style-type: none"> 1. Actual performance as per SERC's Full Year Management Accounts for the period April to July 2017. 2. SERC's draft operational budget (as reviewed by CMT 14th August) for the period August 2017 to March 2018.
<p>13.</p>	<p>Capital Projects and Estates</p> <p>The CFO asked the committee to note the written report provided on Estates and Capital projects, he provided an overview to the committee on the Executive summary of the Estates report. A brief discussion took place and the following points were noted:</p> <ul style="list-style-type: none"> • In response to a query from the Chair regarding Properties Division the CFO confirmed that there has been no improvement in the services provided by PD, the considerable operational issues have led to the issue being raised on the College's Strategic Risk Register.

	<ul style="list-style-type: none"> The CFO advised the committee the matter has been escalated to the Director of FE, Beverly Harrison, and he will meet with her and Properties Division as the Chair of NIFON on behalf of the sector to discuss the matter in the coming weeks.
14.	<p>Policies for Approval</p> <p>No policies to approve.</p>
15.	<p>Update on Applications and Enrolments</p> <p>The Principal addressed the committee to provide a verbal update on applications and enrolments. He advised that enrolments will be down across the sector this year due to the declining number of 16 year olds and schools retaining more students. The Principal advised that there are other factors contributing to the decline in enrolments and the Education committee will receive a full report on this at their meeting in September.</p>
16.	<p>Debt Report</p> <p>Members noted the debt position as at 31 July 2017 (Period 12 Accounts).</p>
17.	<p>Bank Report</p> <p>Members noted the bank position as at 31 July 2017 (Period 12 Management Accounts).</p>
18.	<p>Tender Awards</p> <p>The CFO asked members to note the information provided on the recent procurement exercise to renew the Colleges insurances. The CFO asked the committee to note that for budgeting purposes, a provision has been included to cover the potential costs of the higher excesses that the Colleges now carry because of the need to deliver lower premiums on the overall contract.</p>
19.	<p>Verbal update on Collaboration Programme; and Systems Technology Services Project</p> <p>The Principal provided a brief verbal update on the STS project and advised members that SERC are providing support to the whole of the sector during the phased approach to replace the systems. The existing support arrangements are likely to be extended to June 2020 to allow the procurement strategy sufficient time to be implemented – a proposed “Direct Award Contract” is currently being assessed for approval.</p> <p>In response to a query from the Chair the Principal confirmed that the VAT Cost Sharing Group is no longer required for the project because of the College’s NDPB status.</p>
20.	<p>Data Protection and Freedom of Information Requests</p>

	<p>The Chair presented the Data Protection and Freedom of Information requests to the committee and advised this was requested by the committee at the last meeting, however as the Audit committee review these figures annually this committee do not need to add it to the program of work.</p>
21.	<p>Any other notified business</p> <p>The Chair reminded members that he has two meetings left as Chair of this committee before his terms with the Governing Body ends and the position of F&GP Chair still needs to be filled. He asked that any interested members speak to him or the Governing Body Chair urgently.</p>
22.	<p>Date of next meeting</p> <p>The next meeting date was confirmed for Wednesday 22nd November, Bangor Campus</p>

There being no other business the meeting concluded 19.45pm