



**SOUTH EASTERN REGIONAL COLLEGE**

**Governing Body – Finance and General Purposes Committee**

Minutes of the meeting of the Governing Body Finance and General Purposes Committee,  
held on Tuesday 11th September 2018, 5pm, Lisburn Campus

<p>1.</p>	<p><b>Chair's Business</b></p> <p><b>a) Attendance and Apologies:</b></p> <p><b>Present:</b> Mr E. Jackson, Mr K. Webb (Principal), Professor A. Woodside, Ms C. Goodwin (Items 3-8 only), Mrs K. Scott (<b>Items 1,6 and 8 only</b>), Mr A. Corbett, Mrs B. Larkin, Mrs K. Fraser</p> <p><b>In attendance:</b> Mr D. McCullough (Financial Controller), Dr M. Malone (Director of Curriculum &amp; Information Services) <b>Items 1,6 and 8 only</b>, Mrs C. Williamson (Secretary to Governing Body) Mrs S Kerr (Boardroom Apprentice)</p> <p><b>Apologies:</b> None</p> <p><b>Not Present:</b> Tommy Martin (Chief Finance Officer)</p> <p><b>In the Chair:</b> Mr E. Jackson</p> <p>The Chair welcomed members to the meeting and extended a particular welcome to Sonya Kerr to her first committee meeting.</p> <p><b>b) Conflicts of Interest:</b></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><b>c) Minutes of the meeting held on 20<sup>th</sup> June 2018:</b></p> <p>The Chair asked members to review the minutes from the previous meeting on 20<sup>th</sup> June 2018. Members agreed the minutes were a true and accurate record of the meeting.</p> <p><b>Proposer: Alan Woodside</b></p> <p><b>Seconder: Karen Fraser</b></p>
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	<p><b>d) Matters arising:</b></p> <p>The Chair advised that most action points were addressed on the agenda and highlighted that the action point relating to campus utilisation in which the Chair agreed to explore community Hubs with Mrs Kerr was outstanding and a report would be provided to the Governing Body Secretary in advance of the next meeting.</p> <p><b>Action Point:</b> The Chair will liaise with Sonya Kerr and produce a paper on the development of community hubs for the November meeting</p> <p><b>e) Review of FGP Committee Terms of Reference</b></p> <p>The committee reviewed the terms of reference and agreed that they were still an accurate reflection of the work the committee undertakes on behalf of the Governing Body and therefore agreed them.</p> <p><b>Proposer: Barbara Larkin</b></p> <p><b>Secunder: Kim Scott</b></p> <p><b>Action Point:</b> The Secretary agreed to create a cover sheet for the terms of reference (across the committees) which will include all past review dates</p>
<p><b>2.</b></p>	<p><b>Correspondence:</b></p> <p>The Financial Controller directed members to the FE College Accounts Direction 2017/18 and asked members to note the summary highlighting the main changes made to the direction since it was issued last year. The Chair highlighted that the main item to note on the Accounts Direction is the change of presentation in Note 1 relating to change in funding model for income from the Department for the Economy.</p>
<p><b>3. Items to Approve</b></p>	<p><b>a) Final Resource Budget 2018/19</b></p> <p>The Financial Controller presented the Resource Budget 2018-19 and asked members to note that this resource budget is the cornerstone of the IMPMS process used within the College to manage the budget of each department.</p> <p>The budget presents a Resource Requirement for 2018/19 financial year of £33,351k. This is in line with the approved Resource Allocation outlined and approved by DfE on 28<sup>th</sup> June 2018. The</p>

FC discussed the assumptions included within the Resource requirements, such as the increase in commercial income and associated staffing costs. A brief discussion took place and the following points were noted:

- In response to a query over the traineeship pilots the Principal confirmed that this programme has ceased. The Principal noted that a new risk has been included in the College's risk register concerning the area of curriculum reform.
- The Chair noted the proposed increase in commercial income and queried what particular areas this increase would target. The FC advised that the Business Services team are working towards an agreed strategy in 2018-19 and are aiming to increase income share in both Skills Focus and Innovate Us. The committee noted the team are also planning to increase their presence in the Republic of Ireland and maximize the Professional Skills Centre at Nutts Corner. The FC highlighted that with the forecast increase of income there is a corresponding increase in materials to service the income.
- The Chair enquired if the FC could advise why there has been increase in the College's insurance from actuals in 2017/18. The FC explained that the budget includes provision for claims excess to cover any potential claims throughout the year.
- A brief discussion took place around what could be considered variable costs within the budget. The Principal advised that truly variable costs are a very small proportion of the budget. The Principal advised members that the College has introduced a spend moratorium where current spending requires approval from either the Chief Finance Officer or the Principal. He further advised that costs, such as materials, will reflect performance and provided the example of any decrease in business services income would produce a reduction in their spending on materials.
- The Chair enquired if there was any risk to this College (in terms of the new funding model) if another College in the sector is running a deficit. The FC highlighted that the College works towards the Resource Requirement budget provided and the budget demonstrates this plan. The FC noted that the Department reviews, on a monthly basis, each College's forecast and would be working pro-actively with those Colleges that are not within their resource requirements. The Principal informed the committee that the College is managing to resource requirements and if we are asked to make savings they would be firmly opposed.

- The Chair advised that he had a concern that there is a risk DfE could ask the College's to take their share of the sector's shortfall. The FC stressed that the College is now focused on both year ends (31 March and 31 July) and is seeking to stay within Resource Requirements, for example by increasing other income through Business Services. The Principal reiterated this point and advised that the College is being very prudent in spending through the use of a spend moratorium and all budget holders are briefed to reduce non-essential spend.

**b) Fees Policy 2019-20**

The FC advised members that the Fees Policy for 2019-20 has been reviewed earlier in the year to allow the Higher Education recruitment to commence.

The FC asked members to note that the recommendation is for no overall change to the fees policy that was approved for 2018-19 with the addition of two miscellaneous fees added for the administration of international students.

In response to a query from the committee, the Principal advised that whilst there are no discounts for international students there is a plan to look at bursaries separately and a further policy may be presented to the Governing Body solely for this area. The committee briefly discussed the number of international students the College attracts each year and noted that whilst Northern Ireland currently receives a small percentage of the UK intake there is potential for growth and members suggested the Fields of Life project the College is involved in could be an option to explore to increase the numbers.

**Key Decision:** The committee agreed to recommend the Fees Policy 2019-20 for adoption to the Governing Body

**Proposer:** Karen Fraser

**Secunder:** Alan Woodside

- 4. Items for Information:**
- a) **NDPB Budgeting and Forecasting Submission**

The FC presented the NDPB Budgeting and Forecasting submission and advised members that the latest return was submitted on 24<sup>th</sup> August 2018 - the 'Forecast Expenditure' schedule is attached. It covers the period April 2018 – March 2019 and reflects:

1. Actual performance as per SERC's Period 11 Management Accounts for the period April to June 2018.
2. Forecast performance as per SERC's Period 11 Management Accounts for July 2018.
3. Budgeted performance as per SERC's 2018/19 baseline operational budget for the period August 2018 to March 2019.

The return highlights a forecasted Departmental Expenditure Limit (DEL) (excluding VES) of £35,145k for the April 2018 to March 2019 year. It includes a DEL Resource requirement (excluding VES) of £32,275k. The College's actual DEL Resource for 2017/18 was finalised at £32,267k. The forecasted 2018/19 out-turn is therefore in line with previous year performance.

DfE confirmed that SERC should use a "working assumption" 2018/19 Budget Allocation of £32,275k on 23<sup>rd</sup> May. At £32,275k, the College's forecasted NDPB resource outturn is therefore on target.

**b) Debt Report**

The FC asked members to note the live debt report of 1<sup>st</sup> September 2018. In response to a query around debt over 120 days linked to sponsor employers the FC explained that this is a timing issue where a student sponsored by employed could enrol in June and the College will not expect to receive payment until the course actually starts.

**c) Bank Report**

The FC asked members to note the Bank report which sets out the current Cash & Cash Equivalent position of the College as of 1<sup>st</sup> September.

At this juncture the FC advised the committee that he had researched the possibility of using a banking swap/sweep facility that the Chair of Governing Body had requested in the last meeting. He advised that whilst this facility is available to use it would be a manual process involving a member of staff checking the bank every day and sweeping to an investment account that provides an annual interest rate of 0.10%. The FC further advised that this facility would only be available to the College until March 2019 as the cash draw down facility from DfE was changing on 1 April 2019. The FC informed members that the possible gross return would be approximately £3,000. The committee noted that in addition to minimal return there are also risks associated with the scheme such as penalties for missing a day, staff time would be costly and an inefficient use of time also. The committee thanked the FC for conducting the research but agreed that the facility would not be worthwhile for the minimal return.

**d) Financial Governance Report**

The FC presented the Financial Governance Report to the committee which sets out the final position as at 31 March 2018 and the forecast financial position of the College at 31 July 2018. The FC highlighted that the report shows that the College is in line with the allocated Resource Requirement.

**e) Treasury Management Policy**

The FC advised members there was an action point from the June committee meeting to review this policy for information by the previous Chair of the Governing Body. The FC advised members that as the College is working under the CPD Banking Framework and in preparation for the new cash draw down facility with DfE that this policy will require review.

**f) Draft Annual Report & Financial Statements for Year Ended 31<sup>st</sup> July 2018**

The FC presented the Draft Annual Report & Financial Statements for Year Ended 31<sup>st</sup> July 2018 to the committee and presented a high-level overview of how the accounts are compiled, the audit approach and the timeline leading up to the final sign off by the C&AG on 27<sup>th</sup> November.

The FC highlighted to members that there were no significant changes to the accounting policy from 2017/18.

The FC explained to members of the need to report “Events after the reporting date” in line with accounting standards. The FC brought to member’s attention one current event after the reporting date, being the resignation of the Chair of the Governing Body in August and highlighted that this was explained as narrative in the appropriate sections of the Report. The FC advised that Events after the Reporting Date is kept under consideration until the accounts are approved for issue. The Chair enquired what percentage of materiality is deemed to be an adjusting event in the accounts, the FC explained that relates to evidence of conditions that existed at the year end and if a non-adjusting event the impact that it would have on the user of the accounts.

**5. Capital Projects and Estates**

**a) Estates & Capital Expenditure Report**

The FC presented a high-level overview of the executive summary in the estates report.

A brief discussion took place around whether additional funding for capital expenditure would be available in the current financial year. The Principal confirmed that if any additional funding were to become available it would likely be in December after the NICS monitoring rounds and it would have to be spent by 31 March 2019. The FC confirmed that the College has a number of business cases ready if any additional capital funding was made available, but asked members to note that it becomes difficult to complete projects by 31 March 2019 as spend over £30k must be procured by Central Procurement Directorate or Properties Division (which the committee are fully aware of the delays that the College face when using CPD/PD). The FC noted that late funding allocation would generally have to be spent on equipment to ensure spend is completed by 31 March 2019. The Principal highlighted the sector wide business case was being prepared to look at options surrounding the use of Properties Division.

At this juncture the Chair enquired if there were any further developments on the Castle House Project, the Principal informed members that the plans for an entrepreneurial/innovation centre on the waste ground at Castle House has been adopted by Lisburn Castlereagh Council as a project under the Belfast City Region Deal, the outline case for the project has been submitted and is seeking funding from the Treasury.

	<p>Mrs. Kerr advised the company she is employed with Catalyst Enc have opened a new co-working space with Danske and advised she would be happy to arrange a visit for the College to look at it.</p> <p><b>b) Estates Strategy</b></p> <p>The committee noted the written report detailing the Estates Strategy 2018-2028.</p> <p><b>c) SERC PFI Estate – potential adjustments</b></p> <p>Members noted the written report presented on behalf of the Chief Finance Officer, this report had been drafted in response to discussions around the Ballynahinch and Newcastle campus at recent committee and chairs meeting. The previous Chair of the Governing Body had requested the CFO to investigate if there was any merit in the College making any adjustments to the current PFI contracts. The committee noted that the paper detailed there would be no financial gain in ending these contracts and it would also require front line funding. The Principal highlighted that the upcoming Tribal Evaluation Report commissioned by DfE has plans to review any adjustments to the PFI contracts on a sector basis.</p>
6.	<p><b>Update on Applications and Enrolments</b></p> <p>The Director of Curriculum &amp; Information Services addressed the committee and provided a verbal update on the latest application and enrolment figures, he highlighted that full-time enrolments were 130 below the same period last year and Higher Education was down by 48 which was the most concern for the College. He further advised the Education committee would be provided with a detailed report on these figures at their next meeting and this would include a final review of the figures for 2017/18. The Principal noted that due to the new funding model any change in full time and HE enrolments have no financial consequence for the College.</p>
7.	<p><b>Tender Awards-Insurance Renewal</b></p> <p>The FC directed members to the paper detailing the renewal of the College’s insurance policies through the broker Marsh Ltd. The FC advised that the contract for the broker is a sector wide contract.</p>
8.	<p><b>Collaboration Programme; and Systems Technology Services Project</b></p> <p><b>a) Service Level Agreement to Support Collaborative Arrangements between Further Education Colleges</b></p>



The Director of C&IS directed members to the SLA provided and a provided brief overview of the requirement for the SLA. Members were informed that the contracts for the sector's MIS systems for student, staff and financial software that operated across all colleges were previously held by Colleges NI (CNI). As CNI has now closed there is a requirement to facilitate the new arrangement in which North West College will act as the lead College on behalf on the Sector as the NW Chief Executive had been the SRO. The committee were asked to note that all contracts will be novated to NW once the SLA was agreed across the Sector. In response to questions around the implementation and timeline The Director advised that it is expected that the project will be completed by January 2019 however if this date is not achieved the College still have fully functioning software as a backup.

**Key Decision:** The committee agreed to recommend the SLA to the Governing Body for adoption

**Proposer:** Karen Fraser

**Seconder:** Kim Scott

#### **b) Update on Public Sector Shared Services**

In presenting a paper on The Public Sector Shared Services Programme (PSSSP) the Director of C&IS informed members that this issue directly relates the SLA discussed under agenda item 8a, he advised that the focus of the PSSSP is to identify and make savings across the public sector through optimising shared services in HR, Finance, Payroll and IT. The Principal informed the committee that this business case has highlighted the excellent work in the FE Sector in terms of collaboration and as one shared service across the entire public sector would incur much higher costs it has been proposed that FE, health and education should look at a shared service for their sectors.

The Chair enquired if there are any issues around VAT with this project, the FC advised there is a potential that VAT would be chargeable on services across the sector that would impact on cost savings.

In response to a query on efficiency savings linked to PSSSP the Principal asked members to note that the identification of savings isn't scientific, and any savings should be reinvested back into the Sector.

9.	<p><b>Any other business</b></p> <p>The Chair highlighted that this was his last committee meeting before his term ended in September and thanked the Principal and the Chief Finance Officer for their support during his tenure. The Principal thanked the Chair for not only his contribution to the College as the chair of this committee but also for his time stepping in as Acting Chair of the Governing Body, he stated that his contribution to the College has been greatly appreciated.</p>
	<p><b>Date of next meeting</b></p> <p>The next meeting date was confirmed for Tuesday 13<sup>th</sup> November, 5pm, Bangor Campus</p>

**The meeting concluded at 18.45**