



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 12th November 2019, 5.35pm, Lisburn Campus

1.	<p>Chair's Business</p> <p>a) Attendance and Apologies:</p> <p>Present: Mrs B. Larkin, Mr A. Corbett, Mrs H. Reid, Mr G Hetherington (Temporary Chair of the Governing Body), Mr K. Webb (Principal), Professor Woodside, Mrs K Fraser</p> <p>In attendance: Mr T. Martin (Chief Finance Officer), Mr P. Smyth (Chief Human Resources Officer), Mrs C. Williamson (Secretary to Governing Body), Mr J. Gault (Head of Health and Safety) Items 1 and 4A only</p> <p>Apologies: None</p> <p>In the Chair: Mrs B. Larkin</p> <p>b) Conflicts of Interest:</p> <p>The Chair asked if any members wished to declare any known or perceived conflict of interests in respect of any item on the agenda. There were no declarations of conflicts of interest.</p> <p>c) Minutes of the meeting held on 17th September</p> <p>The Chair asked members to review the minutes from the previous meeting on 17th September 2019. Members agreed the presented minutes were a true and accurate record of the meeting.</p> <p>Proposer: Andrew Corbett</p> <p>Seconder: Barbara Larkin</p> <p>d) FGP Action Points and Key Decisions from meeting on 17th September 2019</p> <p>The Chair advised members that there were no actions from the last meeting or any outstanding from previous meetings.</p>
2.	Correspondence

a) Review of Financial Process-Letter from Department of Finance 300919

The Chief Finance Officer advised the letter sets out the intention to push back the review of financial processes (the formal consolidation of College accounts into Departmental accounts) by one year. He highlighted that before the final implementation date there will be two “dry runs” and that as there is a lot of work required by the Finance team to deliver a March “year-end” to facilitate the required consolidations, this will be beneficial.

b) Charitable Status of FE Colleges-Letter from FE Director 211019

The Principal directed members to the correspondence which confirms the Sector will retain their charitable status for at least the next 2-3 years.

c) Asset Management-Letter from Assistant FE Director 231019

The CFO informed members the Department have established an Asset Management Forum to review the operation, management and future planning needs of the estate. As part of this work they will be reviewing the Estate Strategies across the Sector, initial feedback on SERC’s strategy is extremely positive.

d) CEF Circular Non-Teaching April 2019 Pay Scales

The Chief Human Resources Officer advised that this circular from the College Employer’s Forum confirms the implementation of the NJC pay award for non-teaching staff from 1st April 2019. The correspondence reflects phase one of implementing the new pay scale which is firstly to assimilate staff onto the new scale, phase two will be to review pay bands, how it affects roles, grade boundaries and the effect on the job evaluation scheme. The CHRO advised that a small working group has been formed from the Non-Teaching Staff negotiating committee to take forward phase two and once the out workings of this is complete, a business case to DfE is likely to be required to implement any changes before a further circular from CEF can be issued to authorise the change. The Principal highlighted that this pay increase has been included in the 2019/20 budget and also reflected in the July year end accounts.

3.

Items for Approval

a) Final Annual Report and Financial Statements for Year Ending 31st July 2019

The CFO presented the Final Annual Report and Financial Statements for review and approval by the committee, he gave a brief overview on the preparation process of the accounts and the relevant accounting policies that had been used in drafting them.

As regards financial performance, the CFO highlighted to members that although the financial statements display a deficit for the year, the College's primary financial performance target as an NDPB is to meet its Resource Requirement target as set out by DfE. He advised that the College does not receive Grant-in-Aid funding from the Department to cover non-cash items such as depreciation or actuarial pension costs, both of which are highlighted as reconciling items in the attached reconciliation from financial statements total deficit to year-end Resource Requirement. The CFO advised that the deficit in terms of Resource Requirement was 0.27% (£92k). He went on to emphasise that this variance at the College year-end can be made up in time to meet the Department's March year-end target.

The CFO went on to highlight that the new cash drawn process introduced by the Department has had an effect on the cash balance which has reduced by £2.6m to £3.9m. Members were asked to note that there is no concern and that the College would expect to retain a working capital balance in line with Departments guidance of approximately 7.5% of turnover.

In concluding his overview, the CFO advised that the audit has been completed; that there are no recommendations or adjustments; and that he is content with what is a very clean audit.

The Temporary Chair of the Governing Body enquired if an amendment could be made to the attendance list for GB and committee meetings, he noted that a member was unable to attend some meetings due to a declared conflict of interest and this reflected a low attendance rate for the member. The CFO advised that a rationale for the change would have to be provided. The CFO suggested that a file note could be included to provide a rationale but asked the Secretary to contact the Financial Controller to discuss any changes in advance of the Audit Committee meeting on 13th November.

Agreed: The committee agreed to recommend the Final Annual Report and Financial Statements for the Year ended July 2019 to the Governing Body for adoption

Proposer: Karen Fraser

Secunder: Heather Reid

Action Point: The Secretary agreed to liaise with the Financial Controller to establish if a change to the Governing Body attendance list in the annual report was necessary

4.

Staffing Items for Information:**a) Annual Health and Safety Report 2018/19**

The Head of Health and Safety presented the Annual review of Health and Safety Report for 2018/19 he provided members with data around the number of accidents and incidents recorded across all campuses, liability claims and inspections that are carried out throughout the College. He concluded by advising members of the planned initiatives that primarily focus on Health and Wellbeing specifically suicide. Members were informed that local playwright Martin Lynch has agreed to work with the College to develop a play on suicide awareness with drama students.

In response to questions from members the Head of Health and Safety confirmed that the Health and Well Being initiatives are run in conjunction with both the Students Union and HR and complement the existing health and wellbeing initiatives throughout the College for both staff and students.

In reference to an example the Head of Health and Safety had provided in his presentation members enquired if he could provide more detail on when an incident becomes an accident and what the threshold is for an audit turning from amber to red and therefore a serious issue. The Head of Health & Safety advised that an accident is when a first aider becomes involved or an injury is received even a minor injury and in terms of the threshold, he explained that the audits are there to ensure any potential issues are preventable and if this cannot be rectified a red status is given. In further discussion around an example where scaffolding was identified as unsafe for students to use at an offsite visit the Head of Health and Safety advised that lessons have been taken on board by all staff, training has been delivered to relevant staff on erecting scaffolding and it has highlighted the importance of conducting a risk assessment at all times.

The Chair thanked the Head of Health and Safety for attending and providing members with a useful presentation.

b) HR Priorities 19/20 plan and status updates/HR Key Metrics Report

The CHRO advised members that the HR priorities are all on track to be completed and there are no concerns to highlight. He went on to present the Key Metrics report and advised that there are no changes since the committee last reviewed the report in September and he further advised that there is only two months of data so far. The CHRO highlighted that the College is struggling to recruit industry professionals for areas such as computing and engineering, therefore, an open day has been planned for late January to showcase the College as an employer and highlight what the role of a lecturer would involve. Professor Woodside suggested it would be useful to engage with potential employees through relevant institutions and they can send an automatic invite out to all their registrants. In response to a member's question the

CHRO advised that splitting tasks in terms of lecturing roles is not an option and the key challenge remains the salary the College can offer a lecturer which is not able to compete with those in industry. The open day is therefore an opportunity to highlight the other benefits the College can offer. Professor Woodside advised that the Royal Academy of Engineers provide funding for industry professionals to work in Colleges and suggested that this may be worth exploring.

The CHRO drew attention to the sick absence rates and advised that it is above target for this point in the year, but he emphasized it remains a key issue for the College to address. Professor Woodside suggested engaging with the Health and Safety Executive on issues around long-term absence as they are keen to get involved with organisations to address absences.

c) Employee Relations Update

The CHRO asked members to note the report and advised that challenges remain in trying to complete cases under the bullying and harassment procedure as often cases can be complex with multiple individuals being involved. CHRO also advised that a number of cases concern the same individual, which can also impact on timeframes for completing multiple cases.

d) Annual Report of Sickness Absence

The CHRO began by advising that the sickness rate for the previous year was the best year for the College so far and he had been encouraged by this and the initiatives the College had put in place to address absence. Members discussed the impact of pension schemes specifically the increasing difficulty of securing ill health retirement which inevitably leads to a tension when members have gone down to no pay, deemed unfit to return and the College is considering termination of employment. CHRO assured members that in such cases, the College endeavors to do their best for those individuals in applying for and securing pension benefits.

5.

Finance Items for Information:

a) Financial Governance Report

In presenting the Financial Governance Report the CFO advised that it aims to set out the forecasted financial position as at both 31 March 2020 (DfE year-end) and 31 July 2020 (SERC year-end). The CFO highlighted that there has only been one IMPMS meeting so far. Early indications are that the results to date are better than budgeted but it is too early to draw any conclusions, with most variances likely to be caused by timing differences.

The CFO highlighted that in terms of the July year end the forecasted outcome at this stage of the year is in line with the originally budgeted Resource Requirement of £35,445k. There is a small £44k reduction in forecasted miscellaneous income being cancelled out by a similar reduction in expected staffing costs. The forecast outcome for year to 31 March 2020, as at Period 2, is a Resource Requirement of £34,912k.

This forecast is on target with the resource budget allocation from the Department for the Economy of £34,912k.

At this juncture the Principal left the meeting

b) NDPB Budgeting and Forecasting Submission

The CFO asked the committee to note the latest return was submitted on 25th October. It covers the period April 2019 – March 2020 and reflects:

1. Actual performance as per SERC's (draft) 2018/19 Financial Statements for the period April to July 2019.
2. Actual performance as per SERC's 2019/20 Period 2 Management Accounts for the months August & September 2019.
3. Forecast performance as per SERC's 2019/20 Period 2 Management Accounts for the period October 2019 to March 2020.

The return details an expected Departmental Expenditure Limit (DEL) Resource Requirement of £34,912k for the April 2019 to March 2020 year. This is in line with SERC's Approved Resource Allocation for 2019/20 as confirmed in DfE's correspondence dated 1st August 2019.

c) Debt Report

The CFO presented the Debt report and advised the Committee that overall the level of debt has reduced in comparison with the same period last year. He highlighted that £1.6m of the debt can be attributed to tuition fees from the Students Loan Company which is paid directly to the College in three tranches throughout the year.

d) Estates & Capital Expenditure Report

The CFO directed members to the written report and provided a brief overview of the report, he highlighted that the College has received no further funding for capital spend but if any does become available the management team have agreed to prioritize IT hardware. He advised that after a lot of investment in recent years the College estate overall is in relatively good health. Members were reminded that PSD had carried out condition surveys and the surveys had highlighted a requirement at year 1 for a spend of £153,710 + VAT to meet Health + Safety, Essential Repairs / Defect Rectification items. In response to a question from members the CFO advised that he believes the pricing from PSD is inflated and that the College could utilize this money more efficiently if the Sector moves away from using PSD.

The CFO highlighted that procurement is still a strategic risk for the College however, the business case to move away from PSD is progressing well with the aim to complete the transition by April 2021. The CFO advised that the next step is to recruit a Procurement Manager for the Sector to focus on setting up a procurement framework to aid the process. The sector is also meeting with the Northern Ireland Fire & Rescue Service in order to learn lessons as they have moved away from PSD successfully.

e) Procurement Update Report

The CFO presented the procurement report to the committee for noting. The CFO highlighted that the Procurement Manager is currently on maternity leave and that the Procurement Trainee has resigned, leaving resources limited in this area.

At this juncture the Principal returned to the meeting.

6. Update on Applications and Enrolments

The Principal directed members to the update on applications and enrolments. He advised that the target for HE will be missed by 19 this year but that all other areas are performing above target. In response to a question from a member the Principal advised that around 1,300 SERC students' progress to HE each year, the careers services visit classes to encourage students to progress into courses within the College, but some move on. The College does not have the offer for all.

	<p>A brief discussion took place around the competition the College is facing from Universities and the Principal advised that the College will continue to focus on the unique products on offer in order to maximise the offering for HE.</p> <p>The Principal further advised that the College is as yet unable to roll out traineeships in 2020 as the business case has not been approved by either the Permanent Secretary or Department of Finance. The Level 1 provision under TFS is also impacted as the replacement for TFS is not ready, the Principal advised that the new model will however be similar to the structure that SERC currently roll out, which is to focus on social skills in year one and then move onto vocational skills.</p> <p>Action Point: The Principal agreed to research the SSE sponsorships for students living near wind farms on the recommendation of Professor Woodside</p>
7.	<p>Collaboration Programme; and Systems Technology Services Project</p> <p>The Principal presented a written report on Behalf of the Director of Curriculum & Information Services. The committee noted that a meeting was held of the STS project board on October 25. The new 'Go live' date for the Applications Portal is 4 November 2019 but only for the PT HE courses at this stage. The Principal provided a detailed overview of how the internal system works alongside the Tribal system and in response to a question from the Chair he further advised that SERC are not at risk using the internal system because redundancy has been built into it, the other Colleges do not have a fall back if the system doesn't work. He concluded by advising that Audit Committee are kept informed on any risks concerned with the project through the Strategic risk register and a recent internal audit on SERC's online enrolment systems returned a clean report with no recommendations.</p>
8.	<p>Policy Review</p> <p>The CFO presented the Fees Policy 2020/21 for approval and asked members to note that a minor change has been made to simplify part-time FE fees. He advised members that a Departmental Direction instructed all Colleges to charge £2,500 for full time HE courses and so that has remained the same, however, some Colleges have begun to increase their HE fees and so the College will be seeking Departmental advice on this. The CFO stressed that the College have no strong urge to increase the HE fees considering there are current challenges recruiting students to HE. In response to a question the Principal advised that post Brexit, Republic of</p>

	<p>Ireland students will be charged the same fees as before and further direction is still to come on how other EU students will be charged.</p> <p>Agreed: The committee approved the Fees Policy 2020/21 and recommended it to the Governing Body for adoption</p> <p>Proposer: Karen Fraser</p> <p>Seconder: Alan Woodside</p>
9.	<p>SOP Review</p> <p>Members noted the SOPs identified as being relevant to Governing Body members.</p> <p>Action Point: The Secretary will create a dedicated folder on the GB TeamSite for SOPs, a one-page summary of SOPs and links to live documents will be included</p>
10.	<p>Any other business</p> <p>The Principal advised that the online prospectus is live in the College website and demonstrated that prospective students can apply for courses directly through the links in the course summary.</p>
	<p>Date of next meeting</p> <p>The next meeting date was confirmed for Tuesday 21st January 2020, 5.30pm, Lisburn Campus. The Chair advised that due to a long-standing commitment she is unable to attend and has asked Mrs Fraser to Chair the meeting as Vice Chair, the Chair would be dialling in via conference call for this meeting.</p>

The meeting concluded at 7.35pm