



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 17th September 2019, 5.30pm, 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)</p> <p>In attendance: Mr T. Martin (Chief Finance Officer), Mr P. Smyth (Chief Human Resources Officer), Mrs C. Williamson (Secretary to Governing Body)</p> <p>Apologies: Professor Woodside, Mrs K Fraser</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 18th June 2019</p> <p>The Chair asked members to review the minutes from the previous meeting on 18th June 2019. Members agreed the presented minutes were a true and accurate record of the meeting.</p> <p>Proposer: Andrew Corbett</p> <p>Secunder: Gareth Hetherington</p> <p>d) FGP Action Points and Key Decisions from meeting on 18th June 2019</p> <p>There are no outstanding actions from the previous meetings.</p> <p>e) Chairs Report-Update to Business Services</p>
----	--

	<p>The Chair informed members that she had met with the Business Services team recently and found a very informative, vibrant and vital tea, for the College. She gave members an overview of the two main strands of work funded by the Department, Innovate Us and Skills Focus. She concluded by commended the team on their work and noted that it had been helpful for her to get to another perspective on this work as the committee are frequently provided with information on how the team are generating income.</p> <p>f) Annual Review of the Committee Terms of Reference</p> <p>The committee reviewed the current Terms of Reference and agreed that no further changes were required. The Chair enquired if the Articles and Instruments would prevent a member other than those in category 5a from Chairing a committee. The Temporary Chair advised that the Audit Committee is the only committee that stipulates the Chair must be from this category which is set out in the Articles of Government.</p> <p>Agreed: The committee agreed the Terms of Reference and recommended them for adoption by the Governing Body</p> <p>Proposer: Andrew Corbett</p> <p>Proposer: Barbara Larkin</p>
<p>2.</p> <p>Correspon</p> <p>dence</p>	<p>a) Final Resource Allocation</p> <p>The Chief Finance Officer directed members to the written correspondence from DfE confirming the College's Resource Allocation for 2019/20 of £34,912k</p> <p>b) Update on Properties Services Division</p> <p>1. Property Services Division Business Case – Update Meeting with CPD from FE Director</p> <p>09.08.19</p> <p>2.Sector Response 16.08.19</p> <p>c) Letter to PSD re Castle House 09.09.19</p> <p>The CFO provided members with an update on the issues raised with DfE regarding the use of Properties Services Division. He advised that the Department were supportive of the Sector moving away from PSD and that a procurement framework will be developed by April 2021 to aid this transition. The framework will be developed by a subgroup of NIFON and updates will be reported to the Principal's group. The CFO further advised members that the Department have highlighted the goal of increased efficiency outlined in the sector business case and have indicated that they would seek to reduce funding by approx. £1million in response to delivery of</p>

the business case. The sector has requested further discussion on this point as the goal of increased efficiency is designed to enable the sector to do more with the funding they have rather than pave the way for funding cuts.

The Chair noted that the example set out in the correspondence relating to Castle House was a stark example of the issues with PSD. The Principal advised that the letter sent to PSD highlighting the poor service provided with regard to Castle House is hard evidence of the additional spend that has been required to overcome the issues and therefore the notion that £1m could be saved across the sector is unrealistic.

In response to a member's query the CFO confirmed that the insurance company has been informed of the flooding incident at Castle House however as the policy requires the College to carry a £50k excess on buildings it is unlikely any actual pay-out will be forthcoming since the estimated overall damage would not total this amount.

3.

Items for Approval

a) Final Resource Budget 2019/20

The CFO presented the final Resource Budget for review and approval, in beginning his overview of the Budget he highlighted to members that SERC's operational budget highlights a Resource Requirement of £35,445k. This is in line with the Resource Allocation outlined by DfE that had been discussed under item 2.

The CFO gave a brief summary of some significant items and the following points were noted:

- Commercial Income is an area which the College has strategically targeted for further development and a challenging income target of £1.3m has been set for 2019/20 which is a significant increase on the previous year's actual income. The CFO advised that this is however down to the delays this year with getting the Professional Skills Centre at both Nutts Corner and Dublin operational. He asked members to note that this area will be monitored closely throughout the year and any decrease in forecasts will be mitigated through delivery costs.
- The new TFS contract rates will increase income by around £700k.
- In terms of expenditure there has been an increase in staff costs by £2.3m and this can be largely attributed to c. £2m of pay awards and increased pension costs both of which represent contractual and unavoidable costs.

- In response to a member query the CFO advised that some of the commercial income (£160k) expected in 2018/19 had been secured but due to a delay in progressing the work it could not be included in last year's accounts and will therefore form part of the budgeted 2019/20 total. The Chief Training and Contracts Officer has also changed his processes to ensure targets are monitored closely and he will therefore be meeting with the sales teams more regularly and has set quarterly sales targets with the team.

Agreed: The committee recommended the Final Resource Budget 2019/20 to the Governing Body for adoption

Proposer: Gareth Hetherington

Secunder: Andrew Corbett

b) Draft Annual Report and Financial Statements for Year Ending 31st July 2019

The CFO presented the Draft 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. He asked members to note that he and the Financial Controller had reviewed the Financial Statements after the initial draft and had made some changes. Members were advised that some statistics are missing from the Annual Report such as the internal audit assurance which will be included after the Audit Committee have been presented with this, and once this has been included the Draft Annual Report and Financial Statements will be submitted to DfE. The CFO advised that the external audit team are currently on site reviewing the reports and that a final version will be presented to the committee in November for formal approval before being submitted to NIAO for sign-off and on to DfE.

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 noncash 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.

A discussion on actuarial pension costs followed, with the CFO highlighted the distinction between actual pension contributions as paid by SERC; and the total pension costs as recognised in the financial statements on the basis of advice provided by the College's actuary. In response to members questions the CFO confirmed that over time a pension deficit as calculated by the actuary is likely to result in additional employer pension costs in a bid to reduce it. If the College were to make additional actual contributions to pensions it is then a cash item which requires Grant-in-Aid funding from DfE; and which would decrease the deficit over time.

In terms of overall pay pressures, the CFO advised that the Department have recognised the sector pay pressures for this year, but that a long-term solution is required going forward as the Colleges cannot absorb these continually increasing costs within current funding levels.

The CFO noted the suggestion from the Temporary Chair to highlight early in the financial performance narrative section of the Annual report that the deficit was 0.27% away from SERC's performance target to provide comfort and clarity to the reader. This change will be actioned before submission of the draft Annual Report & Financial Statements to the Department on 20th September.

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

Proposer: Gareth Hetherington

Secunder: Barbara Larkin

c) HR Strategic Priorities

The Chief Human Resources Officer presented the Draft HR Strategic Priorities for 2019/20, for approval by the committee. The committee were given an overview of the three priorities, how

these objectives would be achieved and the key performance outputs of each. The CHRO advised that the focus will be on the following:

1. **Transforming Service Delivery**
2. **An Employer and College of Choice**
3. **Leadership and Management Development**

In response to a question from the Chair, the CHRO confirmed that the volunteering and engagement scheme would allow staff to identify their own organisations and areas to volunteer so long as it fits with the College's priorities. In answering a further query, he also confirmed that the Level 4 Aspiring Managers program had been oversubscribed during the pilot and so the uptake from staff is strong, so far staff haven't been turned down but rather their participation has been delayed to a later cohort.

Mrs Reid thanked those that had been involved in drawing up the priorities and advised that she welcomed the strategic and compacted focus this year.

d) Annual Equality Progress Report

The CHRO asked members to approve the report and advised that it is in a prescribed format which the College must adhere to. In response to a question he confirmed he is content the College is meeting the objectives set out within it and therefore meeting the obligations of Section 75.

4.

Staffing Items for Information:

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

The CHRO advised members that this report had been recently reformatted and would welcome further feedback from members on format and content.

Members were provided with an overview of the report and the CHRO advised that the absence rate numbers in curriculum support is higher than target and this is slightly concerning given the time of year, however there are no specific trends to indicate there are any work related issues, with majority of absences due to serious long term illnesses. The CHRO informed members as

with all staff, support measures are in place to assist those currently off with a long-term absence.

b) Employee Relations Update

The CHRO advised that the content of this report had been reformatted and again welcomed comments from members to improve the report to ensure that the committee were satisfied with the information presented. The committee were asked to note that the overall levels of activity were average for this point in the year with the exception of the 4 live legal cases which is extraordinary.

The Chair advised members that she had met with the CHRO to reformat this report and to get a balance of what information the committee should be presented with to ensure it didn't stray into operational matters; and encouraged members to provide feedback on it through herself or the Secretary.

c) Health & Well Being

The CHRO presented an overview of the key activities undertaken to promote Health and Well Being in 2018/19 and the plans for 2019/20. He highlighted that the new healthcare scheme had launched in January 2019 and so far, approximately 500 claims had been submitted by staff and 86.6% of staff have joined the scheme so far. The CHRO noted he would like to see an increase in claims for specialist referrals and health screenings in particular in keeping with College's focus on preventative measures. Members were reminded that the focus of the initiatives this year had been on mental health and healthy living and the feedback from staff was extremely positive.

The CHRO concluded his presentation by advising that the focus for this year's initiatives would be on financial wellbeing, mental health, men's and women's health and drug and substance abuse.

Mrs. Reid informed the committee that public bodies are increasingly faced with ensuring there is gender equality in their organisations and so suggested that some of the initiatives should not be focused on a particular gender. The Chair acknowledged that the College should do its utmost to address gender equality but also acknowledged that these initiatives had been based on feedback

	<p>from staff. The CHRO also advised some of the initiatives are tied into national campaigns such as 'Movember'. The Principal informed the committee that the College has undertaken work to promote gender equality for example each campus has gender neutral bathrooms.</p>
5.	<p>Finance Items for Information:</p> <p>a) Financial Governance Report</p> <p>In presenting the Financial Governance Report the CFO advised that it aims to set out the forecasted financial position as at both 31 March 2019 (DfE year-end) and 31 July 2019 (SERC year-end). The CFO highlighted that the current report shows the College's actual financial performance for the year up to the end of March; and its forecast for the year ending July. The report outlines that financial performance was on target for the March year-end (to meet the resource requirement of £39912k) and is on-target to meet the July year end.</p> <p>b) NDPB Budgeting and Forecasting Submission</p> <p>The CFO asked the committee to note the latest return was submitted on 28th August 2019 - the 'Forecast Expenditure' schedule is attached. It covers the period April 2019 – March 2020 and reflects:</p> <ol style="list-style-type: none"> 1. Actual performance as per SERC's Period 11 Management Accounts for the period April to June 2019. 2. Forecast performance as per SERC's Period 11 Management Accounts for July 2019. 3. Estimates as per SERC's draft budget for the period August 2019 to March 2020. <p>c) Debt Report</p> <p>The CFO presented the Debt report and advised the committee that there was an increase on the level of debt from this time last year, however, this can be attributed to the change in how HE invoices are processed and once there is an adjustment for this the College is well within the parameters of a 'normal' debt level. The CFO gave a brief overview of the debt collection process</p>

and noted that the level of old debt written off has been reduced because this has been relatively successful.

d) Estates & Capital Expenditure Report

The CFO directed members to section 2 of the report which details a list of 2019/20 PPP capital schemes currently being considered. He highlighted that the College has not yet received any capital funding for 2019/20 and so this is essentially a “wish-list” of what the College will do if further funding is secured.

He highlighted that the refreshed Estates Strategy this year includes condition surveys on traditional estates which highlight that priority 1 essential maintenance and health and safety items total £150k which again is not covered under capital funding. The CFO stated that the earlier referred to suggestion to reduce the sector’s estates budget by £1m is unrealistic based on such figures and that SERC plans to highlight this example to the Department.

The Temporary Chair of the GB suggested that not completing priority 1 essential maintenance and health and safety requirements also be highlighted to the Audit Committee as a risk, the CFO advised that he would raise it at the meeting but that it was already on the Strategic Risk Register under the risk for PSD.

In response to an observation from members the CFO acknowledged that the costs set out for the surveys is quite erratic and highlights the issue around the quality of PSD not only the cost.

The Chair enquired if the proposed creche for the Newcastle campus was solely for students or if it would be used commercially. The CFO advised that the creche is directly tied into the initiative to return to education and the Restart and Access programs. Mrs. Reid further advised that the Education committee will be looking at the creche and it is something this committee will also need to review after the grant finishes to determine how it will be funded going forward if there is a demand for it at that time. The CFO advised that the Newcastle Campus is focusing on development as a community hub and so the College will be fully flexible in engaging with those in the local community who would like to use it commercially. The Principal concluded this discussion by advising that a full economic appraisal had been carried out on the creche.

e) Procurement Update Report

The CFO presented the procurement report to the committee for noting.

f) Insurance Renewal Update

The CFO asked members to note the insurance renewal and highlighted that two areas where there has been increase on the previous policy. The College now has Cyber Liability Policy in place and in terms of securing Commercial Legal expenses negotiations concluded with a 33% increase in premium with the introduction of a £2,500 excess for each claim.

g) Estates Strategy

The CFO advised members that the Estates Strategy had been approved last year however the Department recommend an annual “refresh” and so this version has included the following changes:

- costings for condition surveys; a focus on E-SERC as a strategic priority; and in terms of utilization confirmation that the Ballynahinch campus is now being utilized for corporate staff much more rather than students. The Newcastle campus will have a creche as focus after a successful grant application to fund it.

The Chair advised that this document should form part of the future Governing Body strategy days as it is useful for all members to be aware of plans for the estate and how it is maintained when developing a strategy for the College. She further enquired if the Skills Centers in Dublin and Nutts Corner should be included in this document. The CFO advised that as they are not student focused and primarily commercial based, they don't impact on utilization and so they do not need to be included however, for clarity they will be included in future with an explanation that they are self-supporting.

6.	<p>Update on Applications and Enrolments</p> <p>The Principal directed members to the update on applications and enrolments. He highlighted that at this point of the year this is a snapshot and may change as the term settles. He advised that the Sector is still impacted by the demographic trough and the competition from Universities this year. The committee noted that the College is performing strongly where there is a unique product offering and that it is expected there will be an increase on head count and application from the previous year.</p> <p>The Principal confirmed that HE numbers have not met the target and this was due to a number of factors including the limitations imposed on the College in the offerings of foundation degrees. He advised that a meeting is scheduled with the Department to discuss this particular issue. The committee briefly discussed the risks to the College if the HE numbers continue to decline and if the MASN is cut again next year. The Principal advised that there is no immediate financial risk to the College as other areas are performing well however, as TFS will not be in place next year the financial impact will have to be considered in next year's budget.</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. He drew attention to the staff recruited to oversee the project and the go live date set for 4th November for the enrolment package.</p>
8.	<p>Policy Review</p> <p>a) Finance SOPs Review</p> <p>The CFO advised the committee that after a recent review of finance SOPs the following had been identified as relevant to the Governing Body members</p> <ul style="list-style-type: none"> • External Consultancy SOP • Overseas Travel SOP • Use of College Seal and Logo SOP

	<p>In a brief discussion the Principal advised that during the last Chair's Working Group meeting the Secretary had been asked to review all College SOPs to identify if they apply to the GB members and this would be reported to the Governing Body via the relevant committees.</p> <p>b) HR policies</p> <p>The CHRO directed members to the paper setting out the recent review of HR policies, he asked members to note that two minor changes had been made to the Flexible Working Policy.</p>
9.	<p>Any other business</p> <p>The Principal asked the committee to note that as the College has been carrying out work in the Republic of Ireland for some time now the College need to formalise and register its position in ROI. Departmental and Governing Body approval will be sought to take this forward and the committee will be informed of the progress made.</p> <p>(Should there be a relevant Action Point here to make sure committee follow this up at subsequent meeting?)</p>
10.	<p>Confidential Business</p> <p>A separate note was taken for this item.</p>
	<p>Date of next meeting</p> <p>The next meeting date was confirmed for Tuesday 12th November 2019, 5.30pm, Lisburn Campus</p>

The meeting concluded at 8.05pm