



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 14th June 2022, 5.30pm, via Microsoft Teams.

<p>1.</p>	<p>Chair's Business</p> <p>a) Attendance and Apologies:</p> <p>Present: Mr A. Corbett, Mr G Hetherington (Temporary Chair of the Governing Body), Mr A. McCrum, Mr D. Wilson, Mr M McQuillan, Mr K Webb (Principal & Chief Executive), Ms. M Corrigan</p> <p>In attendance: Mr T. Martin (Chief Finance Officer), 'CFO', Mr P. Smyth (Chief Human Resources Officer) 'CHRO', Ms V Healy (Minute Taker)</p> <p>Apologies: Dr Danny McConnell and Ms Amy Frazer</p> <p>In the Chair: Mr A. McCrum</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 5th April 2022:</p> <p>The Chair asked members to review the minutes from the previous meeting on 5th April 2022. Members agreed the presented minutes were a true and accurate record of the meeting.</p> <p>Proposer: Derek Wilson</p> <p>Seconder: Gareth Hetherington</p> <p>d) FGP Action Points and Key Decisions from meeting on 5th April 2022:</p> <p>Members noted there were no actions from the previous meeting.</p>
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<p>2. Correspon dence</p>	<p>a) 2022/23 Budget Position – DfE update 31st March</p> <p>The CFO directed members to the enclosed correspondence and members noted that the Executive’s Draft Budget process was halted following the resignation of the First Minister, and that “the Department cannot therefore confirm a draft position for 2022/23 to both FE Resource and Capital Budgets”.</p> <p>b) CEF Circular 02/2022</p> <p>The Chief Human Resources Officer asked members to note the enclosed correspondence which confirms the agreed pay rates for 2021/22 for the non-teaching staff. The pay award was 1.75% for the majority of staff and member noted that this payment was made to staff in their last month’s salary.</p>
<p>3.</p>	<p>Finance Items for Approval</p> <p>a) 2022/23 Baseline Operational Budget</p> <p>On the invitation of the Chair the CFO presented the Baseline Resource Budget 2023 to the committee. The CFO commenced by setting out the background of the budget cycle to members. He reported that the overall position would not be firmed up until August/September and that this was a Baseline budget in that it was built on the best information available at this time. It will be revalidated to ensure accuracy in September in line with SERC’s standard budgeting procedure. He outlined that it was based on the “Resource Requirement” which is arrived at by quantifying SERC’s total resource expenditure less income received outside the core grant (known as “Grant-in-Aid”). The balancing number represents SERC’s “Resource Requirement”, to be funded via DfE core grant. The CFO also confirmed to members that at present there was no budget allocation confirmed and no further estimated amounts have been quantified. DfE did write to the Colleges on 31st March indicating that they “do not envisage that the Resource budget position will be quite as stark as outlined in the initial scenario planning exercise”, but no further detail was provided.</p> <p>The CFO provided an overview of income and expenditure to the committee members and the following points were highlighted:</p> <ul style="list-style-type: none"> • Total income has reduced by approximately £1,285k year-on-year when compared with the Period 9 forecast. • The most significant reduction relates to Training for Success / Apprenticeship NI funding which is expected to decrease by £1,131k as a result of the continued introduction of Traineeships and the phasing out of Level 2 delivery under the TfS income stream in August 2021. With the shift of this delivery to Traineeships, SERC would expect Traineeship funding under Grant-in-Aid to increase by approximately £981k i.e. the

apparent reduction in income is in large part a reclassification of the relevant funding from “income” to “core Grant-in-Aid.”

- Staffing costs will increase by c. £777k or 2.17%. Although there are a number of individual changes in the staffing budget, this bottom-line increase is largely attributable to uncontrollable pay pressures of c. £891k

Other operating expenses show a decrease of £1,449k when compared to the current year forecast.

The CFO concluded that he was expecting the College to be facing a pressure of c. £5.3 m if the £36,946k indicative allocation alluded to by DfE in February is confirmed and an adjustment to reflect the reclassification of the 22/23 Tfs/Traineeship funding is factored in.

The CFO asked the Committee if they had any questions:

- Mr Hetherington reported that we would have to live within our means, and asked, looking at the reductions in spend, were there any reductions outlined above that were giving any cause for concerns, and were we exposing ourselves in any way? The CFO confirmed that we were not exposing ourselves to any real ‘Red’ risk in the short term. He emphasized that the efficiencies included were acceptable in the short-term but would not be sustainable in the medium or long term.
- Mr Wilson asked the CFO to give members a sense what this process would have looked like in “normal” times. The CFO reported that the College would not ordinarily present a “pressure” at this stage. Mr Wilson went on to ask what we do to face this shortfall and the CFO reported that the only way a shortfall of the magnitude estimated in February could be met would be through staffing restructure. Mr Wilson asked was there any prospects of potential income increases or could we do anything differently to counteract the reduction? The CFO reported that an increase in business engagement income was possible given SERC’s capacity and recent successful track record in this area, but that nothing had yet been firmed up.
- The Chair asked if the £36m funding figure was estimated on the basis of 95% of normal funding? The CFO reported that the number was based on last year’s initial allocation before all final adjustments were made. The CFO also confirmed that there were pressures within all the six Colleges.

The Chair indicated that the finalised operational budget would be brought to September’s F&GP Committee meeting for review. It was noted by members that the committee were concerned about

	<p>the delay in funding confirmation and the unhelpful impact this was having on the overall planning process.</p> <div style="border: 1px solid black; padding: 5px;"> <p>Agreed: The Committee approved the 2022/23 Baseline Operational Budget and recommended it for adoption by the Governing Body:</p> <p>Proposer: Gareth Hetherington</p> <p>Seconder: Majella Corrigan</p> </div>
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<p>4.</p>	<p>Finance Items for Information:</p> <p>a) Financial Governance Report</p> <p>In presenting the Financial Governance Report the CFO advised that the Financial Governance Report presented the performance of the College for both the Departmental financial year ended 31 March 2022 (actual) and the College financial year ended July 2022 (forecast). The CFO confirmed that the actual outcome for the Departmental year to 31 March 2022, was a Resource Requirement of £41,137k. The actual result was c. £810k better than the resource target of £41,946k, and members noted that there were several variances feeding into this, the most significant being:</p> <ul style="list-style-type: none"> • £315k of income from the Flexible Skills Fund had been recognised in March. This was forecasted for April, but delivery was completed in March. • £230k of accrued pay award for Part Time Lecturers has been released in light of the fact that the recent backdated final pay award agreement did not extend to Part Time Lecturer rates. • £200k of estates revenue spend intended to reduce the total variance has been delayed by 4 – 6 weeks due to the wide-ranging supply chain and labour issues currently impacting the construction industry. • £55k of TfS income had been recognised in March which was expected in April. This is a timing issue in terms of participant achievement and claims processing. • £59k of VPRS funding had been received and recognized. This relates to costs previously incurred in the 19/20 year and was only confirmed in the last quarter of the year. Despite attempts to utilize the funding, lead times meant this was not possible before end of March. <p>The CFO confirmed that this outturn had been discussed with DfE FE Finance and that at April’s NIFON meeting DfE had indicated they were content with the sector outturn. SERC’s Departmental year outturn was therefore deemed to have “met target”</p> <p>The CFO outlined that the end of July position was also expected to be better than originally planned.</p> <p>The College’s year-end resource requirement target is currently (as at Period 9) £43,856k. Following May’s IMPMS meetings, the Period 9 forecast outlines a Resource Requirement £1,254k lower than this at £42,602k. This variance reflects:</p> <ul style="list-style-type: none"> • Increased income in relation to Skills Intervention programme, Deloitte Skills Academy, Higher
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Level Apprenticeships, TfS and grants.

- An easement in expenditure for the period April to July caused by actual enrolments (and therefore overall delivery costs) on the new Traineeship programmes being significantly lower than originally envisaged. Although DfE have adjusted the Traineeship funding for the period August to March, they have yet to do this for the period April to July.
- Significantly reduced Covid-19 related expenditure to reflect the lifting of restrictions and public health advice. It was noted that these had all ceased from Easter.
- Substantially increased expenditure in a variety of areas, the most notable being Utilities due to increased costs; and Estates Maintenance and IT Equipment due to planned increases in investment.

The CFO confirmed that the end of July forecast and the associated tightening of expenditure would help the College going into the second half of the Departmental year in the context of the expected funding challenges. Mr Wilson asked about the purchase of non-capital equipment. The CFO confirmed that this was IT equipment. The Chair thanked the CFO for his comprehensive report.

b) NDPB Budgeting and Forecasting Submission

The CFO confirmed that this return tied into the Financial Governance report and that the latest return had been submitted on 26th May 2022. The Chair was content with this and nothing further was reported.

c) Debt Report

The CFO presented the latest debt report and advised members the current debt total is £1,213k. There were no concerns identified by members. The CFO confirmed that the Credit Control process was running and was having a positive impact.

d) Estates & Capital Expenditure Report

The CFO gave an overview of the report and highlighted the points set out in the executive summary; the following points were highlighted in discussion:

- Coronavirus pandemic control measures continue to reduce in relation to government guidance. The CMT agreed at its meeting last week to remove all signage and all mitigations are being removed
- The East Down bench marking process is ready to conclude and the Lisburn process is under review at present. The CFO reported that the College had moved its catering contracts out of Bangor and Downpatrick not only for financial reasons, but also for curriculum and quality reasons. SERC now has its own “College Kitchens” which gives the students practical experience.

- Overall energy consumption and costs have increased for the year to date (Aug 2021 – April 2022) when compared to the previous period (Aug 2020 – April 2021), with costs almost doubling.
- Additional Space Utilisation clarifications have been returned to DfE – this forming part of the sector benchmarking process.
- Several capital projects are to be completed shortly via the new PSC / TSC frameworks arrangements.

The CFO reported that the DfE have confirmed initial 2022/23 capital funding to be £950,000.

Ms Corrigan enquired if this process was done in a different mechanism than the Resource Allocation and if the funding that we received was what we had asked for? The CFO confirmed that capital and resource funding were separate processes. He confirmed that SERC had asked for more capital funding than was allocated. He also reported that at a certain point every year the DfE ask us what we consider to be our priorities and this year we asked for £2.5/3m. Ms Corrigan asked also was the £950k tied or flexible? The CFO confirmed that it was flexible and explained to members the process. The CFO updated members in relation to the Capital Projects and indicated that the new framework had been working well. The Chair asked a question in relation to the Castle House Revenue scheme. The CFO explained that Castle House needed a significant amount of maintenance work and that it had already been included in the forecast. Mr McQuillen indicated that he was interested to hear about the 10-year rolling capital plan and asked was the government acting in a joined-up way. The CFO confirmed that they were and that this was a focus in our Estates Strategy going forward.

The Chair made a particular reference to the positive feedback that had been received from the Open University in relation to the college's Business Continuity Plan - *"This is by far the best BCP that I have ever read". "It hits and above all the relevant points that we would expect to see in a BCP". "Very well laid out and very easy to read and follow". "Great to see the commitment to Up-date plan and exercise every year"*. Members acknowledged the excellent work that had been carried out by staff.

e) Procurement Update Report

The CFO asked members to note the written report. It was noted by members that there was nothing significantly new within this report and nothing to highlight. The CFO reported that the staffing within the procurement function remains a significant operational issue and risk. It is envisaged that long-term the College will advertise for Procurement Apprentices and put them through professional development qualifications in-house

	<p>f) Potential Impact of Coronavirus on Colleges Finances</p> <p>The CFO confirmed that this spend had been reduced as we continue to lift the mitigations.</p> <p>The Chair reported that this had been very useful.</p>
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<p>5.</p>	<p>Staffing Items for Information:</p> <p>a) HR Priorities 2021/2022 plan and status updates/HR Key Metrics Report</p> <p>The Chief Human Resources Officer (CHRO) presented the progress report of the HR strategic priorities, he highlighted there has not been any significant change since the last report to the committee. He brought to the attention of members that the Pay Reward and Recognition objective remained a “Red” Rag Status and will not be met in the current year. It was noted that the new recognition scheme will not be completed by the end of August and that this would be piloted into the new term and except for that, the CHRO was pleased to note that everything was progressing well.</p> <p>Moving on the CHRO directed members to the Key metrics report. He advised that all were within target with exception of headcount and sickness absence.</p> <p>The CHRO brought to the attention of members the following in relation to sickness absence:</p> <ul style="list-style-type: none"> • sickness absence rate was above target, 6% over the target of 3%. • the number of staff off and on half/ no pay was extraordinary at almost 40% of those on long term absence • three staff were progressing through ill health retirement. • On the positive side, it was noted that the short-term sickness absence was well below the 1% target, and this had been the case all year. <p>The Chair thanked the CHRO for his comprehensive report.</p> <p>b) Employee Relations Update</p> <p>The CHRO asked the committee to note the report provided which outlines employee relations matters ongoing within the College. The CHRO brought to the attention of members that all the Disciplinary and Grievances had all been completed. The CHRO also confirmed that the Tribunal Hearing that had been scheduled for June had been postponed and it was likely that this would be relisted to September 2023. Members noted that the other two cases were provisionally listed for March 2023 for a one-week period</p>
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c) Staff Survey Results

The CHRO advised the committee that this was just a preliminary report at this stage and that a full detailed report would be issued to the September meeting which would include benchmarking from other elements of the public sector. He also advised that a total of 320 responses (30% of the workforce had been received, a 13% reduction from last year and the lowest response rate since 2013/14. It was also noted that the response rate from part-time hourly paid lecturers was particularly low at just 5% from this category. The CHRO advised that there had been no material change in terms of timing of the survey being issued or the College's approach, and he was not sure at this stage why the response rate declined significantly. The Chair asked was the PTL response rate normal and the CHRO confirmed that it was normally low from this category. CHRO added that Staff were given the opportunity to add any additional comments via a free text box and a total of 99 comments (31% of responses) were received, 33 complimentary in nature and 66 outlining areas for improvement.

The CHRO advised members, following normal practice, the outcomes of this survey would be shared with the Staff Joint Consultative Forum and to all staff at the mandatory staff briefings with a formal action plan developed following staff focus groups.

In response to a question from Mr McQuillan in relation to a lower response rate from the Downpatrick/Newcastle and Ballynahinch staff, the CHRO confirmed that that was correct.

d) Annual Monitoring Report

The CHRO presented the Annual Monitoring Report and advised the committee that this was a statutory requirement which focused on Gender and Community Background. The CHRO highlighted to members that:

- the total number of applicants had declined significantly during 2021/22, down 34% from 2020/21.
- Increasing trend of non-determined employees, 4.45% to 9%, the highest percentage in 5 years
- The College was broadly reflective of the community in which it operates and whilst formal feedback would be received from the Equality Commission in due course, he did not envisage any requirement for affirmative action.

	<p>e) Potential Impact of Coronavirus on Staffing</p> <p>The CHRO advised members that to date the number of positive cases of Covid within the College had been 230 compared to 23 last year. Recently, there had been no real impact, with only one or two cases per week. The CHRO also advised that the sector was working on developing a Hybrid Working framework. The CFO reported that the College was continuing to plan to carry out 10% of our curriculum delivery online in 22/23.</p>
<p>6.</p>	<p>Applications and Enrolments</p> <p>The Principal directed members to the written report and indicated that he would be happy to take any questions from members. The Chair asked the Principal to give an overview of the report.</p> <p>The Principal reported that:</p> <ul style="list-style-type: none"> • compared to last year, full-time enrolments had decreased by 337 (4628 -v- 4291), • PT enrolments have increased (5928 -v- 6764) and this was mainly due to consistent increases in our Business Services cohorts and PT second semester enrolments. • FT AppNI enrolments have also increased. This is due to the transfers from Traineeships • Advanced Techs have increased by 14% but these were only introduced in September • Overall, the current FT enrolment figure sits at 337 below last year’s figure, this equates to -7%, which remains a good position given the challenges SERC and other colleges have encountered and continue to manage on an ongoing basis. The main reason for the slight decrease has been due to the adjustment of figures at year end due to distinct students and completers. • In terms of applications, these have increased for FE and HE which is encouraging, and it is anticipated that these figures will continue to increase. <p>The Chair thanked the Principal for his overview of this report.</p>
<p>7.</p>	<p>Policy Review</p> <p>a) Finance Policy Review</p> <p>The CFO advised members that the Finance department had undertaken its annual review of seven policies. Members noted that the following policies required no changes following review:</p> <ul style="list-style-type: none"> • Conflicts of Interest Policy • Treasury Management Policy • Use of College Name, Seal and Logo Policy

- Financial Governance Policy
- Risk Management Policy

Members noted that the following policy required minor changes following review:

- Anti-Bribery Policy

Hospitality and Gifts Policy

The CFO brought to the attention of members that there had been significant changes to the Hospitality and Gifts policy to incorporate the latest DfE/DoF guidance.

Agreed: The committee approved the amendment to the Gifts and Hospitality Policy and recommended it to the Governing Body for adoption

Proposer: Andrew Corbett

Seconder: Gareth Hetherington

The committee noted that the following policies had been reviewed with no substantial changes were made:

- b) Data Protection Policy**
- c) Health and Safety Policy Review:**
 - Health and Safety Policy
 - Fire Safety Policy
 - COSHH Policy
- d) Parental Leave Policy**
- e) Acceptable ICT Use Policy**
- f) E-Safety Policy**

Mr A Corbett left the meeting at this juncture (7.02 pm)

<p>8.</p>	<p>Any other business</p> <p>No other business was discussed.</p>
<p>9.</p>	<p>Confidential Business</p> <p>A separate note was taken for this item.</p>

	Date of next meeting
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	The next meeting date was confirmed for Tuesday 13 th September 2022, location TBC
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With no other business being discussed the meeting closed at 7.09 pm