



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 20th June, 5pm, Bangor Campus

<p>1.</p>	<p>Chair's Business</p> <p>a) Attendance and Apologies:</p> <p>Present: Mr E. Jackson, Mr K. Webb (Principal), Professor A. Woodside Mr D. Sagar (Chair of the Governing Body), Ms C. Goodwin, Mrs K Scott, Mr A Corbett, Mrs B Larkin</p> <p>In attendance: Mr T. Martin (Chief Finance Officer), Mrs C. Williamson (Secretary to Governing Body), Ms M Devlin (Head of School Health, Early Years and Adult Education) Items 1-3 Only</p> <p>Apologies: Mrs K Fraser</p> <p>In the Chair: Mr E. Jackson</p> <p>The Chair welcomed members to the meeting and noted the apologies. The Chair extended a welcome to Ms Devlin</p> <p>b) 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>c) Minutes of the meeting held on 6th March 2018:</p> <p>The Chair asked members to review the minutes from the previous meeting on 6th March 2018. Mr Corbett suggested that the action point on page 3 referring to the Complaints policy could be reworded to ensure that it reads as intended, members agreed to this change.</p> <p>Proposer: Kim Scott</p> <p>Seconder: Alan Woodside</p>
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	<p>d) Matters arising:</p> <p>The Chair advised that all action points were addressed on the agenda or ongoing items. The Chair asked members to note that an action point had been agreed he would contact the other finance Chairs in the other Colleges to work together on addressing the issues around Properties Division, however the Chief Finance Officer has since advised that DfE have asked the sector to formalise a business case to look at alternatives to the mandatory use of PD; therefore, there is no requirement for the Chair to pursue this matter any further at this time. Updates will be provided to the committee on the progress of the business case as they are available.</p>
<p>2.</p>	<p>Correspondence:</p> <p>No items of correspondence were presented.</p>
<p>3.</p>	<p>Budget Holder Presentation</p> <p>Michelle Devlin, Head of School for Health, Early Years and Adult Education began her presentation by providing a detailed overview of how she manages staff costs within her school and described how each member of teaching staff is paid and how over time is calculated for staff. She drew attention to the arrangement with staff to take Time off in Lieu (TOIL) instead of receiving payment which can save up to £2K per staff member per annum. She asked the committee to note that there is a set of criteria that has to be met to before TOIL can be taken: ensuring quality of the courses is part of this, with the Head of School having to be satisfied that it will not be negatively impacted. Ms Devlin further detailed how costs are saved within her school which includes sponsorship of materials, spend moratoriums, the use of Skype to reduce travel costs for staff and student fund raising activities.</p> <p>In response to queries on the use of TOIL Ms Devlin further explained that it is a personal choice for staff members whether they want to use it or receive payment, the Principal echoed these views and noted as it is a voluntary arrangement the College are relying on the goodwill of staff to use TOIL, in order to decrease costs. Members noted the relationship between staff and the Heads of Schools is therefore crucial in having an impact on managing budgets within each department.</p> <p>The Chair of the GB asked Ms Devlin how she can be sure that teaching staff are completing their 828 student hours within their contracts. Ms Devlin explained that there is a constant review of timetables and this also enables each school to ensure they have enough staff in place to deliver the courses on offer.</p>

Members enquired if there have been occasions that posts cannot be filled or staff cannot do overtime to cover a class, Ms Devlin advised that this is a challenge and at times Deputy Heads of School might step in or emergency appointments may be required. She highlighted that this is why the College is constantly updating the bank of part time lecturers to ensure that there is sufficient cover.

The Chair thanked Ms Devlin for taking time to speak to the committee and noted that it is a difficult task to ensure that quality is delivered alongside managing the budget.

4. Items to Approve

a) Resource Budget 2018/19

The Chief Finance Officer presented the Resource Budget 2018-19 and asked members to note that it is the operational budget which is the cornerstone of the IMPMS process used within the College to manage the budget of each department. For our 2018/19 financial year the College have been informed by the Department to use a “working assumption” of £21,517k for the period August 18 to March 19 and £11,834k as a “notional allocation” for the period April-July 2019. This gives the College a resource requirement for 2018/19 of £33,351k. In setting out the high-level summary of the budget the CFO advised that for the academic year 2018-19 delivery remains relatively static, commercial income will increase by around £794K, staffing costs will increase mainly due to pay awards and the rise in Commercial income needing additional resource to deliver and non-staff costs will rise by £0.2m which relates to the increase in commercial income and examination fees.

In response to a query around the TFS contracts the CFO confirmed that these contracts are essentially not profitable however the College tries to ensure that some contribution to overheads is delivered.

The Chair of the Governing Body enquired why the Governing Body expenses have been forecast to be 11% lower than the previous year, the CFO explained that this is based on last years attendance and the actual spend had been down and therefore this is the best indication of what the GB could spend in the next year. The Chair advised that this are not good assumptions as there are currently two governors who do not claim for attendance and this may change in the next year.

The Chair of the GB requested if two specific lines could be included in the budget one to cover the collaboration agreement between the Colleges of 50% of CNI annual fees and another for the Governing Body of £10k to cover items such as training, advice etc. The Principal advised that

	<p>whilst £50k had been discussed as an amount by each College to cover FE Collaboration he believed this sum will be refined.</p> <p>The CFO agreed to amend the Budget as per the requests from the Chair of the GB and advised the finalised operational budget will be brought to September’s F&GP Committee meeting for review.</p> <div style="border: 1px solid black; padding: 5px;"> <p>Action Point: The CFO agreed to include two lines in the budget at the request of the Chair of the GB to include FE Collaboration and Governing Body training and advice in the September cut of the Budget</p> <p>Key Decision: The committee approved the Resource Budget 2018-19</p> <p>Proposer: Kim Scott</p> <p>Seconder: Barbara Larkin</p> </div>
<p>5. Policies for approval</p>	<p>The CFO asked members to note the list of policies that had been reviewed and advised there have been no significant changes to any. In response to a query the CFO advised that the high-profile policies are reviewed on an ad hoc basis by DfE FE Governance and that not all the policies are sector wide.</p> <p>The Chair of the GB noted that it would be useful to compare this list against the cycle of policies the GB have compiled and ensure there is nothing that needs to be presented to the GB for approval or review.</p> <div style="border: 1px solid black; padding: 5px;"> <p>Action Point: The Chair of the GB requested the Treasury Management Policy is presented at the next meeting for information</p> <p>Action Point: The GB Cycle of policies will be compared against the list of financial policies</p> </div>
<p>6.</p>	<p>Items for Information:</p> <p>a) NDPB Budgeting and Forecasting Submission</p> <p>The CFO asked members to note the latest return was submitted on 25th May 2018 - the ‘Forecast Expenditure’ schedule is attached. It covers the period April 2018 – March 2019 and reflects:</p> <ol style="list-style-type: none"> 1. Actual performance as per SERC’s Period 9 Management Accounts for the month of April 2018. 2. Forecast performance as per the 25.05.18 in-progress draft of SERC’s operational budget for the period May 2018 to March 2019.

The return highlights a forecasted result (excluding VES) of £36,998k 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 23rd May. At £32,275k, the College's forecasted NDPB resource outturn is therefore on target.

b) Debt Report

The CFO asked the committee to note the aged debt report as at 13 June 2018. The Chair enquired if there was any concern about the debt which is greater than 120 days, the CFO advised that this debt is really a timing issue and a lot of this debt is tied up in the Student Loans Company, he emphasized that the College have a sound process in place to recover debt and so far, there have been no issues. The CFO asked the committee to note that business engagement will be an area of focus to ensure that no debt is accumulated unnecessarily.

A brief discussion took place around what yearend balance is expected to be in terms of the debt, the CFO advised that at year end in July last year the debt was £659k and this year it is forecast to be £650k, which indicates that is within the College's allowances.

Action Point: The committee requested if a comment on the acceptability of the total balance could be included in the report going forward.

c) Bank Report

The committee noted the bank report as of May 2018. The committee briefly debated if the College could avail from a 'swap facility' in order to gain some interest on cash balances. The Chair advised that DfE had confirmed that there is flexibility in the banking arrangements to earn some money on cash balances and that if this is possible the College should include a plan for the interest gained so that it is not deducted from the Resource Requirement from DfE.

Action Point: The CFO will task the finance team to investigate if a 'swap facility' can be arranged through the College current account

d) Financial Governance Report

The CFO presented the The Financial Governance Report which sets out the final position as at 31 March 2018 and the forecast financial position of the College at 31 July 2018.

In response to a query on the increase of costs on premises the CFO advised the following items have increased when compared to budget: heat, light and power has increased by £40k, water waste and cleaning has increased by £20k and maintenance & professional fees increased by £20k due to the use of Properties Division.

The CFO explained that under the new funding model the “block” grant-in-aid covers a number of elements that were previously “ring-fenced”, for example the “inescapable pressures” funding received in 2016/17. The CFO emphasized that such Grant in Aid funding is no longer shown on the face of the financial report as the College is not required to report on it. Focus should instead be on the Resource Requirement target.

e) SPACE Income

The committee noted the report setting out the income generated from The SPACE facilities and discussed if more income could be sought. The Chair of the GB suggested tasking an expert management company with increasing the income revenue.

Members noted that in terms of the available time of the building; the time when SERC students require it is also the primary time that external organisations would want to use it, The Principal noted suggestions to target primary schools for summer shows and advised that local schools do use the building, but he would not like to put a charge on it as schools are also working to tight budgets.

f) Update on Castle House Project

The CFO presented the paper setting out proposals for Castle House and advised the committee this is not a formal business case but rather what the College hopes could be developed. The proposal set before the committee has 2 stages.

- Retention and development of Castle House
- Building a new Entrepreneurship and Innovation Centre

The new facility would be a hub for reducing the skills gap and provide a location for entrepreneurship and innovation in the areas of advanced manufacturing, materials and engineering and the creative industries. The estimated cost to build is £6m, which will require capital infrastructure funding and the preparation of a business case.

The Principal asked members to note that it is hoped a bid can be submitted through the Belfast City Deal that would bring around £3m to the project.

Action Point: The committee requested to review the draft business case for Castle House when it has been drafted

g) Student Financial Support Mechanisms

The committee were asked to note the paper setting out the various financial support available to students. The Chair of the GB noted the paper was very useful and enquired if a further report could provide some detail on why numbers have declined in some areas and what is the optimum number for the schemes.

In response the CFO advised that the College does not approach the schemes with a “target” in mind. Most schemes are administered on strict eligibility criteria and the numbers of students are therefore dependent on such eligibility. He further advised that the student finance support team very much respond to what funding and demand is available throughout the year – available support is promoted throughout the college, with “drop-in clinics” held as necessary throughout the year to ensure the information is relayed to students as well as being set out in the prospectus.

The Principal confirmed to members that the College heavily promotes EMA and the Hardship fund to students so that anyone who is eligible can avail of it. Mr. Corbett agreed that students are sophisticated on what is available to them and felt that, in his experience, they are very aware of how to get it. He also advised that EMA is a helpful scheme for staff as it helps retain students via both weekly bonus payments.

h) Update on Horizon 20/20

	<p>The Principal gave the committee a brief update on Horizon 20/20 and asked them to note that various partners and potential bids are currently being reviewed, however, there is nothing in the budget yet in terms of income.</p> <p>i) Recovery of full cost courses</p> <p>The Chair advised that the committee had sought information on course costs to ensure that in terms of engaging with local communities the College is only charging a direct cost. The CFO confirmed that the College has costing models in place to ensure that the best available cost is provided to the communities. He advised that a lot of full cost courses pricing is mapped against the other FE Colleges.</p> <p>j) Campus Utilisation</p> <p>The committee noted the paper provided setting out the utilization of the campuses by external groups across the College, a brief discussion took place around attracting more community groups to the College and Ms. Goodwin suggested that Sonya Kerr may be able to explore this further in her role with Catalyst Inc.</p> <p>Action Point: The Chair will explore the development of more community HUBs with Ms. Kerr, the GB Boardroom Apprentice for 2018-19</p>
<p>7. Capital Projects and Estates</p>	<p>The CFO asked members to note the written update on Capital Projects and Estates and provided a high-level summary of the report. The committee were asked to note that issues are still ongoing with the use of Properties Division and this remains on the risk register, the CFO advised that internal audit are going to review PD sector wide and external audit have also now flagged this as a key risk. Therefore, this provides more validity for the Colleges to seek alternative methods through the sector wide business case.</p> <p>Ms. Goodwin noted that £184k had been spent on the refurb project in the Ballynahinch campus and queried the spend of this amount of money in an underutilized campus when budgets are under pressure. The CFO informed members that this campus had been chosen because it had the space to create a dedicated HR reception and interview rooms to create a more professional environment for recruitment. The Chair of the GB asked that more consideration is given to large projects going forward.</p> <p>In response to a query on GB involvement on spend the CFO confirmed the Accounting Officer can sign off up to £1m; and that information to the GB can be post implementation.</p>

8.	<p>Update on Applications and Enrolments</p> <p>The Principal provided the committee with the latest update on applications and enrolments. Applications are currently at 3113 compared to 1716 for the same period last year. The enrolment target of 30k looks likely to met as enrolments are currently 29882.</p>
9.	<p>Tender Awards</p> <p>There were no tender awards over £100k to report.</p>
10.	<p>Collaboration Programme; and Systems Technology Services Project</p> <p>The Chair of the GB highlighted the importance of the SLA presented to members; he advised that the GB Chairs had agreed to each present the SLA for approval to the respective Governing Body's and therefore this committee was being asked to review and approve the SLA on behalf of the GB.</p> <p>The Principal informed members that after the closure of Colleges NI an SLA is required for the Colleges Collaboration projects going forward, the SLA is currently in draft form as more changes will be made around the SRO. In response to a query the Principal confirmed that the work carried out by Carson McDowell Solicitors to develop this document has already been paid for by CNI. The Principal further advised that if there are any future collaboration projects this is the governance model that will be used and allows projects to be ring fenced aside of the Governing Body's and furthermore provides assurance that all parties will do as they have been tasked.</p> <div style="border: 1px solid black; background-color: #f0f0f0; padding: 5px;"> <p>Key Decision: The committee approved the STS SLA in principal subject to further changes recommended by Carson McDowell</p> <p>Proposer: Ed Jackson</p> <p>Secunder: Kim Scott</p> <p>Action Point: The Chair of the GB requested if the Data Provision ("Two College Model") SLA could be reviewed at the next meeting for information</p> </div>
11.	<p>Any other notified business</p> <p>No other business was discussed.</p>
	<p>Date of next meeting</p> <p>The next meeting date was confirmed for Tuesday 11th September 2018, 5pm, Lisburn Campus</p>

The meeting concluded at 19.24pm