



**South West College**

**Annual Report and Financial Statements**

**Year Ended 31 July 2023**

*The Accounting Officer authorised these  
financial statements for issue*

*on*

21<sup>st</sup> December 2023

*Laid before the Northern Ireland Assembly  
under the Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008  
by the Department for the Economy*

*on*

10<sup>th</sup> January 2024

**CONTENTS**

	<b><u>Page No</u></b>
Strategic Report	2
Remuneration and Staff Report	24
Statement of the Responsibilities of the Accounting Officer and the Governing Body	38
Statement of Corporate Governance and Internal Control	39
Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly	52
Statement of Comprehensive Income and Expenditure	57
Statement of Changes in Reserves	58
Statement of Financial Position	59
Statement of Cash Flows	60
Statement of Principal Accounting Policies and Estimation Techniques	61
Notes to the Financial Statements	67

## NATURE, OBJECTIVES AND STRATEGIES

### Organisational Overview

South West College (SWC) is a substantial provider of education and training with main catchment covering the counties of Tyrone and Fermanagh. As part of the Northern Ireland Further Education (FE) sector, South West College takes a pivotal role in generating a strong and vibrant economy through the development of professional and technical skills, increasingly at higher levels. South West College has a dual mandate to support economic development through education and skills and to support social inclusion by providing those with low or no qualifications, or who have other barriers to learning, with the skills and qualifications needed to find employment and to become economically active.

The industrial profile of the south west region necessitates a particular focus on the development of higher level technical and professional skills. South West College has strategically responded to this need through the development of innovative apprenticeships and a modern Further Education curriculum. South West College has also developed a wide range of Higher Education programmes, including honours degrees and foundation degree programmes, mainly in Science, Technology, Engineering and Mathematics (STEM) subjects. South West College works closely with a wide range of partners; universities, schools, businesses and local councils, and has extended its international outreach in support of students and the development of the economy. Accordingly, South West College is a key player in the economic development of the region, working closely with the business community in developing the skills necessary for current and future jobs.

### Legal Status

The current arrangements for further education in Northern Ireland were established by The Further Education (Northern Ireland) Order 1997 with Colleges being self-governing incorporated bodies with effect from 1 April 1998. Based on this legislation, the Office for National Statistics, in 2010, reclassified colleges as part of Central Government. This has resulted in colleges being determined as Non-Departmental Public Bodies. Colleges have been granted charitable status by the UK HM Revenue and Customs.

### Mission Statement

South West College is at the heart of the communities of Tyrone and Fermanagh. These two counties and their people have a long and proud history of both national and international interaction. The College is physically represented at campuses in Cookstown, Dungannon, Enniskillen and Omagh. The College employs over 500 full time and part time staff servicing some 14,000 enrolments with a turnover of £40m and makes a major contribution to the local and regional economy.

South West College recognises that learning is changing therefore in this academic year new curriculum offers will involve both face to face teaching supported by e-learning and e-services where appropriate. South West College believes this innovation is essential for the development of a coherent and relevant offer to the student population. The Physical College is still the core of the institution, with its emphasis on access for all to high quality teaching, learning and support for students. This focus on the student, their wellbeing, their performance and personal development remains at the core of the South West College.

Our Vision, Mission and Values



**OUR VISION**

Inspiring Learning -  
Empowering People



**OUR MISSION**

South West College works, in partnership, to provide inclusive lifelong learning opportunities, to enrich lives, support business and to promote community, economic and social wellbeing.



**OUR VALUES**

Respectful  
Accountable  
Engaging  
Committed

## Strategic Planning and Context

South West College's strategic planning is set within the context of the regional economic climate, the previous draft Northern Ireland Programme for Government (PFG) and the "Skills for a 10X Economy" strategy.

Strategic plans are also shaped through collaborative working with key government agencies, industry and educational stakeholders. This plan reflects South West College's contribution to raising skills levels and increasing the productivity of the future workforce. Further key strategies which also inform planning include:

- Skills Strategy for Northern Ireland;
- Skills for a 10X Economy; and
- Northern Ireland Skills Barometer.

The Skills Strategy addresses the skills needs across Northern Ireland over the next decade with key policy objectives to invest in digital skills across all sectors, create a culture of learning for all ages and reduce the skills imbalances in the workforce, with a particular focus on those with low or no skills. The Skills Barometer provides a detailed understanding of the future skills needs and skills gaps by qualifications level, subject area and sector for Northern Ireland covering the period up to 2030. This helps form the basis of curriculum planning in South West College aligned with the direction previously set out in Further Education Means Success and other Department for the Economy strategies including those on apprenticeships, youth training and higher education.

At a regional level South West College works strategically with Fermanagh & Omagh and Mid Ulster District Councils to shape and realise the Community Plans of both regions. Both these councils have recently come together, along with Armagh, Banbridge and Craigavon Borough Council to build a new economic alliance for the 'Mid-South West' region and a new Regional Economic Strategy has been developed. South West College has also actively participated in the newly established Labour Market Partnership initiatives led by the local councils.

## South West College Development Planning

For the period 2022/23, a College Development Plan (CDP) has been produced and this sets out, in detail, the current operating environment and the regional operating context in the South West. The CDP also presents the key performance indices (KPIs) for curriculum and qualifications, employer engagement and social inclusion within the budget allocation.

This year South West College has developed a new Industry Support Strategy: Skills for Industrial Transformation. This strategy identifies emerging industry priorities and maps these against South West College's existing curriculum and services. This has informed the creation of a range of development priorities focused on further aligning the skills of students with the needs of industry. A new curriculum plan has also been developed and this ensures that the South West College curriculum continues to be futureproofed and reflect accurately Government priorities, local industry need and, most importantly, the aspirational needs of students. A core aspect is that South West College curriculum offer provides direct opportunities for student progression either within the College or in conjunction with partner organisations. Curriculum priorities are informed by skills needs identified through key government

strategies, the NI skills barometer, FE sector curriculum hubs, local data and direct engagement with employers and employers bodies. On an annual basis the current curriculum is reviewed to establish if fit for purpose and new curriculum is planned and developed as needed. This planning process also includes an assessment of need and projected enrolments based on recruitment patterns, conversion rates and historic progression trends. This generates a demand profile for programmes and in turn staffing costs and delivery costs. Consideration in curriculum planning is also afforded to quality assurance and student retention, achievement and success with assessment of strengths and areas for improvement and development.

### **Financial objectives**

South West College's high level financial aim was to achieve good financial performance through income generation and efficient operation, to support and facilitate the service provision and progress strategic priorities. This was supported by specific financial objectives, which include:

- To ensure a balanced budget - within Non Departmental Public Body (NDPB) allocation limits;
- To generate sufficient levels of income to support the asset base of the College;
- Further development of monitoring, reporting, budgetary control and financial management to enhance performance reporting;
- To ensure robust financial planning and risk management;
- To utilise and develop skills and experience to support financial performance; and
- Unqualified External Audit Report.

These objectives were achieved in year and the ongoing strategy is that South West College secures maximum funding for its operations and utilises this funding in a way that is most beneficial for students.

During 2022/23, performance against budget has been monitored throughout the year by the quarterly preparation of South West College Management Accounts, to include an Income and Expenditure account and Statement of Financial Position, with comparatives against its prior year position. These are reviewed by the South West College Management Team and presented to the Governing Body throughout the year. Each month budget holders have been issued with financial reports indicating performance against budget and highlighting variances.

### **Performance Summary**

The 2022/23 academic year continued to see a return to a more normalised operating environment in South West College with the disruptive impact of Covid-19 on teaching, learning and operations reduced. Over the course of the year South West College continued to focus on students, staff and curriculum at the core and on delivering excellent results and outcomes. In a rural region, an important South West College priority is to provide progression pathway for all students from Level 2 to Level 6 through curriculum which is directly aligned to the needs of industry. This year, a highlight was the continued growth in Higher Level Apprenticeships which is an important new progression pathway for work-based learning students in industry, and the continued development of Traineeships and Advanced Technical programmes, along with introduction of apprentices in new areas such as Dental Nursing.

Performance objectives for the 2022/23 academic year were established at the start of the year through the annual college development planning process. Article 20 of the Further Education Northern Ireland) Order 1997 requires that each college prepare a College Development Plan (CDP) for submission to the Department for the Economy. The CDP outlines South West College's strategy and business plan.

The CDP sets out the operational plans within the budget remit defined by DfE. The educational and performance measures are detailed in three report cards:

- Report Card 1 – Students and Qualifications;
- Report Card 2 – Businesses; and
- Report Card 3 – Social Inclusion.

On an annual basis the development plan is reviewed to establish if fit for purpose and new curriculum and services are planned. Performance objectives are considered across a number of areas in terms of curriculum delivery, student performance, social inclusion and employer engagement. These education outcomes and associated performance measures have been developed and align with the Outcome Based Approach (OBA) approach promoted by the draft Programme for Government.

### **Curriculum Delivery**

In relation to curriculum delivery, in 2022/23 the number of South West College enrolments excluding ES was 16,646. This is 121% of the CDP target. This represents an increase of 1,300 enrolments (+8.5%) in comparison to 2021/22 levels of 15,266. The total number of students across all campuses and out-centres was 11,952.

In work-based learning areas the phasing out of the Training for Success programme saw only 16 legacy enrolments on it. Skills for life and work achieved 292 total enrolments, Traineeships 654 enrolments, AppsNI Level 2, 2,635 enrolments, and HLAs 442 enrolments. This is 122% of the CDP target and represents significant growth in real terms. This is a result of increased demand for work-based technical skills and demand from local industries, in particular in engineering and construction which, outside of retail and agriculture, are the largest employment sectors in the region, and the introduction of apprenticeships in new areas such as dental nursing.

Part-time FE also increased from 9,032 in 2021/22 to 10,652 in 2022/23 as a result of increased vocational and evening provision, community education, ESOL, Confucius provision delivered in schools, and specialist upskilling and reskilling programmes carried out under Skill UP and Skills Focus. This is 129% of the CDP target.

Delivery of full-time FE provision decreased from 1,381 to 1,218 in line with trends across the FE sector in NI. This drop was anticipated, and the enrolment is 97% of the CDP target. The college recruited 227 enrolments on Traineeships. (93% of CDP target). This downward trend in FT FE enrolments has been evident for a number of years and remains a significant concern. Whilst recognising that the number of school learners at 16 years of age has dropped, the extent of the decline is attributed to the outworking of education policy across NI and in particular the growth in 6th form provision and a funding model that has incentivised schools to retain learners leading to increased levels of duplication of provision between both schools and colleges. To address this decline new curriculum has been developed through the introduction of the Traineeship and Advanced Technical Programmes. These are new flagship Level 2 and level

vocational education programmes that aim to create a pathway that offers participants the opportunity to achieve qualifications equivalent to five GCSEs or 3 A-Levels and will support progression into employment or higher levels of education and training. This year South West College offered Traineeships in carpentry & joinery, plumbing, engineering, retail and motor-vehicle and Advanced Technicals in Engineering, Construction, and IT.

Delivery of HE provision remains challenging with a decrease in the number of full-time enrolments 499 to 454 (- 9%) This is 80 % of the CDP target. One reason for this is that direct progression into HE from FE programmes has reduced due to an overall decline in full-time FE over this past five years. Stronger performance at A-Level, due partly to grade inflation and to reduction in entry grades for university courses, has also resulted in a larger number of students, who would have traditionally followed a 'HE in FE' pathway, going directly to university.

Part-time HE enrolments increased from 631 to 721. This is 100% of the CDP target. This was achieved by the introduction of a number of new short HE programmes both face to face and online.

Whilst enrolment to FT HE have declined, there has been a significant increase in Higher Level Apprenticeship enrolments (299 to 443), and this is a positive. This is 98% of the CDP target. This realignment of enrolments, and the capability to merge FT, PT, and HLA, classes ensures that South West College HE provision remains viable and sustainable.

### Student Performance

Originally related to a Programme for Government (2011-2015) commitment, FE College performance is measured across three indicators:

- Retention rate is defined as the percentage of final year regulated enrolments completed by students. Since 2012/13, those who complete their course early (and recorded in the data as a withdrawal) and who have subsequently achieved their programme of study qualification have been regarded as a 'completer';
- Achievement rate relates to the percentage of final year regulated enrolments completed by students who achieve a qualification; and
- Success rate is recognised as the overall measure of performance, which is the percentage of final year regulated enrolments of students who complete and achieve a qualification.

### Retention rate

Over the period 2017/18 to 2021/22, the retention rate at FE Colleges has decreased in net terms, from 90.3% to 89.3%. Compared with 2017/18, this implies that proportionately fewer people stayed on and completed their course in the most recent year. Over this period retention in SWC decreased by 0.4% to 90.9%, compared to a sector average of 89.3%.

### Achievement rate

The achievement rate at FE Colleges has increased by a net 1.3 percentage points, from 85.3% (2017/18) to 86.6% (2021/22). This indicates that, of those who completed their course, proportionately more people achieved their qualification in 2021/22 than in 2017/18. Over this period achievement in South West College increased by 3% to 84.4%, compared to a sector average of 86.6%.



### Success rate

The success rate across the FE sector (that is, the percentage of final year regulated enrolments of students who complete and achieve a qualification) has increased in net terms, from 77.0% to 77.3%, over the period 2017/18 to 2021/22. Over this period success in South West College increased by 2.4% to 76.8%, compared to a sector average of 77.3%.

There is an established link between economic deprivation and educational attainment which is a contributory factor here. This is a key priority to address, in particular retaining students on two-year programmes. Student success rates in Essential Skills remains above the sector average and this is important in the south west region where there are above average percentage rates of working age adults with no qualifications (See table 5 below). Continuing to promote essential skills development, education outcomes and entry into education for disengaged individuals will remain as a priority for South West College.

South West College has enhanced the curriculum this year through the further development employability, and enterprise skills. Academic staff work to embed Project Based Learning innovative concepts to provide a more flexible, responsive curriculum that enables students to improve their communication skills, become problem-solvers, develop a positive attitude and demonstrate entrepreneurial skills which promote job readiness.

### Social Inclusion

The Social Inclusion provision in South West College remains strategically important, given regional data which shows that South West College attracts one-half (49.9%) of its students from areas of high social deprivation and disadvantage, deprivation quintiles 1 and 2. South West College has seen a growth in enrolments from students from deprivation quintiles 1 and 2 8493 to 9200, (+8.3%) and from students with registered disabilities; 1491 to 1756 (+17.7%). South West College has a clear vision for social inclusion and is highly committed to developing accessible learning programmes that enable progression pathways irrespective of the students' entry point or socio-economic barriers to education. South West College strives with success, to meet the diverse and often complex needs of these students through a range of provision and externally funded programmes which supported 1,056 young people annually with progression to education, training and employment. 267 progressed to sustained employment and 269 progressed to FE/HE/Training programmes. As a result of EU Exit, there was a risk of a reduction in this provision if no replacement project or funding was successfully secured, but the college availed of funding opportunities such as Peace Plus and the Shared Prosperity Fund. Whilst there will be a reduction in social inclusion provision, in the short term, South West College remains committed to supporting all citizens of the region to meet their full potential and will offer part time FE and Skills for Work and Life options to students.

### Employer Engagement

Employer engagement, and in particular SME innovation, remains an important area in South West College with support to some 150 businesses supported annually through the South West College InnoTech innovation centre. This includes InnovateUs innovation support, innovation vouchers, Intertrade Ireland Boost programme and Knowledge Transfer Partnerships. Product development and innovation is at the

heart of growth, but often needs costly technology support. These programmes help businesses to develop new and innovative products, improve existing products, streamline production processes, implement quality systems, improve environmental performance, enhance design capabilities, and develop and implement IT solutions. They enable companies to seek knowledge and expertise from colleges on projects such as :

- ideas for new or improved products, processes, and services;
- product and service testing;
- access to information and expertise on new materials; and
- tapping into research and scientific expertise.

In 2022/23 South West College increased activity on the DfE funded Skills Focus programme (£249,000 delivery, 300 employees, although this crosses the years 2021/22 and 22/23, with 22/23 enrolments of 222). This programme facilitates collaborative working between business and the Colleges to provide tailored skills provision to small and medium-sized enterprises (SMEs) to increase the skills levels of the workforce to Level 2 and above.

### Key Performance Indicators and Outcomes

The 2022/23 CDP serves as the baseline against which delivery of key performance indicators are measured throughout the academic year. This covers overall South West College performance using three CDP report cards covering qualifications, employer engagement and social inclusion. KPIs are tracked using a RAG status and here a red RAG status has been provided, with reasons for the variance are provided in tables 6.

Looking forward, in the 2023/24 academic year, South West College performance is projected to grow in a number of areas compared to 2022/23. It is planned that full time FE enrolments will remain at a similar level, however South West College anticipates a small decrease in part time FE enrolments as less students may be able to afford fees for part-time courses due to cost of living challenges. There will also be a reduction in part-time FE enrolments due to the cessation of a number of EU funded programmes which enabled the delivery of bespoke social inclusion provision. South West College projects an increase in HE provision, in particular in part-time courses, and Higher Level Apprenticeships, due to the introduction of new curriculum provision. South West College also anticipates growth in apprenticeships and in the newly introduced Traineeship and Advanced Technical Award programmes as these become further established and embedded.

In relation to employer engagement, this is driven by employer demand and South West College anticipates delivery at a level consistent with previous years.

Overall performance levels for student retention, achievement and success are projected to improve compared to 2022/23 levels, particularly in the area of achievement and success.

Table 1 shows curriculum key performance indicators in terms of enrolment levels for full time FE and HE, Work Based Learning, Traineeships and Essential Skills. Metrics in relation to priority skill areas and STEM are also included. Performance in four areas, FE Full Time, HE Full Time, HE Part Time and Traineeships fell below projected targets and an explanation for this is provided in Table 6.

2022/23 Qualifications	Target (Enrolments)	Achieved
Further Education Full Time	1,262	1,218 (97%)
Further Education Part Time	8,252	10,652 (129%)
Higher Education Full Time	567	454 (80%)
Higher Education Part Time	720	721 (100%)
Training for Success/Apprenticeships	2,314	2,932(127%)
Traineeships	244	227(93%)
Higher Level Apprenticeships	450	442 (98%)
Essential Skills	2,105	2,358 (112%)
Priority Sector Areas and/or STEM	4,617	5,017 (109%)

Table 1: Curriculum KPI

Table 2 shows employer engagement performance in terms of budget spend on core programmes, delivery of Assured Skills Academies and other key innovation programmes. Performance on the InnovateUs, Fusion, and Innovation Vouchers programmes fell below the projected target and a rationale for this is provided in Table 5.

2022/23 Employer Engagement Target	Achieved
InnovateUs - Budget Spend £350,000	£348,600
Skills Focus - Budget Spend £200,000	£248,978
Fusion and KTP Projects - 7 projects	3 projects
Innovation Voucher projects - 13 projects	7 projects
Other programmes Renewable Engine, Co-innovate, Housing 4.0, Connected, ERAP 15 R&D projects	15 complete

Table 2: Employer Engagement KPI

Table 3 shows social inclusion performance in terms of enrolments in key areas, outputs from targeted programmes and overall number of individual students supported. All areas exceeded projected performance in social inclusion.

2022/23 Social Inclusion	Target	Achieved
Enrolments within Quintile 1 and 2	8,000	9,200 (115%)
Enrolments declaring a disability/ long term health problem	1,200	1,756(146%)
Enrolments on Entry Level and Level 1 Programmes (including Essential Skills)	5,000	7,927 (158%)
Enrolments on Targeted Programmes such as College Connect	978 Recruited 230 Progress to Employment 282 Progress to Education	1,056 Recruited 267 Progress to Employment 269 Progress to Education
Enrolments on ESOL Programmes	250	361(144%)
Overall number of individuals supported by above measures	9,000	9,011 (100%)

**Table 3: Social Inclusion KPI**

Table 4 shows overall student performance rates for retention, achievement and success. Two areas met the projected performance levels as agreed with the Department for the Economy in the annual South West College Development Plan but retention is still an area for improvement.

2022/23 Overall Performance Rate	Achieved 21/22	Target 22/23	Achieved 22/23	Sector Average
Retention Rate:	90.9	90.6	90.9%	89.3
Achievement Rate:	84.8	82.8	84.4%	86.6
Success Rate:	76.8	75	76.8%	77.3

**Table 4: Overall Performance Rate**

Source: FE Sector Activity Bulletin: SWC CDP 22/23

The specific areas of underperformance in terms of curriculum enrolments and employer engagement with a rationale provided for each area of underperformance are discussed below:

Planned Activity	2022/23 Planned	Actual	Reasons for Variances
<b>Higher Education Full Time (HE FT)</b>	567 enrolments	454 enrolments (80%)	HE FT recruitment had been challenging for various reasons - direct progression from FE programmes has reduced, due to an overall decline in FE FT. Grade inflation at A-Level has also resulted in a larger number of students, who would have traditionally followed a 'HE in FE' pathway, going directly to university. The Higher Level Apprenticeship pathway has also proved attractive and this has had an impact.
<b>Fusion and Knowledge Transfer Partnerships</b>	7 projects	3 projects	Constraints in staff resources impacted on the number of projects delivered.
<b>Innovation Voucher Projects</b>	13 Projects	7 Projects	Constraints in staff resources impacted on the number of projects delivered.
<b>Retention Rate</b>	92%	87.9%	This target was not met for a variety of reasons; an increase in student mental health challenges and weaker academic entry profiles as a result of the impact of Covid on previous learning. This remains an area for improvement. The college has developed a new Early Warning System to identify and support students at risk of drop out at an earlier stage.
<b>Full Time Further Education (FE FT)</b>	1,262	1,218(97%)	Increased competition with schools at post 16 in vocational education continues to impact on recruitment to post 16 vocational education in colleges, including South West College.
<b>Traineeships</b>	244	227 (93%)	Strong employment demand, as shown in the 26% over target on apprenticeship recruitment, has resulted in less candidates going onto traineeship programmes.
<b>Achievement Rate</b>	76%	83%	Higher than target.

**Table 5: Underperformance of Curriculum Enrolments and Employer Engagement**

Source: SWC CDR

## FINANCIAL POSITION

### Financial Results

South West College generated a deficit on continuing operations of £1.403M in the year (2021/22 – deficit £6.062M). South West College recognised an exceptional gain of £459k (2021/22 £447K) as a result of an insurance rebate from BES Limited after an annual benchmarking exercise.

South West College's turnover increased by £2.592M (5.4%) to £50.728M. This increase can be attributed to drawing down more recurrent grant from DfE in the last four months of the academic year (still remaining within our allocation for the financial year) to cover the shortfall in income being received as a result of the delayed Trainee and Apprenticeship Management System (TAMS) claims being processed. Staff costs have decreased by £2.158M (6.93%) to £28.965M. Included within this figure are statutory pay increases, however this has been offset by a reduction in Project staff as projects come to an end and redeploying existing staff rather than backfilling vacant positions. Other operating expenses have increased by £474k (3.1%) as a result of the cost of living inflationary increases that have been passed on from suppliers.

South West College has significant reliance on DfE for its principal funding source, largely from recurrent grants. In 2022/23, DfE provided 67.8% of South West College's total income through allocated recurrent grant (2021/22 57.4%). This increase is due to income for delivery of Traineeship Programmes being classified under Recurrent Grant from August 2021. This represented 15.7% of the total recurrent grant available to the sector (2021/22 14.1%).

South West College is involved with various educational partnerships and joint ventures. None of these are considered to be material, nor do they have any significant assets or liabilities not already reflected in the financial statements.

The interest charges of £3.015M relate to the notional interest calculated in respect of the PFI contracts of £2.752M and a finance charge of £263K in relation to accounting for pensions. At the 31<sup>st</sup> July 2023 there were fourteen years remaining on the PFI contracts and a total liability of £32.363M.

Buildings were subject to an indices based valuation as at 31<sup>st</sup> July 2023 provided by Land and Property Services. The £13.447M movement on revaluation comprised annual revaluation of buildings and land. Fairview Campus was sold in March 2023 for £1.705M with a net profit on sale of £815k.

The Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) pension liability moved from £7.063M to an asset position of £3.385M. The main reasons for the movement in the pension from a liability to an asset as reported at 31 July 2023, are a change in the financial assumptions resulting in a gain on liabilities of £12.632M (higher corporate bond yields, leading to an increase in the discount rate assumption); a change in the demographic assumptions within the calculation which has led to a gain of £1.049M and an experience gain of £45k. These gains have been offset by a loss on assets (lower than assumed returns on the funds' assets over the period) and the actuarial valuation at 31 March 2022 being lower than the asset value estimated for the financial year ended 31<sup>st</sup> July 2022 accounting period (£2.342M).

## Reserves

South West College has accumulated reserves of £99.27M, including a property revaluation reserve of £91.952M, and cash balances of £3.86M.

The revaluation reserve of £91.952M has accumulated through revaluation of land and buildings over the cost, capitalised value or in respect of assets inherited at no cost from another party.

## Treasury policies and objectives

### Treasury Management

Treasury management is the management of South West College's cash flows, its banking and investment transactions and the effective control of the risks associated and pursuit of optimum performance consistent with those risks. The South West College has an investment policy which establishes investment objectives as follows:

- Investment suitability – in recognition of the College's primary educational mission, its role as a custodian of public funds and its unique budgetary and cash flow cycles;
- Preservation and safety of principal – to ensure that potential capital losses are avoided;
- Liquidity – by structuring maturities to enable the College to meet all cash requirements which might reasonably be anticipated;
- Diversification – to avoid incurring unreasonable and avoidable risks regarding types of investment or concentrations within individual financial institutions; and
- Yield – to attain the best rate of return on investment funds.

As interest rates continue to remain low and as a result of the cash drawdown process now in operation, South West College has retained cash in current accounts during 2022/23.

## Cash flows

The operating cash flow for South West College for the year decreased slightly, reflected in the movement of net funds in the Cash Flow Statement. South West College had no borrowings at the year end or during the year. With a cash balance of £3.86M (2021/22 £4.02M), South West College's liquidity is within the Department's target for College cash reserves.

## CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

### Student Numbers

The South West College's student establishment increased during the year decreased by 0.91%, giving a total establishment equivalent of 4,489 full time equivalent (FTE) students (2021/22 – 4,530). This comprised of further and higher education FTE students funded by DfE and FTE students who are separately funded through training, cost recovery or other programme arrangements.

### Further Education Reclassification

In October 2010, the Office of National Statistics reclassified Further Education Colleges from Non-Profit Institutions Serving Households to Central Government, which is from private to the public sector. From 1 April 2012 it was confirmed that for Northern Ireland, the Further Education Colleges would be brought within the budgetary responsibility of the Department for Employment and Learning (now the Department for the Economy) and required to accord with the same budgeting and reporting disciplines as other Non-Departmental Public Bodies.

### Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%.

During the accounting year from 1 August 2022 to 31 July 2023, South West College paid 86% (2022 - 95%) of its invoices within 30 days, and 32% (2022 – 50%) within 10 days. South West College incurred no interest charges in respect of late payment for the year. The South West College is committed to the prompt payment of suppliers of goods and services in accordance with the Confederation of British Industry's prompt payers' code and British Standard BS 7890. Unless otherwise stated in the contract, payment is due within 30 days of receipt of the goods or services, on presentation of a valid invoice or similar demand, whichever is later.

### Events after the Reporting Period

#### College Restructure

A new college organisation structure has been implemented, effective from 1<sup>st</sup> August 2023 following recommendations from a number of external and internal reviews. Under the new structure the Directorate comprises the Principal and Chief Executive and Directorates in Curriculum, Corporate and Support Services and Development and Support.

#### Lecturing Staff Pay Award – September 2021 and September 2022

The rates of salaries for Lecturers in Colleges of Further Education from 1 September 2021 and September 2022 were published on 8 August 2023. The publication also announced a non-consolidated payment due to those members of staff employed outside National Joint Council (NJC) terms and conditions during the



period 1 September 2021 – 31 August 2022. The rates of salaries for lecturers and the non-consolidated payment have been accrued in staff costs for the year ended 31 July 2023.

### **Provisions**

The provision of £294k relates to a Holiday Pay provision resulting from the Court of Appeal (CoA) judgement (17 June 2019) in the case PSNI v Agnew. The CoA judgement determined that claims for Holiday Pay shortfall can be taken back to 1998. The PSNI appealed the CoA judgment to The Supreme Court. The Supreme Court made its ruling on 5 October 2023 where it dismissed the appeal and upheld the judgement of the Court of Appeal. The narrative disclosure of Note 18 has been updated to reflect The Supreme Court judgement.

### **Staff**

In September 2023, in response to budgetary pressures, it was announced that the College may need to reduce its staffing complement in the 2023/24 academic year.

### **Going Concern**

South West College is satisfied that the organisation is a going concern on the basis that there is no reason to believe that the department's future sponsorship and future Assembly approval will not be forthcoming to meet South West College's liabilities as they fall due. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

### **Future Developments**

The South West College is committed to acting as a key driver of local and regional economic development and as a promoter of lifelong learning. South West College will foster partnership activity and innovation to support development, locally and regionally. South West College will seek to achieve all developments in an environment of good governance, with internal control and accountability at all levels to ensure that it operates in an effective manner.

For the period 2023/24, South West College is preparing a new College Development Plan aligned with the reporting requirements prescribed by the Department for the Economy. This sets out the detail of the current operating environment and presents key performance indicators for curriculum, employer engagement and social inclusion within the 2023/24 budget allocation.

Planned provision will remain closely aligned to the aims of the Department for the Economy 10x Economic Strategy and the skills needs identified within the NI Skills Barometer. The college aims to have provision from level 1 to level 6, both on an employed and non-employed route, in all 10X priority cluster areas. It will also maintain its focus on the themes of supporting innovations, sustainability, and social inclusion.

Accordingly, South West College will maintain its focus on the dual mandate of supporting innovations, sustainability, and social inclusion through provision aimed at supporting those currently excluded from the workplace by education or skills deficits; on middle and higher level skills development; and on growing the work-based learning provision. It will seek to develop and introduce work based provision in area which have traditionally not had an employed route for those who might wish to earn while they learn.

The college will seek to build non employed FE provision at levels 2 and 3 which is distinct from that offered by schools.

The college is making upskilling and reskilling more accessible to interested candidates through the development of South West College Online, offering courses in areas which align with the 10X priority skills clusters, online.

### Resources

The South West College has various resources that it can deploy in pursuit of its strategic objectives.

The South West College's estate includes:	Cookstown Campus	valued at £3,744,885
	Dungannon Campus	valued at £39,751,259
	Skills Centre Campus	valued at £17,876,871
	Omagh Campus	valued at £42,194,736
	Erne Campus	valued at £51,423,857

Fairview campus is a fully depreciated building asset and was classified as 'Held for Sale' at July 2022 as its carrying amount was to be recovered principally through a sale transaction rather than through continuing use. The premises were sold in March 2023 for £1.705M with net sale proceeds of £815k.

### Financial

Net assets at 31 July 2023 were £99.27M (including £3.385M pension asset) and the South West College has long term debt (PFI contracts of £30.843M).

### Reputation

South West College has a good reputation locally and nationally and maintaining a quality brand is essential for South West College's success at attracting students and external relationships.

## PRINCIPAL RISKS AND UNCERTAINTIES

South West College is committed to fostering an environment where the uncertainties of downside risks (hazard) are minimised and the rewards of pursuing upside risks (entrepreneurial opportunities) are realised commensurate with its academic, financial and other objectives. To assist in the achievement of this goal, South West College will:

- Identify, analyse, and control those risks which might inhibit the College from achieving its strategic and/or operational, academic and financial objectives;
- Raise awareness of and integrate risk management into the processes of managing the College; and
- Promote an understanding of the importance of risk management and encourage staff to be more proactive in achieving these objectives.

Based on the College Development Plan, South West College undertakes a comprehensive review of the risks to which the organisation is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented, and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions.

Risk registers have been prepared both at College level and at Departmental / Sectional level internally and these registers are reviewed internally by the Risk & Compliance Committee. Individual Key risks selected by the Audit and Risk Committee have been subjected to a "Deep Dive" and scrutiny by the Audit and Risk Committee.

The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on South West College should the risks materialise, and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system. This activity has also been supported by training to raise awareness of risk throughout South West College.

Cross sector engagement is an integral part of College activity and during 2022/23 this has been further strengthened with the formation of a Strategic Alliance with North West Regional College and Northern Regional College. This partnership, whose inaugural meeting was held in June 2023, offers an exciting opportunity to work together more closely as we navigate challenges to the sector and share good practice for the benefit of our learners and staff. The initial meetings and collaborative working exhibited in a short timeframe has demonstrated good learning, progress and collegiality.

Outlined overleaf is a description of the principal risk factors that affected South West College during 2022/23 (as of May 2023) as detailed in the Corporate Risk Register.

Significant risks faced by the College during the year included:

	Risk Description
1	Inability to meet the terms of the College's contract with learners and DfE due to the impact of industrial action
2	Challenge of meeting social inclusion targets in a constrained funding environment
3	Implementation of new training, administration and management systems for Apprenticeships and Skills for Life and Work programmes.
4	Cyber-attack and related IT risks
5	Health and Safety of students, staff and stakeholders
6	Protection of student mental health and safeguarding
7	Failure to deliver college operations within financial budget available
8	Failure to recruit and retain suitably qualified staff
9	Poor governance arrangements and loss of faith in College Management
10	Learners at all levels will not receive a high-quality student experience
11	Challenge of meeting student related targets

**Table 6: Risks Identified 2022/23**

### Stakeholder Relationships

In line with other Colleges and with Universities, the South West College has many stakeholders. These include:

- Students
- Staff
- Department for the Economy
- Other Government departments
- Local employers
- Local councils
- Other Further Education Colleges and training organisations
- Other Government Agencies
- Community/Voluntary Sector
- Local Universities
- Awarding bodies
- Trade Unions
- Professional bodies
- Industry Representative Organisations

The South West College recognises the importance of these relationships and engages in regular communication with them through a variety of methods, in line with its communication strategy. The South West College considers good communication with its staff to be very important and regular meetings are held. South West College encourages staff and student involvement through membership of the Governing Body.

### Disclosure of Information to Auditors

These accounts are subject to audit by the Comptroller and Auditor General for Northern Ireland. The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the South West College's auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the South West College's auditors are aware of that information.

### Personal Data Related Incidents

There have been no personal data related incidents during 2022/23.

### Charitable and Taxation Status

The South West College has charitable status with HM Revenue and Customs and is not liable to corporation tax.

### Charitable/Political Donations

The South West College made no charitable or political donations during the year.

### Professional Contacts

External Auditors:	Northern Ireland Audit Office
Name and address:	106 University Street, Belfast, BT7 1EU
Internal Auditors:	RSM Northern Ireland (UK) Limited
Name and address:	1 Lanyon Quay, Belfast BT1 3LG
Bankers:	Danske Bank
Name and address:	5-7 Market Street, Omagh, Co. Tyrone, BT78 1BN

## Governors

The members who served the Governing Body during the year were as follows:

Governor	Date of Appointment	Term End Date	Leaving Date	Status of Appointment	Committees Served
Ms Siobhan Breen	22 November 2019	21 November 2023	N/A	Staff Governor	<ul style="list-style-type: none"> <li>• Audit &amp; Risk Committee</li> <li>• Curriculum &amp; Quality Assurance Committee</li> </ul>
Mrs Deborah Brown	29 October 2020	28 October 2024	N/A	Staff Governor	<ul style="list-style-type: none"> <li>• Curriculum &amp; Quality Assurance Committee</li> <li>• Finance &amp; General Purposes Committee</li> </ul>
Mrs Maureen Brunt	29 September 2022	28 September 2026	N/A	Business, Industry & Professional Member	<ul style="list-style-type: none"> <li>• Curriculum &amp; Quality Assurance Committee</li> <li>• Finance &amp; General Purposes Committee</li> </ul>
Ms Alana Jones Campbell	13 January 2022	12 January 2026	N/A	Business, Industry & Professional Member	<ul style="list-style-type: none"> <li>• Audit &amp; Risk Committee</li> <li>• Staffing Committee (Chair)</li> </ul>
Dr Frances Campbell	1 July 2022	30 June 2026	N/A	Business, Industry & Professional Member	<ul style="list-style-type: none"> <li>• Curriculum &amp; Quality Assurance Committee</li> </ul>
Mr Jack Daly	7 November 2022	30 September 2023	N/A	Student Governor	<ul style="list-style-type: none"> <li>• Curriculum &amp; Quality Assurance Committee</li> </ul>
Ms Elaine Grier	13 January 2022	12 January 2026	30 June 2023	Business, Industry & Professional Member	<ul style="list-style-type: none"> <li>• Audit &amp; Risk Committee</li> <li>• Curriculum &amp; Quality Assurance Committee</li> </ul>
Mr Brian Ingram	1 July 2022	30 June 2026	N/A	Business, Industry & Professional Member	<ul style="list-style-type: none"> <li>• Audit &amp; Risk Committee</li> <li>• Staffing Committee</li> </ul>
Mrs Sandra Isherwood	13 January 2022	12 January 2026	N/A	Business, Industry & Professional Member	<ul style="list-style-type: none"> <li>• Curriculum &amp; Quality Assurance Committee</li> <li>• Staffing Committee</li> </ul>


Governor	Date of Appointment	Term End Date	Leaving Date	Status of Appointment	Committees Served
Mrs Patricia McCaffrey	28 May 2014	31 July 2023	31 July 2023	Business, Industry & Professional Member	<ul style="list-style-type: none"> <li>• Audit &amp; Risk Committee (Chair)</li> <li>• Erne Campus Project Board</li> <li>• Staffing Committee</li> </ul>
Mr Seamus McCaffrey	1 August 2015	31 July 2023	31 July 2023	Business, Industry & Professional Member	<ul style="list-style-type: none"> <li>• Finance &amp; General Purposes Committee (Chair)</li> </ul>
Ms Celine McCartan	10 October 2022	When leaves Principal and Chief Executive's post	N/A	Principal and Chief Executive	<ul style="list-style-type: none"> <li>• Curriculum &amp; Quality Assurance Committee</li> <li>• Erne Campus Project Board (Chair)</li> <li>• Change Management Committee</li> <li>• Finance &amp; General Purposes Committee</li> <li>• Staffing Committee</li> </ul>
Ms Anne McCleary	13 January 2022	12 January 2026	N/A	Business, Industry & Professional Member	<ul style="list-style-type: none"> <li>• Curriculum &amp; Quality Assurance Committee</li> <li>• Staffing Committee</li> </ul>
Mrs Gillian McDowell	1 October 2018	30 September 2026	N/A	Co-optee	<ul style="list-style-type: none"> <li>• Staffing Committee</li> </ul>
Mr Michael McGuckin	1 August 2015	31 July 2023	31 July 2023	Business, Industry & Professional Member	<ul style="list-style-type: none"> <li>• Curriculum &amp; Quality Assurance Committee</li> <li>• Erne Campus Project Board</li> <li>• Finance &amp; General Purposes Committee</li> </ul>
Miss Caitlyn McLoughlin	8 November 2021	30 September 2022	30 September 2022	Student Governor	<ul style="list-style-type: none"> <li>• Curriculum &amp; Quality Assurance Committee</li> </ul>
Mrs Joanne Moore	1 October 2018	30 September 2022	30 September 2022	Co-optee	<ul style="list-style-type: none"> <li>• Audit &amp; Risk Committee</li> <li>• Curriculum &amp; Quality Assurance</li> </ul>
Mr Leo Murphy	14 April 2022	25 September 2022	25 September 2022	Interim Chief Executive	<ul style="list-style-type: none"> <li>• Curriculum &amp; Quality Assurance Committee</li> <li>• Change Management Committee</li> </ul>

Governor	Date of Appointment	Term End Date	Leaving Date	Status of Appointment	Committees Served
					<ul style="list-style-type: none"> <li>• Erne Campus Project Board (Chair)</li> <li>• Finance &amp; General Purposes Committee</li> <li>• Staffing Committee</li> </ul>
Dr Nicholas O’Shiel	7 January 2019	6 January 2027	N/A	Chair	<ul style="list-style-type: none"> <li>• Change Management Committee (Chair)</li> <li>• Erne Campus Project Board</li> <li>• Finance &amp; General Purposes Committee</li> </ul>
Dr Lynsey Quinn	13 January 2022	12 January 2026	N/A	Business, Industry & Professional Member	<ul style="list-style-type: none"> <li>• Curriculum &amp; Quality Assurance Committee (Chair)</li> </ul>

**Table 7: Members who served the Governing Body 2022/23**

Attendance records for Governing Body members are disclosed on page 42.

Accounting  
Officer



Date 06.12.23



### Members of the Governing Body

Members of the Governing Body and the Chairman are appointed by DfE in accordance with the Code of Practice of the Office of the Commissioner for Public Appointments for Northern Ireland. The Members of the Governing Body and the Chairman are appointed for a fixed period of up to four years. Thereafter they may be re-appointed in accordance with the Code of Practice.

The remuneration of Governing Body members (excluding staff members) was first introduced by the Department from 1<sup>st</sup> January 2016. There are no arrangements in place for the payment of a bonus.

The Governing Body Chair and individual Governors are not deemed to be employees of the College and are therefore not eligible to join the NILGOSC Pension Scheme. The Pensions Regulator has confirmed that the Governing Body Chair and individual Governors are excluded from the pension auto-enrolment process as members of the Governing Body do not hold a contract of employment with the College. The College also reimburses Governing Body members for any incidental expenses incurred for carrying out their duties relevant to the College.

The remuneration of the Chairman and Board members are as follows:

**Audited Information**

	2022-2023				2021-2022			
	Salary & Allowances £'000s	Benefits in Kind £'000s	Pension Benefits £'000s	Total £'000s	Salary & Allowances £'000s	Benefits in Kind £'000s	Pension Benefits £'000s	Total £'000s
Peter Archdale	-	-	-	-	0-5	-	-	0-5
Maureen Brunt	0-5	-	-	0-5	-	-	-	-
Alana Jones-Campbell	5-10	-	-	5-10	0-5	-	-	0-5
Frances Campbell	0-5	-	-	0-5	-	-	-	-
Jack Daly	0-5	-	-	0-5	-	-	-	-
Elaine Grier	0-5	-	-	0-5	0-5	-	-	0-5
Brian Ingram	5-10	-	-	5-10	-	-	-	-
Sandra Isherwood	0-5	-	-	0-5	0-5	-	-	0-5
Patricia McCaffrey	0-5	-	-	0-5	5-10	-	-	5-10
Seamus McCaffrey	0-5	-	-	0-5	0-5	-	-	0-5
Anne McCleary	0-5	-	-	0-5	-	-	-	-
Gillian McDowell	5-10	-	-	5-10	0-5	-	-	0-5
Monica McGeary	-	-	-	-	0-5	-	-	0-5
Michael McGuckin	0-5	-	-	0-5	5-10	-	-	5-10
Caitlyn McLoughlin	0-5	-	-	0-5	0-5	-	-	0-5
Joanne Moore	0-5	-	-	0-5	5-10	-	-	5-10
Gerard O’Hanlon	-	-	-	-	0-5	-	-	0-5
Nicholas O’Shiel (Chairman)	20-25	-	-	20-25	20-25	-	-	20-25
Lynsey Quinn	0-5	-	-	0-5	0-5	-	-	0-5
Michael Skuce	-	-	-	-	5-10	-	-	5-10
Clara Jane Whitley	-	-	-	-	0-5	-	-	0-5
Margaret Martin	-	-	-	-	0-5	-	-	0-5

**Table 8: Remuneration of Governing Body 2022/23**

The Student Governor receives remuneration; however the staff governors do not receive remuneration or time off in lieu.

## Remuneration Report

### The Principal & Chief Executive and Senior Management Team

The Principal & Chief Executive and the Senior Management Team appointments are made in accordance with the College's recruitment policy. The policy requires appointments to be made on merit on the basis of fair and open competition.

The Principal & Chief Executive and Senior Management Team hold permanent appointments. Staff may be able to retire before state pension age with no diminution of earned pension benefits depending on the terms of their pension. The policy relating to notice periods is contained in South West College's Staff Handbook.

### Minimum Pay Levels

Minimum pay levels are dependent on college size and vary across the sector.

### Progression

There is no incremental progression for Principal and Chief Executives as they are paid on a one-point scale according to College size. However, if the College size changes they will automatically move to that new salary point.

At initial appointment, Deputy Chief Executives are normally placed on the bottom point of the four-point scale relevant to the size of their College. Thereafter, there is annual incremental progression up the scale until the maximum of the scale is reached. A common incremental date of September is used for all Deputy Chief Executives. If the College increases in size a Deputy Chief Executive will automatically move to the new relevant salary scale.

### Performance Pay

There is no performance pay or related scheme for the Principal and Chief Executive or any Deputy Chief Executive.

### Total Reward Package

Senior staff within Colleges have access to the Northern Ireland Teachers' Superannuation Scheme. Senior staff posts are based on 36 hours per week and post holders have access to South West College's Maternity Leave Scheme, Paternity Leave Scheme, Adoption Leave Scheme and flexible working arrangements.

All senior staff have 35 days holiday entitlement and a further 12 statutory and public holidays as recognised by the sector.

**Service Contracts**

South West College appointments are made on merit on the basis of fair and open competition. Unless otherwise stated, the officials covered by this report hold appointments, which are open ended. Early termination, other than for misconduct, would result in the individual being entitled to receive compensation.

**Salary and Pension Entitlements (Audited)**

The following sections provide details of the remuneration and pension interests of the most senior management of South West College.

	2022-2023			2021-2022		
	Salary (Audited) £'000	Pension Benefits £'000*	Total £'000	Salary (Audited) £'000	Pension Benefits £'000*	Total £'000
Celine McCartan – Principal and Chief Executive <sup>1</sup>	85-90 (100-105 full year equivalent)	76	160-165 (175-180 full year equivalent)	-	-	-
Padraig McNamee – Director of Curriculum/Deputy Chief Executive <sup>2</sup>	5-10 (70-75 full year equivalent)	71	75-80 (145-150 full year equivalent)	-	-	-
Sharon McGrath – Director of Corporate Services <sup>3</sup>	0-5 (55-60 full year equivalent)	51	55-60 (110-115 full year equivalent)	-	-	-
Jill Cush – Deputy Chief Executive <sup>4</sup>	70-75 (80-85 full year equivalent)	57	125-130 (135-140 full year Equivalent)	75-80	87	165-170
Leo Murphy – Former Interim Chief Executive <sup>5</sup>	15-20 (115-120 full year equivalent)	-	15-20 (115-120 full year equivalent)	35-40 (115-120 full year equivalent)	-	35-40 (115-120 full year equivalent)
Colin Lewis – Former Interim Chief Executive <sup>6</sup>	-	-	-	65-70 (130-135 full year equivalent)	-	65-70 (130-135 full year equivalent)
Michael McAlister – Former Chief Executive <sup>7</sup>	-	-	-	15-20 (100-105 full year equivalent)	35	50-55 (100-105 full year equivalent)

**Table 9: Senior Management remuneration and pension interests 2022/23**

- <sup>1</sup> Celine McCartan was appointed Principal and Chief Executive 26<sup>th</sup> September 2022.
- <sup>2</sup> Pdraig McNamee was appointed Director of Curriculum and Deputy Chief Executive 1<sup>st</sup> July 2023, having previously held the post of Acting Head of Curriculum at South West College.
- <sup>3</sup> Sharon McGrath was appointed Director of Corporate Services 1<sup>st</sup> July 2023, having previously held the post of Head of Services at South West College.
- <sup>4</sup> Jill Cush resigned from the position of Deputy Chief Executive on 16<sup>th</sup> June 2023.
- <sup>5</sup> Leo Murphy was appointed Interim Chief Executive for the period 1<sup>st</sup> April 2022 to 23<sup>rd</sup> September 2022, on a secondment basis from his position as Chief Executive for North West Regional College. Mr Murphy's Pension benefits are reported in the remuneration report for North West Regional College.
- <sup>6</sup> Colin Lewis was appointed Interim Chief Executive for the period 11<sup>th</sup> October 2021 to 31<sup>st</sup> March 2022. No pension benefits were applicable within this period.
- <sup>7</sup> Michael McAlister, Chief Executive retired from the position of Chief Executive on 30<sup>th</sup> September 2021.

\*The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

### Salary

'Salary' includes gross salary; performance pay or bonuses; overtime; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation and any severance or ex-gratia payments.

### Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. No senior officials received any benefits in kind. The salary and pension entitlements of the most senior staff members of South West College for the year ended 31 July 2023 are detailed overleaf.

### Bonuses

South West College does not make bonus payments.

### Fair Pay Disclosure - Pay Ratios

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

The banded remuneration of the highest-paid Director in South West College in the financial year 2022-23 was £100,000 to £105,000 full year equivalent (2021-22, £115,000 to £120,000). The relationship between the mid-point of this band and the remuneration of the College's workforce is described below:

2022-23	25 <sup>th</sup> Percentile	Median Pay	75 <sup>th</sup> Percentile
<b>Total Remuneration</b>	£21,968	£28,900	£35,512
<b>Pay Ratio</b>	4.67:1	3.55:1	2.89:1

2021-22	25 <sup>th</sup> Percentile	Median Pay	75 <sup>th</sup> Percentile
<b>Total Remuneration</b>	£20,582	£27,514	£34,812
<b>Pay Ratio</b>	5.63:1	4.27:1	3.38:1

**Table 10: Relationship between band and remuneration of College workforce**

Total remuneration includes salary, non-consolidated performance-related pay, and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

The 25th percentile, median and 75th percentile remuneration values consist solely of salary payments.

Remuneration ranged from £20,283 to £102,500 (2021-22, £18,887 to £117,500).

**Fair Pay Disclosure – Percentage Change in Remuneration (Audited)**

Reporting bodies are required to disclose the percentage change from the previous financial year in the: (i) salary and allowances, (ii) performance pay and bonuses, of the highest paid director and of the employees as a whole.

The percentage changes in respect of South West College are shown in the following table. It should be noted that the calculation for the highest paid director is based on the mid-point of the band within which their remuneration fell each year.

Percentage Change for:	2022/23 compared to 2021/22
<b>Average employee salary and allowances</b>	(3.54)%
<b>Highest paid director’s salary and allowances</b>	(12.77)%

**Table 11: Salary and Allowances % Change**

There is no Performance Related Pay for the highest pay Director or any other employee. The seconded Interim Chief Executive in post from 1<sup>st</sup> April 2022 until 23<sup>rd</sup> September 2022 was paid at a higher rate in line with the College Groupings for North West Regional College per NIC Principal Pay scales, than the current Principal and Chief Executive for South West College.

The following pay awards were applied in 2022/23:

#### **Further Education Lecturers' Pay (Lecturer's Contract of Employment)**

The rates of salaries for Lecturers in Colleges of Further Education from 1 September 2021 and September 2022 were published on 8 August 2023. The rates are considered an adjusting event after the reporting date. The following changes were determined and applied:

- 1.0% increase in salary rates (including allowances i.e., Threshold, Dean, Responsibility and Re-organisation) from 1 September 2021 relating to Lecturer's Contract of Employment (i.e., Associate Lecturers, Full-Time Lecturers, Principal Lecturers', and Heads of Department) and Part-time Hourly Paid Lecturers.
- 1.0% increase in salary rates (including allowances i.e., Threshold, Dean, Responsibility and Re-organisation) from 1 September 2022 relating to Lecturer's Contract of Employment (i.e., Associate Lecturers, Full-Time Lecturers, Principal Lecturers', and Heads of Department) and Part-time Hourly Paid Lecturers.
- Non-consolidated payment to those members of staff employed outside NJC terms and conditions during the period 1 September 2021 - 31 August 2022 (calculated at £3,000 gross subject to normal tax and NI deductions per Full Time Equivalent, Part Time Lecturers paid on a pro rata basis).

#### **Further Education Non-Teaching Staff Negotiating Committee (Non-Teaching Contract of Employment)**

In December 2022, in accordance with the provisions of Article 11, Schedule 3, paragraph 10.3 of the Further Education (Northern Ireland) Order 1997 and the Constitution for Negotiating the Terms, Conditions of Service and Remuneration of Non-Teaching Staff Employed in Incorporated Colleges of Further Education, the following change was determined:

- £1,925 annual increase on each salary scale point from 1 April 2022.

All awards applied in 2022/23 were accrued in the relevant period.

The College has accrued expected pay awards, using latest information, in 2022/23 as follows:

#### **Further Education Non-Teaching Staff Negotiating Committee (Non-Teaching Contracts of Employment)**

- Increase in salary rates (including incremental increases) from 1 April 2023

#### **Further Education Directors' Negotiating Committee (Principal & Deputy Directors)**

- Increase in salary rates (including incremental increases) from 1 September 2021 and 1 September 2022.

**Audited Pension Entitlements**

	Accrued pension at pension age as at 31/07/2023 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/07/2023 £'000	CETV at 31/07/2022 £'000	Real increase in CETV £'000
Celine McCartan <sup>1</sup>	55-60	-	889	-	-
Padraig McNamee <sup>2</sup>	25-30 plus lump sum of 55-60	2.5-5 plus lump sum of 2.5-5	630	-	-
Sharon McGrath <sup>3</sup>	20-25 plus lump sum of 20-25	-	383	-	-
Jill Cush <sup>4</sup>	30-35	2.5-5	510	389	121
Leo Murphy <sup>5</sup>	-	-	-	-	-
Colin Lewis <sup>6</sup>	-	-	-	-	-
Michael McAlister <sup>7</sup>	-	-	-	989	-

**Table 12: Salary and pension entitlements of the most senior staff members 2022/23**

- 1 Celine McCartan was appointed Principal and Chief Executive 26<sup>th</sup> September 2022.
- 2 Padraig McNamee was appointed Director of Curriculum and Deputy Chief Executive 1<sup>st</sup> July 2023 having previously held the post of Acting Head of Curriculum at South West College.
- 3 Sharon McGrath was appointed Director of Corporate Services 1<sup>st</sup> July 2023 having previously held the post of Head of Services at South West College.
- 4 Jill Cush resigned from the post of Deputy Chief Executive on 16<sup>th</sup> June 2023.
- 5 Leo Murphy’s Pension benefits are reported in the remuneration report for North West Regional College.
- 6 Colin Lewis was appointed Interim Chief Executive for the period 11<sup>th</sup> October 2021 to 31st March 2022. No pension benefits were applicable within this period.
- 7 Michael McAlister retired from the position of Chief Executive on 30<sup>th</sup> September 2021.

**Pension Arrangements**

Retirement benefits to employees of the college are provided by the Northern Ireland Teachers' Pension Scheme (NITPS) and the Local Government Pension Scheme for Northern Ireland administered by the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC).

**NILGOSC** is a funded defined benefit scheme. Benefits earned up to 31 March 2015 are linked to final salary. Benefits earned after 31 March 2015 are based on a Career Average Revalued Earnings Scheme.

From 1 April 2015, a member builds up retirement pension at the rate of 1/49th pensionable pay for each year. Pension benefits in relation to membership between 1 April 2009 and 31 March 2015 were built up at the rate of 1/60th pensionable pay for each year of membership. There is no automatic lump sum provided in respect of membership after 31 March 2009. Pension benefits in relation to any membership before 1



April 2009 were build up at the rate of 1/80th (pension) and 3/80ths (tax free lump sum) of pensionable pay for each year of membership up to 31 March 2009. At retirement, members may give up some pension for additional lump sum, subject to HM Revenue and Customs (HMRC) limits. The Scheme is funded by contributions made by both employees and employers. See detail of contributions at [www.nilgosc.org.uk](http://www.nilgosc.org.uk)

The assets of the NILGOSC scheme are measured using closing market values. NILGOSC liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the Other Comprehensive Income section of the Statement of Comprehensive Income and Expenditure.

**NITPS** is a funded defined benefit scheme. The NI Teachers' Pension Scheme design was reformed from 1 April 2015. Existing scheme members who satisfied certain criteria remained in the existing final salary arrangements, whilst others started to have their benefits calculated using a combination of career average and final salary arrangements. This transitional protection arrangement was, however, considered discriminatory. Thus, the government has introduced primary legislation to make the necessary changes to remedy the discrimination within public service pension schemes. In NITPS the remedy is being implemented in two stages:

- **Stage 1:** The first stage is focused on the technical amendments that are needed to the Northern Ireland Teachers' Pension Scheme regulations to comply with the primary legislation introduced within the Public Service Pensions Scheme & Judicial Offices (PSPJO) Bill. The changes being implemented are:
  - the final salary (legacy) scheme will close to further accrual on 31 March 2022; and
  - all active members of the Scheme will build up pension benefits within the existing career average (reform) scheme from 1 April 2022.

Stage 1 is complete with all active members of the NITPS becoming members of the 2015 reformed scheme (career average) from 1 April 2022, irrespective of age.

- **Stage 2:** This is retrospective remedy, which will allow eligible members the choice between their legacy scheme (final salary) or 2015 reformed scheme (career average) for the remedy period (1 April 2015 to 31 March 2022). The consultation opened on 21 April 2023 and closed on 16 June 2023.

All new entrants joining the NITPS have their benefits calculated totally on a Career Average Revalued Earnings (CARE) basis. CARE schemes accumulate pension based on a fraction of pensionable earnings each year – for NITPS this is 1/57th.

The Scheme is funded by contributions made by both employees and employers. See detail of contributions at [www.education-ni.gov.uk](http://www.education-ni.gov.uk) .

Contributions to the NITPS are calculated to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective/benefit method. The NITPS is a multi-employer scheme and South West College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The NITPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

### **Enhanced Pensions**

There are currently no enhanced pensions payable to any former member of staff.

### **Cash Equivalent Transfer Values**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NITPS pension arrangements and for which the Fund has received a transfer payment commensurate with the additional pension liabilities being assumed. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2015 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### **Real Increase in CETV**

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. However, the real increase calculation uses common actuarial factors at the start and end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.

**Staff Report**

**Staff Costs**

Staff Costs are disclosed in Note 7 to the Financial Statements (page 69).

**Average number of persons employed (Audited Information)**

The average number of permanent full-time equivalent persons employed during the year was as follows (excluding Governors):

Staff numbers (FTE)	2022/23 Avge YTD	2021/22 Avge
Teaching	305	293
Support	112	105
Administration	182	209
Premises	21	22
<b>Total staff (FTE)</b>	<b>620</b>	<b>629</b>

**Attendance Management**

The average number of days lost to sickness absence by all staff for the period August 2022 to July 2023 was 12.54 days or 4.54% (2021/22 10.08 days or 4.28%). This represents adverse performance when compared to the sector average benchmark of 4.48% for 2022/23 (3.55% 2021/22).

**Staff Composition**

The table below provides a breakdown of the number of persons (headcount) employed by the College, as at 31 July, by gender for each of the following groups:

Group	31 July 2023			31 July 2022		
	Male	Female	Total	Male	Female	Total
Principal & Chief Executive and Deputy Directors	1	2	3	1	1	2
College Management Team	5	4	9	4	5	9
Employees (excluding Part-Time Lecturers)	215	401	616	236	408	644

### Staff Turnover

Staff turnover (excluding Part Time Lecturers) for the period 1 August 2022 to 31 July 2023 was 13.54%. (2021/22 12.90%)

### Off Payroll engagement

The College had no off-payroll engagements in 2022/23.

### Temporary Staff

During the year to 31 July 2023, there were no temporary agency staff employed (2021/22 £0k).

### Staff Learning and Development

South West College places strong emphasis on providing learning and development opportunities for all its employees through the provision of college-wide opportunities to support personal and professional development of staff, as well as supporting bespoke training required by individuals and teams. The College calendar identifies 4 distinct CPD days in the academic year where learning and development opportunities related to college and employee needs are planned and delivered with mandatory participation by all relevant staff. Individual staff development requests for training and other development opportunities such as participation in industry conference and events are considered monthly and supported in accordance with key priorities.

An annual focus is placed on developing staff in the area of teaching and learning with opportunities for completion of CIT and PGCE qualifications through Ulster University. Part-time lecturing staff are supported in-house with pedagogic development through a series of workshops facilitated by a Teaching and Learning Advanced Practitioner. In addition, a Curriculum Conference is provided for academic staff annually with the focus in 22/23 being on diversity and inclusion.

The College supports staff to undertake higher education programmes of study through its Higher Education Professional Development programme which provides a financial contribution towards the completion of Degree and Master's level programmes.

A number of developmental opportunities were provided for Line Managers in the 22/23 academic year to support a Change Management programme, in particular relating to areas such as Recruitment and Selection, Performance Management, Sickness Absence Management, Risk and Compliance as well as coaching workshops.

The College continues to promote health and well-being opportunities with Resilience, Unlocking Greater Team Wellbeing and Effectiveness, Wellness Toolkit and Mental Health First Aid training provided to staff college wide in the 22/23 academic year.

All employees are required to complete annual corporate modules which provide key learning and development in important areas such as Fraud, Bribery and Corruption, Safeguarding, GDPR, Health and Safety, Digital Well-being and Mental Health to ensure good governance and well-being practices are adhered to by all employees.

### Equality of Opportunity and employment of disabled persons

By virtue of Section 75 of the Northern Ireland Act 1998 the South West College in carrying out all its functions, powers and duties is required to have due regard to the need to promote equality of opportunity:

- a. between persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation;
- b. between men and women generally;
- c. between persons with a disability and persons without; and
- d. between persons with dependants and persons without.

Without prejudice to its obligations above, the South West College has, in carrying out its functions, had regard to the desirability of promoting good relations between persons of different religious belief, political opinion or racial group. The South West College has included the promotion of good relations as part of the corporate planning process.

The South West College is committed to the fulfilment of its Section 75 obligations in all parts of its organisation. The South West College is committed to allocating necessary resources to ensure that the statutory duties are complied with and that the measures within the Equality Scheme to promote equality of opportunity are implemented effectively and on time.

### Disability Statement

South West College, as an employer and a provider of further/ higher education, is committed to the provision of equal opportunities for all. The Disability Statement sets out South West College's commitment to both potential and existing employees and students.

The principles, which underline the commitment, are:

- A policy of equal opportunity which seeks to ensure that staff and students who have a disability have equitable access as far as reasonably possible to the full range of facilities, services and aspects of College life;
- Creating an environment where disabled people are comfortable in disclosing their disability and are provided with opportunities to disclose at various stages throughout their time at South West College;
- Providing access to the appropriate reasonable adjustments to enable disabled people to overcome any arrangements and/or physical features that make it difficult to access or participate in all aspects of College life;
- Preventing occurrences of unlawful direct discrimination, indirect discrimination, harassment and victimisation;
- Treating all staff and students with dignity and respect and seeking to provide a positive and safe working and learning environment;
- The responsibility to promote informed and positive attitudes to disability; and
- The recognition that fewer students with disabilities apply for academic courses at South West College. South West College therefore recognises its responsibilities to encourage an increase in the proportions of students with disabilities who apply and are admitted to South West College, which is more reflective of the proportion of people with disabilities in the community.

The South West College recognises its obligations under the Disability Discrimination Act (DDA) 1995, Special Educational Needs Disability Discrimination (Northern Ireland) Order 2005 and its statutory obligations not to discriminate against any existing employees and students and to make reasonable adjustments to seek to overcome any arrangements or physical features that make it difficult to access employment and learning.

Accounting Officer: 

Date: 06.12.23

Under the Further Education (NI) Order 1997, DfE (with approval from Department of Finance(DoF)), has directed the Governing Body to prepare, for each financial year, a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of South West Regional College and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the financial statements the Accounting Officer on behalf of the Governing Body is required to:

- observe the Accounts Direction issued by the Department for the Economy, with the approval of the Department of Finance, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation; and
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgments required for determining that it is fair, balanced and understandable.

The Governing Body is also required to prepare an Annual Strategic Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

The maintenance and integrity of the College website is the responsibility of the Governing Body of the College; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In addition, the Governing Body is responsible for securing the efficient and effective management of the College and ensuring that the College provides suitable and efficient further education.

The Accounting Officer of the Department for the Economy has designated the Principal/Chief Executive as the Accounting Officer of the College. The responsibilities as an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the College's assets, are set out in Managing Public Money Northern Ireland (MPMNI) published by Department of Finance.

The Accounting Officer, on behalf of the Governing Body, has taken all the steps they ought to have taken to make herself aware of any relevant audit information and to establish that South West College's auditors are aware of that information. So far as the Accounting Officer is aware, there is no relevant audit information of which the auditors are unaware.

## **Introduction**

This Governance Statement sets out the governance structures, risk management systems and internal control procedures that operated within South West College during the financial year ended 31 July 2023 and up to the date of approval of the Annual Report & Financial Statements.

It has been prepared in accordance with guidance issued by the Department of Finance and contained within Annex 3.1 of the Managing Public Money in Northern Ireland document and is aimed at supporting better governance and driving more consistent, coherent and transparent reporting.

## **Scope of Responsibility**

I, Celine McCartan, was appointed as Accounting Officer on 26<sup>th</sup> September 2022. Consequently, the scope of my responsibility commenced during the 2022/23 financial year. In signing this Statement, I do so after exercising prudent and reasonable judgement for the period of my time in post.

I have familiarised myself through immersion of materials and discussions with the College senior management team and governing body; briefings with the sponsor department; internal audit reports; and discussions with Northern Ireland Audit Office.

I make the statements below on the basis of my knowledge and judgement during my time in post.

As Accounting Officer of South West College, I am responsible for maintaining a sound system of risk management and internal control that supports the achievement of the South West College's aims and objectives set by the Governing Body, whilst safeguarding the public funds and assets for which I am personally responsible in accordance with the responsibilities assigned to me in the Managing Public Money Northern Ireland document and the Management Statement and Financial Memorandum between the Department of the Economy (DfE) and South West College.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that South West College's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

## **South West College Governance Framework**

South West College is a Non-Departmental Public Body within the budgetary responsibility of DfE and is an incorporated body established under the Further Education (Northern Ireland) Order 1997. South West College operates within a strong framework of regulation and has in place Articles of Government and an Instrument of Government, which establish the governance framework, as well as a Management Statement & Financial Memorandum with DfE, which sets out the financial framework within which South West College is required to operate. Further information on the key elements of the governance structure is provided below.



### **Compliance with the Corporate Governance Code**

During 2022/23, South West College complied with the principles and supporting provisions set out in the Corporate Governance Code.

### **Governing Body**

The Governing Body is established in accordance with the Further Education (Northern Ireland) Order 1997 which provides the statutory basis for further education in Northern Ireland.

The Governing Body is subject to an Instrument and Articles of Government, a Management Statement/Financial Memorandum and other regulatory requirements. The purpose of corporate governance in further education is to ensure that the systems by which colleges are directed and controlled are operating effectively.

During 2022/23 South West College's Governing Body comprised a Chair appointed by the Department for the Economy, members appointed by the Department for the Economy under the public appointments process, members co-opted by the Governing Body, members elected by staff and students of the South West College and South West College's Principal and Chief Executive. Eligible governors receive remuneration for their attendance at meetings and other eligible events associated with their role as governors in line with DfE guidance on the remuneration of Governing Body members and chairs.

The role of the Chair of the Governing Body is separate and distinct from the role of the Principal and Chief Executive who is South West College's designated Accounting Officer. The Governing Body is responsible for the ongoing strategic direction of South West College whilst the Principal and Chief Executive and the Management Team are responsible for the operational management of South West College. The Governing Body should provide and exercise both a support and challenge function in respect of the Principal and Chief Executive and Management Team. The Governing Body approves all major developments and receives regular reports on South West College's activities.

Governing Body members should bring independence, objectivity, impartiality and expertise to both the decision making and challenge processes within South West College. There should be an appropriate balance of skills, experience and knowledge to enable the Governing Body to discharge its duties effectively.

Information presented to the Governing Body, and all sub-committees, is drafted by the appropriate department and proceeds through the necessary internal clearance procedures before being presented as formal agendas, papers, and reports to the Governing Body. This ensures that a high quality of reliable and up-to-date information is presented for the Governing Body's consideration. The Governing Body is satisfied with the quality and reliability of the information presented during 2022/23.

### **Governing Body Performance and Effectiveness**

The Governing Body completed the Department's assessment exercise (as per FE Circular FE 06/12) which incorporates three stands: members' assessment, Chair's assessment, and Governing Body self-assessment. The strand which focuses on the Governing Body is administered by the Department through

completion of a questionnaire which covers five themes: Personal Performance, Governing Body Performance, Governing Body Procedures and Composition, Governing Body Committees, and Training and Induction.

The results, issued by the Department, provide the Governing Body with an opportunity to reflect on how it operates, as well as providing a benchmark against levels of performance in the NI FE sector. An analysis report of the results of the 2022/23 Governing Body self-assessment exercise has been received and reviewed by the Governing Body. It shows a significant improvement in the perception of South West College governors in all five themes assessed from the perceptions expressed in 2021/22. However, the views expressed by SWC governors were less favourable than the sector average in three of the five areas assessed.

The Governing Body met 8 times during the 2022/23 year. Formal agendas, papers and reports are supplied to governors in a timely manner to facilitate appropriate review and scrutiny. Minutes of meetings are approved by the Governing Body and are then published on the College's website and made available from the Secretary to the Governing Body.

A schedule of governor attendance at Governing Body and standing committees for the 2022/23 year is provided in the table below. The average attendance at Governing Body meetings was 92% whilst the average attendance at Governing Body and committee meetings during the year was 90%.

In conclusion, the Governing Body and Committees of South West College met regularly and conducted business effectively during 2022/23.

	Governing Body	Audit & Risk Committee	Curriculum & Quality Assurance Committee	Finance & General Purposes Committee	Staffing Committee	% Attendance
	No. of meetings attended / eligible to attend:					
Siobhan Breen	6/6	2/4	5/5			87
Deborah Brown	6/6		5/5	5/5		100
Maureen Brunt	6/7		4/4	4/4		93
Alana Jones Campbell	8/8	4/4			7/7	100
Frances Campbell	8/8		4/5			92
Jack Daly	5/5		2/4			78
Elaine Grier	7/8	3/4	1/1			85
Brian Ingram	8/8	4/4			6/7	95
Sandra Isherwood	6/8		4/5		7/7	85
Patricia McCaffrey	8/8	4/4			7/7	100
Seamus McCaffrey	5/8			5/5		77
Celine McCartan	7/7	4/4	5/5	5/5	7/7	100
Anne McCleary	7/8		5/5		4/7	80
Gillian McDowell	8/8				6/7	93
Michael McGuckin	8/8		4/5	5/5		94
Caitlyn McLoughlin	0/1					0
Joanne Moore	1/1	0/1				50
Leo Murphy	1/1					100
Nicholas O'Shiel	7/8			2/5		69
Lynsey Quinn	7/8		4/5			85
<b>Overall Attendance</b>						90

Table 13: Governor Attendance at Governing Body and Standing Committee Meetings 2022/23

The Governing Body is supported by four standing committees; an Audit & Risk Committee, a Curriculum & Quality Assurance Committee, a Finance & General Purposes Committee and a Staffing Committee. All of these committees are formally constituted with approved terms of reference and comprise members of the Governing Body.

### **Audit & Risk Committee**

South West College's Audit & Risk Committee operates in accordance with the Department of Finance's Audit and Risk Committee Handbook (NI).

It is responsible for scrutinising the effectiveness of the South West College's accounting procedures, risk management arrangements and systems of internal control and provides a channel of communication from South West College's auditors, which is independent of South West College management. It promotes a climate of robust financial discipline and control and must satisfy itself that adequate arrangements are in place to promote economy, efficiency and effectiveness.

The Audit & Risk Committee has formally agreed terms of reference which are reviewed on an annual basis.

Membership of the Committee comprises at least four members nominated by the Governing Body, at least one of whom is required to have recent and relevant experience in finance, accounting or auditing.

Meetings are held at least four times per year and are normally attended by representatives of internal and external audit as well as by a DfE representative. The Committee holds independent meetings with the auditors in advance of each scheduled meeting which provides an opportunity for discussions between the parties where executive officers are not present. The Principal and Chief Executive, Deputy Chief Executive, Risk & Compliance Officer and Head of Finance normally attended committee meetings in 2022/23. The Committee invites other South West College personnel or third parties to attend meetings where their knowledge or experience could contribute to the business under discussion. Whilst executive officers and other officials attend meetings of the Audit & Risk Committee as necessary, they are not members of the Committee.

The Chair of the Audit & Risk Committee provides a verbal report of committee meetings to the Governing Body in support of the minutes, which are formally adopted by the Governing Body and subsequently published on the College's website.

The Committee met four times during the 2022/23 year during which it reviewed reports from the external and internal auditors and associated management responses as well as South West College's Annual Report and Financial Statements to ensure compliance with legislation and accounting standards. It also reviewed corporate and departmental risk registers, assurance statements to DfE and policy developments. It received reports on Fraud, Raising a Concern, Complaints & Compliments, Procurement, Freedom of Information, Data Security and Direct Award Contracts. It also received presentations on deep dives undertaken of key risks.

The Audit & Risk Committee undertakes an annual review of its effectiveness, in line with best practice issued by the National Audit Office. The review undertaken for 2022/23 demonstrated that the Audit & Risk Committee has been effective in ensuring that South West College had adopted appropriate risk management procedures during the 2022/23 academic year and has functioned in accordance with accounting and auditing standards as well as good governance standards. This review informs the Annual Report of the Committee to the Governing Body which is prepared in accordance with the format provided in the Audit and Risk Committee Handbook.

### **Curriculum & Quality Assurance Committee**

The Curriculum & Quality Assurance Committee was renamed in 2022/23 from the Education, Quality & Performance Committee following a review of its Terms of Reference. The Committee is responsible for overseeing the curricular provision of South West College, especially the nature, quality and performance of the provision and the extent to which it meets the needs of the community that the College seeks to serve. It contributes to the development of strategic objectives, through the Annual Development Plan process, for meeting local and regional education and skills needs in accordance with DfE objectives and targets. It also contributes to the setting of curriculum governance key performance indicators with a particular emphasis on student recruitment, retention and achievement. Performance against the Annual Operating Plan and associated report card targets is monitored on an ongoing basis. The Committee also monitors the standard of education provision by reviewing the whole college self-evaluation and quality improvement plans, Education and Training Inspectorate reports and other internal monitoring and external inspection reports. Committee members offer guidance and support to encourage, promote and facilitate the development of strategic partnerships which are beneficial to the development and image of South West College and help to identify models of best practice locally, nationally and internationally in the provision of further and higher education and training.

The Curriculum & Quality Assurance Committee has formally agreed Terms of Reference, which are reviewed on an annual basis.

Membership of the Committee comprises at least seven members of the Governing Body including the Principal and Chief Executive, the academic staff member and the student member. The Deputy Chief Executive and the Acting Head of Curriculum or Assistant Chief Executive for Industry Partnerships & Centres for Excellence attended committee meetings in 2022/23. The Committee invites other South West College personnel or third parties to attend meetings where their knowledge or experience could contribute to the business under discussion.

The Chair of the Curriculum & Quality Assurance Committee provides a verbal report of committee meetings to the Governing Body in support of the minutes, which are formally adopted by the Governing Body and subsequently published on the College's website.

The Committee met five times during the 2022/23 academic year. During these meetings the Committee received reports on Higher Education, Further Education, Work Based Learning, Digital Learning, Social Inclusion, Excellence in Teaching and Learning, Economic Engagement, Internationalisation, the Engineering & Manufacturing Hub, Safeguarding, Externally Funded Projects, Student Services Provision, Marketing, Student Related Policies and Freedom of Information and Data Protection Activity in addition to the monitoring reports noted above. It also received presentations on Quality Assurance and maintained focus on matters identified as being strategically important to the Committee.

The Curriculum & Quality Assurance Committee undertakes an annual review of its effectiveness. The review undertaken for 2022/23 demonstrated that the Committee had been effective in discharging its responsibilities in line with its Terms of Reference and the Annual Programme of Business agreed at the beginning of the year.

### **Finance & General Purposes Committee**

The Finance & General Purposes Committee is responsible for overseeing matters relating to South West College's finances, accounts and estates. It develops and monitors financial and estates strategy and policy to underpin the Annual Development Plan and advises the Governing Body on budgetary management, financial projections and reporting, treasury management, credit control and debt management, student finances and estates matters. The Committee Chair reviews the draft Annual Report and Financial Statements prior to their submission to the Audit & Risk Committee and the Governing Body.

The Finance & General Purposes Committee has formally agreed Terms of Reference, which are reviewed on an annual basis.

Membership of the Committee comprises at least five members of the Governing Body including the Principal and Chief Executive. At least two members are from the business and industry category and at least one member has recent and relevant experience in accounting and finance. The Deputy Chief Executive, Head of Finance and Head of Services normally attended committee meetings in 2022/23. The Committee invites other college personnel or third parties to attend meetings where their knowledge or experience could contribute to the business under discussion.

The Chair of the Finance & General Purposes Committee provides a verbal report of committee meetings to the Governing Body in support of the minutes, which are formally adopted by the Governing Body and subsequently published on the College's website.

The Committee met five times during the 2022/23 year during which it reviewed the Annual Report & Financial Statements, Financial Management Reports, Financial Returns to DfE, Erne Campus finances, Capital Funding, Fixed Assets & Capital Expenditure, Estates Issues, Sustainability, Financial Projections, Budgetary Management Processes, Student Finance Matters, Investments, Insurances, Pensions, Provisions and Liabilities, Debtors & Creditors Reports, Externally Funded Projects, Technical Services Matters, Financial and Estates Policies, Consultancy Expenditure Reports and Treasury Management Matters. It also maintained focus on matters identified as being strategically important to the Committee.

The Finance & General Purposes Committee undertakes an annual review of its effectiveness. The review undertaken for 2022/23 demonstrated that Committee had been effective in discharging its responsibilities in line with its Terms of Reference and the Annual Programme of Business agreed at the beginning of the year.

### **Staffing Committee**

The Staffing Committee is responsible for overseeing matters relating to staffing requirements and the recruitment, appointment, promotion and grading of all staff, other than senior staff as defined within the Articles of Government. It develops and monitors human resources, workforce development, equality and health, safety & wellbeing policy and strategy which underpins South West College's strategic objectives for people and organisation development.

The Staffing Committee has formally agreed Terms of Reference, which are reviewed on an annual basis.

Membership of the Committee comprises at least five members of the Governing Body including the Principal and Chief Executive. The Deputy Chief Executive and Head of Human Resources / Head of People & Culture attended committee meetings in 2022/23. The Committee invites other South West College personnel or third parties to attend meetings where their knowledge or experience could contribute to the business under discussion.

The Chair of the Staffing Committee provides a verbal report of committee meetings to the Governing Body in support of the minutes, which are formally adopted by the Governing Body and subsequently published on the College's website.

The Committee met six times during the 2022/23 academic year. During these meetings the Committee received reports on Health, Safety & Wellbeing, Equality, Staff Resources, Workforce Planning & Development, Absence Management, Safeguarding, Employee Relations, Sectoral Issues, Organisational Structure, Student Internships, Threshold Payment Applications, Remuneration and human resources related policies. It also received updates on matters identified as being strategically important to the Committee.

The Staffing Committee undertakes an annual review of its effectiveness. The review undertaken for 2022/23 demonstrated that the Committee had been effective in discharging its responsibilities in line with its Terms of Reference and the Annual Programme of Business agreed at the beginning of the year.

### **Temporary Committees**

From time to time temporary committees are established comprising members of the Governing Body to undertake a particular remit.

The Erne Campus Project Board was established in 2014 to oversee the delivery of the Erne Campus construction project. The Erne Campus officially opened in September 2021 and the Project Board held its final meeting during the 2022/23 year. The Project Board was chaired by the Chief Executive and comprised three governors (including the Chair of the Governing Body) and a member of the Senior Management Team as well as a representative from DfE and had in attendance advisors from the Central Procurement Directorate and Fermanagh & Omagh District Council.

In response to a number of significant issues in the College in 2021, a Change Management Committee was established in early 2022 to oversee the development and implementation of a change programme for South West College. This was stood down in early 2023 by agreement with DfE. The Change Management Committee was chaired by the Chair of the Governing Body and comprised the Vice Chair of the Governing Body, another governor, the Chief Executive, a DfE representative and two external consultants. A Strategic Improvement Plan was developed to take forward the recommendations of a number of reports commissioned by the Change Management Committee and, due to the progress made by the Committee, the implementation of this plan is now being managed through an internal Change Team.

### **Senior Management Team**

The Principal and Chief Executive and nominated College Managers attend all Governing Body meetings and sub-committee meetings.

The purpose of Senior Management Team meetings is to deliver an efficient and effective platform for discussion at a strategic and operational level. During 2022/23 The Senior Management Team met one day a month and three separate meetings are held as follows:

- Student Performance & Data – Review and assess achievement of operational targets;
- Risk & Compliance – Assess corporate and sectional risk, monitor compliance and review ongoing commitments; and
- Management Team – Operational performance challenges/opportunities and areas of focus.

At the Management Team meeting each senior manager presents a report on for their respective area (Finance, HR, Services, Quality, Curriculum, Business Development, and Centres for Excellence) on the issues or initiatives that require a decision or support.

The Governing Body is satisfied with the quality and content of the curriculum, financial, staffing and risk information provided by management to the various Governing Body sub-committees. The information provided enables the Governing Body to exercise strategic and operational oversight on South West College by means of clear lines of accountability.

These arrangements have been reviewed and updated for 2023/24.

### **Management of Interests**

The Secretary to the Governing Body compiles a register of financial and personal interests of Governing Body members annually. This is presented to the Governing Body at its first meeting of the academic year and members are invited to declare any subsequent amendments to be made to this register. In accordance with good governance, the declaration of any conflicts of interest is included as an agenda item at each and every Governing Body and committee meeting and members are requested to declare any actual, potential, or perceived conflict of interest and withdraw from the meeting during consideration of the subject matter in which the interest has been declared.

The Register of Governors' Interests are available for inspection from the Secretary to the Governing Body and is presented on pages 87-95 of this report.

### **Risk Management and Internal Control**

The system of internal control within the South West College is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of South West College's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.



During the year ending 31 July 2023 the College has implemented the programme of planned remedial actions put in place to address the internal control weaknesses identified in the previous financial year. A realignment of the organisational structure has taken place and work continues to finalise all actions.

South West College is committed to a risk management strategy which is aimed at assisting us to deliver our objectives, whilst protecting the interests of stakeholders. We have well established risk management, control and governance arrangements. South West College's Risk Management Policy & Strategy sets out the South West College's framework for risk control and risk appetite. South West College recognises that risks also have the potential to impede the achievement of strategic and operational objectives. South West College employs risk management strategies which aim to prioritise risks and decision-making processes to minimise the adverse effects of risks. South West College recognises that risk management is not about eliminating risk, but rather involves thought out strategy formulation, proactive controls/measures and business continuity planning to minimise the impact of any risk.

As part of our risk management process, risk registers have been developed for key areas within South West College. A Risk and Compliance Committee has been established which met bi-monthly (September to June) during 2022/23 and is attended by senior managers and key personnel. Risk Management is monitored regularly and high level risks reported at the Committee meeting and also to the Audit & Risk Committee of the Governing Body. The main overall corporate risks formulate the basis of the quarterly risk register review report which is discussed and updated at the Risk and Compliance Committee meetings and provided to the Audit & Risk Committee. The effectiveness of the system of internal controls in place is reviewed at least annually.

The Corporate Risk register is not a static document with risks being added, reviewed and assessed regularly throughout the year. The twelve risks identified in September 2022 increased to fourteen in January 2023 but following a review of processes and training delivered by RSM on their Board Assurance methodology, the register was revised and presented to the Audit and Risk Committee on 10 May 2023. In May 2023 the risks identified were as detailed on Page 19.

The main red risks which faced the College in May 2023 and continue to do so in the current academic year were:

1. The inability to meet the terms of the College's contract with learners and DfE due to the escalation of industrial action by lecturers. In addition to the risk on enrolment, retention, achievement, and success and the inability to provide accurate data to DfE, this risk has a wide ranging impact on the student experience and quality of provision.
2. Failure to operate within budget mainly due to the considerable pressures across the public sector. Pertinent to SWC are pay pressures, inflationary pressures, decreasing income as a result of falling Higher Education enrolments, and the ongoing issues relating to the new system for the delivery of Skills for Life and Work and ApprenticeshipsNI contracts (TAMS).

The two risks identified above as red risks, remain red, although slightly reduced, despite mitigations in place. The remaining red risks as of May 2023 were all managed to amber or green status.

The implementation of the Skills for Life and Work and ApprenticeshipsNI contracts which is dependent on a new portal recording and reporting portal (TAMS). This portal had caused many issues for the College

particularly in terms of the processing of claims to DfE. In May 2023 progress had been made in implementing software solutions and the residual risk had been reduced to green. As of October 2023 the inherent risk has been reduced to amber based on the progress made but a capacity issue identified in October has raised the residual score.

There are three risks which are on the risk register and which will remain because of their nature are the risk of a cyber-attack, health and safety and student mental health and safeguarding. The risks are red but being managed to amber or yellow status.

The remaining four risks were amber risks in May 2023 and managed to green status.

The Corporate Risk Register in October 2023 identifies the same risks as identified in in May although in some cases there are changes to the assessed scores. In addition, the College has recorded a number of emerging risks over which it has a watching brief ie:

1. The Climate Change Legislation and the requirement on the sector of the Climate Action Plan due December 2023.
2. The increase of Cyber Crime and information war.
3. The Development of Artificial Intelligence (AI).
4. The potential for a resurgence of COVID
5. Changes to Data Protection legislation.

Risk assessments are carried out by the risk owners in the relevant department and these risk assessments include actions undertaken / mitigating factors in managing the related risk. During the 2022/23 year, risk register owners presented their risk registers at the Risk and Compliance Meeting. Individual risks, selected by the Audit & Risk Committee, were subjected to a “Deep Dive” and presented to the Committee by the risk owner for scrutiny.

The security of personal data is of utmost importance to South West College. Acceptable use is part of all staff induction. Staff also undertake training in the form of a mandatory online module on Data Protection. There have been no personal data related incidents during 2022/23. An IT Disaster Recovery Policy and Plan is in place; as are technical safeguards and procedures to protect the security of information and cyber risks.

The South West College has developed a Governance and Risk Framework which details key elements in terms of structures, policies, processes and reporting that contributes to effective governance and risk management in South West College.

In the coming year, the South West College plans to:

- regularly review and update the record of risks facing the organisation;
- maintain the system of key performance and risk indicators;
- maintain the organisation-wide risk register; and
- arrange for regular reports from the risk owners on risk management and internal control activities.

The South West College has an internal audit service, the work of which concentrates on activities determined by an analysis of the areas of greatest risk and in accordance with the annual internal audit plan approved by the Governing Body. The internal auditors report to the Accounting Officer and to the Audit & Risk Committee on a regular basis and have direct access to the Governing Body and to the Chair of the Audit Committee. The Head of Internal Audit has issued an Assurance Statement to me which provides his opinion on the adequacy and effectiveness of the internal control system and the extent to which it can be relied upon.

During the 2022/23 year, Internal Audit carried out the following audits in South West College. The assurance rating by area reviewed is set out below:

Key Process	Assurance Rating
Work Placements	Satisfactory
Repairs and Maintenance	Satisfactory
Business Continuity Planning and Disaster Recovery	Satisfactory
Framework for Compliance with Legal and Regulatory Requirements: Fraud, Whistleblowing and Bribery	Satisfactory
Lost Learning	Advisory
Key Financial Controls including Payroll	Satisfactory
Email Access Control	Limited

**Table 14: South West College Audits 2022/23**

In their Annual Assurance Statement, the Internal Auditors have provided an overall ‘Satisfactory’ level of assurance over the control environment of South West College.

The factors which are considered when influencing the audit opinion are:

- Inherent risk in the area being audited;
- Limitations in the individual audit assignments;
- The adequacy and effectiveness of the risk management and/or governance control framework;
- The impact of weakness identified;
- The level of risk exposure; and
- The response to management actions raised and timeliness of actions taken.

The Email Access Control Internal Audit received a ‘Limited’ assurance rating and all the recommended actions have now been implemented and agreed with the College’s Internal Auditors.

### **Fraud Reporting**

South West College has a detailed Anti-Fraud and Corruption Policy and Fraud Response Plan which are revised and updated on a regular basis (June 2023 and March 2023 respectively). The Anti-Fraud and Corruption Policy and Fraud Response Plan sets out the definition of fraud, details the responsibilities regarding the prevention of fraud and highlights the procedures to be followed in the event of a fraud being detected or suspected. In addition, all staff are required to complete an online module on-Fraud, Bribery and Corruption. A Fraud Risk Assessment has been carried out, reviewed regularly and shared with

the Department for the Economy and the Audit and Risk Committee. No cases of fraud were reported in the 2022/23 year.

### **Pay Remit**

South West College is required to comply each year with Department of Finance (DoF) guidance on the approval of pay remits.

There has been a pay dispute ongoing during the year with the academic trade unions in respect of pay and conditions of academic staff.

The FE Sector continues to work with DfE and DoF to establish an effective and efficient process for the payment of contract pay progression increments.

### **Internal Control**

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the South West College's aims and objectives, while safeguarding public funds and South West College assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money Northern Ireland.

The Annual Opinion and Report, provided by the Internal Audit function, is a key element of the framework of assurance that the Accounting Officer needs to inform this Governance Statement. The Internal Audit Function operates in accordance with HM Treasury's Public Sector Internal Audit Standards.

The Audit & Risk Committee set an audit strategy and work plan for the financial year 2022/23 which was carried out by RSM Northern Ireland (UK) Limited, who provide the internal audit function for the sector. For the period 2022/23, RSM has reported an overall "satisfactory" audit opinion on South West College's system of governance, risk management and internal control.

### **Assurance Summary**

South West College aims to adhere to the highest standards of governance when conducting its business, to ensure that the organisation is run effectively and that decisions are taken in the best interest of its stakeholders.

**Accounting Officer:**



**Date:**

06.12.23

### **Opinion on financial statements**

I certify that I have audited the financial statements of the South West College for the year ended 31 July 2023 under the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008. The financial statements comprise: the Statement of Comprehensive Income and Expenditure, the Statement Changes in Reserves, the Statement of Financial Position, the Statement of Cash Flows and the related notes including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

I have also audited the information in the Remuneration Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of South West College's affairs as at 31 July 2023 and of its deficit for the year then ended;
- have been prepared in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008 and the Department for the Economy directions issued thereunder.

### **Opinion on regularity**

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### **Basis for opinions**

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of South West College in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

### **Conclusions relating to going concern**

In auditing the financial statements, I have concluded that South West College's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the South West College's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer and Governing Body with respect to going concern are described in the relevant sections of this report.

### **Other Information**

The other information comprises the information included in the annual report other than the financial statements, the parts of the Remuneration Report described in that report as having been audited and my audit certificate and report thereon. The Accounting Officer and Governing Body are responsible for the other information reported in the annual report. My opinion on financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

### **Opinion on other matters**

In the light of the knowledge and understanding of the South West College and its environment obtained in the course of the audit, I have not identified material misstatements in the Strategic Report, Remuneration and Staff Report, Statement of the Responsibilities of the Accounting Officer and the Governing Body, and Statement of Corporate Governance and Internal Control.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Remuneration Report to be audited have been properly prepared in accordance with Department for the Economy directions made under the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008; and
- the information given in the Strategic Report, Remuneration and Staff Report, Statement of the Responsibilities of the Accounting Officer and the Governing Body, and Statement of Corporate Governance and Internal Control for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which I report by exception**

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the parts of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement of Corporate Governance and Internal Control does not reflect compliance with the Department of Finance's guidance.

### **Responsibilities of the Accounting Officer and the Governing Body**

As explained more fully in the Statement of Responsibilities of the Accounting Officer and the Governing Body, the Accounting Officer and Governing Body are responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with the applicable financial reporting framework;
- such internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- assessing the South West College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by South West College will not continue to be provided in the future.

### **Auditor's responsibilities for the audit of the financial statements**

My objectives are to audit, certify and report on the financial statements in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the South West College through discussion with management and application of extensive public sector

accountability knowledge. The key laws and regulations I considered included with the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008;

- making enquires of management and those charged with governance on South West College's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of South West College's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and posting of unusual journals;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- documenting and evaluating the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading Governing Body and Committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate;
- addressing the risk of fraud as a result of management override of controls by:
  - performing analytical procedures to identify unusual or unexpected relationships or movements;
  - testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
  - assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
  - investigating significant or unusual transactions made outside of the normal course of business; and
- applying tailored risk factors to datasets of financial transactions and related records to identify potential anomalies and irregularities for detailed audit testing.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.



In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

**Report**

I have no observations to make on these financial statements.



Dorinnia Carville  
Comptroller and Auditor General  
Northern Ireland Audit Office  
106 University Street  
BELFAST  
BT7 1EU

21 December 2023

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE  
FOR THE YEAR ENDED 31 JULY 2023



	Note	2023 £'000	2022 £'000
<b>Income</b>			
Department for the Economy Income	1	41,885	36,533
Education Contracts	2	4,169	6,414
Tuition Fees and Charges	3	1,891	1,909
Other Grant Income	4	1,453	2,534
Other Operating Income	5	1,236	746
Investment Income	6	94	-
<b>Total Income</b>		<b>50,728</b>	<b>48,136</b>
<b>Expenditure</b>			
Staff costs	7	28,965	31,123
Other operating expenses	9	15,549	15,075
Interest and other finance costs	10	3,015	2,968
Depreciation	12 & 13	5,876	5,476
<b>Total expenditure before exceptional items</b>		<b>53,405</b>	<b>54,642</b>
<b>Deficit on continuing operations after depreciation of assets at valuation and before tax and before exceptional items</b>		<b>(2,677)</b>	<b>(6,506)</b>
<b>Exceptional items</b>			
Exceptional costs - staff	7	-	(3)
Exceptional gain – non staff	9	459	447
Exceptional gain – profits on sale of asset	12	815	-
<b>Deficit before tax</b>		<b>(1,403)</b>	<b>(6,062)</b>
Taxation		-	-
<b>Deficit on continuing operations after depreciation of assets at valuation and tax</b>		<b>(1,403)</b>	<b>(6,062)</b>
<b>Unrealised surplus on revaluation of land and buildings</b>		<b>13,447</b>	<b>33,854</b>
Actuarial gain/(loss) in respect of pension scheme		11,388	16,407
<b>Total comprehensive income/(expense) for the year</b>		<b>23,432</b>	<b>44,199</b>
<b>Represented by:</b>			
Restricted comprehensive income for the year		-	-
Unrestricted comprehensive income/(expense) for the year		23,432	44,199
		<b>23,432</b>	<b>44,199</b>

All amounts above relate to the continuing operations of South West College.

**STATEMENT OF CHANGES IN RESERVES  
FOR THE YEAR ENDED 31 JULY 2023**



*The accompanying accounting policies and notes form an integral part of these financial statements.*

	Income and Expenditure Account		Revaluation Reserve	Total Reserves
	Restricted £'000	Unrestricted £'000	£'000	£'000
<b>Balance at 1 August 2021</b>	-	<b>(16,298)</b>	<b>47,939</b>	<b>31,641</b>
Deficit from income and expenditure statement	-	(6,062)	-	(6,062)
Other comprehensive (expense)/income	-	16,407	33,854	50,261
Transfers between revaluation and income and expenditure account	-	1,342	(1,342)	-
<b>Total comprehensive (expense)/income for the year</b>	-	<b>11,687</b>	<b>32,512</b>	<b>44,199</b>
<b>Balance at 31 July 2022</b>	-	<b>(4,611)</b>	<b>80,451</b>	<b>75,840</b>
<b>Balance at 1 August 2022</b>	-	<b>(4,611)</b>	<b>80,451</b>	<b>75,840</b>
Deficit from income and expenditure statement	-	(1,403)	-	(1,403)
Other comprehensive (expense)/income	-	11,388	13,447	24,835
Transfers between revaluation and income and expenditure account	-	1,946	(1,946)	-
<b>Total comprehensive (expense)/income for the year</b>	-	<b>11,931</b>	<b>11,501</b>	<b>23,432</b>
<b>Balance at 31 July 2023</b>	-	<b>7,320</b>	<b>91,952</b>	<b>99,272</b>

**STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED 31 JULY 2023**



	Note	2023 £'000	2022 £'000
<b>Non Current assets</b>			
Tangible Assets	12	162,609	153,920
Intangible Asset	13	251	328
Pension Assets	20	3,385	-
<b>Total Non Current assets</b>		<b>166,245</b>	<b>154,248</b>
<b>Current assets</b>			
Trade and other receivables	15	6,556	4,402
Cash at bank and in hand	19	3,859	4,020
<b>Total current assets</b>		<b>10,415</b>	<b>8,422</b>
Less: Creditors – amounts falling due within one year	16	(10,734)	(9,939)
<b>Net current assets</b>		<b>(319)</b>	<b>(1,517)</b>
<b>Total assets less current liabilities</b>		<b>165,926</b>	<b>152,731</b>
Less: Creditors – amounts falling due after more than one year	17	(66,360)	(69,534)
<b>Provisions:</b>			
Pension provisions	20	-	(7,063)
Other provisions	18	(294)	(294)
<b>Net assets including pension liability</b>		<b>99,272</b>	<b>75,840</b>
<b>Unrestricted Reserves</b>			
General reserve		7,320	(4,611)
Revaluation reserve		91,952	80,451
<b>Total reserves</b>		<b>99,272</b>	<b>75,840</b>
<b>TOTAL</b>		<b>99,272</b>	<b>75,840</b>

The financial statements on pages 57 to 99 were approved by the Governing Body of the South West College on 6<sup>th</sup> December 2023 and were signed on its behalf by:

**Nicholas O'Shiel**  
Chairman of Governing Body  
South West College

**Celine McCartan**  
Accounting Officer  
South West College

**STATEMENT OF CASHFLOWS  
FOR THE YEAR ENDED 31 JULY 2023**



	Note	2023 £'000	2022 £'000
<b>Cash outflow from operating activities</b>			
Deficit for the year		(1,403)	(6,062)
<b>Adjustment for non-cash items</b>			
Depreciation	12 & 13	5,876	5,476
Increase in debtors	15	(2,154)	1,530
Increase/(Decrease) in creditors	16 & 17	(668)	(3,466)
Pension cost	20	677	3,207
(Decrease)/Increase in other provisions	18	-	(37)
Investment Income	6	(94)	-
Capital grants released to income		(3,045)	(3,050)
Profits on asset disposal	12	(815)	-
<b>Net cash inflow from operating activities</b>		<b>(1,626)</b>	<b>(2,402)</b>
<b>Cash flows from investing activities</b>			
Capital grants received		1,334	3,670
Payments made to acquire fixed assets	12	(1,931)	(2,401)
Proceeds from disposal of asset	12	1,705	-
Investment Income	6	94	-
		<b>1,202</b>	<b>1,269</b>
<b>Cash inflows from financing activities</b>			
Pension finance cost	10	263	365
		<b>263</b>	<b>365</b>
<b>Increase in cash and cash equivalents in the year</b>	19	<b>(161)</b>	<b>(768)</b>
Net funds at 1 August		4,020	4,788
<b>Net funds at 31 July</b>		<b>3,859</b>	<b>4,020</b>

In this statement, figures in brackets refer to cash outflows and all other figures are cash inflows to South West College.

*The accompanying accounting policies and notes form an integral part of these financial statements*

### Statement of Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

### Critical accounting judgements and estimates

These financial statements have been prepared on the going concern basis in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS 102). South West College is a public benefit entity and has therefore applied the relevant public benefit entity requirements of FRS 102. It also requires management to exercise its judgement in the process of applying the South West College's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

#### Pension Liability

The critical judgements of the pension liability schemes are included in the accounting policy note. The key actuarial assumptions used in the valuation of the NILGOSC pension scheme, including discount rates, salary and pension increases, and mortality rates are reported in note 20.

#### Property, Plant and Equipment

The financial statements are prepared in accordance with the historical cost convention except that certain freehold properties are stated in the statement of financial position at valuation on the basis of depreciated replacement cost, including irrecoverable VAT as advised by LPS. All other depreciation is calculated based on assumptions of asset useful economic lives and expected residual value. A change in depreciable life is treated as a change in accounting estimate.

The accounts conform to the Accounts Direction issued by the Department for the Economy (DfE).

#### Basis of accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets and in accordance with applicable United Kingdom accounting standards.

#### Going concern

The activities of the South West College, together with factors likely to affect its future development and performance are set out in the Strategic Report. The financial position of South West College, its cash flow, liquidity and borrowings are described in the financial statements and accompanying Notes.

South West College is satisfied that the organisation is a going concern on the basis that there is no reason to believe that the Department's future sponsorship and future assembly approval will not be forthcoming to meet the South West College's liabilities as they fall due. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

### Recognition of Income

The recurrent grant and other revenue grants received from DfE (and other government bodies) are recognised in income over the periods in which South West College recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

Income from tuition fees is recognised in the period for which it is received and includes all fees payable by students or their sponsors.

Income from non-government grants, controls and other services rendered is included to the extent that the conditions of the funding have been met, or the extent of the completion of the contract or service concerned.

All income from short-term deposits is credited to the statement of comprehensive net income in the year in which it is earned.

Non recurrent grants from DfE and other government bodies received in respect of the acquisition of fixed assets are recognised in income over the expected useful life of the asset.

### Pension Scheme

The two principal pension schemes for the South West College's staff are the Northern Ireland Teachers' Pension Scheme (NITPS) and the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) defined benefit schemes, which are externally funded and contracted out of the State Earnings Related Pension Scheme.

The NITPS is an unfunded contributory, voluntary membership scheme administered by the Department of Education. The current regulations under which the scheme operates are the *Teachers' Superannuation Regulations (NI) 1998 (as amended)*. The NITPS is a multi-employer scheme and the South West College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The NITPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

NILGOSC is a defined benefit scheme which is externally funded and contracted out of the second state Pension Scheme. The Funds are valued every three years by actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. Pension costs are assessed on the basis of the latest actuarial valuations of the schemes and are accounted for on the basis of charging the cost of providing pensions over the period during which the South West College

benefits from the employees' services. Variations from regular cost are spread over the expected average remaining working lifetime of members of the schemes after making allowances for future withdrawals.

The difference between the fair value of the assets held in the South West College's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the South West College's statement of financial position as a pension scheme asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the South West College is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

Changes in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by the South West College are charged to the Statement of Comprehensive Net Expenditure.

### **Tangible Fixed Assets**

#### **Land and buildings**

Land and buildings (including those inherited from the Education and Library Board) are stated in the statement of financial position at valuation on the basis of depreciated replacement cost, as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. There is a lack of historical information on the detail of the component parts of the revaluation reserve prior to the College's merger in 2007 and therefore it is not possible to allocate the proportionate historic revaluation reserve balances to individual buildings. The difference between depreciation charged on the historic costs of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis. Land and buildings acquired since the last valuation are included in the statement of financial position at cost. Freehold land is not depreciated. Freehold buildings and buildings under Private Finance Initiative (PFI) contract are depreciated over their expected useful economic life to the South West College. Where land and buildings are acquired with the aid of specific grants, these are accounted for in accordance with the revenue recognition policies above.

Valuations are obtained on a regular basis, with a full professional valuation being undertaken by Land and Property Services (LPS) every five years, with revaluation using indices provided by LPS in intervening years and an interim valuation being carried out after three years. Land and buildings were subject to an indices based revaluation at 31<sup>st</sup> July 2023.

#### **Held for Sale**

Fairview campus is a fully depreciated building asset and was classified as 'Held for Sale' at July 2022 as its carrying amount was to be recovered principally through a sale transaction rather than through continuing use. It is measured at Market Value which is defined in the Global Standards as 'the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. The premises were sold in March 2023.



### Assets other than land and buildings

Assets other than land and buildings costing less than £3,000 per individual item are written off to the income and expenditure account in the period of acquisition. Assets other than land and buildings inherited from the Education and Library Board are included in the statement of financial position at valuation. All other assets are capitalised at cost.

These assets are depreciated over their useful economic lives as follows:

Computers:	three years
Motor vehicles:	four years
Plant and equipment:	five years
Fixtures and fittings:	five years

Where these assets are acquired with the aid of specific grants, the asset is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related asset.

### Private Finance Initiative

The South West College has two buildings subject to PFI contracts – at Circular Road, Dungannon and Mountjoy Road, Omagh.

Where it is concluded that the South West College has an asset of the property and therefore a liability to pay for it, these are recorded on the statement of financial position. The initial amount recorded for each is the fair value of the building and accompanying fixtures and fittings and is recognised as an asset in the financial statements, together with a corresponding finance lease obligation. Subsequently, the asset is depreciated over its useful economic life and is subject to annual revaluation on the same basis as similar asset classes. The unitary payments made under the PFI contracts are allocated between the service and property elements. The elements of the unitary payment relating to services are charged to the Statement of Comprehensive Net Expenditure as incurred. The element of the unitary payment relating to property is credited against the finance lease obligation. A notional interest charge is imputed in relation to the outstanding liability on the basis that this charge is a constant percentage of the outstanding lease obligation. This notional interest is recorded against the loan and is also charged against the Statement of Comprehensive Net Expenditure for the year. Under an agreement with DfE, South West College receives an annual contribution to cover the various specified elements of the unitary payment, relating to the property costs.

The effect of this treatment is that in the initial years the charges in relation to depreciation, service provision and imputed interest will be significantly more than the relevant cash flows, with a small amount of the liability being discharged, with the corresponding situation arising in the later years of the 30 year contract.

### **Leased Assets**

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

Leasing agreements which transfer to South West College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright and are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases.

The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

### **Capital Grants (Non Land Grants – accruals model)**

Non recurrent grants from DFE and other government bodies received in respect of the acquisition of fixed assets are recognised in income over the expected useful life of the asset.

### **Capital Grants**

Other capital grants are recognised in income when South West College is entitled to the funds subject to any performance related conditions being met.

### **Capital grants (Land Grants)**

Capital government grants for land are accounted for in accordance with the performance model which results in the recognition of the capital grant in receipt.

### **Intangible Assets**

Intangible assets, greater than £3,000 per individual item, are capitalised. Software integral to an item of hardware is dealt with as fixed assets.

### **Foreign Currency Translation**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to the Income and Expenditure Account in the period in which they arise.

### **Taxation**

As an exempt charity South West College benefits by being broadly exempt from corporation tax on income it receives from tuition fees, interest, and rents.

South West College is exempted from levying VAT on most of the services it provides to students. For this reason, South West College is partially exempt in respect of VAT, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to costs of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

### **Liquid Resources**

Liquid resources include sums on short-term deposits with recognised banks and building societies.

### **Financial Instruments**

Financial assets and financial liabilities are recognised when the College become a party to the contractual provisions of the instruments. Financial liabilities are classified according to the substance of the contractual arrangements being entered into. South West College's financial assets and liabilities all meet the criteria for basic financial instruments, prescribed within FRS 102 Section 11.8.

### **Provisions**

Provisions are recognised when South West College has a present legal or constructive obligation as a result of a past event. It is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

### **Agency Arrangements**

The South West College acts as an agent in the collection and payment of Support Funds and adult learning grants (Care to Learn). Related payments of Support Funds received from DfE and subsequent disbursements to students are excluded from the Statement of Comprehensive Net Expenditure and are shown separately in Note 24.

1. DEPARTMENT FOR THE ECONOMY INCOME

	2023 £'000	2022 £'000
<b>Grant in Aid received from DfE</b>		
Recurrent grant	34,401	27,542
Additional Support Funds	252	200
Employer Support Programme (ESP)	293	354
Students with learning difficulties and disabilities (SLDD)	240	223
Release of deferred capital grants	2,967	2,972
Traineeship Income	744	1,075
Skills Focus	374	279
Other	884	2,233
<b>Total Grant In Aid</b>	<b>40,155</b>	<b>34,878</b>
<b>Non-Grant in Aid received from DfE</b>		
Education Maintenance Allowance administration	11	10
Higher Level Apprenticeships	1,104	1,048
Other	615	597
<b>Total Non-Grant In Aid</b>	<b>1,730</b>	<b>1,655</b>
<b>Total DfE income</b>	<b>41,885</b>	<b>36,533</b>

Grant in Aid Other includes £770k Project income, £102k ERAP funding and £12k Advanced Technicals funding.

## 2. EDUCATION CONTRACTS

	2023 £'000	2022 £'000
Entitlement framework	519	529
Training for Success	3,650	5,885
<b>Total</b>	<b>4,169</b>	<b>6,414</b>

*\*Training for Success income is currently treated as revenue due to the commercial nature of the award of contracts.*

## 3. TUITION FEES AND CHARGES

	2023 £'000	2022 £'000
Higher Education (HE) income	1,575	1,662
Home and other European Union	316	247
<b>Total</b>	<b>1,891</b>	<b>1,909</b>

Tuition fees funded by bursaries included within the above amounts are tuition fees funded by bursaries of £45k (2022: £50k)

## 4. OTHER GRANT INCOME

	2023 £'000	2022 £'000
European funds	1,298	2,310
Other funds	155	224
<b>Total</b>	<b>1,453</b>	<b>2,534</b>

## 5. OTHER OPERATING INCOME

	2023 £'000	2022 £'000
Catering and residence operations	232	171
Other income generating activities	193	112
Other income	811	463
<b>Total</b>	<b>1,236</b>	<b>746</b>

## 6. INVESTMENT INCOME

	2023 £'000	2022 £'000
Other interest receivable	94	-
<b>Total</b>	<b>94</b>	<b>-</b>

## 7. STAFF COSTS

The average number of persons (including senior post-holders) employed by the South West College during the year, expressed as full-time equivalents was:

	2023 No.	2022 No.
Teaching	305	293
Support	112	105
Administration	182	209
Premises	21	22
<b>Total</b>	<b>620</b>	<b>629</b>

### Staff costs for the above persons

	2023 £'000	2022 £'000
Governing Body	72	79
Teaching	16,290	15,521
Support	3,603	3,039
Administration	7,467	8,499
Premises	768	687
NILGOSC Pension Past Service Cost	7	43
Apprenticeship Levy	88	91
Non-Teaching Pension charge	670	3,164
	<b>28,965</b>	<b>31,123</b>
Exceptional staff costs - Holiday Pay Provision	-	3
	<b>-</b>	<b>3</b>
<b>Total</b>	<b>28,965</b>	<b>31,126</b>

7. STAFF COSTS (CONT'D)

	2023 £'000	2022 £'000
Wages and salaries	22,508	24,430
Social security costs	1,976	2,062
Movement in Pension	677	3,207
Other pension costs	3,804	1,424
	<b>28,965</b>	<b>31,123</b>
Exceptional staff costs - Holiday Pay Provision	-	3
Exceptional staff costs – Redundancy	-	-
	-	3
<b>Total</b>	<b>28,965</b>	<b>31,126</b>

The number of senior post-holders and other staff who received emoluments, including pension contributions and benefits in kind, in the following ranges was:

	Senior post-holders		Other staff	
	2023 No.	2022 (Restated *) No.	2023 No.	2022 (Restated *) No.
£60,001 to £70,000	-	-	20	30
£70,001 to £80,000	1	-	4	8
£80,001 to £90,000	-	-	5	5
£90,001 to £100,000	1	-	-	-
£100,001 to £110,000	1	1	-	-
£110,001 to £120,000	-	-	-	-
£120,001 to £130,000	-	-	-	-
£130,001 to £140,000	1	-	-	-
£140,001 to £150,000	-	1	-	-
£150,001 to £160,000	-	-	-	-
	<b>4</b>	<b>2</b>	<b>29</b>	<b>43</b>

\* 2022 published figures for salary bandings incorporated National Insurance contributions. The restated figures have excluded National Insurance.

## 8. KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of South West College and are represented by South West College Governing Body and the Principal and Chief Executive/Deputy Chief Executive.

The number of senior post-holders including the Principal and Chief Executive was:

2023	2022
No.	No.
4	2

Senior post-holders' emoluments are made up as follows:

Salaries  
Pension contributions  
**Total emoluments**

2023	2022
£'000	£'000
178	236
40	35
<b>218</b>	<b>271</b>

The above emoluments include amounts payable to the Principal and Chief Executive/Interim Chief Executive (who are also the highest paid senior post holders) of South West College and the Deputy Chief Executive.

Salaries  
**Total**

2023	2022
£'000	£'000
107	141
<b>107</b>	<b>141</b>
22	14
<b>129</b>	<b>155</b>

The above emoluments reflect the amounts paid in total to the holder of the Principal and Chief Executive/Interim Chief Executive positions during the year ended 31 July 2023.

The pension contributions in respect of the Principal and Chief Executive/Interim Chief Executive and senior post-holders are in respect of employer's contributions to the Teachers' Pension Scheme and the Northern Ireland Local Government Officers' Superannuation Scheme and are paid at the same rate as for other employees.



## 9. OTHER OPERATING EXPENSES

	2023 £'000	2022 £'000
Direct Teaching	1,065	906
Direct Support	3,920	3,782
Administration	2,758	2,879
Premises	3,023	2,582
Unitary payments under PFI contract	4,783	4,926
	<b>15,549</b>	<b>15,075</b>
Exceptional – PFI Insurance Rebate	<b>(459)</b>	<b>(447)</b>
<b>Total</b>	<b>15,090</b>	<b>14,628</b>

Administration costs include £707k relating to Payments to Project Partners (2021/22 £1.285M)

### Other operating expenses include:

	2023 £'000	2022 £'000
Auditors' remuneration:		
Financial statements audit (of which £1k National Fraud Initiative audit)	35	27
Internal audit (of which £30k audit and £6k deep dive exercise)	36	23
Hire of other assets – operating leases	92	98

The College has two 30 year PFI agreements in respect of the provision of facilities and associated services at Omagh and Dungannon campuses. The terms of these agreements provide for benchmarking of insurance costs to compare actual costs with costs provided at the outset in the financial model. The exceptional gain of £459k represents the monies owed for the period to 31 July 2023 in respect of a rebate of insurance costs in accordance with the provisions of the contract.

## 10. INTEREST AND OTHER FINANCE COSTS

	2023 £'000	2022 £'000
Net charge on pension scheme	263	365
On finance leases	2,752	2,603
<b>Total</b>	<b>3,015</b>	<b>2,968</b>

## 11. TAXATION

The members do not believe the South West College was liable for any corporation tax arising out of its activities during the year

12. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings	Held For Sale	PFI Assets	Plant and Equipment	Computers	Fixtures and Fittings	Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>								
At 1 August 2022	71,858	9,179 <sup>1</sup>	77,027	6,468	6,996	3,319	862	175,709
Additions	-	-	-	281	1,155	477	18	1,931
Revaluation	6,335	-	7,112	-	-	-	-	13,447
Disposals	(62)	(9,179)	-	(303)	(1,584)	(10)	(29)	(11,167)
<b>At 31 July 2023</b>	<b>78,131</b>	<b>-</b>	<b>84,139</b>	<b>6,446</b>	<b>6,567</b>	<b>3,786</b>	<b>851</b>	<b>179,920</b>
<b>Depreciation</b>								
At 1 August 2022	63	8,289	-	5,384	5,425	1,816	812	21,789
Charge for the year	1,801	-	2,192	354	938	484	30	5,799
Revaluation	-	-	-	-	-	-	-	-
Disposals	(62)	(8,289)	-	(303)	(1,584)	(10)	(29)	(10,277)
<b>At 31 July 2023</b>	<b>1,802</b>	<b>-</b>	<b>2,192</b>	<b>5,435</b>	<b>4,779</b>	<b>2,290</b>	<b>813</b>	<b>17,311</b>
<b>Net book value at 31 July 2023</b>	<b>76,329</b>	<b>-</b>	<b>81,947</b>	<b>1,011</b>	<b>1,788</b>	<b>1,496</b>	<b>38</b>	<b>162,609</b>
Net book value at 31 July 2022	71,795	890	77,027	1,084	1,571	1,503	50	153,920
<b>Asset Financing</b>								
Owned	76,329	-	-	1,011	1,788	1,496	38	80,662
PFI contracts	-	-	81,947	-	-	-	-	81,947
<b>Net Book Value at 31 July 2023</b>	<b>76,329</b>	<b>-</b>	<b>81,947</b>	<b>1,011</b>	<b>1,788</b>	<b>1,496</b>	<b>38</b>	<b>162,609</b>

Note 1 The Fairview Campus that was Held for Sale was sold in March 2023 for £1.705M with net proceed of £815k.

12. TANGIBLE FIXED ASSETS (CONT'D)

Land and buildings were subject to a full asset revaluation at 31<sup>st</sup> July 2022 on a depreciated replacement cost basis. The revaluation was updated using indices supplied by the Land and Property Service as at 31<sup>st</sup> July 2023. These revaluations have been incorporated into the financial statements and the resulting revaluation adjustments have been taken to the revaluation reserve.

	2023 £'000	2022 £'000
If land and buildings (including those that were inherited and assets under construction) had not been revalued, they would have been included at the following amounts:		
Cost	29,349	29,349
Aggregate depreciation based on cost	(5,744)	(4,775)
<b>Net book value based on cost</b>	<b>23,605</b>	<b>24,574</b>

All depreciation relates to owned assets, except for £2,191,990 which relates to depreciation on PFI assets.

	2023 £'000	2022 £'000
If PFI assets had not been revalued, they would have been included at the following amounts:		
Cost	43,101	43,101
Aggregate depreciation based on cost	(20,703)	(19,625)
<b>Net book value based on cost</b>	<b>22,398</b>	<b>23,476</b>

### 13. INTANGIBLE FIXED ASSETS

	Intangible Asset £'000	Total £'000
<b>Cost or Valuation</b>		
At 1 August 2022	425	425
Transfers	-	-
Additions	-	-
Disposals	-	-
<b>At 31 July 2023</b>	<b>425</b>	<b>425</b>
<b>Amortisation</b>		
At 1 August 2022	97	97
Charge for the Year	77	77
Additions		
<b>At 31 July 2023</b>	<b>174</b>	<b>174</b>
<b>Net book value at 31 July 2023</b>	<b>251</b>	<b>251</b>
Net book value as at 31 July 2022	328	328

The net book value of the intangible asset is a jointly owned and controlled asset among the six Further Education Colleges of Northern Ireland. The asset is a Learner Management System that is operated centrally for the sector. The intangible asset is funded in full through a capital grant from the Department for the Economy. The asset commenced its useful life from 1<sup>st</sup> May 2021.

### 14. SERVICE CONCESSION ARRANGEMENTS

South West College has two 30 year PFI agreements in respect of the provision of facilities and associated services at Omagh (contract expires 2036) and Dungannon campuses (contract expires 2037). South West College receives monthly unitary payment invoices for each contract from the PFI provider and these are allocated across capital repayment, interest and service charges in line with the PFI lifetime models (excluding inflation).

#### Movement in service concession arrangement assets

The asset value of the service concession included in the statement of financial position as at 31 July 2023 is £81.9M (2022: £77.0M). The increase of £4.90M is due to a valuation increase of £7.11M and depreciation of £2.2M.

#### Movement in service concession liabilities

The total liabilities relating to the service concession included in the statement of financial position as at 31 July 2023 were £32.363M (2022: £33.682M). The sum of £1.319M was repaid during the year.

#### 14. SERVICE CONCESSION ARRANGEMENTS (CONT'D)

##### Future Commitments

The following table analyses South West College's future commitments in relation to service concession arrangements.

	Payable in 1 year	Payable 2-5 years	Payable 6-10 years	Payable 11-15 years	Total
	£'000	£'000	£'000	£'000	£'000
Liability repayments	1,520	7,014	13,099	10,730	32,363
Finance charge	2,680	9,106	6,809	99	18,694
Service charge	4,748	21,065	29,694	20,849	76,356
	<b>8,948</b>	<b>37,185</b>	<b>49,602</b>	<b>31,678</b>	<b>127,413</b>

The service charge includes estimated inflationary increases, estimated at 3% from April 2024. This estimation is subject to change, which will affect the amount of future cashflows.

#### 15. TRADE AND OTHER RECEIVABLES

	2023 £'000	2022 £'000
Amounts falling due within one year:		
Trade receivables	441	1,157
Prepayments and accrued income	4,099	2,400
Other receivables - DfE	2,016	845
<b>Total debtors</b>	<b>6,556</b>	<b>4,402</b>

#### 16. CREDITORS: AMOUNTS FALLING DUE IN WITHIN ONE YEAR

	2023 £'000	2022 £'000
Obligations under finance leases in respect of PFI contracts	1,520	1,319
Trade payables	-	204
Payments received in advance	3	152
Taxation and social security	511	554
Deferred Capital Grants	2,867	2,924
Amounts owed to the Department	57	172
Other creditors and accruals	5,776	4,614
<b>Total creditors less than one year</b>	<b>10,734</b>	<b>9,939</b>

#### 17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2023 £'000	2022 £'000
Obligations under finance leases in respect of PFI contracts	30,843	32,363
Deferred capital grants	35,517	37,171
<b>Total</b>	<b>66,360</b>	<b>69,534</b>

Finance lease obligations are secured on the assets to which they relate.

#### 18. PROVISIONS FOR LIABILITIES AND CHARGES

	Other £'000	Insurance £'000	Total £'000
At 1 August 2022	294	-	294
Movement in Provision	-	-	-
Released to the income and expenditure account	-	-	-
<b>At 31 July 2023</b>	<b>294</b>	<b>-</b>	<b>294</b>

The provision of £294k relates to a Holiday Pay provision resulting from the Court of Appeal (CoA) judgement (17 June 2019) in the case PSNI v Agnew. The CoA judgement determined that claims for Holiday Pay shortfall can be taken back to 1998.

The PSNI appealed the CoA judgment to the Supreme Court. In 2021, the case was paused to facilitate mediation, however, in March 2022 the PSNI were unable to obtain the required authorisation from the Department of Finance in respect of agreeing a potential financial settlement. The Supreme Court heard the case on 14th and 15th December 2022.

The Supreme Court made its ruling on 5 October 2023 where it dismissed the appeal and upheld the judgement of the Court of Appeal.

The £294k provision has been estimated by South West College and covers the period from 1998 to 31 July 2020, following the Department of Finance approach outlined for Departmental Annual Reports and Accounts (FD (DoF) 08/20).

There are some very significant elements of uncertainty around this estimate for a number of reasons:

1. The outworking of The Supreme Court judgement and the application of The Court of Appeal's original judgement;
2. Lack of accessible data for years previous to 2008/09, requiring estimations to be applied;
3. Future negotiations with Trade Unions;
4. Obtaining legal advice on specific application of the ruling for the Northern Ireland Further Education sector;

5. The provision is gross (inclusive of Employee National Insurance and PAYE) and also includes an uplift for Employer National Insurance Contributions (NI) and Employer Superannuation Contributions;
6. Taxation issues are under discussion with HMRC, by the wider Northern Ireland public sector.

Therefore, the estimated provision outlined above is based on the application of Department of Finance methodology, however there remains significant uncertainty over the amount and timing of future payments.

#### **19. CASH AND CASH EQUIVALENTS**

	At 1 August 2022 £'000	Cash Flows £'000	At 31 July 2023 £'000
Cash and Cash equivalents	4,020	(161)	3,859
	<b>4,020</b>	<b>(161)</b>	<b>3,859</b>

#### **20. PENSIONS AND SIMILAR OBLIGATIONS**

The South West College's employees belong to two principal pension schemes: the Northern Ireland Teachers' Pension Scheme (NITPS) for academic and related staff; and the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) for non-teaching staff. Both are defined-benefit schemes.

<b>Total pension cost for the year</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
NITPS: contributions paid	2,973	3,169
NILGOSC: contributions paid	1,508	1,462
NILGOSC: FRS 102 charge	677	3,207
NILGOSC: charge to the Statement of Comprehensive Net Expenditure (staff costs)	2,185	4,669
Enhanced pension charge to the Statement of Comprehensive Net Expenditure (staff costs)	-	-
<b>Total pension cost for the year</b>	<b>5,158</b>	<b>7,838</b>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the NITPS and NILGOSC was 31 March 2022.

## 20. PENSIONS AND SIMILAR OBLIGATIONS (CONT'D)

### NITPS

The NITPS is an unfunded contributory, voluntary membership scheme administered by the Department of Education. The current regulations under which the scheme operates are the *Teachers' Superannuation Regulations (NI) 1998 (as amended)*.

Further information about the scheme is on the Department of Education's website at [www.education-ni.gov.uk](http://www.education-ni.gov.uk).

The Government Actuary's Department (GAD) is responsible for carrying out scheme valuations. The Actuary reviews employer contributions every four years following the scheme valuation. The 2016 scheme valuation was completed by GAD in March 2019. The outcome of this valuation was used to set the level of contributions for employers from 1 April 2019.

The 2016 Scheme Valuation requires adjustment as a result of the 'McCloud remedy'. The Department of Finance commissioned a consultation in relation to the Cost Cap element of Scheme Valuations which closed on 25 June 2021. The Cost Cap mechanism is a measure of scheme costs and determines whether member costs or scheme benefits require adjustment to maintain costs within a set corridor. By taking into account the increased value of public service pensions, as a result of the 'McCloud remedy', scheme cost control valuation outcomes will show greater costs than otherwise would have been expected.

The Department of Finance has since published a policy update which was legislated for in the Public Service Pensions & Judicial Offices Bill at Westminster, and for which a Legislative Consent Motion was agreed by the Assembly on 1 November 2021. An LCM allows the Assembly to consent to legislation for Northern Ireland being made by the UK Parliament for devolved matters. The UK Bill will legislate how the government will remove the discrimination identified in the McCloud judgment. The Bill also includes provisions that employees will not experience any detriment if the adjusted valuation costs breach the set cost cap ceiling but any breaches of the cost cap floor (positive employee impacts) in the completed valuations will be honoured.

The employer contribution rate increased to 25.1% from 1 April 2019. On 1 April 2023 the salary bands applicable to member contributions for the NITPS changed. The appropriate contribution rates to be applied are based on a members' annual salary rate (actual earnings) as opposed to their full-time equivalent (FTE) salary:

#### Rates 01 April 2022 – 31 March 2023

Up to £29,187.99	7.4%
£29,188 to £39,290.99	8.6%
£39,291 to £46,586.99	9.6%
£46,587 to £61,742.99	10.2%
£61,743 to £84,193.99	11.3%
£84,194 and above	11.7%



## 20. PENSIONS AND SIMILAR OBLIGATIONS (CONT'D)

### Rates 01 April 2023 – 31 March 2024

Up to £32,135.99	7.4%
£32,136 to £43,259.99	8.6%
£43,260 to £51,292.99	9.6%
£51,293 to £67,979.99	10.2%
£67,980 to £92,697.99	11.3%
£92,698 and above	11.7%

The NITPS is a multi-employer pension scheme. South West College is unable to identify its share of the underlying assets and liabilities of the scheme, and therefore, as required by FRS 102 (28), accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Net Expenditure represents the contributions payable to the scheme in respect of the accounting period. South West College has set out above the information available on the scheme and the implications for the college in terms of the anticipated contributions rates.

### NILGOSC

NILGOSC is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme Regulations (Northern Ireland) 2002, as amended. It is contracted out of the state pension scheme.

From 1 April 2023 the employers' contribution rates was 19% of the full-time salary or if-part-time, the full-time equivalent salary, and the employees' contribution rate is banded in line with the full-time salary or if part-time, the full-time equivalent salary as follows:

### Rates 01 April 2022 – 31 March 2023

£0 to £15,400	5.5%
£15,401 to £23,700	5.8%
£23,701 to £39,500	6.5%
£39,501 to £48,000	6.8%
£48,001 to £95,100	8.5%
£95,100 and above	10.5%

### Rates 01 April 2023 – 31 March 2024

£0 to £16,900	5.5%
£16,901 to £26,000	5.8%
£26,001 to £43,400	6.5%
£43,401 to £52,800	6.8%
£52,801 to £104,700	8.5%
£104,700 and above	10.5%

## 20. PENSIONS AND SIMILAR OBLIGATIONS (CONT'D)

The main reasons for the movement in the pension from a liability to an asset as reported at 31 July 2023, are a change in the financial assumptions resulting in a gain on liabilities of £12,632k (higher corporate bond yields, leading to an increase in the discount rate assumption); a change in the demographic assumptions within the calculation which has led to a gain of £1,049k and an experience gain of £45k. These gains have been offset by a loss on assets (lower than assumed returns on the Funds assets over the period and the actuarial valuation at 31 March 2022 being lower than the asset value estimated for the full year 2022 accounting period (£2,342k).

### Principal actuarial assumptions

Principal actuarial assumptions at the statement of financial position date are as follows:

	At 31 July 2023 % pa	At 31 July 2022 % pa
Rate of increase in salaries	4.35	4.25
Rate of increase for pensions in payment/inflation	2.85	2.75
Discount rate for liabilities	5.10	3.55
Future Increase in Retail Price Index	3.15	3.10
Pension increases in deferment	2.85	2.75
Pension increases in payment	2.85	2.75

The current mortality assumptions include sufficient allowance for the future improvements of mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 July 2023	At 31 July 2022
<b>Retiring today:</b>		
Males	21.3 years	21.8 years
Females	24.1 years	25.1 years
<b>Retiring in 20 years:</b>		
Active/Deferred Males	21.9/22.2 years	22.8 years
Active/Deferred Females	24.9/25.2 years	26.1 years

## 20. PENSIONS AND SIMILAR OBLIGATIONS (CONT'D)

The actuarial assumptions include:

### Guaranteed Minimum Pension (“GMP”) Indexation

In order to ensure smooth transition to the single tier State pension and equalisation of GMP benefits between males and females, the Government introduced an interim solution in March 2016 in respect of people who are in public service pension schemes and who have a State Pension Age (“SPA”) between 6 April 2016 and 5 December 2018, whereby full inflationary increases will be provided by the Fund. In January 2018, this interim solution was extended to members who reach SPA between 6 December 2018 and 5 April 2021.

An announcement on 23 March 2021 further confirmed that public sector schemes will need to provide full indexation to members with a GMP state pension age beyond 5 April 2021.

The 2022 Valuation included an allowance for the additional liability potentially arising as a result of GMP indexation for all members reaching State Pension Age after 5 April 2021. The 2022 Valuation was used as the starting point for the roll forward calculation of the accounting Defined Benefit Obligation (DBO) at 31 July 2023 and therefore the DBO calculated at 31 July 2023 implicitly includes an allowance for GMP indexation.

The 31 July 2023 accounting valuation does not include any further allowance for GMP indexation.

### Goodwin Ruling

A legal challenge has been made against the Government in respect of unequitable benefits for male dependants of female members (based on service after 1988) following the earlier Walker ruling. The Walker ruling made it necessary for public service pension schemes to provide survivors of registered civil partnerships or same-sex marriages with benefits that replicate those provided to widows. However, widows' pensions were generally introduced in public service schemes in the 1970s whereas a male widower of a female member historically only received benefits based on service from 6 April 1988. An Employment Tribunal on 30 June 2020 has upheld the claim, and as a result the valuation has allowed for an additional liability in respect of the Goodwin ruling. An additional liability of £68k (0.1% of DBO) has been included in the past service cost recognised in the year ended 31 July 2022. The Defined Benefit Obligation at 31 July 2023 also includes this allowance. No further allowance has been proposed at 31 July 2023.

### McCloud Ruling

Two employment tribunal cases were brought against the Government in relation to possible discrimination in the implementation of transitional protection following changes made to public service pension scheme legislation in 2014. The claimants challenged the transition protection arrangements on the grounds of direct age discrimination, equal pay and indirect gender and race discrimination. In December 2018, the Court of Appeal ruled that the transitional protections gave rise to unlawful discrimination on the basis of age. The Government requested leave to appeal this decision to the Supreme Court, however the request was denied on 27 June 2019.

As a result, certain scheme members had to be compensated for any discrimination suffered as a result of the transitional protections. The changes to legislation were implemented in 2015 for the NILGOSC Fund

## 20. PENSIONS AND SIMILAR OBLIGATIONS (CONT'D)

and therefore this only impacts benefits accrued from 1 April 2015 for those members who were active at that date. The 2022 Valuation included an allowance for the past service additional liability potentially arising as a result of McCloud underpin. The 2022 Valuation was used as the starting point for the roll-forward calculation at 31 July 2023 and therefore the DBO calculated at 31 July 2023 implicitly includes an allowance for the McCloud underpin for past service.

### Elevated mortality experience

During the accounting period, the UK has continued to experience elevated mortality experience with a sustained level of over 1,000 excess deaths per week (on average) seen since Q2 of 2022. This experience could be directly attributed to COVID-19 over the years following the pandemic, but recent evidence suggest that excess deaths are now primarily due to other causes. This sustained and less volatile experience, than seen during 2020 and 2021, has caused the CMI to adjust its core parameters in the latest release of the mortality projections mode, CMI\_2022, to give weight to post-pandemic experience for the first time. The CMI's view is that 2022 experience may be indicative of future mortality to some extent. The assumption for future projections in longevity has been updated to use the most recent projections available, the CMI 2022 projections, to make allowance for the current elevated mortality experience.

The South West College's share of the assets and liabilities in the scheme and the expected rates of return were:

	Value at 31 July 2023 £'000	Value at 31 July 2022 £'000
Equities	15,870	14,091
Bonds	7,970	9,169
Property	3,826	4,472
Multi Asset Credit	4,821	4,635
Cash/Other	4,470	4,121
<b>Total market value of assets</b>	<b>36,957</b>	<b>36,488</b>
Present value of scheme liabilities	<b>(33,572)</b>	<b>(43,551)</b>
<b>Surplus/(Deficit) in the scheme</b>	<b>3,385</b>	<b>(7,063)</b>

The amounts recognised in the statement of financial position are as follows:

	At 31 July 2023 £'000	At 31 July 2022 £'000
Scheme Assets	36,957	36,488
Scheme Liabilities	(33,572)	(43,551)
Deficit in the Scheme (net pension liability recorded within pension provisions)	<b>3,385</b>	<b>(7,063)</b>

20. PENSIONS AND SIMILAR OBLIGATIONS (CONT'D)

Amounts recognised in the Statement of Comprehensive Net Expenditure in respect of the plans are as follows:

	2023 £'000	2022 £'000
<b>Amounts included on staff costs</b>		
Employer service cost (net of employee contributions)	2,188	4,632
Interest cost	263	365
<b>Total operating charge</b>	<b>2,451</b>	<b>4,997</b>

Analysis of pension finance costs:

	2023 £'000	2022 £'000
Expected return on pension scheme assets	1,322	651
Interest on pension liabilities	(1,585)	(1,016)
<b>Pension finance (costs)</b>	<b>(263)</b>	<b>(365)</b>
Actual return on plan assets	(1,020)	(2,471)

Analysis of Other Comprehensive Income for pensions

	2023 £'000	2022 £'000
Actuarial gains/(losses) on pension scheme assets	(2,342)	(3,122)
Actuarial (gains)/losses on scheme liabilities	13,730	19,529
<b>Total Other Comprehensive Expenses/(Losses)</b>	<b>11,388</b>	<b>16,407</b>

20. PENSIONS AND SIMILAR OBLIGATIONS (CONT'D)

Asset and liability reconciliation:	2023 £'000	2022 £'000
<b>Reconciliation of liabilities</b>		
<b>Liabilities at start of year</b>	<b>43,551</b>	<b>57,484</b>
Service cost	2,188	4,632
Interest cost	1,585	1,016
Employee contributions	473	460
Actuarial loss/(gain)	(13,730)	(19,529)
Benefits paid	(502)	(555)
Past Service cost	7	43
Curtailements	-	-
<b>Liabilities at end of year</b>	<b>33,572</b>	<b>43,551</b>
<b>Reconciliation of assets</b>		
<b>Assets at start of year</b>	<b>36,488</b>	<b>37,586</b>
Expected return on assets	1,322	651
Actuarial (loss)/gain	(2,342)	(3,122)
Employer contributions	1,518	1,468
Employee contributions	473	460
Benefits paid	(502)	(555)
<b>Assets at end of year</b>	<b>36,957</b>	<b>36,488</b>

The estimated value of employer contributions for the year ended 31<sup>st</sup> July 2023 is £1.221M.

History of actuarial gains/(losses) recognised in OCI

	2023 £'000	2022 £'000	2021 £'000	2020 £'000	2019 £'000
Total Actuarial gains/(losses) recognised in OCI	<b>11,388</b>	16,407	5,682	(11,083)	(3,025)
Present value of liabilities	<b>33,572</b>	43,551	57,484	53,174	39,817

## 21. COMMITMENTS UNDER PFI CONTRACT

The project is the development of new Further Education facilities at Dungannon and at Omagh. The Omagh development was completed in January 2006 and the operational phase of the scheme is for 30 years to October 2035. The Dungannon project was a three stage development. The contract started in November 2004 and was completed in September 2006. The operational phase of this scheme is also for 30 years and ends in October 2034.

The substance of the contract is that South West College has a finance lease and payments comprise four elements: imputed finance lease charges, service charges, overheads and lifecycle charges.

	2023 £'000	2022 £'000
Rentals due within one year	8,948	8,396
Rentals due within two to five years	37,185	34,727
Rentals due thereafter	81,820	83,977
	<u>127,413</u>	<u>127,100</u>
Less interest element	(18,694)	(21,446)
<b>Imputed finance lease obligations</b>	<b><u>108,719</u></b>	<b><u>105,654</u></b>

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of the service charges, overheads and lifecycle charges element PFI of on-statement of financial position transactions was £4.78M (year ended 31 July 2022 £4.93M).

## 22. CONTINGENT LIABILITY

South West College has obtained EU grant funding in recent years to deliver a wide range of projects. There is the potential for the claw back of certain grants in the event of the conditions of offer not being complied with. South West College does not believe that any such claw back would be significant.

**STATEMENT OF CASHFLOWS  
FOR THE YEAR ENDED 31 JULY 2023**



**23. RELATED PARTY TRANSACTIONS AND TRANSACTIONS INVOLVING GOVERNING BODY MEMBERS AND SENIOR MANAGEMENT**

Owing to the nature of the South West College's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the South West College's financial regulations and normal procurement procedures.

Governor/ Senior Manager	Company	Amount Paid 2022 £	Amount Paid 2023 £	Amount received 2022 £	Amount received 2023 £	Amount outstanding at 31 July 2022 £	Amount outstanding at 31 July 2023 £	Nature of Transactions
Ms Celine McCartan (Principal and Chief Executive – appointed 26 September 2022)	• Director of Corporate Services and Governance – Fermanagh and Omagh District Council (until 25 September 2022)	203,925	9,518	180,524	131,066	28,993	13,404	Sponsor Fees/ Projects/Hire of venues
	• Member – Cappagh Parish Finance Committee	-	-	-	-	-	-	
	• Voluntary Advisor – Killyclogher Senior Citizens Club	-	-	-	-	-	-	
	• Voluntary Advisor – Termonmaguirc Friendly Care Group	-	-	-	-	-	-	
	• Fellow of Chartered Accountants Ireland	-	-	-	-	-	-	
	• Chartered Member – Institute of Personnel Development	5,758	9,428	-	-	-	-	Registration/Licence fees



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2023



Governor/ Senior Manager	Company	Amount Paid 2022 £	Amount Paid 2023 £	Amount received 2022 £	Amount received 2023 £	Amount outstanding at 31 July 2022 £	Amount outstanding at 31 July 2023 £	Nature of Transactions
Mr Leo Murphy (Interim Chief Executive – 01 April 2022 to 23 September 2022)	<ul style="list-style-type: none"> <li>• Member – Derry City and Strabane District Council City Deal Board</li> <li>• SRO – Springtown Campus Project Board</li> <li>• Principal and Chief Executive - North West Regional College – stepped down for period of secondment</li> <li>• Member – Matrix Panel</li> </ul>	-	-	-	708	-	-	Projects/Sponsor Fees
		-	-	-	-	-	-	
		325,960	447,914	10,238	49,439	2,013	-	SWC share of Sector projects SWC Crosscharge of secondment costs
		-	-	-	-	-	-	
Mr Nicholas O’Shiel (Chair of Governing Body)	<ul style="list-style-type: none"> <li>• Chief Executive – Omagh Enterprise Company</li> <li>• Member and Council Member of Omagh Chamber of Commerce</li> <li>• Chair of Colleges Employers Forum (CEF)</li> <li>• Director - Enterprise Ireland (From 8 February 2023)</li> </ul>	-	-	-	-	-	-	
		-	945	-	-	-	-	Corporate annual membership subscription
		-	-	-	-	-	-	
		-	-	-	-	-	-	
Mr Seamus McCaffrey (Governor)	<ul style="list-style-type: none"> <li>• Director – S P McCaffrey &amp; Co</li> <li>• Farmer</li> <li>• Chair - Agri Search</li> <li>• Member of Ulster Farmers Union</li> </ul>	-	-	-	-	-	-	
		-	-	-	-	-	-	
		-	-	-	-	-	-	
		-	-	-	-	-	-	
Mrs Patricia McCaffrey (Governor)	<ul style="list-style-type: none"> <li>• Head of Finance - Waterways Ireland</li> <li>• Member – Audit &amp; Risk Committee of the Ulster Scots Agency</li> <li>• Treasurer Irvinestown Credit Union</li> </ul>	-	-	-	-	-	-	
		-	-	-	-	-	-	
		-	-	-	-	-	-	

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2023**



Governor/ Senior Manager	Company	Amount Paid 2022 £	Amount Paid 2023 £	Amount received 2022 £	Amount received 2023 £	Amount outstanding at 31 July 2022 £	Amount outstanding at 31 July 2023 £	Nature of Transactions
Mrs Joanne Moore (Governor)	<ul style="list-style-type: none"> <li>• Senior Support Engineer - Kainos Group Plc</li> <li>• Committee Member of Ballinderry Presbyterian Church</li> </ul>	-	-	-	-	-	-	
Mrs Gillian McDowell (Governor)	<ul style="list-style-type: none"> <li>• Company Director of HR Consultancy – Happy Raspberry</li> <li>• Governor – Portadown College (from June 2022)</li> </ul>	-	-	-	-	-	-	
Mr Michael McGuckin (Governor)	<ul style="list-style-type: none"> <li>• Director - Cookstown Enterprise Centre</li> <li>• Fellow – Institute of Highways and Transportation</li> <li>• Non-Executive Director - Mallon Technology Ltd</li> <li>• Member – Casement Park Project Board</li> <li>• Chairman of Holy Trinity College Cookstown Foundation</li> </ul>	-	921	-	-	-	-	Room Hire

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2023**



Governor/ Senior Manager	Company	Amount Paid 2022 £	Amount Paid 2023 £	Amount received 2022 £	Amount received 2023 £	Amount outstanding at 31 July 2022 £	Amount outstanding at 31 July 2023 £	Nature of Transactions
Ms Alana Jones Campbell (Governor)	<ul style="list-style-type: none"> <li>• Self Employed – Alana Jones Workplace Solutions</li> <li>• Self Employed – Associate for Bespoke Consultants Limited</li> <li>• Member of the Law Society NI</li> <li>• Self Employed Associate of Inspire Knowledge and Leadership</li> <li>• Self Employed Associate of Career Decisions Ireland</li> <li>• Professional member of the Association for Neuro-Linguistic Programming</li> <li>• Associate member of the Association for Coaching</li> </ul>	-	-	-	-	-	-	
Dr Frances Campbell (Governor)	<ul style="list-style-type: none"> <li>• Senior Consultant – S3 Solutions (until 30 April 2023)</li> <li>• Head of Research and Evaluation - S3 Solutions (from 1 May 2023)</li> </ul>	-	-	-	-	-	-	

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2023



Governor/ Senior Manager	Company	Amount Paid 2022	Amount Paid 2023	Amount received 2022	Amount received 2023	Amount outstanding at 31 July 2022	Amount outstanding at 31 July 2023	Nature of Transactions
		£	£	£	£	£	£	
Mrs Elaine Grier (Governor)	<ul style="list-style-type: none"> <li>Principal Legal Officer for Departmental Solicitors Office</li> <li>Member – Panel for the Personal Insolvency Practitioners Complaints Committee</li> <li>Member – Quality Assurance Review Committee and Insolvency Licensing Review Committee for Chartered Accountants Ireland</li> <li>Member – Research Ethics Committee for the Faculty of Medicine, Health and Life Sciences at Queen’s University Belfast</li> <li>Member – Bar Library of Northern Ireland</li> <li>Legal member – Victims’ payments Board</li> </ul>	-	-	-	-	-	-	Validation/Course fees
		-	-	-	-	-	-	
		-	-	-	-	-	-	
		16,025	26,438	-	-	-	-	
		-	-	-	-	-	-	
		-	-	-	-	-	-	
Ms Siobhan Breen (Staff Member/ Governor)	<ul style="list-style-type: none"> <li>Employee South West College</li> </ul>	-	-	-	-	-	-	
Mrs Deborah Brown (Staff Member/ Governor)	<ul style="list-style-type: none"> <li>Employee South West College</li> </ul>	-	-	-	-	-	-	

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2023



Governor/ Senior Manager	Company	Amount Paid 2022	Amount Paid 2023	Amount received 2022	Amount received 2023	Amount outstanding at 31 July 2022	Amount outstanding at 31 July 2023	Nature of Transactions
		£	£	£	£	£	£	
Mr Brian Ingram (Governor)	<ul style="list-style-type: none"> <li>• Member – Probation Board for NI</li> <li>• Chair – Board of Directors of Cithrah Foundation</li> </ul>	-	-	-	-	-	-	
Mr Jack Daly (Governor – appointed 7 November 2022)	<ul style="list-style-type: none"> <li>• None</li> </ul>	-	-	-	-	-	-	
Mrs Sandra Isherwood (Governor)	<ul style="list-style-type: none"> <li>• Company Director/Company Secretary – Creative Media</li> <li>• Hons Secretary – St Columba’s Parish Church</li> <li>• Principal/Secretary of Board of Governors/Coach of First Time Principals/Teacher Tut/Designated Teacher – Jones Memorial Primary School</li> </ul>	-	-	-	-	-	-	
Dr Lynsey Quinn (Governor)	<ul style="list-style-type: none"> <li>• Senior Manager for Skills and Partnerships – The Open University (across Ireland)</li> <li>• Governor – Barbour Nursery School Lisburn</li> <li>• Governor – Wallace High School</li> </ul>	-	-	-	-	-	-	

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2023



Governor/ Senior Manager	Company	Amount Paid 2022	Amount Paid 2023	Amount received 2022	Amount received 2023	Amount outstanding at 31 July 2022	Amount outstanding at 31 July 2023	Nature of Transactions
		£	£	£	£	£	£	
Ms Anne McCleary (Governor)	<ul style="list-style-type: none"> <li>• Director of Social Security Policy, Legislation and Decision Making Services – Department for Communities (Retired 31 May 2023)</li> <li>• Member of the Law Society of Northern Ireland</li> <li>• President – Fusion Theatre Lisburn</li> </ul>	-	-	6,457	-	-	-	WRES Project Claims
Miss Caitlyn McLoughlin (Student Governor)	• None	-	-	-	-	-	-	
Mr Brian McIlduff (Staff Member)	• None	-	-	-	-	-	-	
Mrs Camilla James (Staff Member)	• None	-	-	-	-	-	-	
Ms Jill Cush (Staff Member – Resigned 16 June 2023)	• Member of Matrix – Northern Ireland Science Industry Panel	-	-	-	-	-	-	

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2023



Governor/ Senior Manager	Company	Amount Paid 2022 £	Amount Paid 2023 £	Amount received 2022 £	Amount received 2023 £	Amount outstanding at 31 July 2022 £	Amount outstanding at 31 July 2023 £	Nature of Transactions
Mrs Maureen Brunt (Governor – appointed 29 September 2022)	• Business and Wellbeing Development Consultant – Lynx Business and Wellbeing Services	-	-	-	-	-	-	
	• Manager – RJR Brunt	-	-	-	-	-	-	
	• Member – Probation Board NI	-	-	-	-	-	-	
	• Member – Equality Commission NI	-	-	-	-	-	-	
	• Voluntary – NI Drainage Council	-	-	-	-	-	-	
	• Voluntary Director – Trillick Enterprise Limited	-	-	-	-	-	-	
	• Voluntary – Integrated Care Partnership	-	-	-	-	-	-	
	• Local Preacher Methodist Church Ireland	-	-	-	-	-	-	
	• Member – Chartered Institute of Personnel and Development	5,758	9,428	-	-	-	-	Registration/Licence fee
	• Member – Institute of Directors	-	-	-	-	-	-	
	• Member – London Institute of Banking and Finance/Institute of Financial Services	-	-	-	-	-	-	
	• Member – European Mentoring and Coaching Council	-	-	-	-	-	-	
	• Member – British Psychological Society	-	-	-	-	-	-	
• Fellowship – Federation of Holistic Therapists	-	-	-	-	-	-		

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2023



Governor/ Senior Manager	Company	Amount Paid 2022 £	Amount Paid 2023 £	Amount received 2022 £	Amount received 2023 £	Amount outstanding at 31 July 2022 £	Amount outstanding at 31 July 2023 £	Nature of Transactions
Mr Sean O'Donnell (Staff Member)	• Fellow of Chartered Certified Accountants (FCCA)	3,630	13,718	-	-	-	-	Examination/Licence Fees
Mrs Sharon McGrath (Staff Member)	• None	-	-	-	-	-	-	
Ms Carol Viney (Staff Member – Resigned 31 May 2023)	• Member of Enniskillen BID Forum • Member of Business in the Community (EKN) Forum	-	-	-	-	-	-	
Mr Barry McCarron (Staff Member)	• Member – Ministerial Advisory Group • RSUA Grove Housing Monaghan Integrated Development	-	-	-	-	-	-	
Mr Ciaran McManus (Staff Member)	• DE Representative – St Joseph's College Enniskillen Governing Body	-	-	49,018	64,552	-	-	Entitlement Framework fees
Mrs Eimear Rushe (Staff Member – Resigned 31 October 2022)	• None	-	-	-	-	-	-	
Mr Pdraig McNamee (Staff Member)	• Farm Business	-	-	-	-	-	-	
Mr John Moss (Staff Member)	• Member – Rural Housing Association – Board of Management	-	-	885	-	-	-	Sponsor Exam fees



**24. AMOUNTS DISBURSED AS AGENT: SUPPORT FUNDS**

	2023 £'000	2022 £'000
DfE Grants - Hardship	195	227
Disbursed to students - Hardship	(88)	(108)
<b>Balance unspent at 31 July 2023</b>	<b>107</b>	<b>119</b>

Support funds are available solely for distribution to students; the South West College acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

**25. LOSSES AND SPECIAL PAYMENTS**

	2023 £'000	2022 £'000
Bad debt write off	13	23
Special payment	7	-
	<b>20</b>	<b>23</b>

South West College sought to recover the debt initially and subsequently on advice, has now written off these balances. Appropriate approval has been granted. The bad debt write off comprises 5 Student debts in 2022/23 of £2,600 each. South West College followed procedures as per the Credit Control and Debt Management Policy including the sending of invoices, statements and reminder letters, forwarding the debt to the Debt Collection Agency for recovery, and the sending of letters before legal action all without success. (66 student debts in 2021/22)

The special payment is in respect of a termination payment made to a former College employee and this was approved by DfE.

26. ADDITIONAL DISCLOSURES TO COMPLY WITH FINANCIAL REPORTING MANUAL

Financial Reporting Manual (FReM) requires Non-Departmental Public Bodies to regard grant-in-aid received as contributions from controlling parties giving rise to a financial interest in the residual interest of the body, and hence accounted for as financing i.e. by crediting them to the income and expenditure reserve.

	Notes	2023 £'000	2022 £'000
<b>INCOME</b>			
DfE income (non grant-in-aid items)	1	1,730	1,655
Education contracts	2	4,169	6,414
Tuition fees and charges	3	1,891	1,909
Other grant income	4	1,453	2,534
Other operating income	5	1,236	746
Investment income	6	94	-
<b>Total incoming resources</b>		<b>10,573</b>	<b>13,258</b>
<b>EXPENDITURE</b>			
Staff costs	7	28,965	31,123
Other operating expenses	9	15,549	15,075
Interest and other finance costs	10	3,015	2,968
Depreciation	12 & 13	5,876	5,476
<b>Total resources expended</b>		<b>53,405</b>	<b>54,642</b>
<b>Net deficit for the year</b>		<b>(42,832)</b>	<b>(41,384)</b>
Unrealised surplus on revaluation of land and buildings		13,447	33,854
Actuarial gain/(loss) in respect of pension scheme		11,388	16,407
<b>Exceptional items</b>			
Exceptional costs – staff	7	-	(3)
Exceptional gain – non staff	9	459	447
Exceptional gain – sale of asset	12	815	-
<b>Amount transferred to reserves</b>		<b>(16,723)</b>	<b>9,321</b>

**Analysis of reserves prepared under FReM**

	Notes	2023 £'000	2022 £'000
Balance at 1 August		75,840	31,641
Grant-in-aid received in year	27	40,155	34,878
Net operating cost for year		(16,723)	9,321
<b>Balance at 31 July</b>		<b>99,272</b>	<b>75,840</b>

**Note 1**

**DfE income (Non-Grant in Aid items)**

	2023 £'000	2022 £'000
EMA	11	10
Higher Level Apprenticeships	1,104	1,048
Other	615	597
<b>Balance at 31 July</b>	<b>1,730</b>	<b>1,655</b>

**Note 27**

**Reconciliation of Amount Transferred to Reserves and Grant In Aid**

	2023 £'000	2022 £'000
Amount transferred to reserves	16,723	(9,321)
Unrestricted comprehensive income	23,432	44,199
<b>Grant-in-aid received in year</b>	<b>40,155</b>	<b>34,878</b>

**28. EVENTS AFTER THE END OF THE REPORTING DATE**

**College Restructure**

A new college organisation structure has been implemented, effective from 1<sup>st</sup> August 2023 following recommendations from a number of external and internal reviews. Under the new structure the Directorate comprises the Principal and Chief Executive and Directorates in Curriculum, Corporate and Support Services and Development and Support.

**Lecturing Staff Pay Award – September 2021 and September 2022**

The rates of salaries for Lecturers in Colleges of Further Education from 1 September 2021 and September 2022 were published on 8 August 2023. The publication also announced a non-consolidated payment due to those members of staff employed outside National Joint Council (NJC) terms and conditions during the period 1 September 2021 – 31 August 2022. The rates of salaries for lecturers and the non-consolidated payment have been accrued in staff costs for the year ended 31 July 2023.

**Provisions**

The provision of £294k relates to a Holiday Pay provision resulting from the Court of Appeal (CoA) judgement (17 June 2019) in the case PSNI v Agnew. The CoA judgement determined that claims for Holiday Pay shortfall can be taken back to 1998. The PSNI appealed the CoA judgment to The Supreme Court. The Supreme Court made its ruling on 5 October 2023 where it dismissed the appeal and upheld the judgement of the Court of Appeal. The narrative disclosure of Note 18 has been updated to reflect The Supreme Court judgement.

**Staff**

In September 2023, in response to budgetary pressures, it was announced that the College may need to reduce its staffing complement in the 2023/24 academic year.

This is presently being considered by South West College as a voluntary severance scheme for approximately 30-40 staff. There are enhanced terms for leaving but a deadline of 31st March 2024 for agreement and there are ongoing discussions and communications with Trade Unions in relation to the detail of the proposals.

**Date of authorisation for issue**

The Accounting Officer authorised the issue of these financial statements on 21<sup>st</sup> December 2023.