

SOUTH WEST COLLEGE GOVERNING BODY

Minutes of a meeting of the **Finance & General Purposes Committee**
held on Wednesday 16 December 2020 at 9.00 am
via Microsoft Teams

PRESENT: Mrs Deborah Brown
Mr Michael McAlister, Chief Executive
Mr Seamus McCaffrey, Committee Chair
Mr Michael McGuckin
Mr Gerard O’Hanlon
Dr Nicholas O’Shiel (From *item 5.1.2*)

IN ATTENDANCE: Dr Jill Cush, Deputy Chief Executive
Mr John Moss, Head of Faculty (Built Environment, Creative & Life Sciences) (*Item 6.0 only*)
Mrs Fiona McCauley, Secretary to the Governing Body
Ms Tracey McElroy, Boardroom Apprentice
Mr Sean O’Donnell, Head of Finance

APOLOGIES: Mrs Sharon McGrath, Head of Services

1.0 APOLOGIES

Apologies were tendered on behalf of Mrs McGrath. It was noted that Dr O’Shiel was chairing another meeting on behalf of the College and would join the committee meeting when available.

2.0 CONFLICT OF INTEREST DECLARATIONS

No conflict of interest declarations were made.

3.0 MATTERS ARISING FROM MINUTES OF PREVIOUS MEETING

PREVIOUSLY ISSUED to all members:

- Paper 03 Minutes of the Finance & General Purposes Committee meeting held on Wednesday 7 October 2020.

There were no matters arising.

4.0 KEY STRATEGIC ISSUES

PREVIOUSLY ISSUED to all members:

- Paper 04.01 Key Strategic Issues
- Paper 04.02 Key Strategic Issues Management Update.

4.1 Covid-19 Recovery & Resilience

Mr McAlister advised that a further tranche of the funding provided by DfE to contribute to the costs incurred by colleges due to the Covid-19 pandemic is pending. He added that an updated sectoral Framework for the Safe Resumption of Onsite Educational Provision and Related Activity will be released shortly; that enquiries are ongoing into the functionality of the 'Stop Covid NI' app; that Covid-19 test kits have not yet been received by colleges; and that 19 staff and 60 learners had been diagnosed with Covid-19 in the 1st September 2020 to 20th November 2020 period. He also explained that the Union of Students in Ireland (USI) has highlighted the benefits of on-campus learning for students but acknowledged the need for the current remote delivery measures in the interests of safety.

Responding to questions and comments from members, Mr McAlister confirmed his satisfaction with the College's financial position in the current circumstances and provided assurances on the ongoing vigilance and adherence to protocols despite the relatively low Covid-19 infection rate within the college community.

4.2 Impact of Brexit

Mr McAlister advised that the lack of clarity on Brexit outworkings is impeding planning on the impacts for the College. He listed the potential strands of the proposed Shared Prosperity Fund which is expected to succeed the current European Social Fund and noted that a decision on central or devolved control of this fund has not yet been taken. He also listed the options proposed for a future mobility programme and added that a domestic programme is likely to prioritise Higher Education. He referenced the Trusted Trader Scheme and noted the impacts for the College in terms of industry engagement and the availability of work placements.

4.3 Erne Campus Development and Years 1 – 3 Operation

Mr McAlister confirmed that the D2A agreement has been signed both by the College and the IST which enables an open book assessment of the additional costs claimed by the IST as a result of the Covid-19 pandemic. He added that the Project Board meeting scheduled for 18th December 2020 has been cancelled to dedicate resource to this task and that some funding has been committed by DfE to cover these costs.

Mr McAlister also advised that the issue of costs associated with rock excavation remains outstanding and that solicitors have been engaged by both parties with the aim of reaching a resolution on this matter.

In response to a question from the Committee Chair, Mr McAlister reported on the likely handover in February 2021 and on the installation works required thereafter to enable an Easter decant.

4.4 Long Term Financial Planning including Social Bond and Global College Budget

Mr McAlister informed the meeting that no significant change to the College budget is expected as advised by the Director of FE, DfE. He then went on to advise that a claim has been submitted to the Department of Education (DE) for reimbursement of additional costs incurred in the delivery of the Entitlement Framework; that Free School Meals continue to operate as per post-primary schools; that a fund may become available to be used for the purchase of IT equipment to support staff and students with remote learning; and that an additional £691k has been received for 2020/21 Higher Education enrolments, which, it is hoped, will be baselined in future years.

Regarding the proposed Social Bond, known as the Payment on Outcomes Vehicle, Mr McAlister explained that traction has been lost within the Department of Finance in the midst of the pandemic and that plans are in place to engage with elected representatives on the economic benefits of the Social Bond concept at an appropriate juncture.

4.5 International Delivery of College Services

Mr McAlister made the Committee aware of the College's involvement in the Polytechnics Mauritius project which will provide mentoring to vocational education and training institutions in Mauritius.

4.6 PFI Contracts

Mr McAlister reported that pressures emanating from the PFI model have been alleviated and can be managed going forward. He also confirmed that the PFI Replacement Guarantor documentation had been signed under seal following the restructuring of Interserve to form Interserve Group Ltd.

4.7 Student Experience

Mr McAlister explained that delivery is still on a continuum from fully face-to-face to fully remote and that onsite delivery has resumed where possible following the end of the most recent circuit breaker. He added that Health Declarations are sought from staff and students returning to campuses.

Mr McAlister also drew attention to the data provided on the response of Higher Education students to the questions asked in the National Student Survey as well as to the data provided on the Further Education Leavers Survey and expressed his satisfaction with the College's performance in both surveys.

5.0 MANAGEMENT REPORT

PREVIOUSLY ISSUED to all members:

- Paper 05 Management Report
- Paper 05.01 SWC Annual Report & Financial Statements 2019/20
- Paper 05.02 Financial Management Report for Q1 2020/21
- Paper 05.03 Report on Fixed Assets and Capital Expenditure 2019/20
- Paper 05.04 Erne Campus Finance Report
- Paper 05.05 Part-Time Lecturing Report
- Paper 05.06 NDPB Financial Return Report
- Paper 05.07 Report on Payments over £50k
- Paper 05.08 Investment Policy
- Paper 05.09 Bad Debt Policy
- Paper 05.10 Petty Cash & Float Policy
- Paper 05.11 Fees & Charges Policy 2021/22
- Paper 05.13a Estates Report
- Paper 05.13b Energy Management Forum (Phase 2) Terms of Reference
- Paper 05.13c Minor Works Update
- Paper 05.14 2019/20 Sustainability Report
- Paper 05.15 Capital Funding Allocation 2020/21
- Paper 05.16 Technical Services Report
- Paper 05.17 Student Hardship Fund Report.

5.1 Financial Accounting

5.1.1 Annual Report and Financial Statements 2019/20

Ref: Management Report Section 1.1 and Paper 05.01

Mr O'Donnell reminded the Committee that the Annual Report & Financial Statements 2019/20 had been approved by the Governing Body at its November 2020 meeting pending provision for holiday pay accrual. He then went on to explain that an issue had since been raised by PwC in relation to the accounting treatment of the Fairview campus and noted that this accounting treatment had been used in prior years as suggested by PwC. He concluded that, following some debate over the preceding weeks, the NIAO has agreed that the current treatment should stand but that the issue has resulted in late submission of the Annual Report & Financial Statements to the NI Assembly.

5.1.2 Financial Management Report

Ref: Management Report Section 1.2 and Paper 05.02

With reference to the Financial Management Report for Q1 2020/21, Mr O'Donnell highlighted the recorded deficit of £1.238m against the budgeted surplus of £10k and went on to detail the reasons behind this significant variance. He provided assurances that the accounts to 30 November 2020 show a more favourable position and undertook to provide these accounts for circulation to members. The extraordinary circumstances leading to the budgeting challenges were noted by members as was the likelihood of a continuation of these challenges into 2021.

At this point Mr O'Donnell acknowledged the support provided by DfE in terms of Higher Education places and funding to meet the additional costs incurred by the College due to the Covid-19 pandemic. Referring to the NDPB Financial Return Report, he then explained that a carry forward of surpluses beyond March 2021 may be requested due to challenges in spending the monies pending from DfE before April and advised that the bad debt provision will be increased due to the likelihood of student withdrawals.

Dr O'Shiel joined the meeting during the above item.

5.1.3 Fixed Assets and Capital Expenditure 2019/20

Ref: Management Report Section 1.3 and Paper 05.03

Mr O'Donnell reported the Net Book Value of fixed assets at 31 July 2020 as £118.1m and referred to paper 05.03 for a detailed list of fixed assets and capital expenditure.

5.1.4 Erne Project Finance Report

Ref: Management Report Section 1.4 and Paper 05.04

It was noted that an update on the Erne Project had been provided by Mr McAlister earlier in the meeting. The confidentiality of the figures provided in paper 05.04 was highlighted.

5.1.5 Part-Time Lecturing Costs Report

Ref: Management Report Section 1.5 and Paper 05.05

Referring to the Report on Part-Time Lecturing Costs for the first quarter of 2020/21, Mr O'Donnell explained that part-time lecturing costs were £129k lower than that in the first quarter of 2019/20 due partly to a transfer of some staff to Associate Lecturer positions.

5.2 Financial Compliance

5.2.1 NDPB Monthly Monitoring

Ref: Management Report Section 2.1 and Paper 05.06

It was noted that an update on this item had been provided earlier in the meeting and that the financial monitoring return to 30 November 2020 will be submitted to DfE in the forthcoming days.

5.3 Treasury Management

Ref: Management Report Sections 3.1, 3.2 & 3.3 and Paper 05.07

Mr O'Donnell reminded the Committee that all college funds are held in current accounts due to low interest rates. Members noted the report on payments over £50k.

5.4 Policy Matters

Ref: Management Report Section 4.0 and Papers 05.08, 05.09, 05.10 & 05.11

Mr O'Donnell provided an overview of the amendments proposed to the Investment Policy, Bad Debt Policy and Petty Cash & Float Policy. Referring to the Fees & Charges Policy 2021/22, he explained that the new EBS Learner Management System facilitates online enrolments and that it would therefore be prudent to have fees and charges for 2021/22 agreed at an early stage. In response to a query from a member Mr O'Donnell advised that rates are comparable with the sector and that no significant increases have been applied. He further agreed to provide a comparison of 2020/21 and proposed 2021/22 rates for circulation to members.

AGREED: that the Investment Policy, the Bad Debt Policy, the Petty Cash & Float Policy and the Fees & Charges Policy 2021/22 be recommended to the Governing Body for approval.

5.5 Estates

5.5.1 Estates Report

Ref: Management Report Section 5.1 and Papers 05.13a, 05.13b & 05.13c

The Estates Report was noted by the Committee.

5.5.2 2019/20 Sustainability Report

Ref: Management Report Section 5.2 and Paper 05.14

The 2019/20 Sustainability Report was noted by the Committee.

5.5.3 Capital Funding 2020/21

Ref: Management Report Section 5.3 and Paper 05.15

Mr O'Donnell took members through the allocations provided for Minor Works, Erne Project ICT Costs and Erne Project Capital Costs.

5.6 Other Issues

5.6.1 Technical Services Report

Ref: Management Report Section 6.1 and Paper 05.16

The Technical Services Report was noted by the Committee.

5.6.2 Student Hardship Fund Report

Ref: Management Report Section 6.2 and Paper 05.17

Mr O'Donnell commented on the ongoing difficulties in allocating the entirety of the Student Hardship Fund due to its stringent eligibility criteria. He added that this issue has been raised with DfE and that the eligibility criteria is being examined by the sectoral Principals' Group.

6.0 REVIEW OF OUTSTANDING ACTIONS

PREVIOUSLY ISSUED to all members:

- Paper 08 List of Outstanding Actions

Mr O'Donnell explained that financials have recently been received from BES regarding the catering VAT issue and that the legal advice and list of equipment from BES remains outstanding.

In relation to the second item, Mrs McCauley confirmed that the terms of reference for presentations have been amended as suggested.

It was noted that the list will be amended to reflect the proceedings of the meeting and the resultant outstanding actions listed in Appendix A.

7.0 FINANCIAL PERFORMANCE OF THE BUILT ENVIRONMENT, CREATIVE & LIFE SCIENCES FACULTY

PREVIOUSLY ISSUED to all members:

- Paper 06 Financial Performance of the Built Environment, Creative & Life Sciences Faculty.

Mr John Moss, Head of Faculty (Built Environment, Creative & Life Sciences), joined the meeting for this item.

In commencing his report on the financial performance of the Built Environment, Creative & Life Sciences Faculty, Mr Moss informed the meeting that recruitment to the three schools in his faculty had been very strong at all levels despite the challenging circumstances and highlighted the significant growth in Higher Education enrolments as particularly pleasing. He then detailed the income and expenditure of each school within his faculty and commented on his satisfaction with performance in these areas. He provided staff deployment statistics, noting that the current 94% overall staff deployment rate will increase as the year progresses. He also provided statistics on online classroom activity, noting that wraparound support has been made available to staff and students to facilitate effective online teaching and learning.

In response to questions from members, Mr Moss reported good deployment of Full-Time Lecturers and Associate Lecturers and advised that Part-Time Lecturers are utilized only where required; explained that the rate of online delivery varies depending on factors such as the nature of the course and the ability level of students; and noted a wide age profile amongst Higher Education students and commented on the benefits, both to the College and its students, of amalgamating full-time and part-time classes where possible.

He also informed members of enquiries from students investigating the possibility of leaving Higher Education institutions elsewhere to take up study at South West College as well as of compliments from a local construction company on the quality and convenience of the training provided by the College.

Mr McCaffrey thanked Mr Moss for his report and asked him to maintain focus on the enhancement of the student experience as well as on marketing of the College's provision and resources within industry. In acknowledging Mr McCaffrey's comments, Mr Moss provided an overview of the purpose and membership of the College's Industrial Advisory Boards and noted the role of awarding organisations in the student experience.

Mr Moss withdrew from the meeting at this juncture.

8.0 ANY OTHER RELEVANT BUSINESS

No further business was raised

9.0 REFLECTION ON EFFECTIVENESS OF MEETING

Members conveyed their satisfaction with the proceedings of the meeting.

Mrs Brown and Ms McElroy withdrew from the meeting at this juncture. The meeting then went into confidential session and concluded at 10.50 am.

**CONFIRMED AND ADOPTED BY THE GOVERNING BODY AT A MEETING HELD ON WEDNESDAY
13 JANUARY 2021**

CHAIRMAN



DATE 13/01/2021

APPENDIX A

SUMMARY OF OUTSTANDING ACTIONS

Item	Meeting Date	Minute Ref	Action
1	10/06/2020 16/12/2020	6.0 6.0	BES to provide (i) proposals from the Director of IFM in relation to catering VAT; (ii) their legal advice in relation to the 3 year/30 year supply and maintain contract and; (iii) the BES analysis spreadsheet on supply and maintain items. (ii) and (iii) outstanding.
2	16/12/2020	5.1.2	Mr O'Donnell to provide accounts for four months to 30 November 2020 for circulation to members.
3	16/12/2020	5.4	Mr O'Donnell to provide a comparison of 2020/21 and proposed 2021/22 rates for circulation to members.