

SOUTH WEST COLLEGE GOVERNING BODY

Minutes of a meeting of the **Finance & General Purposes Committee**
held on Wednesday 24 February 2021 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

IN ATTENDANCE:

- Mr Stephen Burke, Belfast Education Services (*Item 5.0 only*)
- Dr Jill Cush, Deputy Chief Executive
- Mr Tom Friel, Belfast Education Services (*Item 5.0 only*)
- Mr John Moss, Dungannon Campus Manager (*Item 1.0 - 5.0 only*)
- Mrs Fiona McCauley, Secretary to the Governing Body
- Mrs Tracey McElroy, Boardroom Apprentice
- Mrs Sharon McGrath, Head of Services
- Mr Pdraig McNamee, Omagh Campus Manager and Head of Faculty (*Items 1.0 - 5.0 and 8.0 only*)
- Mr Sean O'Donnell, Head of Finance

1.0 APOLOGIES

It was noted that all members were present.

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 16 December 2020.

There were no matters arising.

4.0 BRIEFING FOR PFI CONTRACTS REVIEW MEETING

PREVIOUSLY ISSUED to all members:

- Paper 04 Management Briefing for PFI Contracts Review Meeting.

Referring to paper 04, Mrs McGrath provided members with an overview of the service provided by Belfast Education Services (BES) in respect of the PFI contracts for the Dungannon and Omagh campuses.

In providing this overview, Mrs McGrath reminded members of the acquisition of Interserve by Mitie and paid tribute to BES for its support in responding to the Covid-19 pandemic. She informed members of issues around ventilation and heating arising from pandemic mitigations as well as of losses in the catering and crèche services due to low student numbers and lockdown closures. She detailed building fabric concerns and noted that the Defects Liability Report requested by the Committee has not yet been received. She also explained that previously raised concerns regarding oil consumption and the lifecycle of supply and maintain equipment remain outstanding. With support from Mr O'Donnell, she noted that progress has been made on the catering VAT issue which had been raised by the Committee at previous meetings.

In response to questions from members, Mrs McGrath explained that changes to the lifecycle schedule have not yet been evidenced by BES, and Mr Moss provided details of glazing and insulation concerns, noting the incongruence of the present condition with the College's sustainability principles and aspirations.

5.0 ANNUAL PFI CONTRACTS REVIEW MEETING

PREVIOUSLY ISSUED to all members:

- Paper 05.01 Minutes of Meeting with BES 25 February 2020
- Paper 05.02 Minutes of Meeting with BES 10 June 2020
- Paper 05.03 BES Service Provision Report.

Mr Stephen Burke and Mr Tom Friel joined the meeting at this juncture.

In welcoming Mr Burke and Mr Friel, the Chair acknowledged the support provided by BES, Interserve and Mitie during the pandemic. He then invited Mr Burke to report on service provision.

Mr Burke began by commenting on the collaborations with the College's estates team in responding to the challenges presented by the pandemic and, with reference to paper 05.03, went on to provide an overview of service provision since the last Annual PFI Contracts Review Meeting.

He informed the Committee of the impacts of the pandemic in terms of a reduction in calls to the Helpdesks, a reduction in utility consumption and the furlough of crèche and catering staff. He explained that SPV and internal operations meetings have continued monthly and that a joint risk register is maintained. He listed the works projects undertaken during the year and provided details of leaks and damage which have been repaired.

Mr Burke also commented on the lack of clarity on the maintenance periods of some equipment and noted that a report on proposed lifecycle works would be available within a fortnight.

In response to a question from the Chief Executive on the equipment maintenance period issue, Mr Burke, supported by Mr Friel, explained that a mapping exercise had highlighted some discrepancies and that a resolution must be reached and an accurate asset register drawn up. It was noted that full disclosure of the asset register and the discrepancies found are required in order to reach a resolution and it was agreed that

required information would be made available to the College within two weeks and a meeting held thereafter.

A discussion then took place on building fabric and glazing concerns and on inspections to be undertaken to identify the source of the problems evidenced. It was agreed that a specification of the surveys required by the College would be provided to BES with a view to including any remedial works in the Lifecycle Works Report.

It was noted that a number of the issues raised have been ongoing for some time and that future reports should include a timeline of progress.

Mr Burke, Mr Friel, Mr McNamee and Mr Moss withdrew from the meeting at this juncture.

6.0 KEY STRATEGIC ISSUES

PREVIOUSLY ISSUED to all members:

- Paper 06.01 Key Strategic Issues
- Paper 06.02 Key Strategic Issues Management Update.

6.1 Covid-19 Recovery & Resilience

Mr McAlister provided a report on Covid-19 statistics in the College, in the sector and in the local government districts. He advised that campuses remain accessible for essential purposes only and that all mitigation protocols remain in place.

He explained that sectoral and internal meetings are scheduled to plan for resumption of onsite activity and commented on the pressure building in terms of scope for evidencing student achievement.

In response to a question on internal transmission of the virus, Dr Cush reported on one confirmed case of transmission between two students.

6.2 Impact of Brexit

Mr McAlister confirmed the UK's withdrawal from Erasmus+ and the consequent ineligibility of the College to apply for funding under the programme going forward. He added that the new national 'Turing Scheme' will provide funding for international opportunities in education and training but that the scope of this scheme is limited.

Dr Cush then informed the meeting of an arrangement with the government in the Republic of Ireland to enable access to Erasmus+ mobilities by Higher Education students in Northern Ireland. She assured members of the continued pursuit of opportunities to provide transnational experiences for students.

6.3 Erne Campus Development and Years 1 – 3 Operation

Mr McAlister made the Committee aware of a workshop being held later in the week to consider the current and future needs of the Erne Campus and detailed the areas to be discussed including Staffing, Curriculum and Asset Exploitation. In response to a question, Mr McAlister, supported by Mrs McGrath, provided initial thoughts on launch plans and confirmed that students will play a central role in the event.

In terms of the construction, Mr McAlister noted that the current official completion date had passed and that evidence to support further delays would be required from

the Integrated Supply Team (IST) to avoid the application of penalty deductions. He explained that commissioning is underway and that handover is likely to take place in late March.

The updates provided in paper 06.02 on budget, compensation events, the gateway review and accreditations were noted.

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

Mr McAlister referred to the Annual Report & Financial Statements 2019/20 and confirmed their finalization pending approval by the Governing Body. He then acknowledged the significant additional funding received from DfE following the January Monitoring Round as well as that received for capital works.

6.5 International Delivery of College Services

Mr McAlister drew attention to the portfolio of pre-approved Erasmus+ projects listed in paper 06.02 and quantified the value of the international consultancy work undertaken by the College. In response to a query from a member, it was noted that the money generated from the international consultancy work represents a profit for the College and that the Erasmus+ projects are cost neutral with an enhanced student experience being the added value in such projects.

6.6 PFI Contracts

It was noted that PFI Contracts had been covered earlier in the meeting.

6.7 Student Experience

Mr McAlister informed the meeting of the additional funding provided by DfE to support students and of the governance arrangements in place to distribute these funds. He also commented on the terms of reference for a forthcoming internal audit of student engagement.

7.0 MANAGEMENT REPORT

PREVIOUSLY ISSUED to all members:

- Paper 07 Management Report
- Paper 07.01 SWC Annual Report & Financial Statements 2019/20
- Paper 07.02 Financial Management Report
- Paper 07.03 Erne Campus Finance Report
- Paper 07.04 Part-Time Lecturing Report
- Paper 07.05 Debtors and Creditors Report
- Paper 07.06 Budget Revision
- Paper 07.07 NDPB Financial Return Report
- Paper 07.08 DfE Additional Budget Allocation 2020/21
- Paper 07.09 Report on Payments over £50k
- Paper 07.10 Asset Management Policy
- Paper 07.11 Estates Report
- Paper 07.12 Revised Capital Funding Allocation.

7.1 Financial Accounting

7.1.1 Annual Report and Financial Statements 2019/20

Ref: Management Report Section 1.1 and Paper 07.01

Mr O'Donnell explained that the Annual Report & Financial Statements 2019/20 have been finalized and await Governing Body approval and subsequent certification by the Comptroller & Auditor General.

7.1.2 Financial Management Report

Ref: Management Report Section 1.2 and Paper 07.02

Mr O'Donnell highlighted the £2.2m favourable variance to budget for the first six months of the financial year. He noted that the pattern of income and expenditure has been irregular due to the impact of the lockdowns on college activity and expressed his comfort with the College's current financial position.

7.1.3 Erne Project Finance Report

Ref: Management Report Section 1.3 and Paper 07.03

Mr O'Donnell explained that £26.387m had been spent on the Erne Campus Project to date. He also provided values for early warning notices, costed risk and budget cover for the rock excavation compensation event. He acknowledged the support provided by DfE to the project and expressed his satisfaction with its financial position.

7.1.4 Part-Time Lecturing Costs Report

Ref: Management Report Section 1.4 and Paper 07.04

Mr O'Donnell reported an underspend of £118k against the Part-Time Lecturing budget for the first six months of the year. He added that the budget allocated in previous years had not been sufficient and that this had been rectified in the 2020/21 budget. In response to a comment on the concentration of much of the savings in a single area, Mr O'Donnell undertook to examine this matter and report back to the Committee.

7.1.5 Debtors and Creditors Report

Ref: Management Report Section 1.5 and Paper 07.05

Mr O'Donnell drew attention to an increase in debtors and explained that the impact of the pandemic on affordability of fees and the implementation of EBS, the new student information system, had impacted on the increased debt. He advised that the bad debt provision had been increased and that students experiencing difficulty in meeting fee commitments had been signposted to relevant student supports. Mr O'Donnell undertook to provide a further update on debtors and creditors at the next committee meeting.

7.1.6 Budget Revision

Ref: Management Report Section 1.6 and Paper 07.06

With reference to paper 07.06, Mr O'Donnell explained that a budget revision had been undertaken to reflect the additional funds of £1.602m received since the budget was set in June 2020. He added that a further £715k had been received since the budget revision.

It was noted that the College's comfortable financial position is due to the additional allocations received in-year and that these funds will not be baselined in future budgets and are unlikely to be available going forward.

7.2 Financial Compliance

7.2.1 NDPB Monthly Monitoring

Ref: Management Report Section 2.1 and Papers 07.07 & 07.08

Mr O'Donnell confirmed the submission of the financial monitoring return to 31 January 2021 and noted the likelihood of a break-even position for the year to 31 March 2021. He provided a breakdown of the 2020/21 budget allocation, welcomed the additional funding received and commented on his confidence that the funding will be spent by 31 March 2021.

The significant work involved in administering the additional support payments to students was acknowledged by members as was the effort involved in spending monies received late in the financial year.

7.3 Treasury Management

7.3.1 Treasury Management

Ref: Management Report Section 3.1

Mr O'Donnell reminded the Committee of the College's policy to spread reserves across a number of financial institutions. He advised that no funds had been held on deposit in recent years due to low interest rates and that all reserves had therefore been held in a single bank. He commented on the low risk associated with this approach but explained that some money could be moved to deposit accounts in order to adhere to the Investment Policy, despite low interest rates. Following a brief discussion, it was then agreed that a paper outlining the options for management of reserves be provided to the Committee at its April 2021 meeting.

AGREED: that a paper outlining the options for management of reserves be provided to the Committee at its April 2021 meeting.

7.3.2 Payments over £50,000

Ref: Management Report Section 3.2 and Paper 07.09

Clarification was provided on the procurement of IT equipment following a query from a member regarding a payment listed in paper 07.09.

7.4 **Policy Matters**

Ref: Management Report Section 4.1 and Paper 07.10

Mr O'Donnell provided an overview of the minor amendments proposed to the Asset Management Policy.

AGREED: that the Asset Management Policy be recommended to the Governing Body for approval.

7.5 **Estates**

7.5.1 **Estates Report**

Ref: Management Report Section 5.1 and Paper 07.11

With reference to paper 07.11, Mrs McGrath provided an update on estates activities since the December 2020 committee meeting. She advised that sectoral exercise for Estates Maintenance and Works is ongoing; that preparations are underway for the resumption of on-campus activity; that a One Planet Living Action Plan is under development following workshops held earlier in the month; that training on NEC Contracts has been scheduled for the Estates team; and that the Space Utilisation Return has been submitted. Regarding the Erne Campus, she explained that engagement with curriculum teams continues to take place; that decant plans have been modified to align with the expected handover date with curriculum delivery now likely to commence in September 2021; and that responsibility for Erne Campus marketing and communications has been assigned to a new member of staff.

7.5.2 **Capital Funding**

Ref: Management Report Section 5.2 and Paper 07.12

Mr O'Donnell informed the meeting that capital funding for 2020/21 totalled £6.8m. He highlighted the allocation of £1.85m for minor works and noted the increase of over £1m from the 2019/20 allocation. He also commented on the close management of business cases and procurement required in minor works projects due to the volatility of prices in the current market.

8.0 **FINANCIAL PERFORMANCE OF THE AUTOMOTIVE, COMPUTING AND ENGINEERING FACULTY**

PREVIOUSLY ISSUED to all members:

- Paper 06 Financial Performance of the Automotive, Computing & Engineering Faculty.

Mr Pdraig McNamee, Head of Faculty (Automotive, Computing & Engineering), joined the meeting for this item.

Mr McNamee began his report by acknowledging his gratitude to the finance team for its support in all areas of the faculty's financial management.

With the aid of a PowerPoint presentation, he then reported on income and expenditure in the year to date, highlighting favourable positions in both counts and

outlining the reasons for the variances; provided statistics in relation to staff deployment and part-time lecturer utilization, and cautioned on over-reliance on such efficiency measures at the expense of quality; and detailed the income generated through academies, Higher Level Apprenticeships, Entitlement Framework delivery and the Skills Focus Programme.

Mr McNamee also presented an assessment of the immediate issues for his faculty. He commented on fee collection difficulties, the potential for weekend and / or Summer delivery to meet practical assessment requirements, and the resourcing required to manage equipment optimization and stock control.

Referencing the medium term, he noted competition at HE and HLA level and potential post-pandemic budget reductions as threats as well as possible reduced income from the new Traineeships Programme, depending on the funding model agreed. He also detailed plans to make KPIs more accessible and effective.

In concluding his report, Mr McNamee highlighted the importance of curriculum quality in financial success noting that financial health follows quality.

In response to questions and comments from members, Mr McNamee provided details of the Assured Skills Programme under which the various academies are funded. Members acknowledged the economic impact of the academies delivered by the College and welcomed the incorporation of quality in the assessment of financial performance.

Mr McNamee was thanked for his presentation and withdrew from the meeting at this juncture.

9.0 ANY OTHER RELEVANT BUSINESS

No further business was raised

10.0 REVIEW OF OUTSTANDING ACTIONS

PREVIOUSLY ISSUED to all members:

- Paper 10 List of Outstanding Actions

It was noted that items two and three have been actioned and that the list will be amended to reflect the proceedings of the meeting and appended as Appendix A.

11.0 REFLECTION ON EFFECTIVENESS OF MEETING

Members acknowledged the value of the meeting with BES and on the focused presentation delivered by Mr McNamee. The preference for no more than one presentation per meeting was noted as was the expectation of focused reports.

Mrs Brown and Mrs McElroy withdrew from the meeting at this juncture. The meeting then went into confidential session and concluded at 11.30 am.

**CONFIRMED AND ADOPTED BY THE GOVERNING BODY AT A MEETING HELD ON WEDNESDAY
10 MARCH 2021**

CHAIRMAN _____

DATE _____

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	24/02/2021	7.1.4	Mr O'Donnell to examine the distribution of the savings made in the part-time lecturing budget and report to the Committee
3	24/02/2021	7.1.5	Mr O'Donnell to provide an update on debtors and creditors at the April 2021 committee meeting.
4	24/02/2021	7.3.1	Mr O'Donnell to present a paper outlining options for management of reserves at the April 2021 committee meeting.