

South West College
Annual Report and Financial Statements
Year Ended 31 July 2022

*The Accounting Officer authorised these
financial statements for issue*

on

7th December 2022

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

on

15th December 2022

SOUTH WEST COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2022

INDEX

	<u>Page No</u>
Strategic Report	3
Remuneration Report	26
Statement of the Responsibilities of the Accounting Officer and the Governing Body	33
Statement of Corporate Governance and Internal Control	34
Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly	46
Statement of Comprehensive Net Expenditure	51
Statement of Changes in Reserves	52
Statement of Financial Position	53
Statement of Cash Flows	54
Statement of Principal Accounting Policies and Estimation Techniques	55
Notes to the Financial Statements	60

**SOUTH WEST COLLEGE
STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2022**

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 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.

Over the last two years the Covid-19 global pandemic has transformed the way South West College staff and students work and learn. South West College has introduced new digital platforms to provide learners with a flexible delivery model taking into consideration the capacity and capability of the learner and the needs of the specific programme. This flexibility has allowed South West College to respond quickly to changes in Covid-19 restrictions throughout the 2021/22 academic year.

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.

**SOUTH WEST COLLEGE
STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2022**

Mission Statement

South West College's Mission, Vision and Values are set out as follows:

College Mission: Developing people/achieving potential

Mission Statement: To provide lifelong learning opportunities for the people of the South West Region and beyond through quality education and training in support of economic, social and community development

College Values: Excellence, Innovation, Teamwork, Integrity, Confidence



OUR VISION

developing people / achieving potential

MISSION STATEMENT

“to provide lifelong learning opportunities for the people of the South West region and beyond, through quality education and training in support of economic, social and community development”

OUR VALUES



SOUTH WEST COLLEGE STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2022

Strategic Planning and Context

South West College's strategic planning is set within the context of the regional economic climate, the draft Northern Ireland Programme for Government (PFG) and the 'New Decade, New Approach' deal. This deal outlines a series of priorities and ambitions, including the development of "an enhanced approach to careers advice, curriculum, training and apprenticeships to enhance employability and support economic growth" and the development of "a regionally-balanced economy with opportunities for all".

South West Colleges' strategic plans are also shaped through collaborative working with key government agencies, industry and educational stakeholders in support of the Department for the Economy's 'Economic Recovery Action Plan'. This sets out a range of actions to kick-start economic recovery across Northern Ireland and build a more competitive, inclusive and green economy. 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 the Skills Strategy for Northern Ireland, Skills for a 10X Economy and the 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 qualification 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 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 Mid Ulster District Council and Fermanagh & Omagh District Council 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 2021/22, 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 on 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 SWC 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.

**SOUTH WEST COLLEGE
STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2022**

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;
- Unqualified External Audit Report;

These objectives have remained consistent in recent years 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 2021/22, 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.

SOUTH WEST COLLEGE STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2022

Performance Summary

The 2021/22 academic year saw 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. The return to face-face delivery across all areas, in particular for vocational learning, helped to ensure an improved student experience and higher levels of engagement. Key South West College events returned on-site including enrolments days, student celebration of success events and the HE graduation and this was welcomed by all. 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.

Performance objectives for the 2021/22 academic year were established at the start of the year through the annual college development planning process. 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.

Curriculum Delivery

In relation to curriculum delivery, the number of South West College enrolments was 17,752 which is similar to pre-pandemic levels. This represents an increase of 2,717 enrolments (+18.1%) in comparison to 2020/21 levels. The total number of students across all campuses and out-centres was 10,626. Enrolments saw strong growth across work-based learning areas including Apprenticeships (+51.4%) a result of increased demand for work-based technical skills. This is driven by industry need, in particular in engineering and construction which, outside of agriculture, are the largest employment sectors in the region.

Part-time FE also increased (+62.2% compared to 2021/22 delivery) as a result of increased vocational and evening provision, community education and Confucius provision delivered in schools. Delivery of this provision had been significantly constrained in the previous year due to Covid-19.

Delivery of full-time FE provision decreased (-2.3%) in line with trends across the FE sector in NI. 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. These are a new flagship Level 2 vocational education programme that aims to create a pathway that offers participants the opportunity to achieve qualifications equivalent to five GCSEs 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.

Delivery of HE provision remains challenging with a decrease in the number of full-time enrolments (-13.8%) and part-time enrolments (-10.5%) 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 has also resulted in a larger number of students, who would have traditionally followed a 'HE in FE' pathway, going directly to university. Whilst enrolment to FT HE have declined, there has been a significant increase in Higher Level Apprenticeship enrolments (+34.7%) and this is a positive. This realignment of enrolments ensures that South West College HE provision remains viable and sustainable.

SOUTH WEST COLLEGE STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2022

Student Performance

Student retention rates remain steady, however success and achievement rates continue to lie below sector averages. There is an established link between economic deprivation and educational attainment which is a contributory factor here. Performance rates fell in 20/21 by 2.5% (sector 1.6%). FE retention in 20/21 was slightly ahead of sector average (+0.1%) however the achievement rate was significantly lower (-5.2%). This is a key priority address, in particular retaining students on two-year programmes, and is an area of focus for South West College Retention and Achievement working group. 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. 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.

South West College continues to consistently deliver a high proportion of STEM qualifications with 7,899 enrolments in STEM and priority sectors areas. This represents a growth of 3.4% from 2020/21 and is directly aligned with the sub-regional Skills Barometer for the West and skills needs in STEM areas. The Skills Barometer forecasts strong employment growth in the manufacturing, construction and professional and scientific sectors which are projected to account for 35% of new jobs in the South West region over the coming decade. This year new curriculum was introduced in the areas of building retrofit skills, pharmacy services and food and drink maintenance technician apprenticeships.

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 (+14.3%) and from students with registered disabilities (+14%). 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 support 1,000 young people annually with progression to education, training and employment. As a result of EU Exit, there is risk of a reduction in this provision if no replacement project or funding is successfully secured on time through new target schemes, including 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 SWC 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. In 2021/22 South West College ramped up activity on the DfE funded Skills Focus programme (£290,000 delivery, 270 employees). 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.

SOUTH WEST COLLEGE STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2022

This year South West College has also been successful in a new application for funding to the UK Community Renewal Fund to support the delivery of a Rural Economy Accelerator Programme (REAP). This is an integrated development programme which aims to contribute to the creation of a sustainable prosperous Mid-South West Region. REAP focuses on three key strands Retrofit skills, SME Research & Innovation in sustainability and a focussed Sustainable Employment theme.

South West College Sustainability Strategy

The 21/22 year saw South West College take occupancy of the new £30million Erne Campus which has very high levels of energy efficiency and is the first education building in the world to achieve 'Passive House Premium' certification from the Passive House Institute in Germany. Aligned with this South West College continues to focus strategically on the development and implementation of its sustainability strategy and 'One Planet Living' action plan. This 'One Planet Living' framework translates across all South West College's curriculum, campuses and adjacent communities and reflects the aspiration of students, staff and stakeholders to take action on environmental, economic and social challenges in a managed way. In February 2022, South West College was recognised as an outstanding leader in environmental sustainability in providing training for young people in a low-carbon economy by winning a Queen's Anniversary Prize for Higher and Further Education. These highly prestigious awards have been running for more than 25 years, with the UK-wide award recognising excellence, innovation and public benefit in work carried out by UK colleges and universities.

Key Performance Indicators and Outcomes

The 2021/22 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, reasons for the variance are provided in the additional tables.

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 three areas, HE Full Time, HE Part Time and Skills for Life and Work fell below projected targets and a rationale for this is provided in Table 5.

Looking forward, in the 2022/23 academic year, South West College will fully reset to a 'face to face' learning institution. South West College performance is projected to be very similar to that for 2021/22. 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, due to the introduction of new curriculum provision. South West College also anticipates growth in apprenticeship 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 be consistent with 2021/22 levels.

**SOUTH WEST COLLEGE
STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2022**

2021/22 Qualifications (Enrolments)	TARGET (Enrolments)	ACHIEVED
Further Education Full Time	1,252	1,257 (100%)
Further Education Part Time	8,057	9,306 (112%)
Higher Education Full Time	654	495 (76%)
Higher Education Part Time	770	689 (89%)
Training for Success	834	1,324(159%)
Skills for Life and Work	153	132(86%)
Traineeships	181	187 (102%)
Apprenticeships	2,020	1,962 (97%)
Higher Level Apprenticeships	280	295 (105%)
Essential Skills	2,150	2,105 (98%)
Priority Sector Areas and/or STEM	7,640	7,899 (103%)

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 programme fell below the projected target and a rationale for this is provided in Table 5.

2021/22 Employer Engagement TARGET	ACHIEVED
InnovateUs Budget Spend £350,000	£310,000 (89%)
Skills Focus Budget Spend £200,000	£290,000 (145%)
Assured Skills Academies 7 Academies	6 Academies
Fusion and KTP Projects 7 projects	6 projects
Innovation Voucher projects 13 projects	13 projects
Other programmes Renewable Engine,Co-innovate,Housing 4.0, Connected, ERAP 15 R&D projects	15 complete

Table 2 Employer Engagement KPI

**SOUTH WEST COLLEGE
STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2022**

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.

2021/22 Social Inclusion	TARGET	ACHIEVED
Enrolments within Quintile 1 and 2	8,000	8,735 (109%)
Enrolments declaring a disability / long term health problem	1,200	1,477 (123%)
Enrolments on Entry Level and Level 1 Programmes (including Essential Skills)	5,000	7,615 (152%)
Enrolments on Targeted Programmes such as College Connect	978 Recruited 230 Progress to Employment 282 Progress to Education	1,188 Recruited 329 Progress to Employment 406 Progress to Education
Enrolments on ESOL Programmes	250	256 (102%)
Overall number of individuals supported by above measures	9,000	9,092 (101%)

Table 3 Social Inclusion KPI

Table 4 shows overall student performance rates for retention, achievement and success. All areas met the projected performance levels as agreed with the Department for the Economy in the annual South West College Development Plan.

2021/22 Overall Performance Rate TARGET	ACHIEVED
Retention Rate: 92%	90.6%
Achievement Rate: 82%	82.8%
Success Rate: 75%	75%

Table 4 Overall Performance Rate

Table 5 shows the areas of underperformance in terms of curriculum enrolments and employer engagement with a rationale provided for each area of underperformance.

**SOUTH WEST COLLEGE
STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2022**

Red Rag Status Planned Activity	2021/22 Planned	Actual	Reasons for Variances
Higher Education Full Time (HE FT)	654 enrolments	495 enrolments (76%)	HE FT recruitment had been challenging for a number of reasons. Direct progression from FE programmes has reduced, due to an overall decline in FT FE. 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 (+76 enrols from 20/21) and this has had an impact. Overall FT HE enrolments have decreased by 79 from 2020/21.
Higher Education Part Time (HE PT)	770 enrolments	689 enrolments (89%)	Recruitment to HE PT programme has been challenging in 2021/22 due to increased competition from other providers, including on-line provision in this area. Further, a number of HE PT curriculum areas are in decline due to student demand and work is ongoing on new curriculum development in these areas.
Skills for Life and Work	153 enrolments	132 enrolments (86%)	This provision attracted 7 less individuals than planned which is a relatively small number. It is anticipated that provision will grow in 2022/23.
InnovateUS	Budget Spend £350,000	£310,000 (89%)	This target related to delivery of innovation support for SMEs. It was anticipated that South West College would be able to host and attend a larger number of in person business networking events in 2021/22 to promote the InnovateUs programme. This was not possible due to Covid constraints. Accordingly, a smaller number of projects were delivered than had been projected.
Assured Skills Academies	7 Academies	6 Academies	7 assured skills academies were planned in 2021/21 but due to student demand only 6 academies recruited viable cohorts and were delivered.
Fusion and Knowledge Transfer Partnerships	7 projects	6 projects	It was planned to deliver 7 Fusion and Knowledge Transfer Partnership (KTP) programmes however due to constraints in staff resources only 6 projects were delivered.
Retention Rate	92%	90.6%	A target of 92% for student retention had been set for the 2021/22 academic year. However more students than projected withdrew from their programmes for a variety of reasons. These included an increase in student mental health challenges and weaker academic entry profiles as a result of the impact of Covid on previous learning.

Table 5 Red RAG status Update

SOUTH WEST COLLEGE STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2022

FINANCIAL POSITION

Financial Results

South West College generated a deficit on continuing operations of £6.062M in the year (2020/21 – deficit £5.609M). South West College recognised an exceptional gain of £447k (2020/21 £442K) as a result of an insurance rebate from BES Limited after a benchmarking exercise.

The estimated holiday pay provision (PSNI v Agnew case) has increase from £291k in 2020/21 to £294k as a result of a change in the Employers National Insurance contribution rate from 13.8% to 15.05% as per HMRC. This has resulted in an exceptional staff cost movement of £3k.

South West College's turnover increased by £1.187M (2.5%) to £48.136M as a result of an increase in DfE Recurrent Grant funding due to additional Covid-19 funding and also to the change in funding allocation for Traineeships. Staff costs have increased by £2.103M (7.25%) to £31.123M excluding exceptional costs. Whilst some of this increase can be attributed to statutory pay increases, there is a significant amount related to the Covid-19 related activity including lost learning. Other operating expenses have reduced by £1.437M (8.7%).

South West College has significant reliance on DfE for its principal funding source, largely from recurrent grants. In 2021/22, DfE provided 57.4% of South West College's total income through allocated recurrent grant (2020/21 45.1%). The increase in DfE income is due to Traineeship income now being classified under Recurrent Grant from August 2021. This represented 14.1% of the total recurrent grant available to the sector (2020/21 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 £2.968M relate to the notional interest calculated in respect of the PFI contracts of £2.603M and a finance charge of £365K in relation to accounting for pensions. At the 31st July 2022 there were fourteen years remaining on the PFI contracts and a total liability of £33.682M.

Buildings were subject to a full asset valuation as at 31st July 2022 provided by Land and Property Services. The £33.854M movement on revaluation comprised annual revaluation of buildings and land of £12.613M and the first time valuation of the Erne campus from Asset under Construction to building asset of £21.241M.

The Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) pension liability decreased from £19.898M to £7.063M. The main reasons for the movement in the pension liability reported as at 31 July 2022, are a change in the financial assumptions used to calculate the Defined Benefit Obligation (higher corporate bond yields since previous year end) which has resulted in a decrease in the obligation of £21,514k and a change in the demographic assumptions within the calculation which has led to a reduction of £457k. These reductions have been offset by lower than assumed returns on the Funds assets (£3,122k) and losses due to inflation (£2,447k).

Reserves

South West College has accumulated reserves of £75.84M, including a property revaluation reserve of £80.451M, and cash balances of £4.02M.

The revaluation reserve of £80.451M 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.

**SOUTH WEST COLLEGE
STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2022**

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 2021/22.

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. During the year South West College had significant working capital requirements as it funded the minor works projects and contractual commitments on a short-term basis. South West College had no borrowings at the year end or during the year. With a cash balance of £4.020M (2020/21 £4.788M), South West College's liquidity is within the Department's target for College cash reserves.

**SOUTH WEST COLLEGE
STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2022**

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student Numbers

The South West College's student establishment increased during the year increased by 7.96%, giving a total establishment equivalent of 4,530 full time equivalent (FTE) students (2020/21 – 4,196). 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 (now dissolved) Department for Employment and Learning (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 2021 to 31 July 2022, South West College paid 95% (2021 - 96%) of its invoices within 30 days, and 50% (2021 – 71%) 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

The new permanent Chief Executive has been appointed and commenced the position on 26th September 2022. The new Chief Executive Ms Celine McCartan was previously a member of the South West College Governing Body from 13/01/2022 to 31/07/2022.

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 parliamentary 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.

SOUTH WEST COLLEGE STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2022

For the period 2022/23, South West College has prepared 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 2022/23 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. Accordingly, South West College will maintain its focus on middle and higher level skills development and on growing the work-based learning provision. In the 2022/23 year the ongoing change management process will continue and a new strategic improvement plan will be developed. This plan is intended to address the negative findings of the recent curriculum and cultural reviews and result in improved staff morale and an enhanced ability to deliver an excellent student experience and higher levels of performance. A new, longer term three year strategic plan will also be developed alongside refreshed strategies in the areas of People Development, Curriculum and Digital Services.

Resources

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

Estate

The South West College's estate includes:	Cookstown Campus	£3,520,838
	Dungannon Campus	£37,353,460
	Fairview Campus	£0
	Skills Centre Campus	£16,879,903
	Omagh Campus	£39,672,991
	Erne Campus	£48,110,161

Fairview campus is a fully depreciated building asset and is being classified as Held for Sale as at July 2022. The site has been vacated and the premises are now being marketed for sale. Staff and students relocated into the new Erne campus building effective from August 2021.

Assets under construction were accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July 2022. They are not depreciated until they are brought into use. The Erne Campus asset became operational at the start of August 2021 and was transferred to a Building asset at this point in time.

Financial

Net assets at 31 July 2022 were £75.84M (including £7.063M pension liability) and the South West College has long term debt (PFI contracts of £32.363M).

People

The South West College employs 629 people (expressed as full time equivalents), of whom 293 are teaching staff.

The average number of days lost to sickness absence by all staff in 2021/22 was 10.08 days or 4.28% (2020/21 6.47 days). This is adverse to the sector average benchmark of 3.55% for 2021/22.

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.

**SOUTH WEST COLLEGE
STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2022**

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 SWC 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 and the Annual 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 South West 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 and also the Audit and Risk Sub-Committee at least annually and more frequently where necessary.

The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on South West College 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.

Outlined below is a description of the principal risk factors that affected South West College during 201/22 as detailed in the Corporate Risk Register. It should be noted that not all the factors are within south West College's control and that factors besides those listed may also adversely affect the College.

COVID-19 was the most obvious and red risk that faced south West College during academic year. At the last formal review of the Corporate Risk Register (April 2022) there were 11 categories of red risk identified. In addition to COVID there were 10 categories of risk identified and these are listed in the risk table on the next page with the associated risk descriptions.

**SOUTH WEST COLLEGE
STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2022**

Within the 11 red risk categories identified there were 28 actual risks to be managed as follows:

Risk Category	Description of Risk
Pandemic - COVID 19	Disruption to teaching and learning
	Harm or death
	Failure to provide safe and hygienic environment
Business Interruption	Failure to respond to critical incidents including COVID 19
Cyber and Information Security	External risk of breach of security
	Internal risk of staff and student behaviour resulting in breach of security
	Operation of Learner Management System
People Risks (Staff)	Leadership challenge
	Recruitment of suitable qualified staff
	Maintenance of staff physical and mental wellbeing
	Loss of confidence in senior management if negative findings of Cultural Review not addressed
	Absence of a permanent Chief Executive and uncertainty re recruitment
People Risks (Students)	Preparation of students for remote learning
	Maintenance of student physical and mental wellbeing
	Safeguarding in an online environment
Academic and Curriculum Risks	Implementation of new Level 3 Advanced Technical qualifications
	Managing potential staff sickness/self isolation and ensuring that student expectation of a quality education
	Risk of sanctions against South West College as a result of a failure to meet the requirements of Awarding Organisations and consequent reputational damage
	Impact of learning lag or lost learning
	Risk related to lack of documented procedures and processes for work placements
Finance Risks	Budgetary pressure
	Bad debt write off
Estates Risk	Realisation of 5 year Benefits Realisation Plan for Erne Campus
Performance Risks	Failure to meet retention and achievement targets.
	Failure to meet part time FE and HE enrolment targets
External Risks	Loss of European funding
Reputational Risks	Handling of complaints
	Adverse publicity from malpractice

**SOUTH WEST COLLEGE
STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2022**

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
- Government Offices/ Regional Development Agencies
- The local community
- Other Further Education Colleges and training organisations
- Local Universities
- Awarding bodies
- Trade unions
- Professional bodies.

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.

Equal Opportunities 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.

SOUTH WEST COLLEGE STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2022

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.
- 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.

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 2021/22.

**SOUTH WEST COLLEGE
STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2022**

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

**SOUTH WEST COLLEGE
STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2022**

Governors

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

GOVERNOR	DATE OF APPOINTMENT	TERM OF OFFICE	ACADEMIC YEAR LEAVING DATE	STATUS OF APPOINTMENT	COMMITTEES SERVED IN 2020/21
Mr Peter Archdale	1 August 2012	1 August 2012 – 31 December 2021	31/12/2021	Business, Industry & Professional Member	<ul style="list-style-type: none"> Education, Quality & Performance Committee
Ms Siobhan Breen	22 November 2019	22 November 2019 – 21 November 2023	N/A	Staff Governor	<ul style="list-style-type: none"> Audit & Risk Committee Education, Quality & Performance Committee
Mrs Deborah Brown	29 October 2020	29 October 2020 – 28 October 2024	N/A	Staff Governor	<ul style="list-style-type: none"> Education, Quality & Performance Committee Finance & General Purposes Committee
Dr Frances Campbell	1 July 2022	1 July 2022 – 30 June 2026	N/A	Business, Industry & Professional Member	
Ms Elaine Grier	13 January 2022	13 January 2022 - 12 January 2026	N/A	Business, Industry & Professional Member	<ul style="list-style-type: none"> Audit & Risk Committee Education, Quality & Performance Committee
Mr Brian Ingram	1 July 2022	1 July 2022 – 30 June 2026	N/A	Business, Industry & Professional Member	
Mrs Sandra Isherwood	13 January 2022	13 January 2022 - 12 January 2026	N/A	Business, Industry & Professional Member	<ul style="list-style-type: none"> Education, Quality & Performance Committee Staffing Committee
Ms Alana Jones Campbell	13 January 2022	13 January 2022 - 12 January 2026	N/A	Business, Industry & Professional Member	<ul style="list-style-type: none"> Audit & Risk Committee Staffing Committee

**SOUTH WEST COLLEGE
STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2022**

GOVERNOR	DATE OF APPOINTMENT	TERM OF OFFICE	ACADEMIC YEAR LEAVING DATE	STATUS OF APPOINTMENT	COMMITTEES SERVED
Mr Colin Lewis	11 October 2021	11 October 2021 – 10 April 2022	10/04/2022	Interim Chief Executive	<ul style="list-style-type: none"> • Change Management Committee • Education, Quality & Performance Committee • Erne Campus Project Board • Finance & General Purposes Committee • Staffing Committee
Mrs Margaret Martin	1 August 2011	1 August 2011 – 31 December 2021	31/12/2021	Business, Industry & Professional Member	<ul style="list-style-type: none"> • Education, Quality & Performance Committee
Mr Michael McAllister	10 August 2017	10 August 2017 - 30 September 2021	30/09/2021	Chief Executive	<ul style="list-style-type: none"> • Education, Quality & Performance Committee • Erne Campus Project Board • Finance & General Purposes Committee • Staffing Committee
Mrs Patricia McCaffrey	28 May 2014	28 May 2014 – 31 July 2023	N/A	Business, Industry & Professional Member	<ul style="list-style-type: none"> • Audit & Risk Committee (Chair) • Erne Campus Project Board • Staffing Committee
Mr Seamus McCaffrey	1 August 2015	1 August 2015 – 31 July 2023	N/A	Business, Industry & Professional Member	<ul style="list-style-type: none"> • Finance & General Purposes Committee (Chair)
Ms Celine McCartan	13 January 2022	13 January 2022 - 12 January 2026	31/07/2022	Business, Industry & Professional Member	<ul style="list-style-type: none"> • Change Management Committee
Ms Anne McCleary	13 January 2022	13 January 2022 - 12 January 2026	N/A	Business, Industry & Professional Member	<ul style="list-style-type: none"> • Education, Quality & Performance Committee • Staffing Committee
Mrs Gillian McDowell	1 October 2018	1 October 2018 – 30 September 2022	N/A	Co-optee	<ul style="list-style-type: none"> • Staffing Committee (Chair)

**SOUTH WEST COLLEGE
STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2022**

GOVERNOR	DATE OF APPOINTMENT	TERM OF OFFICE	ACADEMIC YEAR LEAVING DATE	STATUS OF APPOINTMENT	COMMITTEES SERVED
Mrs Monica McGeary	1 August 2011	1 August 2011 – 31 December 2021	31/12/2021	Business, Industry & Professional Member	<ul style="list-style-type: none"> • Audit & Risk Committee • Staffing Committee
Mr Michael McGuckin	1 August 2015	1 August 2015 – 31 July 2023	N/A	Business, Industry & Professional Member	<ul style="list-style-type: none"> • Education, Quality & Performance Committee • Erne Campus Project Board • Finance & General Purposes Committee •
Miss Caitlyn McLoughlin	8 November 2021	8 November 2021 – 30 September 2022	N/A	Student Governor	<ul style="list-style-type: none"> • Education, Quality & Performance Committee
Mrs Joanne Moore	1 October 2018	1 October 2018 – 30 September 2022	N/A	Co-optee	<ul style="list-style-type: none"> • Audit & Risk Committee • Education, Quality & Performance Committee (Chair)
Mr Leo Murphy	14 April 2022	14 April 2022 – 25 September 2022	N/A	Interim Chief Executive	<ul style="list-style-type: none"> • Education, Quality & Performance Committee • Change Management Committee • Finance & General Purposes Committee • Staffing Committee
Mr Gerard O'Hanlon	1 August 2011	1 August 2011 – 30 June 2022	30/06/2022	Business, Industry & Professional Member	<ul style="list-style-type: none"> • Finance & General Purposes Committee
Dr Nicholas O'Shiel	7 January 2019	7 January 2019 – 6 January 2023	N/A	Chair	<ul style="list-style-type: none"> • Change Management Committee • Erne Campus Project Board • Finance & General Purposes Committee

**SOUTH WEST COLLEGE
STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2022**

GOVERNOR	DATE OF APPOINTMENT	TERM OF OFFICE	ACADEMIC YEAR LEAVING DATE	STATUS OF APPOINTMENT	COMMITTEES SERVED
Dr Lynsey Quinn	13 January 2022	13 January 2022 - 12 January 2026	N/A	Business, Industry & Professional Member	<ul style="list-style-type: none"> Education, Quality & Performance Committee
Mr Michael Skuce	1 August 2011	1 August 2011 – 30 June 2022	30/06/2022	Business, Industry & Professional Member	<ul style="list-style-type: none"> Audit & Risk Committee Change Management Committee Staffing Committee
Miss Clara Jane Whitley	24 November 2020	24 November 2020 – 30 September 2021	30/09/2021	Student Governor	<ul style="list-style-type: none"> Education, Quality & Performance Committee

Attendance records for Governing Body members are disclosed on page 36.

Accounting
Officer



Date 7th December 2022

**SOUTH WEST COLLEGE
REMUNERATION REPORT
FOR THE YEAR ENDED 31 JULY 2022**

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 1st January 2016. There are no arrangements in place for the payment of a bonus.

No member of the Governing Body including the Chairman receives a pension contribution from South West College or DfE. The South West College also reimburses governing body members for any incidental expenses incurred for carrying out their duties relevant to the organisation.

**SOUTH WEST COLLEGE
REMUNERATION REPORT
FOR THE YEAR ENDED 31 JULY 2022**

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

Audited Information

	2021-2022				2020-2021			
	Salary & Allowances	Benefits in Kind	Pension Benefits	Total	Salary & Allowances	Benefits in Kind	Pension Benefits	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Nicholas O'Shiel (Chairman)	20-25	-	-	20-25	20-25	-	-	20-25
Margaret Martin	0-5	-	-	0-5	0-5	-	-	0-5
Michael McGuckin	5-10	-	-	5-10	0-5	-	-	0-5
Michael Skuce	5-10	-	-	5-10	0-5	-	-	0-5
Monica McGeary	0-5	-	-	0-5	0-5	-	-	0-5
Patricia McCaffrey	5-10	-	-	5-10	0-5	-	-	0-5
Peter Archdale	0-5	-	-	0-5	0-5	-	-	0-5
Seamus McCaffrey	0-5	-	-	0-5	0-5	-	-	0-5
Gerard O'Hanlon	0-5	-	-	0-5	0-5	-	-	0-5
Gillian McDowell	0-5	-	-	0-5	0-5	-	-	0-5
Joanne Moore	5-10	-	-	5-10	0-5	-	-	0-5
Clara Jane Whitley	0-5	-	-	0-5	0-5	-	-	0-5
Elaine Grier	0-5	-	-	0-5	-	-	-	-
Caitlyn McLoughlin	0-5	-	-	0-5	-	-	-	-
Alana Jones-Campbell	0-5	-	-	0-5	-	-	-	-
Lynsey Quinn	0-5	-	-	0-5	-	-	-	-
Sandra Isherwood	0-5	-	-	0-5	-	-	-	-

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

SOUTH WEST COLLEGE REMUNERATION REPORT FOR THE YEAR ENDED 31 JULY 2022

Remuneration Report

The Chief Executive and Senior Management Team

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

The 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 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 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.

**SOUTH WEST COLLEGE
REMUNERATION REPORT
FOR THE YEAR ENDED 31 JULY 2022**

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.

	2021-2022			2020-2021		
	Salary (Audited) £'000	Pension Benefits £'000*	Total £'000	Salary (Audited) £'000	Pension Benefits £'000*	Total £'000
Michael McAlister – Chief Executive ¹	15-20 (100-105 full year equivalent)	35	50-55 (100-105 full year equivalent)	105-110	89	194-199
Colin Lewis – Interim Chief Executive ²	65-70 (130-135 full year equivalent)	-	65-70 (130-135 full year equivalent)	-	-	-
Leo Murphy – Interim Chief Executive ³	35-40 (115-120 full year equivalent)	-	35-40 (115-120 full year equivalent)	-	-	-
Jill Cush – Deputy Chief Executive	75-80	87	165-170	75-80	136	211-216

- 1 Michael McAlister former Chief Executive retired on 30th September 2021.
- 2 Colin Lewis was appointed Interim Chief Executive for the period 11th October 2021 to 31st March 2022. No pension benefits were applicable within this period.
- 3 Leo Murphy was appointed Interim Chief Executive for the period 1st April 2022 to 23rd 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.

*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.

The banded remuneration of the highest-paid Director in South West College in the financial year 2021-22 was £115,000 to £120,000 full year equivalent (2020-21, £105,000 to £110,000). The relationship between the mid-point of this band and the remuneration of the College's workforce is described below:

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

**SOUTH WEST COLLEGE
REMUNERATION REPORT
FOR THE YEAR ENDED 31 JULY 2022**

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:	2021/22 compared to 2020/21
Average employee salary and allowances	3.05%
Highest paid director's salary and allowances	9.30%

There is no Performance Related Pay for the highest pay Director or any other employee. The seconded Interim Chief Executive for 2021-22 was paid at a higher rate in line with the College Groupings for North West Regional College per NIC Principal Pay Scales.

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 2022 are detailed below.

**SOUTH WEST COLLEGE
REMUNERATION REPORT
FOR THE YEAR ENDED 31 JULY 2022**

Audited Pension Entitlements

	Accrued pension at pension age as at 31/07/2022 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/07/2022	CETV at 31/07/2021	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Michael McAlister ¹	45-50 135-140	0-2.5 5-10	989	1,086	(97)
Colin Lewis	-	-	-	-	-
Leo Murphy ²	-	-	-	-	-
Jill Cush	25-30 -	0-5 -	389	393	(4)

1 Michael McAlister retired on 30 September 2021.

2 Leo Murphy's Pension benefits are reported in the remuneration report for North West Regional College.

Pension Arrangements

Retirement benefits to employees of South West 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). These are defined benefit schemes, which are externally funded and contracted out of the State Earnings-Related Pension Scheme (SERPS).

Contributions to the NITPS are calculated so as to spread the cost of pensions over employees' working lives with South West 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 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.

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.

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

**SOUTH WEST COLLEGE
REMUNERATION REPORT
FOR THE YEAR ENDED 31 JULY 2022**

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, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NICS pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. 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 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.

**Accounting
Officer**



Date

7th December 2022

**SOUTH WEST COLLEGE
STATEMENT OF THE RESPONSIBILITIES OF THE ACCOUNTING OFFICER AND GOVERNING
BODY
FOR THE YEAR ENDED 31 JULY 2022**

Under the Further Education (NI) Order 1997, Department for the Economy (with approval from the Department of Finance), 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 financial statements are prepared on an accruals basis and must give a true and fair view of the state of affairs of South West 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 South West 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 South West College.

The maintenance and integrity of the South West College website is the responsibility of the Governing Body of South West 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 South West College and ensuring that the South West College provides suitable and efficient further education.

The Accounting Officer of the Department for the Economy has designated the Chief Executive as the Accounting Officer of South West 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.

SOUTH WEST COLLEGE STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2022

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 2022 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 26th September 2022. Consequently, the scope of my responsibility commences ex post-facto the 2021/22 financial year. In signing this Statement, I do so after exercising prudent and reasonable judgement in the short period of tenure in office.

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 in my limited period of tenure.

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 2021/22, South West College complied with the principles and supporting provisions set out in the Corporate Governance Code.

SOUTH WEST COLLEGE STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2022

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 2021/22 South West College's Governing Body comprised a Chair appointed by the Department for the Economy, members appointed by the Minister 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 the South West College's Chief Executive/Interim Chief Executives. 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 Chief Executive who is the South West College's designated Accounting Officer. The Governing Body is responsible for the ongoing strategic direction of South West College whilst the 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 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 the 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 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 2021/22.

Governing Body Performance and Effectiveness

In 2021/22 the Governing Body completed the Department's assessment exercise (as per FE Circular FE 06/12) that focuses on three stands: a member's assessment; a Chair assessment; and a Governing Body (GB) self-assessment. The strand that focuses upon the Governing Body is administered by the Department through completion of a questionnaire that covers five main 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.

For all themes, the views expressed were less positive than in 2020/21. Views were most positive for the Personal Performance theme and least positive for the Training & Induction theme. This compares to most positive for the Personal Performance theme and least positive for the GB Performance theme in 2020/21. For all themes the views expressed were less positive than the 2021/22 sector average. The most stark variation being for the Training & Induction theme and the least stark variation being for the Personal Performance theme.

The Governing Body met 11 times during the 2021/22 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 South West College website and made available from the Secretary to the Governing Body.

**SOUTH WEST COLLEGE
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL
FOR THE YEAR ENDED 31 JULY 2022**

A schedule of governor attendance at Governing Body and standing committees for the 2021/22 year is provided in the table on page 37. The average attendance at Governing Body meetings was 92.4% whilst the average attendance at Governing Body and committee meetings during the year was 91.25%.

In conclusion, the Governing Body and Committees of South West College met regularly and conducted business effectively during 2021/22.

**SOUTH WEST COLLEGE
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL
FOR THE YEAR ENDED 31 JULY 2022**

Governor Attendance at Governing Body and Standing Committee Meetings 2021/22

	Governing Body	Audit & Risk Committee	Education, Quality & Performance Committee	Finance & General Purposes Committee	Staffing Committee
	No. of meetings attended / eligible to attend:				
Peter Archdale	3/5		2/2		
Siobhan Breen	6/6	4/4	5/5		
Deborah Brown	5/6		4/5	5/5	
Frances Campbell	0/0				
Elaine Grier	5/5	1/1	2/2		
Brian Ingram	0/0				
Sandra Isherwood	3/5		2/3		1/2
Alana Jones Campbell	5/5	1/1			3/3
Colin Lewis	4/4	2/2	2/3	4/4	2/3
Margaret Martin	5/5		2/2		
Michael McAlister	1/1	1/4			2/2
Patricia McCaffrey	11/11	3/4			6/6
Seamus McCaffrey	8/11			5/5	
Celine McCartan	1/1				
Anne McCleary	5/5		2/2		3/3
Gillian McDowell	11/11				6/6
Monica McGeary	5/5	1/2			3/3
Michael McGuckin	10/11		3/5	4/5	
Caitlyn McLoughlin	5/5		3/4		
Joanne Moore	11/11	3/4	5/5		
Leo Murphy	3/3	1/1	2/2	1/1	1/1
Gerard O'Hanlon	10/11			5/5	
Nicholas O'Shiel	11/11	4/4	5/5	5/5	5/6
Lynsey Quinn	5/5		2/2		
Michael Skuce	10/11	4/4			6/6
Clara Jane Whitley	0/0		3/4		

SOUTH WEST COLLEGE STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2022

The Governing Body is supported by four standing committees; an Audit & Risk Committee, an Education, Quality & Performance 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) (replacing the 2018 Audit Code for Governing Bodies of Further Education Colleges).

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 the 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 Chief Executive, Deputy Chief Executive, Risk & Compliance Officer and Head of Finance attend committee meetings. 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 South West College's website.

The Committee met four times during the 2021/22 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 (including that of the Erne Campus capital development), 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.

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 2021/22 demonstrated that the Audit & Risk Committee has been effective in ensuring that South West College had adopted appropriate risk management procedures during the 2021/22 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.

Education, Quality & Performance Committee

The Education, Quality & Performance 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 South West 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

SOUTH WEST COLLEGE STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2022

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 also help to identify models of best practice locally, nationally and internationally in the provision of further and higher education and training.

The Education, Quality & Performance 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 Chief Executive, the academic staff member and the student member. The Deputy Chief Executive and Assistant Chief Executive for Industry Partnerships & Centres for Excellence attend committee meetings. 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 Education, Quality & Performance 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 South West College's website.

The Committee met five times during the 2021/22 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 received presentations on Quality Assurance as well as on faculty / departmental performance and strategic plans. It also maintained focus on matters identified as being strategically important to the Committee.

The Education, Quality & Performance Committee undertakes an annual review of its effectiveness. The review undertaken for 2021/22 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 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 attend committee meetings. 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 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 South West College's website.

SOUTH WEST COLLEGE STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2022

The Committee met five times during the 2021/22 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. It met with the PFI providers in respect of the Dungannon and Omagh campuses and received presentations on departmental / faculty financial performance.

The Finance & General Purposes Committee undertakes an annual review of its effectiveness. The review undertaken for 2021/22 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 Chief Executive. The Deputy Chief Executive and Head of Human Resources attend committee meetings. 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 south West College's website.

The Committee met six times during the 2021/22 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 presentations on departmental / faculty resourcing and workforce development and maintained focus on matters identified as being strategically important to the Committee.

The Staffing Committee undertakes an annual review of its effectiveness. The review undertaken for 2021/22 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.

Three temporary committees comprising members of the Governing Body were in place during the 2021/22 year; the Erne Campus Project Board, the Change Management Committee and the Chief Executive Appointment Committee.

Erne Campus Project Board

The construction of a replacement for the Fairview campus in Enniskillen necessitated the establishment of a temporary committee to oversee the development. It is the responsibility of this Project Board to ensure the delivery of the project on time and to budget.

The Erne Campus Project Board is chaired by the Chief Executive and comprises 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 has in attendance advisors from the Central Procurement Directorate and Fermanagh & Omagh District Council. The Project Board met five times during the 2021/22 year.

SOUTH WEST COLLEGE STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2022

The Project Board is supported by a Project Team and advisory committees and is overseen by a Steering Group chaired by the Permanent Secretary of DfE.

The construction of the Erne Campus was officially opened and welcomed its first students in September 2021.

Senior Management Team

The Chief Executive and Deputy Chief Executive 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. The Senior Management Team meet 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;
- 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.

Change Management Committee

A temporary Change Management Committee was established in early 2022 to oversee the development and implementation of a change programme for South West College. This was in response to a number of significant issues within the College in 2021, including the findings of the Grant Thornton Review of Culture and Organisational Structure, the Investigation of Malpractice in the Reporting of Academic Achievement, and the retirement of the Chief Executive of the College in September 2021. Governor representation on the Change Management Committee comprises the Chair of the Governing Body, the Vice Chair of the Governing Body, the Interim Chief Executive and one other governor. Two external consultants also were also part of this Committee.

As part of the work of the Change Management Committee, the Governing Body has received two reports from external consultants covering reviews of the following areas:

- Curriculum, Data, MIS, Effectiveness of Quality Management Systems and Centres for Excellence; and
- Human Resources, Corporate Services and Governance.

A Strategic Improvement Plan to take forward the recommendations of the reports will be developed in 2022/23 and this will be managed through an internal Change Team that has replaced the Change Management Committee.

SOUTH WEST COLLEGE STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2022

Chief Executive Appointment Committee

South West College's former Chief Executive retired in September 2021. Two Interim Chief Executives have led South West College in the intervening period. A Chief Executive Appointment Committee was established in year to recruit a new Chief Executive and comprised the Chair of the Governing Body, the Vice Chair of the Governing Body, the Chair of the Staffing Committee and four other governors. The process was administered by Clarendon Executive and was overseen by the Department for the Economy.

The process concluded in June 2022 with the appointment of a new Chief Executive who has taken up the post from 26 September 2022.

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 80-88 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.

Whilst South West College has historically demonstrated a robust system of internal controls, during the year ended 31 July 2022 a number of internal control weaknesses have been identified in the following areas: organisational structure including leadership and management; monitoring lower value contracts; data management: cyber essentials. A programme of planned remedial actions with timelines has been put in place and these will be monitored during the 2022/23 year.

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 departments within South West College. A Risk and Compliance Committee has been established which meets monthly (September to June) 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

**SOUTH WEST COLLEGE
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL
FOR THE YEAR ENDED 31 JULY 2022**

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.

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. Each department and strategic area attends the Audit & Risk Committee meeting on an annual basis and gives a presentation of the main risks and the management of those risks in their particular area.

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). 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;
- arrange for regular reports from the Heads of Department/Heads of Faculty 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 2021/22 year Internal Audit carried out the following audits in South West College. The assurance rating by area reviewed is set out below:

<u>Key Process</u>	<u>Assurance Rating</u>
Human Resources	Satisfactory
Marketing and Employability	Limited
Procurement and Contract Management	Limited
GDPR	Advisory only
COVID-19 Student Funding Initiatives	Satisfactory
Learner Management System (LMS)	Agreed upon procedures assignment

In their Annual Assurance Statement, the Internal Auditors have provided an overall 'Limited' 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;

**SOUTH WEST COLLEGE
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL
FOR THE YEAR ENDED 31 JULY 2022**

- 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 Marketing and Employability Internal Audit received a 'Limited' assurance rating and all the recommended actions have now been implemented. Three of the 'medium' level recommendations were related to work placements and the policies and procedures related to work placements have been reviewed and updated and the relevant staff have been trained.

The Chair of the Audit and Risk Committee has requested a further audit on employability arrangements due to the 'Limited' assurance rating received in the Marketing and Employability Internal Audit.

The Procurement and Contract Management Internal Audit also received a 'Limited' assurance rating. The three low priority recommendations related to procurement have been fully implemented and work is ongoing in relation to the development of effective procedures to monitor contracts.

The GDPR Internal Audit review was 'advisory' in nature and accordingly had no assurance rating attached. However, the high volume of recommendations that was presented on this review was also a contributing factor to the overall 'Limited' level of assurance.

Fraud Reporting

South West College has a detailed Anti-Fraud Policy and Fraud Response Plan which is revised and updated on a regular basis (February and May 2022 respectively). The Anti-Fraud 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. A Fraud Risk Assessment has been carried out and shared with the Department for the Economy and the Audit and Risk Committee.

During 2020/21 South West College experienced a cyber attack with the potential for fraudulent activity. This was reported to Action Fraud, PSNI and DfE. Following a forensic analysis by Control Risks it was determined that there was no data exfiltrated or altered. The PSNI closed the case, and the case has been closed with DfE. As a result of the attack, a number of technical changes were implemented to include:

- Review of domain configurations with use of network subnets and Virtual Private Networks (VPNs) to reduce the risk of cross-contamination between networks impacted by malicious activity;
- Procuring penetration testing;
- Review of remote access solutions in place on the network;
- Implemented Multi Factor Authentication for external network access, including student accounts;
- Enhanced the backup policy and solutions in place with a move to a cloud based remote backup solution;
- Removal of elevated privileges from all student accounts;
- Strengthened password policy;
- Education for all users about phishing techniques and the importance of password security and complexity.

**SOUTH WEST COLLEGE
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL
FOR THE YEAR ENDED 31 JULY 2022**

Pay Remit

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

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 2021/22 which was carried out by RSM Northern Ireland (UK) Limited, who provide the internal audit function for the sector. For the period 2021/22, RSM has reported an overall 'limited' audit opinion on South West College's system of governance, risk management and internal control. This means that there are significant weaknesses within the governance, risk management and control framework which, if not addressed, could lead to the system objectives not being achieved.

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.

The overall 'limited' opinion by the internal auditors reflects the fact that two of the internal audit reviews finalised during 2021/22 had a limited assurance opinion and identified control weaknesses that present risk to South West College. South West College has put a plan in place to work through these control weaknesses and mitigate the associated risks. There are some further improvements required to strengthen the control environment in certain areas of the organisation and a positive trajectory to improvement is starting to emerge.

Accounting Officer



Date 7th December 2022

**SOUTH WEST COLLEGE
CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE
NORTHERN IRELAND ASSEMBLY**

SOUTH WEST COLLEGE

**THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN
IRELAND ASSEMBLY**

Opinion on financial statements

I certify that I have audited the financial statements of South West College for the year ended 31 July 2022 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 Net Expenditure, Statement of Changes in Reserves, Statement of Financial Position, 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 2022 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.

**SOUTH WEST COLLEGE
CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE
NORTHERN IRELAND ASSEMBLY (CONT'D)**

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 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 Report, Statement of the Responsibilities of the Accounting Officer and the Governing Body and Statement of Corporate

SOUTH WEST COLLEGE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY (CONT'D)

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 Governing Body

As explained more fully in the Statement of Responsibilities of the Accounting Officer and 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;
- 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 examine, 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:

**SOUTH WEST COLLEGE
CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE
NORTHERN IRELAND ASSEMBLY (CONT'D)**

- obtaining an understanding of the legal and regulatory framework applicable to South West College through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included 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 management override of controls;
- 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 board 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.

**SOUTH WEST COLLEGE
CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE
NORTHERN IRELAND ASSEMBLY (CONT'D)**

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. 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*

7 December 2022

**SOUTH WEST COLLEGE
STATEMENT OF COMPREHENSIVE NET EXPENDITURE
FOR THE YEAR ENDED 31 JULY 2022**

	Note	2022 £'000	2021 £'000
Income			
Department for the Economy Income	1	36,533	34,387
Education Contracts	2	6,414	7,104
Tuition Fees and Charges	3	1,909	2,100
Other Grant Income	4	2,534	2,878
Other Operating Income	5	746	480
Total Income		48,136	46,949
Expenditure			
Staff costs	6	31,123	29,020
Other operating expenses	8	15,075	16,512
Interest and other finance costs	9	2,968	2,645
Depreciation	11 & 12	5,476	4,899
Total expenditure before exceptional items		54,642	53,076
Deficit on continuing operations after depreciation of assets at valuation and before tax and before exceptional items		(6,506)	(6,127)
Exceptional items			
Exceptional costs - staff	6	(3)	(8)
Exceptional gain – non staff	8	447	442
Exceptional gain – staff	6	-	84
Deficit before tax		(6,062)	(5,609)
Taxation		-	-
Deficit on continuing operations after depreciation of assets at valuation and tax		(6,062)	(5,609)
Unrealised surplus on revaluation of land and buildings		33,854	800
Actuarial gain/(loss) in respect of pension scheme		16,407	5,682
Total comprehensive income/(expense) for the year		44,199	873
Represented by:			
Restricted comprehensive income for the year		-	-
Unrestricted comprehensive income/(expense) for the year		44,199	873
		44,199	873

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

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

**SOUTH WEST COLLEGE
STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 JULY 2022**

COLLEGE	Income and Expenditure Account		Revaluation Reserve	Total Reserves
	Restricted	Unrestricted		
	£'000	£'000		
Balance at 1 August 2020	-	(18,490)	49,258	30,768
Deficit from income and expenditure statement	-	(5,609)	-	(5,609)
Other comprehensive (expense)/income	-	5,682	800	6,482
Transfers between revaluation and income and expenditure account	-	2,119	(2,119)	-
Total comprehensive (expense)/income for the year	-	2,192	(1,319)	873
Balance at 31 July 2021	-	(16,298)	47,939	31,641
Balance at 1 August 2021	-	(16,298)	47,939	31,641
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)	-
Total comprehensive (expense)/income for the year	-	11,687	32,512	44,199
Balance at 31 July 2022	-	(4,611)	80,451	75,840

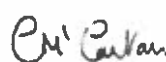
**SOUTH WEST COLLEGE
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 JULY 2022**

	Note	2022 £'000	2021 £'000
Fixed assets			
Tangible Assets	11	153,920	123,065
Intangible assets	12	328	405
Total fixed assets		<u>154,248</u>	<u>123,470</u>
Current assets			
Trade and other receivables	14	4,402	5,932
Cash at bank and in hand	18	4,020	4,788
Total current assets		<u>8,422</u>	<u>10,720</u>
Less: Creditors – amounts falling due within one year	15	(9,939)	(10,117)
Net current assets		<u>(1,517)</u>	<u>603</u>
Total assets less current liabilities		<u>152,731</u>	<u>124,073</u>
Less: Creditors – amounts falling due after more than one year	16	(69,534)	(72,203)
Provisions:			
Pension provisions	19	(7,063)	(19,898)
Other provisions	17	(294)	(331)
Net assets including pension liability		<u>75,840</u>	<u>31,641</u>
Unrestricted Reserves			
General reserve		(4,611)	(16,298)
Revaluation reserve		80,451	47,939
Total reserves		<u>75,840</u>	<u>31,641</u>
TOTAL		<u>75,840</u>	<u>31,641</u>

The financial statements on pages 51 to 91 were approved by the Governing Body of the South West College on 16th November 2022 and were signed on its behalf by:



Nicholas O'Shiel
Chairman of Governing Body
South West College



Celine McCartan
Accounting Officer
South West College

**SOUTH WEST COLLEGE
STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 JULY 2022**

	Note	2022 £'000	2021 £'000
Cash outflow from operating activities			
Deficit for the year		(6,062)	(5,609)
Adjustment for non-cash items			
Depreciation	11 & 12	5,476	4,899
Increase in debtors	14	1,530	(246)
Increase/(Decrease) in creditors	15 & 16	(3,466)	1,758
Pension cost	19	3,207	2,949
(Decrease)/Increase in other provisions	17	(37)	(59)
Capital grants released to income		(3,050)	(1,785)
Net cash inflow from operating activities		<u>(2,402)</u>	<u>1,907</u>
Cash flows from investing activities			
Capital grants received		3,670	7,195
Payments made to acquire fixed assets	11 & 12	(2,401)	(8,487)
		<u>1,269</u>	<u>(1,292)</u>
Cash inflows from financing activities			
Pension finance cost	9	365	303
		<u>365</u>	<u>303</u>
Increase in cash and cash equivalents in the year	18	(768)	918
Net funds at 1 August		4,788	3,870
Net funds at 31 July		<u>4,020</u>	<u>4,788</u>

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

**SOUTH WEST COLLEGE
STATEMENT OF PRINCIPAL ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES
FOR THE YEAR ENDED 31 JULY 2022**

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 19.

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.

**SOUTH WEST COLLEGE
STATEMENT OF PRINCIPAL ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES
FOR THE YEAR ENDED 31 JULY 2022**

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

**SOUTH WEST COLLEGE
STATEMENT OF PRINCIPAL ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES
FOR THE YEAR ENDED 31 JULY 2022**

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 a full asset revaluation at 31st July 2022 and valued on a depreciated replacement cost basis. The Erne Campus was valued on this basis for the first time in July 2022.

Held for Sale

Fairview campus is a fully depreciated building asset and is classified as 'Held for Sale' as at July 2022 as its carrying amount will 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 site has been vacated and the premises are now being marketed for sale. Staff and students relocated into the new Erne campus building effective August 2021.

Assets under construction

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July 2022. They are not depreciated until they are brought into use. The Erne Campus asset came into use in August 2021 and transferred to a building asset at this point in time.

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.

**SOUTH WEST COLLEGE
STATEMENT OF PRINCIPAL ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES
FOR THE YEAR ENDED 31 JULY 2022**

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.

**SOUTH WEST COLLEGE
STATEMENT OF PRINCIPAL ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES
FOR THE YEAR ENDED 31 JULY 2022**

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). During the year COVID Study Disruption Payments of £500 were also made to Higher Education Full-Time students. 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 26.

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

1. DEPARTMENT FOR THE ECONOMY INCOME

	2022	2021
	£'000	£'000
Grant in Aid received from DfE		
Recurrent grant	27,542	21,167
Additional Support Funds	200	193
Employer Support Programme (ESP)	354	344
Private Finance Initiative (PFI)	-	6,411
Students with learning difficulties and disabilities (SLDD)	223	234
Release of deferred capital grants	2,972	1,742
Traineeship Income	1,075	-
Skills Focus	279	239
Other	2,233	2,370
Total Grant In Aid	34,878	32,700
Non-Grant in Aid received from DfE		
Education Maintenance Allowance administration	10	12
Higher Level Apprenticeships	1,048	969
Other	597	706
Total Non-Grant In Aid	1,655	1,687
Total DfE income	36,533	34,387

As of 1st August 2021, Private Finance Initiative (PFI) funding is no longer shown separately within Grant in Aid, and forms part of the Recurrent Grant figure.

Grant in Aid Other includes £997k Project income and £1.197M COVID 19 pressures funding.

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

2. EDUCATION CONTRACTS

	2022	2021
	£'000	£'000
Entitlement framework	529	555
Training for Success	5,885	6,549
Total	6,414	7,104

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

3. TUITION FEES AND CHARGES

	2022	2021
	£'000	£'000
Higher Education (HE) income	1,662	1,880
Home and other European Union	247	220
Total	1,909	2,100

Tuition fees funded by bursaries

Included within the above amounts are tuition fees funded by bursaries of £50k (2021: £54k)

4. OTHER GRANT INCOME

	2022	2021
	£'000	£'000
European funds	2,310	2,666
Other funds	224	212
Total	2,534	2,878

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

5. OTHER OPERATING INCOME

	2022	2021
	£'000	£'000
Catering and residence operations	171	40
Other income generating activities	112	84
Other income	463	356
	<hr/>	<hr/>
Total	746	480
	<hr/>	<hr/>

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

6. 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:

	2022	2021
	No.	No.
Teaching	293	293
Support	105	101
Administration	209	204
Premises	22	20
Total	629	618

Staff costs for the above persons	2022	2021
	£'000	£'000
Governing Body	79	50
Teaching	15,521	14,713
Support	3,039	2,847
Administration	8,499	7,802
Premises	687	576
NILGOSC Pension Past Service Cost	43	1
Apprenticeship Levy	91	83
Non-Teaching Pension charge	3,164	2,948
	31,123	29,020
Exceptional staff costs - Holiday Pay Provision	3	(84)
Exceptional staff costs – Redundancy	-	8
	3	(76)
Total	31,126	28,944

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

6. STAFF COSTS

	2022	2021
	£'000	£'000
Wages and salaries	24,430	22,956
Social security costs	2,062	1,802
Movement in Pension	3,207	2,948
Other pension costs	1,424	1,314
	31,123	29,020
Exceptional staff costs - Holiday Pay Provision	3	(84)
Exceptional staff costs – Redundancy	-	8
	3	(76)
Total	31,126	28,944

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	
	2022	2021	2022	2021
	No.	No.	No.	No.
£60,001 to £70,000	-	-	37	28
£70,001 to £80,000	-	-	21	9
£80,001 to £90,000	-	-	2	5
£90,001 to £100,000	-	-	5	-
£100,001 to £110,000	-	1	-	-
£110,001 to £120,000	1	-	-	-
£120,001 to £130,000	-	-	-	-
£130,001 to £140,000	-	-	-	-
£140,001 to £150,000	-	1	-	-
£150,001 to £160,000	1	-	-	-
	2	2	65	42

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

7. 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 Chief Executive/Deputy Chief Executive.

	2022	2021
	No.	No.
The number of senior post-holders including the Chief Executive was:	<u>2</u>	<u>2</u>

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

	2022	2021
	£'000	£'000
Salaries	236	207
Pension contributions	<u>35</u>	<u>46</u>
Total emoluments	<u>271</u>	<u>253</u>

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

	2022	2021
	£'000	£'000
Salaries	<u>141</u>	<u>118</u>
	141	118
Pension contributions	<u>14</u>	<u>26</u>
Total	<u>155</u>	<u>144</u>

The above emoluments reflect the amounts paid in total to the holder of the Chief Executive/Interim Chief Executive positions during the year ended 31 July 2022.

The pension contributions in respect of the 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.

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

8. OTHER OPERATING EXPENSES

	2022	2021
	£'000	£'000
Direct Teaching	906	994
Direct Support	3,782	4,334
Administration	2,879	2,920
Premises	2,582	2,651
Unitary payments under PFI contract	4,926	5,613
	<u>15,075</u>	<u>16,512</u>
Exceptional – PFI Insurance Rebate	<u>(447)</u>	<u>(442)</u>
	<u>14,628</u>	<u>16,070</u>

Administration costs include £1.285M relating to Payments to Project Partners (2020/21 £1.630M)

Other operating expenses include:

	2022	2021
	£'000	£'000

Auditors' remuneration:

Financial statements audit (includes £27k in respect of South West College – 2020/21 £24k)	27	24
Internal audit (includes £23k in respect of South West College – 2020/21 £17k)	23	17
Hire of other assets – operating leases	98	80

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 £447k represents the monies owed for the period to 31 July 2022 in respect of a rebate of insurance costs in accordance with the provisions of the contract.

9. INTEREST AND OTHER FINANCE COSTS

	2022	2021
	£'000	£'000
Net charge on pension scheme	365	303
On finance leases	2,603	2,342
Total	<u>2,968</u>	<u>2,645</u>

10. TAXATION

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

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

11. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £'000	Assets under construction £'000	Held For Sale £'000	PFI Assets £'000	Plant and Equipment £'000	Computers £'000	Fixtures and Fittings £'000	Motor Vehicles £'000	Total £'000
Cost or valuation									
At 1 August 2021	31,264	27,075	-	71,072	6,122	6,100	2,886	870	145,389
Additions	639	-	-	-	433	896	433	-	2,401
Transfers	17,896	(27,075) ¹	9,179 ²	-	-	-	-	-	-
Revaluation	22,059	-	-	5,955	-	-	-	-	28,014
Disposals	-	-	-	-	(87)	-	-	(8)	(95)
At 31 July 2022	71,858	-	9,179	77,027	6,468	6,996	3,319	862	175,709
Depreciation									
At 1 August 2021	8,918	-	-	1,885	4,979	4,441	1,315	787	22,325
Charge for the year	1,435	-	-	1,954	492	984	501	33	5,399
Transfers	(8,289)	-	8,289	-	-	-	-	-	-
Revaluation	(2,001)	-	-	(3,839)	-	-	-	-	(5,840)
Disposals	-	-	-	-	(87)	-	-	(8)	(95)
At 31 July 2022	63	-	8,289	-	5,384	5,425	1,816	812	21,789
Net book value at 31 July 2022	71,795	-	890	77,027	1,084	1,571	1,503	50	153,920
Net book value at 31 July 2021	22,346	27,075	-	69,187	1,143	1,659	1,571	84	123,065
Asset Financing									
Owned	71,795	-	890	-	1,084	1,571	1,503	50	76,893
PFI contracts	-	-	-	77,027	-	-	-	-	77,027
Net Book Value at 31 July 2022	71,795	-	890	77,027	1,084	1,571	1,503	50	153,920

Note 1 The Erne Campus asset was capitalised in August 2021 and transferred to a Building asset.

Note 2 The Fairview Campus has been fully depreciated and vacated and is now classed as a Held for Sale asset.

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

11. TANGIBLE FIXED ASSETS

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

	2022	2021
	£'000	£'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	8,018
Aggregate depreciation based on cost	<u>(4,775)</u>	<u>(3,806)</u>
Net book value based on cost	<u>24,574</u>	<u>4,212</u>

Cost in 2022 has been adjusted for the addition of the new Erne Site campus and the move to held for sale for the Fairview campus.

All depreciation relates to owned assets, with the exception of £1,953,942 which relates to depreciation on PFI assets.

	2022	2021
	£'000	£'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	<u>(19,625)</u>	<u>(18,547)</u>
Net book value based on cost	<u>23,476</u>	<u>24,554</u>

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

12. INTANGIBLE FIXED ASSETS

	Intangible Asset £'000	Total £'000
Cost or Valuation		
At 1 August 2021	425	425
Transfers	-	-
Additions	-	-
Disposals	-	-
At 31 July 2022	425	425
Amortisation		
At 1 August 2021	20	20
Charge for the Year	77	77
Additions	-	-
At 31 July 2022	97	97
Net book value at 31 July 2022	328	328
Net book value as at 31 July 2021	405	405

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 1st May 2021.

13. 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 2022 is £77.0M (2021: £69.2M). The increase of £7.84M is due to a valuation increase of £9.79M and depreciation of £1.95M.

Movement in service concession liabilities

The total liabilities relating to the service concession included in the statement of financial position as at 31 July 2022 were £33.682M (2021: £34.497M). The sum of £815K was repaid during the year.

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

13. SERVICE CONCESSION ARRANGEMENTS

Future Commitments

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

	Payable in 1 year £'000	Payable 2-5 years £'000	Payable after 5 years £'000	Total £'000
Liability repayments	1,319	6,310	24,658	32,287
Finance charge	2,752	9,568	9,126	21,446
Service charge	4,325	18,849	50,193	73,367
	8,396	34,727	83,977	127,099

14. TRADE AND OTHER RECEIVABLES

	2022 £'000	2021 £'000
Amounts falling due within one year:		
Trade receivables	1,157	575
Prepayments and accrued income	2,400	2,302
Other receivables - DfE	845	3,055
Total debtors	4,402	5,932

15. CREDITORS: AMOUNTS FALLING DUE IN WITHIN ONE YEAR

	2022 £'000	2021 £'000
Obligations under finance leases in respect of PFI contracts	1,319	815
Trade payables	204	-
Payments received in advance	152	1
Taxation and social security	554	543
Deferred Capital Grants	2,924	2,203
Amounts owed to the Department	172	23
Other creditors and accruals	4,614	6,532
Total creditors less than one year	9,939	10,117

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022	2021
	£'000	£'000
Obligations under finance leases in respect of PFI contracts	32,363	33,682
Deferred capital grants	<u>37,171</u>	<u>38,521</u>
Total	<u>69,534</u>	<u>72,203</u>

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

17. PROVISIONS FOR LIABILITIES AND CHARGES

	Other	Insurance	Total
	£'000	£'000	£'000
At 1 August 2021	291	40	331
Movement in Provision	3	-	3
Released to the income and expenditure account	<u>-</u>	<u>(40)</u>	<u>(40)</u>
At 31 July 2022	<u>294</u>	<u>-</u>	<u>294</u>

The movement in Other Provisions in year relate to a Holiday Pay provision resulting from the Court of Appeal judgement (17 June 2019) in the case PSNI v Agnew. The Court of Appeal judgement determined that claims for Holiday Pay shortfall can be taken back to 1998.

The PSNI has appealed the Court of Appeal judgment to the Supreme Court, however due to delays in relation to the COVID-19 situation, it is not known at this point when this appeal will be heard. The Supreme Court judgement may result in a decision which either reduces the period of liability or confirms the full period back to 1998.

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 appeal to the Supreme Court (as detail above);
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;

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

5. A reliable estimate for the pension element is not yet available so this has not been factored into the provision;
6. The provision is gross (inclusive of Employee National Insurance and PAYE) and also includes an uplift of 15.05% for Employer National Insurance Contributions (NI) and Employer Superannuation Contributions;
7. 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, which may be subject to change following the outcome of the Supreme Court appeal. The provision has been increased compared to prior year due to the increase in Employers National Insurance contribution rate from 13.8% to 15.05% as per HMRC.

18. CASH AND CASH EQUIVALENTS

	At 1 August 2021 £'000	Cash Flows £'000	At 31 July 2022 £'000
Cash and Cash equivalents	4,788	(768)	4,020
	4,788	(768)	4,020

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

19. 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.

Total pension cost for the year	2022	2021
	£'000	£'000
NITPS: contributions paid	3,169	2,926
NILGOSC: contributions paid	1,462	1,335
NILGOSC: FRS 102 charge	3,207	2,949
NILGOSC: charge to the Statement of Comprehensive Net Expenditure (staff costs)	4,669	4,284
Enhanced pension charge to the Statement of Comprehensive Net Expenditure (staff costs)	-	-
Total pension cost for the year	7,838	7,210

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 2019.

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 given in the explanatory booklet dated November 2007, and on the Department of Education's website at 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 to 31 March 2023.

The 2016 Scheme Valuation requires adjustment as a result of the 'McCloud remedy'. The Department of Finance also 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. On completion of the consultation process the 2016 Valuation will be completed and the final cost cap results will be determined.

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

19. PENSION AND SIMILAR OBLIGATIONS

A case for approval of a Legislative Consent Motion (LCM) has been laid in the Assembly to extend the Public Service Pensions and Judicial Offices Bill to Northern Ireland. 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.

On 1 April 2022 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. The employer contribution rate increased to 25.1% from 1 April 2019:

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%

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 2020 the employers' contribution rates was 19.5% 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:

£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%

The main reasons for the movement in the pension liability reported as at 31 July 2022, are a change in the financial assumptions used to calculate the Defined Benefit Obligation (higher corporate bond yields since previous year end) which has resulted in a decrease in the obligation of £21,514k and a change in the demographic assumptions within the calculation which has led to a reduction of £457k. These reductions have been offset by lower than assumed returns on the Funds assets (£3,122k) and losses due to inflation (£2,447k).

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

19. PENSION AND SIMILAR OBLIGATIONS

Principal actuarial assumptions

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

	At 31 July 2022	At 31 July 2021
	% pa	% pa
Rate of increase in salaries	4.25	4.1
Rate of increase for pensions in payment/inflation	2.75	2.6
Discount rate for liabilities	3.55	1.7
Future Increase in Retail Price Index	3.10	n/a

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 2022	At 31 July 2021
Retiring today		
Males	21.8 years	21.9 years
Females	25.1 years	25.1 years
Retiring in 20 years		
Males	22.8 years	23.3 years
Females	26.1 years	26.5 years

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 2022	Value at 31 July 2021
	£'000	£'000
Equities	14,091	16,237
Bonds	9,169	15,035
Property	4,472	3,345
Multi Asset Credit	4,635	-
Cash/Other	4,121	2,969
Total market value of assets	36,488	37,586
Present value of scheme liabilities	(43,551)	(57,484)
(Deficit) in the scheme	(7,063)	(19,898)

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

19. PENSION AND SIMILAR OBLIGATIONS

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

	At 31 July 2022 £'000	At 31 July 2021 £'000
Scheme Assets	36,488	37,586
Scheme Liabilities	(43,551)	(57,484)
Deficit in the Scheme (net pension liability recorded within pension provisions)	<u>(7,063)</u>	<u>(19,898)</u>

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

	2022 £'000	2021 £'000
Amounts included on staff costs		
Employer service cost (net of employee contributions)	4,632	4,325
Interest cost	365	303
Total operating charge	<u>4,997</u>	<u>4,628</u>

Analysis of pension finance costs:

	2022 £'000	2021 £'000
Expected return on pension scheme assets	651	441
Interest on pension liabilities	(1,016)	(744)
Pension finance (costs)	<u>(365)</u>	<u>(303)</u>
Actual return on plan assets	<u>(2,471)</u>	<u>5,475</u>

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

19. PENSION AND SIMILAR OBLIGATIONS

Analysis of Other Comprehensive Income for pensions

	2022	2021
	£'000	£'000
Actuarial gains/(losses) on pension scheme assets	(3,122)	5,034
Actuarial (gains)/losses on scheme liabilities	19,529	648
Total Other Comprehensive Expenses/(Losses)	16,407	5,682

Asset and liability reconciliation:

	2022	2021
	£'000	£'000

Reconciliation of liabilities

Liabilities at start of year	57,484	53,174
Service cost	4,632	4,325
Interest cost	1,016	744
Employee contributions	460	429
Actuarial loss/(gain)	(19,529)	(648)
Benefits paid	(555)	(541)
Past Service cost	43	1
Curtailments	-	-
Liabilities at end of year	43,551	57,484

Reconciliation of assets

Assets at start of year	37,586	30,846
Expected return on assets	651	441
Actuarial (loss)/gain	(3,122)	5,034
Employer contributions	1,468	1,377
Employee contributions	460	429
Benefits paid	(555)	(541)
Assets at end of year	36,488	37,586

The estimated value of employer contributions for the year ended 31st July 2023 is £1.534M.

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

19. PENSION AND SIMILAR OBLIGATIONS

History of actuarial gains/(losses) recognised in OCI

	2022	2021	2020	2019	2018
	£'000	£'000	£'000	£'000	£'000
Total Actuarial gains/(losses) recognised in OCI	16,407	5,682	(11,083)	(3,025)	2,638
Present value of liabilities	43,551	57,484	53,174	39,817	32,305

20. EVENTS AFTER THE END OF THE REPORTING DATE

In the period between the end of the reporting year (31st July 2022) and the date when the financial statements are authorised for issue 7th December 2022, a new permanent Chief Executive has been appointed, effective from 26th September 2022. This is a non-adjusting event.

21. CAPITAL COMMITMENTS

	2022	2021
	£'000	£'000
Commitments contracted for at 31 July 2022	-	425
	-	425

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

22. 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.

	South West College	
	2022	2021
	£'000	£'000
Rentals due within one year	8,396	8,209
Rentals due within two to five years	34,727	33,783
Rentals due thereafter	83,977	91,309
	<u>127,100</u>	<u>133,301</u>
Less interest element	(21,446)	(24,049)
Imputed finance lease obligations	<u>105,654</u>	<u>109,252</u>

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 £4.93M (year ended 31 July 2021 £5.61M).

23. 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.

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

24. 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 2021 £	Amount Paid 2022 £	Amount received 2021 £	Amount received 2022 £	Amount outstanding at 31 July 2021 £	Amount outstanding at 31 July 2022 £	Nature of Transactions
Mr Michael McAlister (Chief Executive/Governor)	• CE South West College to 30 September 2021	-	-	-	-	-	-	
	• Mid Ulster Council – Community Planning Steering Group	-	1,313	-	8,142	-	-	Inspection Fee – Kilmcronagh site / Exam fees & Training
	• Fellow – Chartered Association of Building Engineers	500	500	675	-	-	-	Membership Subscription
	• Member – Chartered Institute of Building	166	-	-	-	-	-	Hire of Facilities
	• Member – Institute of Knowledge Exchange	-	-	-	-	-	-	
	• Member – Colleges Employers' Forum (CEF)	-	-	-	-	-	-	
	• Member of Governing Body of Holy Trinity College, Cookstown	-	-	-	-	-	-	
Mr Colin Lewis (Interim Chief Executive)	• Interim CE South West College (11 October 2021 to 8 April 2022)	-	-	-	-	-	-	
Mr Seamus McCaffrey (Governor)	• Director – S P McCaffrey & Co • Farmer • Trustee - Agri Search • Member of Ulster Farmers Union	-	-	-	-	-	-	

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

RELATED PARTY TRANSACTIONS AND TRANSACTIONS INVOLVING GOVERNING BODY MEMBERS AND SENIOR MANAGEMENT.....Continued

Governor/ Senior Manager	Company	Amount Paid 2021 £	Amount Paid 2022 £	Amount received 2021 £	Amount received 2022 £	Amount outstanding at 31 July 2021 £	Amount outstanding at 31 July 2022 £	Nature of Transactions
Mr Leo Murphy (Interim Chief Executive)	• Interim CE South West College (01 April 2022 to 23 September 2022)	-	-	-	-	-	-	
	• Member - Matrix Panel	-	-	-	-	-	-	
	• Member – Derry City and Strabane District Council City Deal Board	-	-	-	-	-	-	
	• SRO – Springtown Campus Project Board	-	-	-	-	-	-	
	• Principal and Chief Executive – North West Regional College – stepped down for period of secondment	164,770	325,960	6,564	10,238	1,417	2,013	SWC share of Sector projects SWC Crosscharge of secondment costs
Mr Nicholas O'Shiel (Chair of Governing Body)	• Chief Executive – Omagh Enterprise Omagh	-	-	-	-	-	-	
	• Member and Council Member of Omagh chamber of Commerce	-	-	-	-	-	-	
	• Chair of Colleges Employers Forum (CEF)	-	-	-	-	-	-	
Mr Peter Archdale (Governor– Left 31 December 2021)	• Chair - Camphill Community/Community Trust (NI)	-	-	-	-	-	-	
	• Director – Strule Tributaries & Rivers Trust (START)	-	-	-	-	-	-	
	• Forestry Business (Partnership with wife)	-	-	-	-	-	-	
	• Member Ulster Wildlife Woodland Trust, Butterfly Conservation	-	-	-	-	-	-	
	• British Trust for Ornithology	-	-	-	-	-	-	
	• Environmental representative on Drainage Council (DFI)	-	-	-	-	-	-	

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

RELATED PARTY TRANSACTIONS AND TRANSACTIONS INVOLVING GOVERNING BODY MEMBERS AND SENIOR MANAGEMENT.....Continued

Governor/ Senior Manager	Company	Amount Paid 2021 £	Amount Paid 2022 £	Amount received 2021 £	Amount received 2022 £	Amount outstanding at 31 July 2021 £	Amount outstanding at 31 July 2022 £	Nature of Transactions
Mr Gerard O'Hanlon (Governor)	<ul style="list-style-type: none"> • Employed by Northern Health & Social Care Trust - Project and Performance Manager • Member – Omagh Chamber of Commerce Council • Member of Aughnacloy Golf Club Council • Employee South West College 	-	-	-	-	-	-	
Mrs Joanne Lucas (Staff Member/Governor)	<ul style="list-style-type: none"> • Employee South West College 	-	-	-	-	-	-	
Mrs Patricia McCaffrey (Governor)	<ul style="list-style-type: none"> • Employed by Waterways Ireland • Member – Audit & Risk Committee of the Ulster Scots Agency • Treasurer Irvinestown Credit Union 	-	-	-	-	-	-	
Mrs Monica McGeary (Governor – left 31 December 2021)	<ul style="list-style-type: none"> • Self Employed Sales & Marketing Consultant • Director/Company Secretary – PMG Sales Ltd • Dungannon Parish Pastoral Council 	-	-	-	-	-	-	
Ms Jill Cush (Staff Member)	<ul style="list-style-type: none"> • Member of Matrix – Northern Ireland Science Industry Panel 	-	-	-	-	-	-	

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

RELATED PARTY TRANSACTIONS AND TRANSACTIONS INVOLVING GOVERNING BODY MEMBERS AND SENIOR MANAGEMENT.....Continued

Governor/ Senior Manager	Company	Amount Paid 2021 £	Amount Paid 2022 £	Amount received 2021 £	Amount received 2022 £	Amount outstanding at 31 July 2021 £	Amount outstanding at 31 July 2022 £	Nature of Transactions
Mr Sean O'Donnell (Staff Member)	<ul style="list-style-type: none"> Fellow of Chartered Certified Accountants (FCCA) 	1,200	3,630	-	-	-	-	Examination/Licence Fees
Ms Elizabeth Shackels (Staff Member)	<ul style="list-style-type: none"> None 	-	-	-	-	-	-	
Mrs Sharon McGrath (Staff Member)	<ul style="list-style-type: none"> None 	-	-	-	-	-	-	
Mr Michael Skuce (Governor – left 30 June 2022)	<ul style="list-style-type: none"> Private consultancy Company Secretary Struct Steel Engineering Member – Derrygonnelly & District Community Partnership Secretary – Clogher Diocese Social Fund Director/Company Secretary - Brooke House Health and Wellbeing Centre 	-	750	-	-	-	-	Trainee Employer Incentive Scheme
Ms Carol Viney (Staff Member)	<ul style="list-style-type: none"> Member of Enniskillen BID Forum Member of Business in the Community (EKN) Forum 	-	-	-	-	-	-	
Mr Ciaran McManus (Staff Member)	<ul style="list-style-type: none"> DE Representative – St Joseph's College Enniskillen Governing Body 	-	-	39,993	-	-	-	Entitlement Framework Fees
Mrs Eimear Rushe (Staff Member)	<ul style="list-style-type: none"> None 	-	-	-	-	-	-	

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

RELATED PARTY TRANSACTIONS AND TRANSACTIONS INVOLVING GOVERNING BODY MEMBERS AND SENIOR MANAGEMENT.....Continued

Governor/ Senior Manager	Company	Amount Paid 2021 £	Amount Paid 2022 £	Amount received 2021 £	Amount received 2022 £	Amount outstanding at 31 July 2021 £	Amount outstanding at 31 July 2022 £	Nature of Transactions
Mr Padraig McNamee (Staff Member)	<ul style="list-style-type: none"> Farm Business 	-	-	-	-	-	-	
Mr John Moss (Staff Member)	<ul style="list-style-type: none"> Member – Rural Housing Association – Board of Management 	-	-	1,480	885	885	-	Sponsor Exam fees
Ms Carol Anne Deeny (Staff Member)	<ul style="list-style-type: none"> Farm Business 	-	-	-	-	-	-	
Mrs Joanne Moore (Governor)	<ul style="list-style-type: none"> Senior Support Engineer - Kainos Group Plc Committee Member of Ballinderry Presbyterian Church 	-	-	-	-	-	-	
Ms Siobhan Breen (Staff Member/Governor)	<ul style="list-style-type: none"> Employee South West College 	-	-	-	-	-	-	
Mrs Margaret Martin (Governor – left 31 December 2021)	<ul style="list-style-type: none"> Trustee Gaelscoil Aodh Rua Dungannon 	-	-	-	-	-	-	
Mrs Deborah Brown (Staff Member/Governor)	<ul style="list-style-type: none"> Employee South West College 	-	-	-	-	-	-	
Mr Mark Sterritt (Boardroom Apprentice)	<ul style="list-style-type: none"> Employee British Business Bank 	-	-	-	-	-	-	

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

RELATED PARTY TRANSACTIONS AND TRANSACTIONS INVOLVING GOVERNING BODY MEMBERS AND SENIOR MANAGEMENT.....Continued

Governor/ Senior Manager	Company	Amount Paid 2021 £	Amount Paid 2022 £	Amount received 2021 £	Amount received 2022 £	Amount outstanding at 31 July 2021 £	Amount outstanding at 31 July 2022 £	Nature of Transactions
Mr Michael McGuckin (Governor)	• Director - Cookstown Enterprise Centre	-	-	-	-	-	-	
	• Fellow – Institute of Highways and Transportation	-	-	-	-	-	-	
	• Non-Executive Director - Mallon Technology Ltd	-	-	-	-	-	-	
	• Member – Casement Park Project Board	-	-	-	-	-	-	
	• Chairman of Holy Trinity College Cookstown Foundation	-	-	-	-	-	-	
Mrs Gillian McDowell (Governor)	• Managing Director of HR Consultancy – Happy Raspberry	-	-	-	-	-	-	
	• Governor – Portadown College	-	-	-	-	-	-	
Ms Alana Jones Campbell (Governor – appointed 13 January 2022)	• Group Administration Manager – Gaffer Trading Limited	-	-	-	-	-	-	
	• Self Employed – Alana Jones Workplace Solutions	-	-	-	-	-	-	
	• Self Employed – Associate for Bespoke Consultants Limited	-	-	-	-	-	-	
	• Member of the Law Society NI	-	-	-	-	-	-	
	• Inspire Knowledge and Leadership and Career Decisions Ireland	-	-	-	-	-	-	
	• Property rentals – Comber	-	-	-	-	-	-	
Dr Frances Campbell (Governor – appointed 1 July 2022)	• Senior Consultant – S3 Solutions	-	-	-	-	-	-	

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

RELATED PARTY TRANSACTIONS AND TRANSACTIONS INVOLVING GOVERNING BODY MEMBERS AND SENIOR MANAGEMENT.....Continued

Governor/ Senior Manager	• Company	Amount Paid 2021 £	Amount Paid 2022 £	Amount received 2021 £	Amount received 2022 £	Amount outstanding at 31 July 2021 £	Amount outstanding at 31 July 2022 £	Nature of Transactions
Mrs Elaine Grier (Governor Appointed 13 January 2022)	• Principal Legal Officer for Departmental Solicitors Office	-	-	-	-	-	-	
	• Member – Panel for the Personal Insolvency Practitioners Complaints Committee	-	-	-	-	-	-	
	• Member – Quality Assurance Committee and Insolvency Licensing Review Committee for Chartered Accountants Ireland	-	-	-	-	-	-	
	• Member – Research Ethics Committee for the Faculty of Medicine, Health and Life Sciences at Queen’s University Belfast	-	-	-	-	-	-	
	• Chair – Woodlawn Primary School Member – Probation Board for Northern Ireland	-	-	-	-	-	-	
Mr Brian Ingram (Governor – appointed 1 July 2022)	• Chair – Board of Directors of Cithrah Foundation	-	-	-	-	-	-	
	• Company Director/Company Secretary – Creative Media	-	-	-	-	-	-	
	• Hons Secretary – St Columba’s Parish Church	-	-	-	-	-	-	
Mrs Sandra Isherwood (Governor – appointed 13 January 2022)	• Principal/Secretary of Board of Governors/Coach of First Time Principals/Teacher Tutor/Designated Teacher – Jones Memorial Primary School	-	-	-	-	-	-	

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

RELATED PARTY TRANSACTIONS AND TRANSACTIONS INVOLVING GOVERNING BODY MEMBERS AND SENIOR MANAGEMENT....Continued

Governor/ Senior Manager	Company	Amount Paid 2021 £	Amount Paid 2022 £	Amount received 2021 £	Amount received 2022 £	Amount outstanding at 31 July 2021 £	Amount outstanding at 31 July 2022 £	Nature of Transactions
Ms Anne McCleary (Governor – appointed 13 January 2022)	<ul style="list-style-type: none"> Director of Social Security Policy, Legislation and Decision Making Services – Department for Communities Member of the Law Society of Northern Ireland President – Fusion Theatre Lisburn 	-	-	-	6,457	678	-	WRES Project Claims
Ms Celine McCartan (Governor – appointed 13 January 2022 – 31 July 2022. Appointed as Chief Executive 26 September 2022)	<ul style="list-style-type: none"> Director of Corporate Services and Governance – Fermanagh and Omagh District Council Vice Chair of Loreto Grammar School (resigned 31 January 2022) Member – Cappagh Parish Finance Committee Voluntary Advisor – Killyclougher Senior Citizens Club Voluntary Advisor – Termonmaguirc Friendly Care Group Trustee – Enda Dolan Foundation Fellow of Chartered Accountants Ireland Chartered Member – Institute of Personnel Development None 	5,846	203,925	59,492	180,524	780	28,993	Hire of venues / Projects Entitlement Framework fees
Miss Caitlyn McLoughlin (Student Governor – appointed 8 November 2021)		3,000	5,758	-	-	-	-	Registration/Licence fees

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

RELATED PARTY TRANSACTIONS AND TRANSACTIONS INVOLVING GOVERNING BODY MEMBERS AND SENIOR MANAGEMENT....Continued

Governor/ Senior Manager	• Company	Amount Paid 2021 £	Amount Paid 2022 £	Amount received 2021 £	Amount received 2022 £	Amount outstanding at 31 July 2021 £	Amount outstanding at 31 July 2022 £	Nature of Transactions
Dr Lynsey Quinn (Governor – appointed 13 January 2022)	• Business Development Manager for Ireland – The Open University	187,773	78,887	-	-	-	-	Tuition fees
	• Senior Manager for Skills and Partnerships – The Open University (across Ireland)	187,773	78,887	-	-	-	-	Tuition fees
	• Governor – Barbour Nursery School Lisburn	-	-	-	-	-	-	
	• Governor – Wallace High School	-	-	-	-	-	-	
	• Area Director – Toastmasters International Area 19	-	-	-	-	-	-	

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

25. AMOUNTS DISBURSED AS AGENT: SUPPORT FUNDS

	2022	2021
	£'000	£'000
DfE Grants - Hardship	227	235
DfE Grants – COVID Disruption Payments (£500)	-	288
	<u>227</u>	<u>523</u>
Disbursed to students - Hardship	(108)	(70)
Disbursed to students – COVID Disruption Payments (£500)	-	(259)
	<u>(108)</u>	<u>(259)</u>
Balance unspent at 31 July 2022	<u>119</u>	<u>194</u>

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.

26. LOSSES AND SPECIAL PAYMENTS

	2022	2021
	£'000	£'000
Bad debt write off	23	21
Phishing email – HR	-	2
	<u>23</u>	<u>23</u>

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 66 Student debts in 2021/22 (40 student debts in 2020/21).

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

27. 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	2022 £'000	2021 £'000
INCOME			
DfE income (non grant-in-aid items)	1	1,655	1,687
Education contracts	2	6,414	7,104
Tuition fees and charges	3	1,909	2,100
Other grant income	4	2,534	2,878
Other operating income	5	746	480
Investment income		-	-
Total incoming resources		13,258	14,249
EXPENDITURE			
Staff costs	6	31,123	29,020
Other operating expenses	8	15,075	16,512
Interest and other finance costs	9	2,968	2,645
Depreciation	11 & 12	5,476	4,899
Total resources expended		54,642	53,076
Net deficit for the year		(41,384)	(38,827)
Unrealised surplus on revaluation of land and buildings		33,854	800
Actuarial gain/(loss) in respect of pension scheme		16,407	5,682
Exceptional items			
Exceptional costs – staff	6	(3)	(8)
Exceptional gain – non staff	8	447	442
Exceptional gain – staff	6	-	84
Amount transferred to reserves		9,321	(31,827)

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

Analysis of reserves prepared under FReM

	2022	2021
	£'000	£'000
Balance at 1 August	31,641	30,768
Grant-in-aid received in year	27 34,878	32,700
Net operating cost for year	9,321	(31,827)
Balance at 31 July	75,840	31,641

Note 1	2022	2021
	£'000	£'000

DfE income (Non-Grant in Aid items)

EMA	10	12
Higher Level Apprenticeships	1,048	969
Other	597	706
Balance at 31 July	1,655	1,687

Note 27	2022	2021
	£'000	£'000

Reconciliation of Amount Transferred to Reserves and Grant In Aid

Amount transferred to reserves	(9,321)	31,827
Unrestricted comprehensive income	44,199	873
Grant-in-aid received in year	34,878	32,700

Date of authorisation for issue

The Accounting Officer authorised the issue of these financial statements on 7th December 2022