

SOUTH WEST COLLEGE GOVERNING BODY

Minutes of a meeting of the **Finance & General Purposes Committee**
held on Wednesday 21 April 2021 at 9.00 am
via Microsoft Teams

PRESENT: Mrs Deborah Brown
Mr Michael McAlister, Chief Executive
Mr Seamus McCaffrey, Committee Chair
Mr Michael McGuckin
Mr Gerard O’Hanlon
Dr Nicholas O’Shiel

IN ATTENDANCE: Dr Jill Cush, Deputy Chief Executive
Mr Barry McCarron, Senior Business Development Officer
(Item 6.0 only)
Mrs Fiona McCauley, Secretary to the Governing Body
Mrs Tracey McElroy, Boardroom Apprentice
Mrs Sharon McGrath, Head of Services
Mr Sean O’Donnell, Head of Finance
Mrs Nicola Quinn, Business Development Support Officer
(Item 6.0 only)

1.0 APOLOGIES

It was noted that no apologies had been tendered.

2.0 CONFLICT OF INTEREST DECLARATIONS

No conflict of interest declarations were made.

3.0 MATTERS ARISING FROM MINUTES OF PREVIOUS MEETING

PREVIOUSLY ISSUED to all members:

- Paper 03 Minutes of the Finance & General Purposes Committee meeting held on Wednesday 24 February 2021.

There were no matters arising.

4.0 KEY STRATEGIC ISSUES

PREVIOUSLY ISSUED to all members:

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

4.1 Covid-19 Recovery & Resilience

Mr McAlister drew attention to the statistics provided in paper 04.02 on Covid-19 diagnoses in the college community as well as in relevant local government districts. He explained that onsite learning is now urgently required in some curricular areas and that a number of cohorts have returned to campus for essential practical demonstrations and assessments. He also advised that the Framework for the Safe Resumption of Onsite Activity has been updated; that communications are provided to staff and students on a regular basis; that Return to Campus briefings for staff have been held; and that Covid-19 Supervisors remain active on all campuses.

4.2 Impact of Brexit

Mr McAlister reminded members of the pending loss of access to EU Structural Funds as a result of Brexit and of the establishment of a UK Shared Prosperity Fund as a domestic successor programme. He reported that the UK Community Renewal Fund and the Levelling Up Fund will help prepare local areas for the UK Shared Prosperity Fund and that a meeting has been scheduled with the Interim Deputy Head of the Cities & Local Growth Unit to discuss opportunities under these programmes. He went on to outline the value, timeframe, structure and priorities of the funds. Members commented on the close alignment of the priorities with college activities and on the potential opportunities presented.

4.3 Erne Campus Development and Years 1 – 3 Operation

Mr McAlister reported that the College took possession of the Erne campus on 16th April 2021. He added that this allows access for deliveries, fit-out and familiarization. He explained that the completion certificate will not be issued until all outstanding matters have been addressed and that snags will be added to the defects register for resolution. He also reminded the Committee that an Amber / Green confidence rating had been awarded following the fourth Gateway review, noting that this is the highest available rating before building completion, and drew attention to the resourcing recommendations arising from this review.

In response to questions from members, Mr McAlister advised that the project remains within budget and that a working group has been established to make preparations for an official opening event in September 2021. He also apprised the meeting of the remit of the BIM & Asset Management Co-ordinator.

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

Mr McAlister referred to the table provided in paper 04.02 summarising the bid made to fund Covid-19 mitigations in the 2021/22 financial year under various scenarios. He also drew attention to the additional minor works allocation for 2020/21 bringing the total to £2 million and acknowledged his gratitude to DfE for this financial support.

4.5 International Delivery of College Services

It was noted that there had been no developments in this area since the previous committee meeting.

4.6 PFI Contracts

It was noted that an update on PFI contracts would be provided by Mrs McGrath later in the meeting.

4.7 Student Experience

Mr McAlister informed the meeting of DfE communications regarding the resumption of onsite learning for cohorts studying in close contact vocational areas. He also updated the Committee on the progress of the distribution of the Digital Poverty and Disruption payments to students.

4.8 College of the Future

Mr McAlister advised that the College of the Future Report for Northern Ireland has been published and referenced the recommendations listed in paper 04.02. He explained that Dr Stephen Farry, former Minister of the Department of Employment & Learning, had been involved as a Commissioner in this study and that it is unknown at this time whether any of the recommendations will be taken forward. Members agreed to add this item as a Key Strategic Issue for the Committee.

AGREED: that 'College of the Future' be added to the Committee's list of Key Strategic Issues.

5.0 MANAGEMENT REPORT

PREVIOUSLY ISSUED to all members:

- Paper 05 Management Report
- Paper 05.01 SWC Annual Report & Financial Statements 2019/20
- Paper 05.02a Financial Report February 2021
- Paper 05.02b Financial Report March 2021
- Paper 05.03 Erne Campus Finance Report
- Paper 05.04 Part-Time Lecturing Report
- Paper 05.05 Bad Debt Write Off Proposal
- Paper 05.06 NDPB Financial Return
- Paper 05.07 2021/22 Budget Preparation Procedures
- Paper 05.08 2021/22 Covid Bids
- Paper 05.09 Deposit Interest Rates at 31 March 2021
- Paper 05.10 Review of Banking Mandates
- Paper 05.11 Payments over £50,000
- Paper 05.13a Estates Report
- Paper 05.13b Ten Year Capital Plan
- Paper 05.13b Erne Campus Fit Out Programme
- Paper 05.14a Capital Funding Provision 2020/21
- Paper 05.14b Capital Funding Provision 2021/22
- Paper 05.15a Hardship Fund Report
- Paper 05.15b Letter to Principals re Hardship Fund
- Paper 05.15c Revised Hardship Fund Circular 2020/21.

5.1 Financial Accounting

5.1.1 Annual Report and Financial Statements 2019/20

Ref: Management Report Section 1.1 and Paper 05.01

Mr O'Donnell explained that the Annual Report & Financial Statements 2019/20 have been approved by the Governing Body and laid before the NI Assembly and advised that a meeting with PwC has been scheduled to discuss the audit strategy for 2020/21.

5.1.2 Financial Reports

Ref: Management Report Section 1.2 and Papers 05.02a & 05.02b

Mr O'Donnell referenced the management accounts provided for February and March 2021 in relation to the financial year to 31 July 2021. He highlighted the favourable variance of £1.363m against budget, the significant savings in non-pay costs due to limited travel and on-campus activity and the adverse variance in income due mainly to later than expected drawdown of DfE grants. He noted that the pattern of income and expenditure has been irregular due to the impact of the lockdowns on college activity and expressed his comfort with the College's current financial position. He cautioned on the potential impact of a year-end underspend on future budgets and commented on the efforts made to ensure invoices are paid in-year.

In response to a query from a member on the additional funding requested from DfE to cover the cost of Covid-19 mitigations, Mr O'Donnell acknowledged the savings evidenced through remote working and learning and confirmed that these had been accounted for in the funding bids.

5.1.3 Erne Project Finance Report

Ref: Management Report Section 1.3 and Paper 05.03

Mr O'Donnell explained that £27.269m had been spent on the Erne Campus Project to date. He added that this includes £633k for additional costs incurred due to the pandemic and that claims for a further £716k have yet to be validated. He confirmed DfE's comfort with the financial position of the project at this stage.

5.1.4 Part-Time Lecturing Costs Report

Ref: Management Report Section 1.4 and Paper 05.04

Mr O'Donnell informed the Committee of an underspend of £203k against the Part-Time Lecturing budget for the first eight months of the year, noting that £147k of this can be attributed to savings in the area of Social Inclusion and Community Learning. He reported a £500k reduction in Part Time Lecturer expenditure compared with the same period in 2018/19 and commented on the vital role played by part-time lecturers. In response to a query from a member on the overall pay cost for lecturers, Mr O'Donnell undertook to provide the Committee with a comparison of teaching hours in recent years.

5.1.5 Bad Debt Write Off Report

Ref: Management Report Section 1.5 and Paper 05.05

Mr O'Donnell referred to the list of debts in paper 05.05 totaling approximately £23k and proposed that these are written off. He confirmed that all debt recovery measures had been exhausted and explained that DfE approval is required for the three debts with a value of over £2k. In response to queries, Mr O'Donnell provided details of the recovery measures undertaken and confirmed that the proposal aligns with the College's Bad Debt Policy. He also informed the Committee that bad debt provision had been tripled to £300k in the 2021/22 budget in anticipation of increased student debt due to affordability issues and potential dissatisfaction with remote delivery.

5.2 Financial Compliance

5.2.1 NDPB Monthly Monitoring

Ref: Management Report Section 2.1 and Paper 05.06

Mr O'Donnell confirmed that the out-turn for 2020/21 was in line with the budget allocated. He noted that the allowance available for the administration of the Covid-19 support payments to students had not been drawn down as the distribution of these funds had been administered from within existing resource and explained that a £62k underspend had been incurred as a result.

5.2.2 Covid-19 Support Payments to Students

Ref: Management Report Section 2.2

Mr O'Donnell explained that £272k of the £712k allocation for support payments to students had been paid out. He outlined the efforts made by the College to encourage students to submit accurate bank details to allow payments to be made and commented on the resources involved in administering this task. He added that it will be necessary to accrue some of this funding into the 2021/22 year and that continued efforts will be made to distribute the funds to students. In response to a question from a member, he confirmed that Higher Education students have been given the option to offset payments against fees and that this is done on a voluntary basis.

5.3 Budget 2021/22

5.3.1 Detailed Budget Preparation Plan

Ref: Management Report Section 3.1 and Paper 05.07

Mr O'Donnell advised that meetings with budget holders have been scheduled as part of the budget preparation process.

5.3.2 Covid-19 Funding 2021/22

Ref: Management Report Section 3.2 and Paper 05.08

It was noted that the funding bid for Covid-19 mitigations in the 2021/22 financial year had been discussed earlier in the meeting.

5.4 Treasury Management

5.4.1 Treasury Management

Ref: Management Report Section 4.1 and Paper 05.09

Mr O'Donnell reminded the Committee that no cash reserves are currently held in deposit accounts due to low interest rates. He referenced the current interest rates offered as listed in paper 05.09 and advised that all reserves are held in Danske Bank where the highest rates are offered.

5.4.2 Review of Banking Mandates

Ref: Management Report Section 4.2 and Paper 05.10

AGREED: that the banking mandates detailed in paper 05.10 be recommended to the Governing Body for approval.

5.4.3 Payments over £50,000

Ref: Management Report Section 4.3 and Paper 05.11

The report on payments over £50,000 was noted by the Committee.

5.5 Estates

5.5.1 Estates Report

Ref: Management Report Section 6.1 and Papers 05.13a, 05.13b & 05.13c

Referring to the PFI Contracts Review meeting held during the previous Finance & General Purposes Committee meeting, Mrs McGrath explained that the information requested regarding the supply and maintain items and the building fabric assessment in the Dungannon campus had been received and that internal analyses of these are ongoing. She also reported on the progress of the ICT and IST framework, noting that the ICT framework for the Southern region has been awarded to McAdam Design and introductory meetings held; advised that Covid-19 mitigation activities and meetings continue and that appropriate measures have been put in place in the new Erne Campus as well as in the new Industrial Training Facility in Cookstown; explained that a further One Planet Living workshop has been scheduled to develop action plans from the recommendations made at earlier workshops; and drew attention to the Ten-Year Capital Plan and Erne Campus Fit-Out Programme provided.

In response to queries from members, Mrs McGrath outlined the timeline for approval and implementation of the One Planet Living (OPL) action plan and provided assurances on the whole college approach to the OPL ethos. Regarding the Erne Campus, she also apprised the Committee of the fit-out, decant and familiarization activities on-site and commended the Estates team for their enthusiasm in embracing the new technologies.

5.5.2 Capital Funding

Ref: Management Report Section 6.2 and Papers 05.14a & 05.14b

Mr O'Donnell confirmed the final allocation of £2m for minor works in 2020/21 as well as the £1m allocation for 2021/22.

5.6 Other

5.6.1 Student Hardship Fund

Ref: Management Report Section 7.1 and Papers 05.15a, 05.15b & 05.15c

The update provided in the Management Report and associated papers on the Student Hardship Fund was noted by the Committee.

6.0 FINANCIAL PERFORMANCE OF THE BUSINESS DEVELOPMENT SECTION

PREVIOUSLY ISSUED to all members:

- Paper 06 Financial Performance of the Business Development Section.

Mrs Nicola Quinn & Mr Barry McCarron joined the meeting for this item.

In commencing the report on the financial performance of the Business Development Section, Mrs Quinn detailed the performance against targets in 2020/21 in the areas of international projects, innovation projects, applied industry research projects and revenue generation confirming that all targets had been exceeded. She also provided a breakdown of the £2.884m revenue generated. At the suggestion of members, Mrs Quinn then undertook to list the benefits accrued to students and local industry through each of the interventions in future reports.

Mr McCarron provided the Committee with an assessment of the funding outlook. He listed the funding bids submitted under the Turing Scheme and outlined the four funding applications in development under the Peace + Programme. He apprised the Committee of the commendation from the Minister for the Economy on the skills interventions put in place by the College to support those affected economically by the Covid-19 pandemic and reported on the planned escalation in the volume of industry based training delivered through DfE's new Flexible Skills Fund. He also commented on the opportunities presented through the College's involvement in the Mid South West Growth Deal.

In response to questions from members, Mr McCarron detailed the resourcing structure within the Business Development section and explained that EU mobilities will be accessed through linkages with Higher Education Institutions in the Republic of Ireland and other international mobilities through the Turing Scheme. Members commented on the scale and diversity of activity undertaken within the Business Development section and welcomed an opportunity to observe this work first hand when restrictions allow. Mrs Quinn undertook to invite members to a virtual InnovateUs and Skills Focus Best Practice event taking place in 2021 to give members a better insight into the work being undertaken in the meantime.

Mrs Quinn and Mr McCarron were thanked for their presentation and withdrew from the meeting at this juncture.

7.0 ANY OTHER RELEVANT BUSINESS

The Committee was informed of the deaths of Mr Colin McCormick, a long serving member of staff based in the Enniskillen Campus, and of Mr Adam Foster, a student in the Enniskillen campus. Members conveyed their sorrow at this sad news and extended sympathy to the family, colleagues and peers of Mr McCormick and Mr Foster.

8.0 REVIEW OF OUTSTANDING ACTIONS

PREVIOUSLY ISSUED to all members:

- Paper 08 List of Outstanding Actions

Following a review of the outstanding actions, it was agreed to consolidate parts (ii) and (iii) of item 1. It was noted that all other items had been actioned and that the list will be amended to reflect the proceedings of the meeting and appended as Appendix A.

9.0 REFLECTION ON EFFECTIVENESS OF MEETING

No comments were made under this item.

Mrs Brown and Mrs McElroy withdrew from the meeting at this juncture. The meeting then went into confidential session and concluded at 10:55 am.

**CONFIRMED AND ADOPTED BY THE GOVERNING BODY AT A MEETING HELD ON WEDNESDAY
5 MAY 2021**

CHAIRMAN _____ **DATE** _____

SUMMARY OF OUTSTANDING ACTIONS

| Item | Meeting Date | Minute Ref | Action |
|------|--------------|------------|--|
| 1 | 10/06/2020 | 6.0 | BES to provide (i) proposals from the Director of IFM in relation to catering VAT; (ii) their legal advice in relation to the 3 year/30 year supply and maintain contract and their analysis on supply and maintain items. |
| 2 | 21/04/2021 | 5.1.4 | Mr O'Donnell to provide a comparison of teaching hours in recent years. |