

SOUTH WEST COLLEGE GOVERNING BODY

Minutes of a meeting of the **Finance & General Purposes Committee**
held on Wednesday 23 February 2022 at 9.00 am
via Microsoft Teams

PRESENT: Mrs Deborah Brown
Mr Seamus McCaffrey, Committee Chair
Mr Michael McGuckin (*items 1.0 to 5.0 only*)
Mr Gerard O’Hanlon
Dr Nicholas O’Shiel

IN ATTENDANCE: Mr Stephen Burke, Belfast Education Services (*Item 5.0 only*)
Dr Jill Cush, Deputy Chief Executive
Mr Tom Friel, Belfast Education Services (*Item 5.0 only*)
Mrs Fiona McCauley, Secretary to the Governing Body
Mrs Sharon McGrath, Head of Services
Mr Sean O’Donnell, Head of Finance
Mr Pdraig McNamee, Omagh Campus Manager and Head of Automotive, Computing & Engineering Faculty (*Items 4.0, 5.0 and 8.0 only*)
Mr John Moss, Dungannon Campus Manager (*Items 4.0 & 5.0 only*)

APOLOGIES: Mr Colin Lewis, Interim Chief Executive

1.0 APOLOGIES

An apology was tendered on behalf of Mr Colin Lewis.

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 15 December 2021.

There were no matters arising.

4.0 BRIEFING FOR PFI CONTRACTS REVIEW MEETING

Mr Pdraig McNamee and Mr John Moss joined the meeting at this juncture.

A discussion was held on the service provided by Belfast Education Services (BES) in the Dungannon and Omagh campuses during which Mrs McGrath, supported by Mr McNamee and Mr Moss, detailed the three primary issues to be raised with BES representatives during the Annual PFI Contracts Review meeting in relation to the request for a Building Fabric Survey of the Dungannon Campus, the catering VAT issue and the clarity required on the schedule of equipment to be maintained by BES for three years and that to be maintained for 30 years.

5.0 ANNUAL PFI CONTRACTS REVIEW MEETING

PREVIOUSLY ISSUED to all members:

- Paper 05.01 BES Service Provision Report.

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

Mr Burke began his presentation by acknowledging the abnormal year reported on during which the College did not operate at regular capacity due to closures and pandemic restrictions. He confirmed that client review meetings and internal operations meetings continued on a monthly basis and that a joint risk register is maintained. With reference to paper 05.01, he then provided an overview of service provision in the 2021 year covering calls to the Mitie helpdesk, catering provision, crèche provision, utilities consumption, car parking, lifecycle projects, additional works projects, leaks, damage and the equipment supply and maintain schedules.

In response to a request for clarification of BES Board's decision not to undertake a Building Fabric Survey of the Dungannon Campus, Mr Burke explained that a desktop building fabric review had been carried out as well as an examination of contractual requirements. He advised that as a result of this review it has been proposed that the requested Building Fabric Survey of the Dungannon Campus will not be undertaken due to the expiration of the two year period in which such concerns could be raised and that legal advice will be sought to confirm the legitimacy of this position. Mr Burke undertook to share the legal advice with the College when received.

A discussion was held on the significant differential in the reduction in heating oil consumption in the Dungannon and Omagh campuses following which the Committee Chair requested that a report is provided to the next committee meeting detailing the steps that will be taken to investigate the issue in the Dungannon campus to include details of responsibilities and timeframe.

A discussion was also held on the under-utilisation of the crèche facility in the Dungannon campus and it was agreed that marketing of the facility outside of the College would be undertaken to promote its use by the general public.

In response to a request from a member, Mr Friel undertook to provide details of the quantity of items affected by the re-designation of maintenance periods.

Mr Burke, Mr Friel, Mr McGuckin, Mr McNamee and Mr Moss withdrew from the meeting at this juncture (09:45).

6.0 KEY STRATEGIC ISSUES

PREVIOUSLY ISSUED to all members:

- Paper 06.01 Key Strategic Issues
- Paper 06.02 Key Strategic Issues Management Update
- Paper 06.03 EU Exit Impact Paper
- Paper 06.04 Letter on 2022/23 Budget.

6.1 Covid-19 Recovery and Resilience

Mr O'Donnell reminded the Committee of the financial value of the strands of funding provided by DfE in 2021/22 to cover the cost of pandemic impacts. He advised that the funding provided under the 'Lost Learning' strand will not be fully expended by DfE's financial year end of 31 March 2022 and will be accrued into the 2022/23 year.

6.2 Erne Campus Development and Years 1 – 3 Operation

Mr O'Donnell reported that focus has been placed on the rectification of defects in light of the forthcoming end of the Defects Liability Period. He explained that finalization of the account has therefore not been completed and noted his confidence that the final out-turn will be within budget.

Mr O'Donnell also reported that the employment contracts of Erne Project team members have been extended by one year to 30 June 2023. He added that a Benefits Realisation Team has been established to capture benefits and will prepare a post-project evaluation to inform the Gateway 5 review which has been postponed until October 2022.

6.3 Long Term Financial Planning

Mr O'Donnell reminded the meeting of the communication received from DfE in November 2021 asking NDPBs to avoid entering into any agreement which would create a financial commitment due to anticipated significant funding pressures. With reference to paper 06.04, he explained that a further communication had been received advising the College to plan for a 2022/23 budget reduction of approximately £1.6m on the current year's baseline allocation and seeking details of actions that will be taken to realize this saving. He then spoke of the increase in energy and PFI unitary payment costs as well as the element of the lecturers' pay rise to be absorbed by the College and advised that a reduction in the curriculum offer may be necessary in light of the increased costs and reduced budget. He explained that this will be discussed sectorally by NIFON in advance of the submission of details of the actions to be taken to realize the required savings. Mr O'Donnell acknowledged the financial support provided by DfE in-year but noted that such support cannot be baselined or guaranteed in future years.

Members commented on the policy context in which the College operates, specifically in relation to the contribution expected by the sector to meet the targets set out in the 10X Economic Vision and the Skills for a 10X Economy Strategy, and of the need for a policy review in light of declining enrolments in the FE sector due to competition from schools and universities. Members also spoke of the need for close scrutiny of the value of non-core activities in order to ensure optimal usage of resources.

6.4 PFI Contracts

Mr O'Donnell explained that Cavanagh Kelly has undertaken a review of the catering VAT matter and is satisfied with MITIE's proposed solution to the issue. He added that further work is required by MITIE to ensure that required processes are in place.

Mr O'Donnell also apprised the meeting of the increase in the PFI Unitary Payments due to inflationary rises.

6.5 Student Experience

Mr O'Donnell reported that staff and students continue to follow pandemic related guidance and referenced the actions taken in response to student feedback received through the Student Enhanced Focus Group Survey.

6.6 Impact of Brexit

With reference to paper 06.03, Dr Cush provided an overview of the impacts of Brexit for the College. She highlighted the direct impacts through the College's loss of access to some EU funded programmes and mobilities as well as the indirect impacts through DfE's loss of access to funding to support the wider economy including the financial

contribution made to Apprenticeships. She reminded the meeting of the College's continued eligibility for Peace funding and outlined the applications in development under the forthcoming Peace Plus Programme. She also listed the alternative funding sources available and detailed the College's progress in exploiting the opportunities presented by these funds.

In response to questions and comments from members, Dr Cush reminded the meeting of the agreed self-funded nature of business development and social inclusion programmes, commented on her confidence in the ability to maintain provision with the funding currently available without additional finance required from the College and provided assurance that Governing Body approval would be sought for any deviation from this model should this be deemed necessary. In response to further queries on the ownership of risk in funded programmes and the impact of the College's ineligibility for certain EU funding programmes on core provision, Dr Cush sought a written overview of the information requested and undertook to develop a paper for the Committee providing the information sought.

7.0 MANAGEMENT REPORT

PREVIOUSLY ISSUED to all members:

- Paper 07 Management Report
- Paper 07.01 Financial Management Report
- Paper 07.02 Erne Campus Finance Report
- Paper 07.03 Part-Time Lecturing Costs Report
- Paper 07.04 Debtors and Creditors Report
- Paper 07.05 Finance Return
- Paper 07.06 Final Budget Resource Allocation 2021 22
- Paper 07.07 Payments over 50k
- Paper 07.08 Credit Card Policy
- Paper 07.09 Estates Report
- Paper 07.10 FE Circular Estates Strategy
- Paper 07.11 DfE Capital Allocation Letter 2021-22
- Paper 07.12 Hardship Fund Report.

7.1 Financial Accounting

7.1.1 Annual Report and Financial Statements 2020/21

Ref: Management Report Section 1.1 and Paper 07.01

Mr O'Donnell reported that the College's financial position for the six months to 31 January 2022 was £492k favourable to budget. He explained that £600k of non-output related recurrent grant is due to be drawn down from DfE and highlighted the concern regarding Higher Education tuition fee income due to the £260k below target position.

7.1.2 Erne Project Finance Report

Ref: Management Report Section 1.2 and Paper 07.02

It was noted that an update on the Erne Campus Project had been provided earlier in the meeting.

7.1.3 Part-Time Lecturing Costs Report

Ref: Management Report Section 1.3 and Paper 07.03

Mr O'Donnell reported a £30k below budget expenditure on part-time lecturing costs for the six months to 31 January 2022 and added that expenditure to date represents 42% of the annual budget for part-time lecturing costs.

In response to comments from a member on the value of reviewing part-time lecturing costs in the context of overall lecturing costs, Mr O'Donnell spoke of the benefit of the ability to adjust part-time lecturing budgets to ensure that schools are sufficiently resourced to enable them to deliver additional curriculum in-year if the opportunity arises.

7.1.4 Report on Debtors and Creditors

Ref: Management Report Section 1.4 and Paper 07.04

Mr O'Donnell informed the meeting that £1.2m of the £2m owed to the College at 31 January 2022 relates to student debt. He advised that £891k of this is secured by the Student Loans Company and that the remaining £339k is deemed to be at risk. He then outlined the steps taken to retrieve student debt starting with reminder letters and ending in referral to a Debt Collection Agency.

7.2 Financial Planning and Compliance

7.2.1 NDPB Monthly Monitoring

Ref: Management Report Section 2.1 and Papers 07.05 & 07.06

Mr O'Donnell referenced the DfE financial return to 31 December 2021 provided in paper 07.05. He advised that the return to 31 January 2022 had now been submitted and spoke of his confidence that the 2021/22 out-turn will be within budget.

7.3 Treasury Management

7.3.1 Treasury Management

Ref: Management Report Section 3.1

Mr O'Donnell reminded the meeting that no reserves are held in deposit accounts at present.

7.3.2 Payments over £50,000

Ref: Management Report Section 3.2 and Paper 07.07

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

7.4 Policy Matters

Ref: Management Report Section 4.0 and Paper 07.08

Mr O'Donnell provided assurances on the segregation of duties in relation to the College credit card and confirmed that expenditure is reconciled on a monthly basis.

AGREED: that the Credit Card Policy be recommended to the Governing Body for approval.

7.5 Estates

Ref: Management Report Sections 5.1 & 5.2 and Papers 07.09, 07.10 & 07.11

7.5.1 Sector Update

Mrs McGrath informed the meeting that the Estates Strategy is due for submission to DfE on 31 March 2022 and highlighted the requirement for all major capital

investment plans to be incorporated within the strategy. She explained that accommodation reviews are ongoing in all campuses with a view to making optimal use of existing estate.

7.5.2 Sustainability

Mrs McGrath reported that the recruitment process for a dedicated Sustainability Officer is well advanced and advised that the One Planet Living Sustainability Plan is undergoing final graphic design work before publication. She reflected on the value of governor representation on the Sustainability Implementation Group and suggested that this approach be continued going forward. Dr O'Shiel undertook to liaise with Mrs McGrath on the proposed appointment of a governor to the Sustainability Impact Group.

7.5.3 Minor Works Projects

It was noted that work is underway to plan minor works projects for 2022/23.

7.5.4 Erne Campus

Mrs McGrath commented on the forthcoming end of the Defects Liability Period. She reported that significant issues remain unresolved and that meetings have taken place with the Integrated Supply Team to work through outstanding matters.

Regarding the disposal of the Fairview Campus, Mrs McGrath apprised members of the valuation of the site, provided an overview of the progress of the required legal matters and commented on her expectation of the site being offered to the public sector in the near future.

In response to a question from a member on the lessons learnt from previous capital projects, Mrs McGrath provided assurances on the focus of the team in ensuring that all requirements are fulfilled.

7.6 Student Hardship Fund Report

Ref: Management Report Section 6.0 and Paper 07.12

The update provided in the Student Hardship Fund was noted.

8.0 FINANCIAL PERFORMANCE OF THE AUTOMOTIVE, COMPUTING & ENGINEERING FACULTY

PREVIOUSLY ISSUED to all members:

- Paper 08 Automotive, Computing & Engineering Faculty Budget Position.

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

Mr McNamee began his presentation by reminding members of the cost centre approach to financial management used by the College with an aim for efficiency and value for money. He then provided an overview of the faculty's current financial position highlighting favourable variances in all cost centres. He went on to provide an analysis of lecturer costs, highlighting overspends in part-time lecturing costs and second contracts / overtime due to a vacant full-time lecturer position. He also detailed current staff deployment statistics noting the lower deployment rate in the Mathematics and Computing School due to the long-term sickness absences of a number of staff within.

Mr McNamee then commented on the need to derive maximum effectiveness from the available funding, noting the importance of ensuring that basic elements are sufficiently resourced before non-essential activity is considered.

Mr McNamee concluded his presentation by listing actions proposed to achieve maximum effectiveness including setting meaningful measures of performance and efficiency, setting budgets to allow curriculum staff adequate time for administrative tasks and offering salary increments for industrial experience.

A discussion then followed during which members requested a report detailing the cost of or income generated by each area; acknowledged the benefit of additional curriculum provision where surpluses are generated despite creating an overspend in part-time lecturing or overtime costs; spoke of the importance of considering student experience in determining measures of success; were made aware of the need for appropriate time to be made available to curriculum staff for the completion of administrative tasks to ensure compliance; and suggested that a policy is developed to set out circumstances in which additional pay increments can be offered to new staff.

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

The importance of recognizing the cost of staff time in all areas of College business was raised by a member.

9.0 ANY OTHER RELEVANT BUSINESS

No further business was raised.

10.0 REVIEW OF OUTSTANDING ACTIONS

PREVIOUSLY ISSUED to all members:

- Paper 10 List of Outstanding Actions

Following a review of the outstanding actions listed in paper 10, it was noted that all actions may be closed with the exception of the report on the realization of benefits in the Erne Campus and the operational plan for the first three years. Members requested that this matter is addressed at the April 2022 committee meeting. A revised list of outstanding actions is included as Appendix A.

11.0 REFLECTION ON EFFECTIVENESS OF MEETING

It was requested that clear actions are included within future reports to highlight the request made of the Committee in each case.

The meeting concluded at 11:25 am.

**CONFIRMED AND ADOPTED BY THE GOVERNING BODY AT A MEETING HELD ON WEDNESDAY
2 MARCH 2022**

CHAIRMAN



DATE 02/03/2022

SUMMARY OF OUTSTANDING ACTIONS

| Item | Meeting Date | Minute Ref | Action |
|------|------------------------------|-------------------|---|
| 1 | 15/12/2021 23/02/2022 | 5.5.5 10.0 | Mrs McGrath to provide a report on benefits realization regarding the Erne Campus at the February 2022 meeting as well as the operational plan for the first three years. The above to be addressed at the April 2022 meeting. |
| 2 | 23/02/2022 | 5.0 | BES to share legal advice received on the legitimacy of its decision not to undertake a Building Fabric Survey of the Dungannon campus when received. |
| 3 | 23/02/2022 | 5.0 | Report detailing the steps that will be taken to investigate the heating oil consumption issue in the Dungannon campus, to include details of responsibilities and timeframe, to be provided at the April 2022 committee meeting. |
| 4 | 23/02/2022 | 5.0 | BES to market Dungannon campus' crèche facility outside of the College to promote its use by the general public. |
| 5 | 23/02/2022 | 5.0 | BES to provide details of the quantity of items affected by the re-designation of maintenance periods. |
| 6 | 23/02/2022 | 6.6 | Mr O'Hanlon to document his queries regarding the impact of Brexit on EU funded programmes and core provision. Dr Cush to develop a paper for the Committee providing the information sought. |
| 7 | 23/02/2022 | 7.5.2 | Dr O'Shiel to liaise with Mrs McGrath on the proposed appointment of a governor to the Sustainability Impact Group. |