

SOUTH WEST COLLEGE GOVERNING BODY

Minutes of a meeting of the **Finance & General Purposes Committee**
held on Wednesday 18 October 2023 at 9.00am
via Microsoft Teams

PRESENT: Mr Michael Barnett
Mrs Deborah Brown
Mrs Maureen Brunt
Dr David Cutting
Mrs Maria Hackett
Ms Celine McCartan, Chief Executive
Dr Nicholas O'Shiel, Interim Chair

IN ATTENDANCE: Mrs Fiona McCauley, Secretary to the Governing Body
Mrs Sharon McGrath, Director of Corporate Services
Mr Sean O'Donnell, Head of Finance

1.0 ELECTION OF COMMITTEE CHAIR

Dr O'Shiel welcomed all present to the meeting, extending a particular welcome to Mr Barnett, Dr Cutting and Mrs Hackett, governors newly appointed to the Committee. Mr Barnett, Dr Cutting and Mrs Hackett spoke in turn to introduce themselves.

Dr O'Shiel reflected on the changes to committee membership since the previous meeting and suggested that the election of the Committee Chair is deferred to a future meeting to facilitate the familiarisation of new members with committee business, and that he assumes the role of Committee Chair in the interim period.

AGREED: that election of the Committee Chair is deferred to a future meeting and that Dr O'Shiel assumes the role of Committee Chair in the interim period.

Dr O'Shiel asked members to maintain focus on students during the meeting.

2.0 APOLOGIES

It was noted that all members were present.

3.0 CONFLICT OF INTEREST DECLARATIONS

No conflict of interest declarations were made.

4.0 MATTERS ARISING FROM MINUTES OF PREVIOUS MEETING

PREVIOUSLY ISSUED to all members:

- Paper 03 Minutes of the Finance & General Purposes Committee meeting held on Wednesday 7 June 2023.

There were no matters arising from the minutes.

5.0 **KEY STRATEGIC ISSUES**

PREVIOUSLY ISSUED to all members:

- Paper 04.01 Key Strategic Issues.

For the benefit of new members, Ms McCartan advised that the purpose of the Key Strategic Issues agenda item is to maintain focus on areas identified as being of strategic importance for the Committee.

5.1 **2023/24 and Longer Term Financial Planning**

Ms McCartan provided an overview of the College's funding model and advised on the inability to undertake meaningful long term financial planning in light of the uncertain and challenging financial environment in the NI public sector. She reflected on the 2023/24 budget presented to the Governing Body at its June 2023 meeting, reported on the reduced budget pressure now projected following confirmation of funding from non-grant in aid sources and highlighted the detrimental impact of any further cost reductions on the College's ability to achieve its student targets.

Referencing a recent bi-lateral meeting with Department for the Economy (DfE) representatives, Ms McCartan provided an overview of the information made available by DfE on the development of a cost reduction scheme to decrease staff costs. She commented on the College's wide ranging curriculum provision and associated complex delivery model as well as on the balance to be achieved in creating efficiencies, maintaining quality and meeting statutory requirements.

In response to a question on the deficits reported in the College's financial statements in recent years, Ms McCartan informed the meeting of the adjustments applied to the accounts to meet accounting standards and provided assurance on the College's objective of adhering to the cash budget allocated by DfE on an annual basis.

In response to a question on the composition of the College's budget, Ms McCartan outlined the DfE and other income sources making up the budget on an annual basis and suggested that a briefing on college finances is provided to new members on request.

Dr O'Shiel reminded the Committee of DfE's objectives for increased enrolments, reduced costs and enhanced quality in the FE sector and advised of the improvement in South West College's (SWC) performance in the ratios measuring these objectives. Regarding the potential for further budget cuts, he then noted the need for sectoral equity in relation to these ratios in advance of apportioning any cuts to be applied.

5.2 **Review of the Further Education Delivery Model**

Ms McCartan outlined the background to DfE's instigation of a Review of the Further Education (FE) Delivery Model noting the detrimental impact of the Covid-19 pandemic in terms of cost per student due to reduced enrolments and increased costs. She explained that the approach taken by DfE to the development of options for future FE delivery had recently changed to a sectoral co-design model with the first meeting scheduled to take place later in the month. She also apprised members of the ongoing work of the Strategic Alliance with Northern Regional College and North West Regional College exploring alternative delivery options with a view to increasing enrolments, reducing costs and enhancing quality.

6.0 MANAGEMENT REPORT

PREVIOUSLY ISSUED to all members:

- Paper 06 Management Report
- Paper 06.01 2023/24 Budget Allocation Update
- Paper 06.02 Finance Report April – August 2023
- Paper 06.03 Whole College Budget 2023/24
- Paper 06.04 Draft Annual Report & Financial Statements 2022/23
- Paper 06.05 Financial Management Report 2022/23
- Paper 06.06 Review of Provisions & Liabilities
- Paper 06.07 Fixed Asset & Capital Expenditure Report
- Paper 06.08 Report on Payments over £50k.
- Paper 06.09 2023/24 Insurance Renewal Report
- Paper 06.10 Insurance Renewal Cost 2022 v 2023
- Paper 06.11 Student Hardship Fund Report
- Paper 06.12 Capital Budget Report
- Paper 06.13 Hardship Fund Policy
- Paper 06.14 Estates Report
- Paper 06.15 Erne Campus Gate 5 Review Report.

6.1 Budget Update 2023/24

Ref: Management Report Section 1.0 and Papers 06.01, 06.02 & 06.03

Mr O'Donnell commented on the requirement to report to the College's statutory year end of 31 July as well as to DfE's year end of 31 March and on the key objective of adhering to the cash budget allocated by DfE on an annual basis.

With reference to paper 06.01, he went on to apprise the meeting of the updated draft 2023/24 budget allocation of £31.107m following the confirmation of funding from non-grant in aid sources and note the reduction in the budget pressure from £871k to £6k. Referencing paper 06.02, he drew attention to the actual expenditure to 31 August 2023 and projected expenditure to 31 March 2024 and advised that updated figures at 30 September 2023 project adherence to the budget set.

6.2 Financial Management / Accounting

6.2.1 Draft 2022/23 Annual Report & Financial Statements

Ref: Management Report Section 2.1 and Paper 06.04

Mr O'Donnell drew attention to the draft 2022/23 Annual Report & Financial Statements in paper 06.04 and confirmed the commencement of the audit of the College's financial performance and statutory compliance.

6.2.2 Financial Management Report

Ref: Management Report Section 2.2 and Paper 06.05

The Committee noted the Financial Management Report to 31 July 2023.

6.2.3 Provisions and Liabilities

Ref: Management Report Section 2.3 and Paper 06.06

Mr O'Donnell highlighted the provision of £294k held for holiday pay relating to the PSNI v Agnew case. He added that legal advice is awaited on next steps following the Supreme Court's ruling in favour of Agnew thereby requiring recompense of additional holiday pay entitlements.

6.2.4 Fixed Assets and Capital Expenditure

Ref: Management Report Section 2.4 and Paper 06.07

Mr O'Donnell referenced the 2022/23 Report on Fixed Assets and Capital Expenditure and advised of the capitalisation of all assets with a value of £3k or more.

6.2.5 Payments Over £50k

Ref: Management Report Section 2.5 and Paper 06.08

The Report on Payments over £50k was noted by the Committee.

6.3 Insurance

Ref: Management Report Section 3.0 and Papers 06.09 & 06.10

Mr O'Donnell reported on the reduction in the 2023/24 insurance premium from the 2022/23 figure noting the significant increase in the premium from prior years as well as the higher proportional sectoral discount applied to SWC due to its excellent claims record.

6.4 Student Hardship Fund

Ref: Management Report Section 4.0 & 6.0 and Papers 06.11 & 06.13

Mrs McGrath apprised the meeting of the Student Hardship Fund surplus in 2022/23 and commented on the limiting impact of the stringent eligibility criteria for support under the fund.

Members reflected on the expenditure of surplus Student Hardship Funding on Winter Warmer Packs for students in 2022 following the approval of a business case to DfE and it was agreed that sectoral collaboration on a similar business case would be explored.

In response to a query on the rejection of applications due to incomplete submissions, Mrs McGrath detailed the one to one assistance provided to students and undertook to revert to the Committee with further information on the reasons for this at a future meeting.

Mrs McGrath also advised on the standard procedure applied to the management of the Student Hardship Fund and suggested that the review of the Student Hardship Fund Policy is moved to a three year cycle with the relevant circular tabled to the Committee on an annual basis.

AGREED:

- **that sectoral collaboration on a business case to use Student Hardship Fund surpluses on support initiatives for students is explored;**
- **that the 2023/24 Student Hardship Policy is recommended to the Governing Body for approval;**
- **that the Student Hardship Policy is moved to a three year cycle.**

6.5 2023/24 Capital Budget

Ref: Management Report Section 5.0 and Paper 06.12

Mr O'Donnell informed the meeting of the 2023/24 minor works allocation of £500k, noting the significantly reduced allocation from prior years, and drew attention to the Capital Budget Report detailing the proposed projects to be financed through this fund.

6.6 Estates

Ref: Management Report Section 7.0 and Papers 06.14 & 06.15

6.6.1 Gateway 5 Review

With reference to paper 06.15, Mrs McGrath reported on the completion of the Gateway 5 Review of the Erne Campus development highlighting the green status received, the five recommendations made and the two blockers identified. She explained that the financial account of the development will now be finalized and that a Steering Group meeting is scheduled to take place in early November to close out the project.

In response to questions, she explained that the blockers identified are matters beyond the College's control which may hinder the full realization of potential benefits.

6.6.2 Fairview Disposal

Mrs McGrath confirmed the completion of the sale of both lots of the Fairview campus.

The Interim Chair reflected on the efforts invested by management and staff in achieving this result and requested that the Committee's appreciation is conveyed to those involved.

6.6.3 Lease of Cookstown Campus

Mrs McGrath reported on the advanced negotiations with the Education Authority (EA) regarding the financials involved in the lease of the first floor of the Cookstown campus, advising that a valuation had been undertaken by Land & Property Services and that a proportionate contribution towards utility bills and services charges will be paid by the EA. She undertook to circulate a report on the agreements made when finalised.

Mrs McGrath also provided assurances that all curriculum will be accommodated on another floor of the Cookstown campus and confirmed the relocation of a number of staff members to the Dungannon campus, thereby creating synergies with curriculum teams.

6.6.4 PFI Liaison Committee

Mrs McGrath reported on the takeover of Belfast Educational Services by Resolis and explained that a PFI Liaison Committee meeting will take place in late November 2023. It was noted that Ms McCartan and Mrs McGrath represent the College on the PFI Liaison Committee and members were invited to express an interest in joining the Committee.

In response to a question from a member on the demonstration of sustainability benefits, Ms McCartan commented on the wide scope of sustainability initiatives within the College, on the forthcoming requirement to demonstrate reductions in carbon emissions and on the assessment of the College's current carbon emissions baseline. It was also noted that the 2022/23 Sustainability Report would be tabled at the January 2024 committee meeting.

7.0 REVIEW OF FINANCE & GENERAL PURPOSES COMMITTEE TERMS OF REFERENCE

PREVIOUSLY ISSUED to all members:

- Paper 07.01 Finance & General Purposes Committee Terms of Reference
- Paper 07.02 Proposed Amendments to Finance & General Purposes Committee Terms of Reference.

AGREED: that the revised Finance & General Purposes Committee Terms of Reference is recommended to the Governing Body for approval.

8.0 2023/24 FINANCE & GENERAL PURPOSES COMMITTEE PROGRAMME OF BUSINESS

PREVIOUSLY ISSUED to all members:

- Paper 08 Proposed 2023/24 Finance & General Purposes Committee Programme of Business.

AGREED: acceptance of the proposed 2023/24 Programme of Business.

9.0 REVIEW OF OUTSTANDING ACTIONS

PREVIOUSLY ISSUED to all members:

- Paper 09 List of Outstanding Actions

It was noted that a report on the PFI Liaison Committee meeting will be provided in due course.

A revised list of outstanding actions is included as Appendix A.

10.0 ANY OTHER BUSINESS

Dr O'Shiel commented on the general improvement in the College's efficiency measures. He confirmed the College's commitment to create efficiencies where possible, cautioned of the potential damaging impact of significant further efficiencies on quality of delivery and commented on the scope to address inefficiencies in other areas of the sector.

It was suggested that an overview of the College's estate is included in the finance briefing to be arranged for new members.

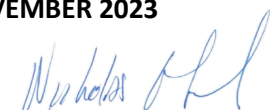
11.0 REFLECTION ON EFFECTIVENESS OF MEETING

Members were invited to feedback any thoughts or suggestions on the proceedings of the meeting to the Chair or Secretary at any time.

The meeting concluded at 10:30 am.

**CONFIRMED AND ADOPTED BY THE GOVERNING BODY AT A MEETING HELD ON WEDNESDAY
15 NOVEMBER 2023**

CHAIR



DATE 15/11/2023

SUMMARY OF OUTSTANDING ACTIONS

Item	Meeting Date	Minute Ref	Action
1	22/02/2023 07/06/2023	4.5 8.0	Report on the Annual PFI Contracts Review Meeting with BES be provided to the Committee at its April 2023 meeting. Report on PFI Liaison Committee meeting to be provided to the F&GP Committee subsequent to meeting.
2	18/10/2023	6.4	Sectoral collaboration on a business case to use surpluses from the Student Hardship Fund to be explored.
3	18/10/2023	6.4	Mrs McGrath to provide the Committee with further information on the reasons for rejection of applications to the Student Hardship Fund due to incomplete applications.
4	18/10/2023	6.4	Review of the Student Hardship Fund Policy to be moved to a three year cycle with the relevant circular to be tabled to the Committee on an annual basis.
5	18/10/2023	6.6.3	Mrs McGrath to circulate a report on the details of the lease of the first floor of the Cookstown campus to the Education Authority when finalised.