



INSPIRING. TRANSFORMING. ENRICHING.

**SOUTH EASTERN REGIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2015**

**South Eastern Regional College Annual Report and Accounts
For the year ended 31 July 2015**

*The Accounting Officer authorised these financial statements for issue on
24 November 2015*

*Laid before the Northern Ireland Assembly
under the Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008
by the Department for Employment and Learning*

on

9 December 2015

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This publication is also available at www.serc.ac.uk.

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2015

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**SOUTH EASTERN REGIONAL COLLEGE
OPERATING AND FINANCIAL REVIEW 2014/15**

NATURE, OBJECTIVES AND STRATEGIES

The members present their report and the audited financial statements for the year ended 31 July 2015.

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.

Mission

South Eastern Regional College's (SERC) mission is to:

Shape our community, by promoting an inspirational, innovative and inclusive learning environment, which will empower and enable individuals and businesses to fulfil their ambitions as well as contribute to the future prosperity of Northern Ireland.

College Values

SERC seeks to be:

SOLUTION FOCUSED	Focus on providing creative and innovative solutions for our customer rather than academic theories. SERC invests in pioneering developments to make our offering customer led and take a similar approval to our internal processes and systems to avoid bureaucracy, focusing always on the end users' needs.
EXCELLENCE DRIVEN	Culture of Excellence underpins everything that we do, focusing on the activities which add value for customers. Our standards are recognised at an international level and we take pride in the levels of professionalism, expertise and industry experience of our staff. We are, and aim to be, outstanding and help our customers to achieve the same.
RESPONSIVE	We are responsive to the needs of our students, colleagues, businesses, economy and local communities.
COLLABORATIVE	We nurture relationships with stakeholders and are open to new partnerships. We create partnership with organisations such as schools to ensure that our local community has access to the very best of education. This also includes working with others within the FE sector.

Our values reflect our rich history, current strengths and our future ambitions. We use these values to drive our strategy, customer service and delivery.

SERC works with a very wide range of stakeholders. It works within a challenging political, community, social, economic, educational, legislative and regulatory environment.

As a college operating within primary legislation and in receipt of significant public funds it is fully accountable to the Department for Employment and Learning (DEL) and to the Northern Ireland Assembly. It also works productively and professionally with a considerable number of local councils, statutory bodies, community and voluntary groups, businesses, trade unions and other bodies. It has also, of course, full regard for its students and trainees and for its staff, whether teaching, administrative or in support.

SERC is committed to operating, at all times, within the spirit and letter of its legislative and regulatory framework. It seeks to provide a service of high quality to, and to foster positive and fruitful relationships with, all who have dealings with it. It seeks to treat its students, trainees, staff and all its stakeholders with integrity, fairness, openness and consistency. It has a duty of care to its students and staff which it seeks to undertake through all its processes. It attempts to provide its students and trainees, including those with learning difficulties or disabilities, with the qualifications they seek. At the same time it will support them and provide them with education in a wider sense including the development of their personal, social and employability skills, and with appropriate pastoral care. It seeks, also, to support and develop its staff to carry out their various roles and to promote professional innovation.

SERC seeks to communicate its values through a range of methods including working with bodies such as the Students' Union and the Joint Consultative Forum for staff trades unions, operating through processes such as SERC Extra, and through frequent engagement with councils, businesses, voluntary and community groups and schools.

Implementation of Strategic Plan

The College Development Plan (CDP) outlines SERC's Strategic and Business plan. The current plan covers the period 2015 – 2018. It was reviewed by the College's Education Committee on 22nd September 2015 and was approved by the College's Governing Body on 24th September 2015.

The CDP sets out the College's Vision, Mission, Values, Core Goals and high-level targets and supports the Northern Ireland Executive's Programme for Government 2011 -15 (PfG). The key strategic priorities of the PfG are:

- › Growing a sustainable economy and investing in the future;
- › Creating opportunities, tackling disadvantage and improving health and wellbeing;
- › Protecting our people, the environment and creating safer communities;
- › Building a strong and shared community; and
- › Delivering high quality efficient public services.

The PfG highlights the importance of recognising the inter-relationships that exist between these priorities.

The overarching goal of the Northern Ireland Economic Strategy is to improve the economic performance of the Northern Ireland economy, with the key drivers being innovation, research and development (R&D) and the skills of our workforce. The strategy recognises the need to improve the skills and employability of the entire workforce so that people can progress up the skills ladder, thereby delivering higher productivity and increased social inclusion.

The Department for Employment and Learning's (DEL) Skills Strategy for Northern Ireland, 'Success through Skills – Transforming Futures' highlights that the skills of Northern Ireland's workforce have a key role to play in helping Northern Ireland to reach its full economic potential. The strategy aims to enable people to access and progress up the skills ladder in order to:

- › Raise the skills level of the whole workforce;
- › Raise productivity;
- › Increase levels of social inclusion by enhancing the employability of those currently excluded from the labour market; and
- › Secure Northern Ireland's future in a global marketplace.

The Skills Strategy examines our current skills base, considers the skills we will need in the future to grow the Northern Ireland economy and highlights a number of challenges which must be addressed if we are to have a workforce equipped with the skills needed by employers to re-balance and re-build the economy. In particular there will be an increased need:

- › For people with higher level skills;
- › For people with skills in science, technology, engineering and mathematics (STEM);
- › For people with better management and leadership skills;
- › To up-skill those people already in work; and
- › To attract certain skills into the workforce, as the economy grows.

The economic vision for Northern Ireland and the Skills Strategy both emphasise that increasing skill levels and improving participation in education and training are vital elements in ensuring a strong local economy. The further education sector continues to be recognised by Government as key to helping deliver Northern Ireland's vision of a buoyant economy. DEL's new Further Education Strategy sets as its vision that further education colleges will be recognised locally, regionally and internationally for high quality and economically relevant education and training provision. Colleges will be focussed on achieving excellence in delivering the skills needed for the economy of today and tomorrow, and will be ambitious for their learners and for the contribution they make to improving the competitiveness of the economy of Northern Ireland. To achieve this vision, there are key areas that set the future direction for further education, as follows:

- › ensuring high quality provision for learner education and training;
- › developing the talents of those already in work and those seeking to enter employment in order to provide a pipeline of suitably skilled and qualified individuals at all levels to meet employers' needs, including indigenous companies and inward investment projects;
- › supporting employers to become more innovative and competitive, and to source new markets; and
- › encouraging and supporting the economic participation of those who have barriers to learning and who are furthest from the labour market, to the benefit of individuals, the economy and wider society.

In essence, the further education system has two core purposes. These are:

1. taking a pivotal role in developing a strong and vibrant economy through the development of professional and technical skills, increasingly at higher levels, and by helping employers to innovate; and
2. supporting social inclusion by providing those who have low or no qualifications, or who have barriers to learning, with the skills and qualifications needed to find employment and to become economically active.

The further education sector is a key economic driver for Northern Ireland and plays a central role in the implementation of the Programme for Government and in delivering on all of the strategies referred to above.

Alongside economic growth, there is a need to support social inclusion by ensuring that those who have barriers to learning or who are unemployed or economically inactive are encouraged to participate in education and training provision that will help them to secure employment and to improve their life chances.

The economic downturn has had a detrimental social impact in Northern Ireland in areas such as health, crime, social mobility, youth unemployment, and rates of economic inactivity have been stubbornly higher than in the rest of the United Kingdom. Further education colleges have a strong track record of engaging with those who are furthest from the labour market, and they will have an important part to play in 'Enabling Success', the strategy to tackle economic inactivity in Northern Ireland which was published in April 2015.

The main Departmental strategies that will have an impact on further education are listed below:

- › Apprenticeships;
- › Youth Training System at Level 2;
- › Qualifications Strategy;
- › Refresh of Essential Skills, and Review of GCSEs in English and Mathematics;
- › Higher Education
- › Careers Education, Information, Advice and Guidance; and
- › Economic Inactivity.

The current strategy for further education in Northern Ireland, 'Further Education Means Business', has had a range of highly successful outcomes, with colleges now focused strongly on meeting the economic and workforce development needs of Northern Ireland. However, the Northern Ireland economy has changed considerably in recent years, with the jobs of tomorrow requiring increasingly high levels of skills and a breadth of knowledge across many occupation areas. Over the next ten years the pace of change will heighten, driven by globalisation, new business models and rapidly changing consumer needs. One of the major results of this will be substantial changes to the world of work.

Further education has a clear and unrivalled role to reflect and respond to the changes in work through the development of innovative, flexible and economically beneficial programmes that will both meet the requirements for new ways of learning and adaptable skills, but will also lead the development of a 'learning to learn' culture in Northern Ireland.

One of the key features and strengths of the further education sector over the years is that it is accessible to a wide variety of learners, for example in terms of the level and type of learning required (from those with no, or very few qualifications to those who are following higher education provision), and in terms of the different age groups of learners. Further education students come from a variety of backgrounds and have a range of learning, work, and life experiences. This diversity strengthens and enhances the learning experience.

Education has become one of the clearest indicators of life outcomes, with participation in further education delivering many benefits, at an individual, economic and societal level. Along with access to employment, education is the best way to social and economic participation and is vital in supporting the achievement of Northern Ireland's economic goals.

Strategic Objectives

The College's strategy for 2015 – 2018 is built around four strategic "themes":

CURRICULUM	To provide a curriculum that will inspire, transform and enrich lives by overcoming educational disadvantage and widening participation; support scientific and technological capabilities; professionalise the workforce; nurture innovation and provide a student entitlement through the Get the Edge toolkit to participate in enterprise and entrepreneurship and support employability through a formalised careers programme; and position the College as a gateway for international partnerships.
QUALITY	To promote a Culture of Excellence through raising standards and continuous improvement, excellence in teaching and the learning environment and thereby enhance our reputation with our students.
DELIVERING VALUE FOR MONEY	To secure the College's on-going financial stability through sound governance and robust, effective and efficient management.
LISTENING AND INFLUENCING	To raise the profile of SERC and consequently the FE sector by ensuring stakeholders have the opportunity to provide feedback.

Within each of the strategic themes are specific actions and activities that directly underpin the theme. Each theme is interlinked and reflects the four values of SERC:



Each theme has associated targets for 2015 – 2018 that underpin all individual School or Unit managers' operational plans for the year:

STRATEGIC THEME: CURRICULUM

The targets for 2015/16 are:

2015/16 TARGETS

- › Meet the CPD FLU target of 1,308 for HE, 5,218 for FE and 453 for Essential Skills
- › Work with DEL to establish Higher Level Apprenticeships (HLAs) and Youth Training Pilots for 2015/16 academic year.
- › Through focused initiatives meet the targets within the Widening Access and Participation Agreement that 26% of higher education enrolments in 2015/16 will come from quintile 1 and 2.

In 2014/15, the College had a number of targets under this strategic theme:

2014/15 TARGETS	2014/15 UPDATE
› Meet the CDP FLU target of 1,315 for HE, 5,685 for FE, and 540 for Essential Skills (ES).	Not Achieved 2014/15 HE FLUs: 1,207 2014/15 FE FLUs: 5,233 2014/15 ES FLUs: 392
› Embed the Get the Edge programme of enterprise and employability for all full-time further and higher education students.	Achieved All Full-Time FE and HE Students undertaking the Get the Edge programme in September 2014.
› Each curriculum area to enter a team into the CAST, CAPS, and BEST Awards by March 2015. Attain full implementation of the SPICE business processes by June 2015 and complete review of SPICE areas.	Achieved 27 applications and 48 students entered for the BEST Awards with SERC winning 3 category awards and the overall award, the highest number of all the Colleges. CAST and CAPS occurred before the end of the final 2014/15 term.
› Through focused initiatives meet the targets within the Widening Access and Participation Agreement for higher education enrolments 2014-15: <ul style="list-style-type: none"> a. 35% of higher education students are from deprivation groups one and two. b. 10% of higher education students claim DLA. c. 25 students are looked after children or young care leavers. d. 35% of higher education students are adult learners. e. 25% of higher education students are Young Protestant Males 	Partly Achieved <ul style="list-style-type: none"> a. 34% of higher education students are from deprivation groups one and two. Target missed by 13 students. b. 9% of higher education students claim DLA. Target missed by 13 students. c. 8 students are looked after children or young care leavers. All those students who applied to SERC and were looked after children and care leavers were supported. d. 49% of higher education students are adult returners. e. 20% of higher education students are Young Protestant Males (YPM). Target missed by 65 students. In Downpatrick, there are 3 times the number of YPM in 2014/15 when compared with 2013/14.
› Redesign the interview process and pre-entry guidance provided to all student during the enrolment phase by February 2015.	Achieved A new Admissions SOP was devised. Interview checklist was made available for course teams. Tasks were designed for students to complete, where necessary, as part of the admissions process. Approach is consistent with the FE sector.

2014/15 TARGETS	2014/15 UPDATE
<ul style="list-style-type: none"> › Develop an Apprentice Demand and Recruitment Strategy by September 2014. 	<p>Achieved</p> <p>Analysis of Apprenticeship demand and targeted areas for recruitment for Motor Vehicle, ICT, Health and Social Care, Financial Services and Engineering.</p> <p>Work is on-going across the FE sector for new Apprenticeship pilots at Levels 3 and 4/5 for September 2015. Proposals for Higher Level Apprenticeships submitted to DEL for Accounting, Computing, Engineering, Gas, Automotive Management and Vehicle Diagnostics.</p>
<ul style="list-style-type: none"> › Complete a review of the part-time provision for further and higher education by November 2014 in order to increase student enrolments in key areas of the region's economy in September 2015. 	<p>Achieved</p> <p>Curriculum plan has been updated and with receipt of final FLU allocation, FLUS are being matched to enrolment targets for 2015/16.</p>

STRATEGIC THEME: QUALITY

The targets for 2015/16 are:

2015/16 TARGETS
<ul style="list-style-type: none"> › To identify and implement for all Level 2 programmes and above elements of blended learning.
<ul style="list-style-type: none"> › To implement lesson observations and provide appropriate support for 70 part time staff.
<ul style="list-style-type: none"> › To introduce the revised SER across all TFS, FE and HE programmes and design and pilot an on-line self-evaluation process across 8 programmes.

In 2014/15, the College had a number of targets under this strategic theme:

2014/15 TARGETS	2014/15 UPDATE
<ul style="list-style-type: none"> › Support improvement in the Quality of Teaching and Learning by: <ul style="list-style-type: none"> a. Developing an additional 2 mandatory online pedagogy modules to be completed by full-time and part-time Academic Staff by August 2015. b. Fully embedding the lesson observation strategy by the Lesson Observation team with 150 lesson observations between October 2014 and March 2015. c. New academic staff to complete MOODLE-101 online staff development module within 6 weeks of starting employment contract. 	<p>Achieved</p> <ul style="list-style-type: none"> a. 3 mandatory online modules developed during 2014/15. Completion dates: <ul style="list-style-type: none"> - Module 1: August 2014 - Module 2: December 2014 - Module 3: August 2015 b. Lesson observation strategy fully embedded during 2014/15. c. All new academic staff complete MOODLE-101 online staff development module.

2014/15 TARGETS	2014/15 UPDATE
<ul style="list-style-type: none"> › Further improve Course Performance by embedding the Course Assist System (CAS): <ul style="list-style-type: none"> a. At risk courses identified by school and reviewed and prioritised on a termly basis. b. CAS implemented for all identified courses on a termly basis. c. A minimum of 6 new CAS and 4 follow-up interventions by June 2015. 	<p>Achieved</p>
<ul style="list-style-type: none"> › Improve the effectiveness of the self-evaluation process at course team level by: <ul style="list-style-type: none"> a. Designing and piloting a new self-evaluation process across 24 teaching programmes by September 2014 then rolling it across the College by June 2014. b. Training and supporting the course teams in effective self-evaluation and action planning by October 2014. c. Evaluating and reporting on the effectiveness of the new process and documentation by December 2014. 	<p>Achieved</p>
<ul style="list-style-type: none"> › Achieve a College retention performance level of Outstanding (based upon the 2013/14 unaudited FELs report) and a success rate of 79% (based on the 2011/12 success rate of 78%). 	<p>Achieved</p> <p>Retention Rate: 94% Achievement Rate: 87% Success Rate: 82%</p>
<ul style="list-style-type: none"> › Consolidate and standardise learner monitoring and review systems by merging and re-engineering the e-ILP, e-PTP and Case conference systems with completion of the e-PTP by August 2014 and e-ILP and case conference by June 2015 	<p>Achieved</p> <p>'My ILP' completed and e-PTP and Case Conference completed in August 2014.</p>

**STRATEGIC THEME:
DELIVERING VALUE FOR MONEY**

The targets for 2015/16 are:

2015/16 TARGETS
<ul style="list-style-type: none"> › Ensure financial performance remains within NDPB budget allocation limits.
<ul style="list-style-type: none"> › Business Services to achieve an income target of £1.4m.
<ul style="list-style-type: none"> › Lead and respond to challenges arising from the reduction in funding and facilitate workforce reconfiguration including implementation of Voluntary Exit Scheme and associated restructuring of Schools and Units.
<ul style="list-style-type: none"> › Assist the FE sector in responding to challenges arising from new FE Strategy including Teacher Education Framework, Shared Services and GTCNI.
<ul style="list-style-type: none"> › Work with the rest of the FE sector in developing and implementing new sector industrial relations framework and manage associated employee relations issues e.g. policies and terms of conditions of employment.

In 2014/15, the College had a number of targets under this strategic theme:

2014/15 TARGETS	2014/15 UPDATE
› Deliver a break-even budget in 2014/15.	Achieved The College delivered a historic cost surplus of £1,316k for the year ended 31 July 2015.
› Attain £1.6m of income from Employer Engagement including from InnovateUS.	Not Achieved Full year income associated with Employer Engagement was approximately £940k. The bottom line impact of the lower than targeted income was mitigated by actual delivery being staffed by core hours within annual contractual hours, which minimised the amount of additional costs required to deliver the income.
› Complete and have handover of the Performing Arts and Technology Innovation Centre (The SPACE) in June 2015.	Not Achieved The progress of construction slipped. Handover date being week commencing 7 September 2015.
› Continue to improve Leadership and Management Skills with two cohorts completing the Leadership and Management Training Programme in 2014/15.	Achieved Final cohort completed Leadership and Management Training Programme in 2014/15.
› Ensure that 95% of all SERC suppliers are paid within 30 calendar days of receipt of an undisputed invoice and wherever possible within 10 working days.	In Progress During the accounting period 1 August 2014 to 31 July 2015, the College paid 86.5% of its invoices within 30 days (2013/14: 70%).

**STRATEGIC THEME:
LISTENING AND INFLUENCING**

The targets for 2015/16 are:

2015/16 TARGETS
› Secure a customer satisfaction rate of 90%.
› Secure an employee satisfaction rate of 65%.
› Secure a positive reputation rate of 75%.
› Maintain an overall quotient rate of 86%

In 2014/15, the College had a number of targets under this strategic theme:

2014/15 TARGETS	2014/15 UPDATE
<ul style="list-style-type: none"> › Secure a customer satisfaction rate of 90%. 	<p>In Progress</p> <p>Full Time Satisfaction Rate: 96% Business to Business Satisfaction Rate: 98% Part Time Satisfaction Rate: 94%</p>
<ul style="list-style-type: none"> › Secure an employee satisfaction rate of 65%. 	<p>Achieved</p> <p>2014/15 employee satisfaction rate is 71%.</p>
<ul style="list-style-type: none"> › Secure a positive reputation rate of 75%. 	<p>Achieved</p> <p>2014/15 positive reputation of 75%.</p>
<ul style="list-style-type: none"> › Maintain an overall quotient rate of 86% 	<p>Achieved</p> <p>Overall quotient rate of 90%.</p>

Financial Objectives

The College’s financial objectives are:

- › To ensure financial performance remains within Non-Departmental Public Body (NDPB) allocation limits, i.e. as an Arms’ Length Body (ALB) it “lives within its means” and contributes to meeting the Department’s budget pressures;
- › To pursue alternative sources of funding, on a selective basis, consistent with the College’s core competencies, and the need for a financial contribution to the College’s overall finances;
- › To generate sufficient levels of income to support the asset base of the College;
- › To further improve/maintain the College’s shorter term liquidity; and
- › To fund continued capital investment

Financial Performance Indicators

During 2014/15 the College has monitored its performance against its budget and against its prior year position via the production of a full set of College Management Accounts on a monthly basis. These College Management Accounts include an Income and Expenditure Account, Income Analysis, Expenditure Analysis, a Balance Sheet, Debtors and Creditors analysis, a Funds Flow statement, a Cash-flow forecast, a Full Year Financial Forecast and a set of Key Financial Indicators and targets which have been provided by DEL to the sector.

The College Management Accounts are reviewed on a monthly basis by the College Management Team and are presented to the Governing Body throughout the year.

The College Management Accounts form the basis of the College’s Quarterly Financial Reporting submission to DEL.

In addition, the College produces a set of Departmental Management Accounts for each school or unit on a monthly basis. These Departmental Management Accounts consist of an Income and Expenditure Account and highlight actual year-to-date performance against budget.

They are issued to each of the College’s Budget Holders shortly after period close and are used as the basis of the financial element of the College’s “Integrated Monthly Performance Management” meetings at which each Budget Holder presents their department’s year to date performance against budget to, and reviews their most recent full year forecast with, the College Senior Management Team and Head of Finance.

FINANCIAL POSITION

Financial Results

The College generated an operating deficit in the year of £210k (2013/14 deficit of £2,350k). The result in 2014/15 is stated after accounting for an FRS 17 Retirement Benefit charge of £542k, VES net cost of £261k, and a loss on disposal of fixed assets of £142k. The College disposed of surplus land and property at Killyleagh during the financial year.

The College's total income for the year was £48.1m, a £1.3m increase on 2013/14's total of £46.8m. The bulk of this increase is attributable to a £1m working capital investment provided by DEL Finance during the financial year. The additional funds were designed to support working capital requirements.

2014/15 expenditure before exceptional items was £48m. The College recognised exceptional costs of £4,052k and exceptional income of £3,643k during the financial year for redundancy and the NI FE sector Voluntary Exit Scheme (VES).

SERC continued to build on the 2013/14 action plan to deliver a break-even by introducing numerous expenditure control drives throughout the College, which included continuing to downsize through natural wastage, maximisation of core staff in curriculum delivery, and achievement of greater efficiencies in utilities use.

The College's historic outturn was a surplus of £1,316k (2013/14: -£64k) compared with the College's original estimated outturn as per the College Development Plan of a small budgeted surplus of £6k.

The actual result takes account of:

- › Additional £1m working capital investment provided by DEL Finance during the financial year.
- › Employer Engagement income being approximately £700k below the original target.
- › Higher than planned income from both the Training for Success contracts and Steps to Work programme.

In addition:

- › Staff costs were £610k less than full year budget due to natural wastage, maximising the utilising of core staff in curriculum delivery, lower than budgeted delivery hours associated with employer engagement alongside delivery of employer engagement by core staff within their annual contract hours. .
- › Non-Pay Expenditure efficiencies were successfully delivered throughout the College, including:
 - A greater efficiency as regards utilities use.
 - A reduction in estate maintenance where possible.
 - A reduction in advertising spend.
 - A reduction in staff training.
 - Improved credit control and a resultant fall in the need for bad debt provisions.

There is one further point to note in relation to the actual result:

- › It reflects both exceptional redundancy and VES net costs of £409k and exceptional loss on disposal of property disposals of £142k.

Income

The College has significant reliance on DEL as its principal funding source, largely from recurrent grants. In 2014/15, DEL provided some 52.41% of the College's total income through allocated recurrent grant (2013/14: 53%).

This represented 16.8% of the total recurrent grant available to the sector (2013/14: 16.8%).

Reserves

The College has accumulated income and expenditure reserves of £3,761k (2013/14:£1,903k) (excluding the FRS17 Pension Reserve) and cash balances of £3,727k (2013/14:£2,013k) as at 31 July 2015.

At approximately 7.7% of income, the College's 2014/15 cash reserves are within DEL's Key Performance Indicator target for the sector of between 5% and 10%. The College is focussed on maintaining cash reserves up to the recommended levels over the coming years.

Finances and Going Concern

The Governing Body is satisfied that the College is a going concern on the basis that it has a reasonable expectation that the College will continue in operation for the foreseeable future. The financial statements are therefore prepared on the going concern basis.

Treasury policies and objectives

Treasury Management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks.

The Further Education Order 1997 gives the College power to invest its funds. The College has a formal Treasury Management Policy which has been approved by the Finance & General Purposes Committee and the Governing Body. This policy is designed to ensure that appropriate controls are in place to regulate cash funds.

The purpose of the policy is to provide for the College cash funds to ensure all investments are held with major UK financial institutions and the requirement for any borrowings to be fully evaluated and approval sought from the Finance and General Purposes Committee.

Cash Flows

The College had a net cash inflow of £1,714k during the year as a result of cash inflows from operating activities, investments and capital (2013/14: an inflow of £562k).

Liquidity

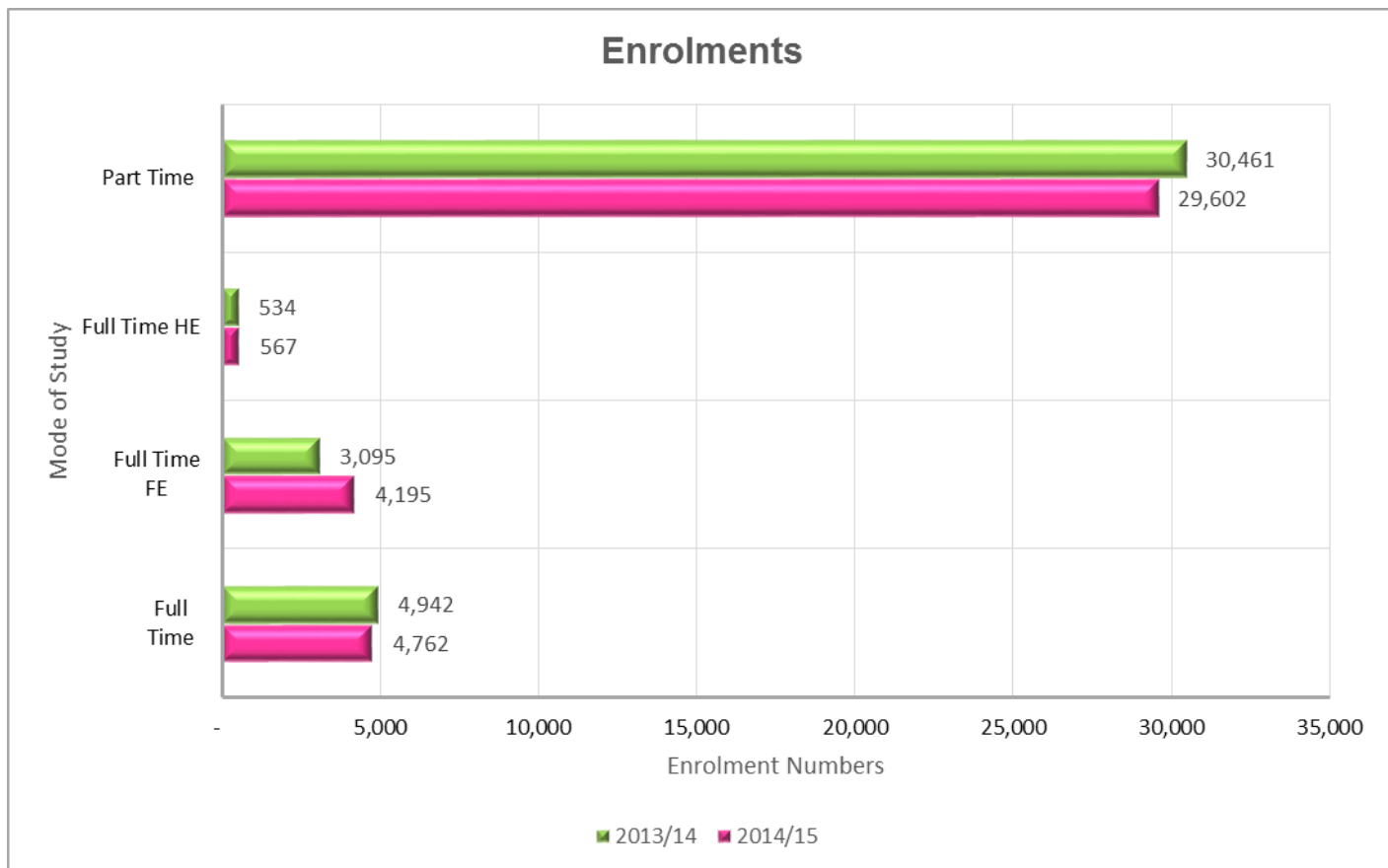
With a cash balance of £3,727k (2013/14 £2,013k), the College's liquidity is within the Department's KPI target for College cash reserves.

DEL's Key Performance Indicators include a target Current Ratio in the 1.5 – 2.5 range for the sector. The College's Current Ratio is below the target range at 1.26 (2013/14 1.01). The College has improved its current ratio in the financial year and will continue to focus on working capital to ensure it is within the target current ratio range.

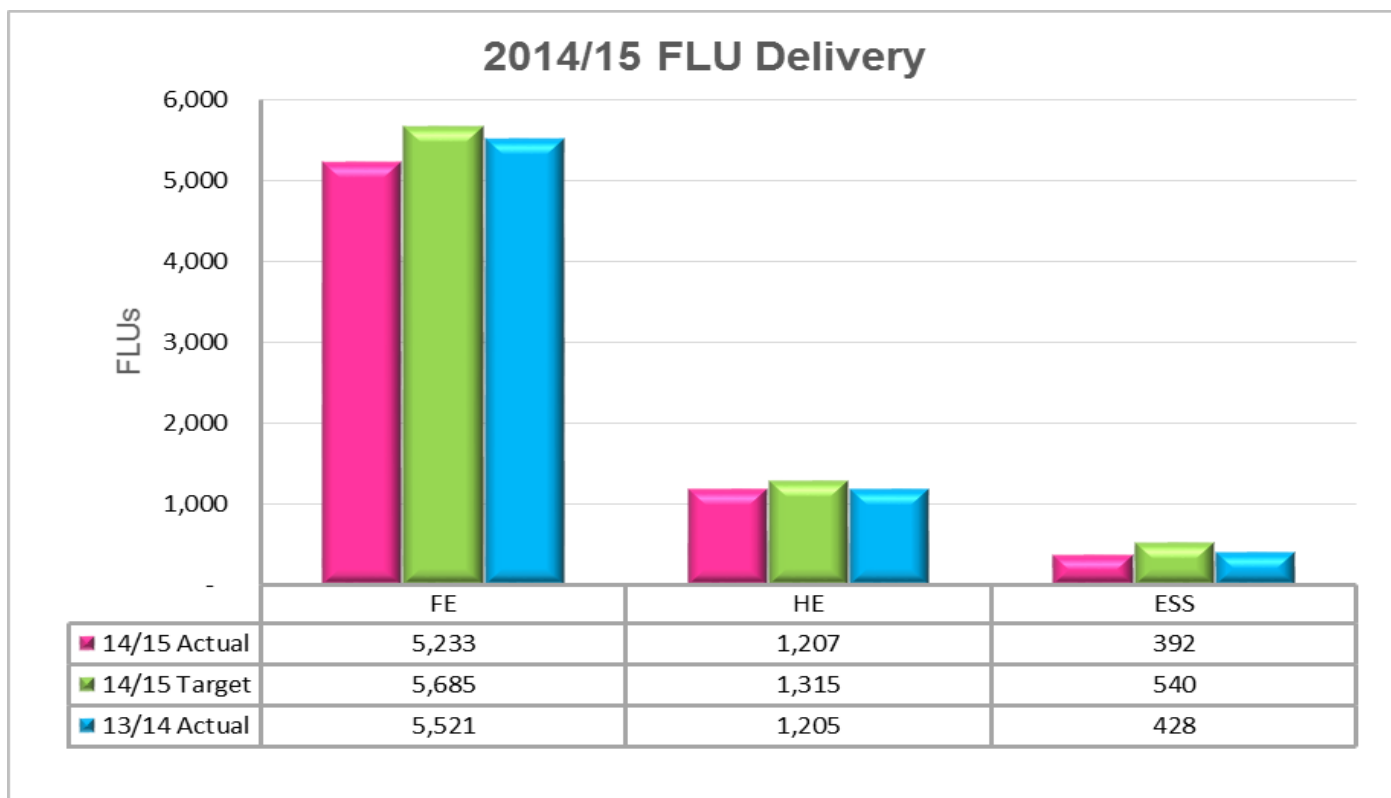
CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student Activities and Achievements

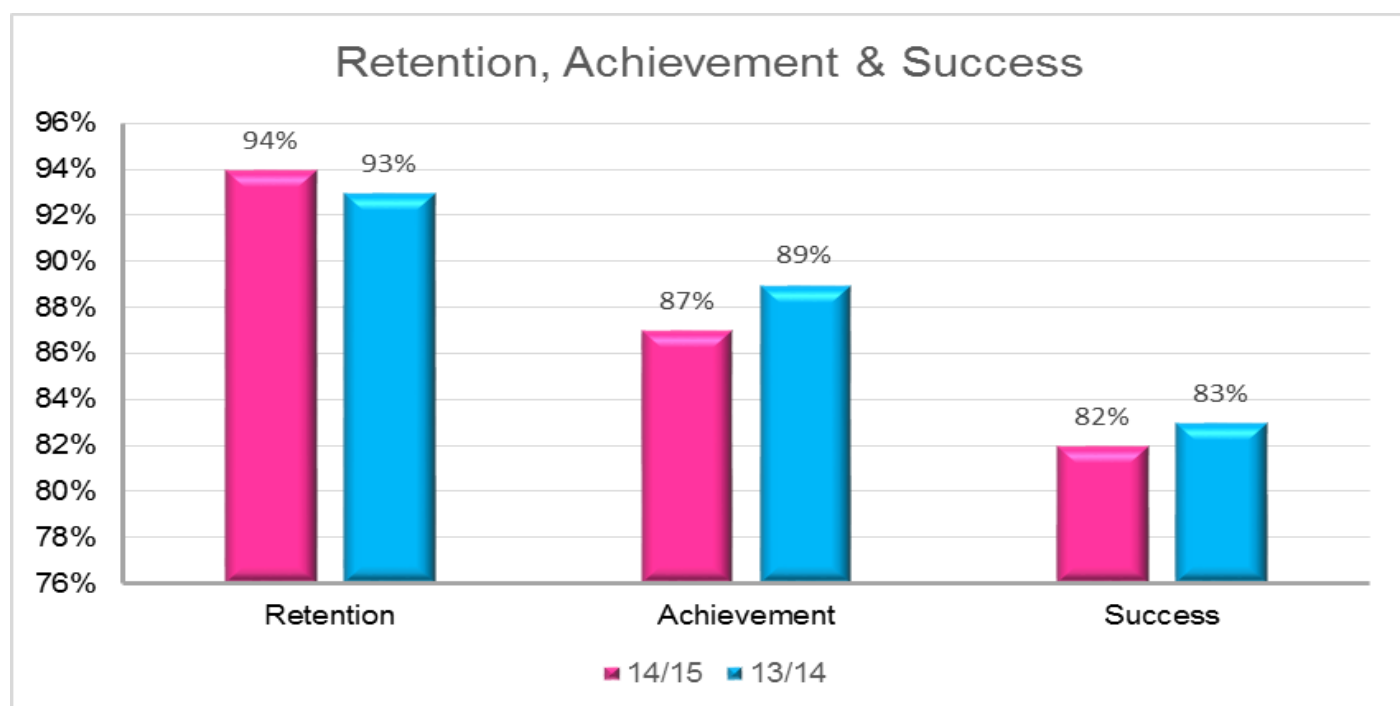
The College’s student enrolments decreased by 2.9% during the year, giving a total enrolment of 34,364 in 2014/15 compared to 35,403 in 2013/14:



In terms of FLUs, the College delivered an actual total of 6,832 which represents 91% of the delivery target of 7,540. These were made up of:



The College had excellent student retention (a measure of the proportion of learners who complete their learning programme), overall achievement and success rates (the measures of the proportion of learners who successfully achieve their qualification and the proportion who successfully complete their learning programme and achieve their qualification):



Data available for benchmarking across the Northern Ireland FE Sector shows the relative strength of the College's retention, achievement and success rates in recent years:

› Retention Rates by level of study

Level of Study	SERC		NI Further Education Sector	
	2013/14	2012/13	2013/14	2012/13
Higher Education	97%	96%	96%	92%
Further Education	94%	94%	92%	92%
Essential Skills	79%	82%	83%	81%

› Achievement rates by level of study

Level of Study	SERC		NI Further Education Sector	
	2013/14	2012/13	2013/14	2012/13
Higher Education	95%	93%	90%	86%
Further Education	90%	90%	87%	86%
Essential Skills	91%	87%	87%	87%

› Success rates by level of study

Level of Study	SERC		NI Further Education Sector	
	2013/14	2012/13	2013/14	2012/13
Higher Education	92%	90%	87%	79%
Further Education	85%	85%	79%	79%
Essential Skills	72%	72%	72%	71%

SERC's success has been recognised in 2014/15:

› **Euro Skills**

Apprentice Mark Hawthorne returned home with a silver medal in Carpentry from the EuroSkills competition in Lille, France.

› **Young Scientists and Technology Competition**

Hayley Donaldson, Danielle Craig and Michael Spurway qualify for 2015 Young Scientists and Technology competition.

› **ICE Quest Scholarship**

Two construction students from SERC were awarded the Institution of Civil Engineers (ICE) QUEST Technicians Scholarship.

The scholarship awards each student £1,500 to assist with the cost of their university education.

Holly Johnston and Andrew Forsythe who study the BTEC Level 3 Diploma in Construction and the Built Environment were the successful candidates.



› **JP McManus Awards**

Winners from SERC included Toni Louise O'Donovan (Animal Care), Lee Pollock (Computing) and Cuan Ivan Bell (Media).

› **Federation of Small Business Awards**

Students Richard Hinds, Michaela Lewis and Danielle McNeilly each received a cheque for £350, kindly sponsored by the Federation of Small Businesses.

› **Pre-Olympic Games**

Bethany Firth wins 4 gold medals and breaks world record at the 2014 Pre-Olympic Games in China.

› **NEF Innovation Awards**

Lecturer Gwyneth Wilkinson wins 2nd place in "Best Example of Innovation in a STEM Programme" for inspiring student engagement on environmental and conservation issues.

Former student Conan Mulraine was awarded Innovative Student of the Year.

› **AGI Awards**

Tutor Jim Kelly receives "Highly Commended" at prestigious awards ceremony for the development of SERC's GIS online qualification.

› **World Skills**

Chris Bailie, Refrigeration student, was selected to represent Team UK in Brazil in August 2015. (Pictured - Centre)

Student Helen Nelson wins gold in Reflexology category at the 2014 World Skills UK national championships.

› **Institute of Road Transport Engineers**

Apprentices Daniel Graham and Andy Smyth and part-time student Paul Wallace were celebrating after receiving the highest marks throughout Ireland for the competition.

Knorr Student Chef Competition

Cookery student Sam McKnight secures third place in the annual competition.

› **Drawing and Painting Competition**

Steven Budd won first place in the Tablet Drawing category. Sara McComb won second place in the Chalk Study.

SERC were awarded Overall Prize Winners.

› **Craft Guild of Chefs 50th Anniversary Canapé Competition**

Michael Gillies team of professional cookery students Roisin McKeown, Ryan Cunningham, Curtis Rea, Judith Lyons, and David Magee competed at Buckingham Palace and came second in the Craft Guild of Chefs 50th Anniversary Canapé Competition.

› **Janus Awards 2015**

Michael Gillies received a commendation award at the Janus awards for lecturer of the year.

› **Junior International Bowling Team**

Alana McKee selected for the women's junior international team for carpet bowling.

› **Dermot Curran Awards 2015**

Reuben Ferguson receives the prize for overall winner for his entrepreneurial computer games project designed for children with learning difficulties.

› **BEST Awards**

Student John Ward was the overall award Winner 19+ with his "Self Levelling Electronic Jockey Wheel". SERC students also won three category awards for Life Sciences and Engineering.

› **Member of the Most Excellent Order of the British Empire (MBE)**



William Greer, Head of Training, has been recognised with an MBE in the Queen's New Year's Honours List for his services to Further Education in Northern Ireland.

CURRICULUM AND QUALITY DEVELOPMENTS

CURRICULUM

The Governing Body and College Management Team have set as a priority the development of a strategy for the promotion of enterprise, entrepreneurship and employability and that this should build on existing good practice. The College will enhance the place of enterprise, entrepreneurship and employability within the whole current provision via its support for employers and support for students.

› Strategic Context

Employer engagement activity is central to the College strategy and meets the requirements of the Programme for Government and DEL Skills Strategy.

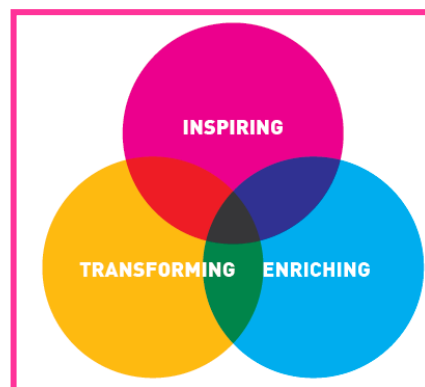
› Purpose

The purpose of the College's employer engagement strategy is to create a demand led model which is focused on understanding and meeting the needs of employers in a responsive manner for short, medium and long-term needs.

Employer engagement is a shared responsibility across the College and is concerned with all employer facing activities. These include supporting employers and the economy by upskilling the existing workforce and preparing the new workforce with the appropriate skills and attitudes to succeed.

There are three interrelated objectives to this approach:

1. **Inspiring** Enterprise, Entrepreneurship and Innovation
2. **Transforming** the existing workforce.
3. **Enriching** the student learning experience.

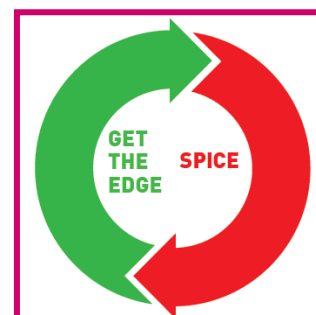


› Strategic Projects

The College has developed two strategic projects that help deliver these three objectives:

Specialist Provision for Industry using College Expertise (SPICE)

Get the Edge (GTE)



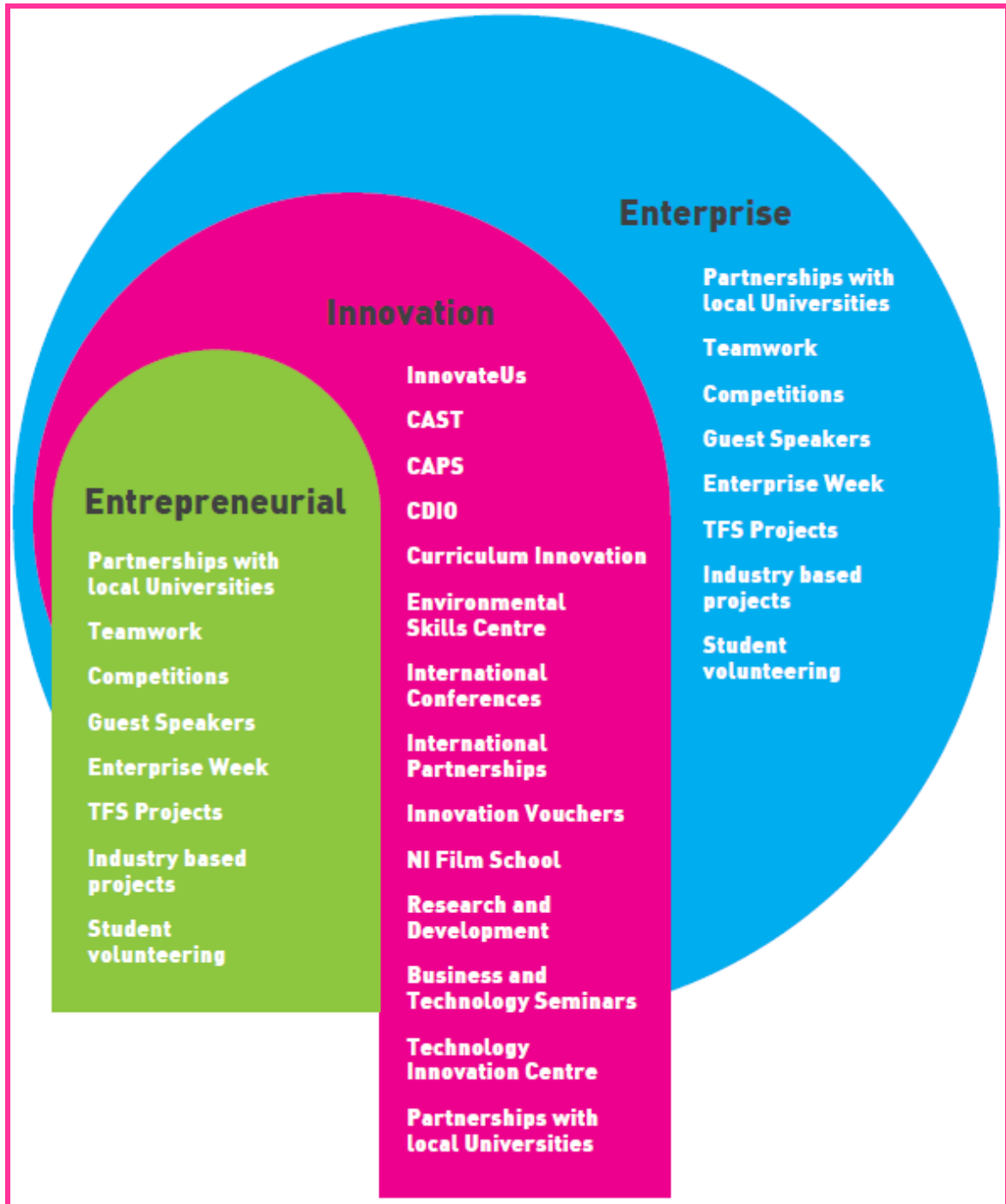
These projects have a wide range of themes to drive activity towards a shared vision and outcomes.

The SPICE project is a sector wide initiative, led by SERC and supported by DEL, to develop world class support for local companies by the FE sector through collaboration using common business processes and sharing best practice.

➤ **Key Objective 1**
Inspiring Enterprise, Entrepreneurship and Innovation

The College has a number of inter-related activities that are aimed at inspiring students and staff to be more enterprising, challenge existing paradigms through innovation, and create the environment for entrepreneurs to flourish.

The relationship of these is illustrated as follows:



The College has a range of themes which are well developed but subject to continuous review and improvement to help deliver its strategic objectives in supporting industry categories as follows:

ENTERPRISE

Theme	Description	Project
Competitions	Students and staff participate in a range of competitions including Class, Intercampus, Regional and International.	GTE
Guest Speakers	All FT courses have a range of external guest speakers who provide real life view of work and opportunities in their vocational area.	GTE
Induction and Enterprise	All FT students complete an enterprise activity and qualification.	GTE
Industry Projects	Student development projects are focused on real industry problem solving projects.	SPICE/GTE
Student Volunteering	Students are encouraged to participate in volunteering projects to support the local community.	GTE
Training for Success (TfS)	TfS projects provide a real working environment for students while delivering construction and other projects for charity and community groups that would not otherwise take place.	GTE

ENTREPRENEURSHIP

Theme	Description	Project
Company Mentoring	The College provides support for student companies and entrepreneurs through a mentoring programme by using its own internal staff and experts from the world of business and industry.	GTE
SERC radio stations	SERC operates 3 FM radio stations in Bangor, Lisburn and Downpatrick that provide a real working environment for students and generate some commercial income and sponsorship.	GTE
Student Companies	The College has a range of student companies in Computing, Construction, Art, Performing Arts, Plumbing, Engineering, Film, and Woodwork. These companies are encouraged to increase their commercial income.	SPICE/GTE
The SPACE	The SPACE Centre in Bangor will provide support for young student entrepreneurs and companies through Incubator Units.	SPICE

INNOVATION

Theme	Description	Project
CAST	The Conference for the Advancement of Science and Technology (CAST) specifically encourages STEM students to present their research and development to their peers and to a panel of judges.	SPICE
CAPS	The Conference for the Advancement of Professional Studies specifically encourages students studying non STEM subjects to present their research and development to their peers and to a panel of judges.	SPICE
CDIO	The College is a member of the Conceive Design Implement and Operate (CDIO) International Group which focuses on best practice on teaching and operation of engineering and other technical education.	SPICE
International Partnerships	It is vital to the College to benchmark itself to other top performing Colleges and companies and to support the drive towards excellence. International partnerships are key to this.	SPICE
International Conferences	The College participates in and also hosts international conferences and symposiums to showcase its applied research and development and to encourage and maintain new and existing partnerships.	SPICE
Innovation Vouchers	The College helps support local companies to develop new products and services through the Innovation Voucher scheme.	SPICE
InnovateUs	The College helps support local companies to drive innovation through skills development.	SPICE
Research and Development	The College drives research and development through its staff involved in research degrees and other research funded projects. Students involved in industry based projects also contribute to the scope of the College research and development.	SPICE
Mentoring Business and Technology Seminars	The College organises seminars for local companies and employers to ensure they are aware of the latest developments in their sectoral area and to encourage networking. They also provide support for companies to leverage technology within their company.	SPICE
Horizon 2020	The College participates in a range of EU projects including Horizon 2020 to develop staff in particular for areas of work involved in upskilling industry.	SPICE
Collaboration with local Universities	The College works closely with a range of Universities including QUB and UU to support local companies. These involve joint applied research and development as well as development Foundation Degrees.	SPICE
Working with Government, Industry and Professional Bodies	The College participates in a range of external groups and panels to drive forward its support for industry. These include Momentum, Engineering Training Council, etc.	SPICE
Curriculum Innovation	The College utilises the valuable work in its provision of industrial training to drive curriculum development in other areas of its provision including full-time.	SPICE
Environmental Skills Centre	The Environmental Skills Centre in the Newtownards Campus provides support, training and applied research for local companies involved in renewable technologies and energy efficiency sectors including waste management.	SPICE
NI Film School	The Northern Ireland Film School is based in the Ballynahinch Campus and is the interface for the College and the film industry.	GTE

› **Key Objective 2**
Transforming the Existing Workforce

Theme	Description	Project
Leadership and Management Programme	The College upskills its own managers with in-house programme.	SPICE/GTE
Colleges into Industry	As the founding College of the 'lecturers into industry' scheme the College fully supports staff to go back into industry and get upskilling through project based learning in this scheme.	SPICE
SPICE	Specialist Provision for Industry using College Expertise is the umbrella term for the range of services the College provides to industry and business. This is a collaborative project with DEL and the rest of the FE sector and is led by SERC.	SPICE
Customised/ Bespoke Training	The College delivers a wide range of courses for local companies across a range of disciplines which utilise the Customised Training Programme financial subsidies. This enables SMEs to benefit from courses they may not have considered in the tough financial environment.	SPICE
Pre-Recruitment Upskilling Programmes	SERC provides upskilling programmes to potential employees for companies who have identified specific skills gaps. SERC provides support in the recruitment process.	SPICE
European Funding Workshops Development	Funding is used to support SERC staff development. This includes attendance at Erasmus for staff conferences and benchmarking exercises with partners.	SPICE
Increasing Literacy, Numeracy and ICT skills	The College supports employers and their staff currently in employment who have difficulty with literacy, numeracy and ICT. This includes bespoke courses delivered to suit the needs of the learners.	GTE

› **Key Objective 3**
Transforming the Existing Workforce

Theme	Description	Project
Guest Speakers	Individuals from industry are invited to speak to students to help them understand the sector in which they will work in the future.	GTE/SPICE
European Exchanges	Students can participate in exchanges to develop their technical knowledge but also to develop their awareness of the global workplace.	SPICE
Industry Sponsorship	Industry sponsorship of students through bursaries and resources.	SPICE
ESF and DEL Collaboration Innovation Engagement Projects	Students are provided with bespoke programmes that attract 'hard to reach' learners and enhance the confidence and motivation of those who have had a negative experience of education in order to encourage progression.	GTE
Educational Visits	Students visit employers and industry organisations in order to gain insight into the sector they will work in.	GTE
Mentoring	Students can avail of mentoring from industry experts for professional and personal development.	SPICE

Theme	Description	Project
Placements	Students can gain a placement with one of over 5000 employers to gain the experience they need to gain full time employment.	GTE
School Links	Students from schools are provided with an opportunity to study a vocational curriculum through the Entitlement Framework.	GTE
Careers Guidance	Students can access expert careers advice to ensure they choose the right course for their chosen career, to help them decide on a career and to ensure they are availing of all employability development opportunity SERC offers.	GTE
Apprenticeships	Apprenticeship programmes provide the combination of technical skills and experience which are needed for future employment.	SPICE
Widening Access and Participation	Shaping the curriculum to provide programmes that promote greater engagement with 'hard to reach' learners and provide progression to higher level courses as part of the College's Widening Participating Plan including Learner Access and Engagement.	GTE
Promoting STEM	STEM industries offer future employment opportunities and SERC promotes these.	GTE
Student's Union	The Students' Union offers a volunteering opportunity for students. It is involved in the promotion of the volunteering programme.	GTE

› Widening Participation

The College values diversity within the student population and is committed to widening participation and avoiding unfair discrimination on any grounds. SERC recognises that success depends on the ability to attract a wide range of students from a range of educational backgrounds.

In relation to Higher Education (HE), SERC seeks to ensure that all students are able to participate in higher education regardless of financial circumstances. The College will use additional fee income to financially support those within the lowest income groups who are in receipt of the maximum maintenance grant from Student Finance NI or the student support grant from Student Support. All higher education students at SERC in 2015/16 who are in receipt of the maximum maintenance grant from Student Finance NI or student support grant will be eligible for a bursary of 10% of the tuition fee.

SERC has set Widening Participation targets with DEL which focus on target groups:

› Deprivation Groups 1 and 2

By 2016/17, 37% of SERC's higher education enrolments will come from Local Government District (LGD) areas 1 and 2.

› Adult Returners

By 2015/16 a benchmark will be established for adult returners progressing to higher education at SERC.

Until this benchmark is established and adult returners has been defined by DEL an interim target has been established. SERC defines adult returner as those over 19 with a break in their education. By 2016/17, 37% of SERC's higher education adult returner's enrolments will come from LGD areas 1 and 2.

› Disabled and Learning Difficulty

SERC will continue to screen all students for learning needs. The higher education body will continue to reflect the LGD catchment of 10%.

- › **Young Care Leavers**
SERC will continue to screen on application for Young Care Leavers (YCL) and Looked After Children (LAC). Individual support packages will be provided for YCL.
- › **Young Protestant Males**
SERC will continue to attract 25.6% of YPM into higher education programmes.

The College has a long and successful record of implementing outreach activity to widen participation, raise aspirations and encourage students from under-represented groups to apply to further and higher education. Pre-access courses and community based promotional events will seek to attract the key target groups.

QUALITY

There are a range of activities that support the process of improving the quality of learning experience for students at SERC in all courses and across all campuses. They are considered under the Education and Training Inspectorate's (ETI) Improving Quality: Raising Standards headings of:

- › Leadership and Management;
- › Teaching and Learning;
- › Quality of provision for learning; and
- › Achievement and Standards.

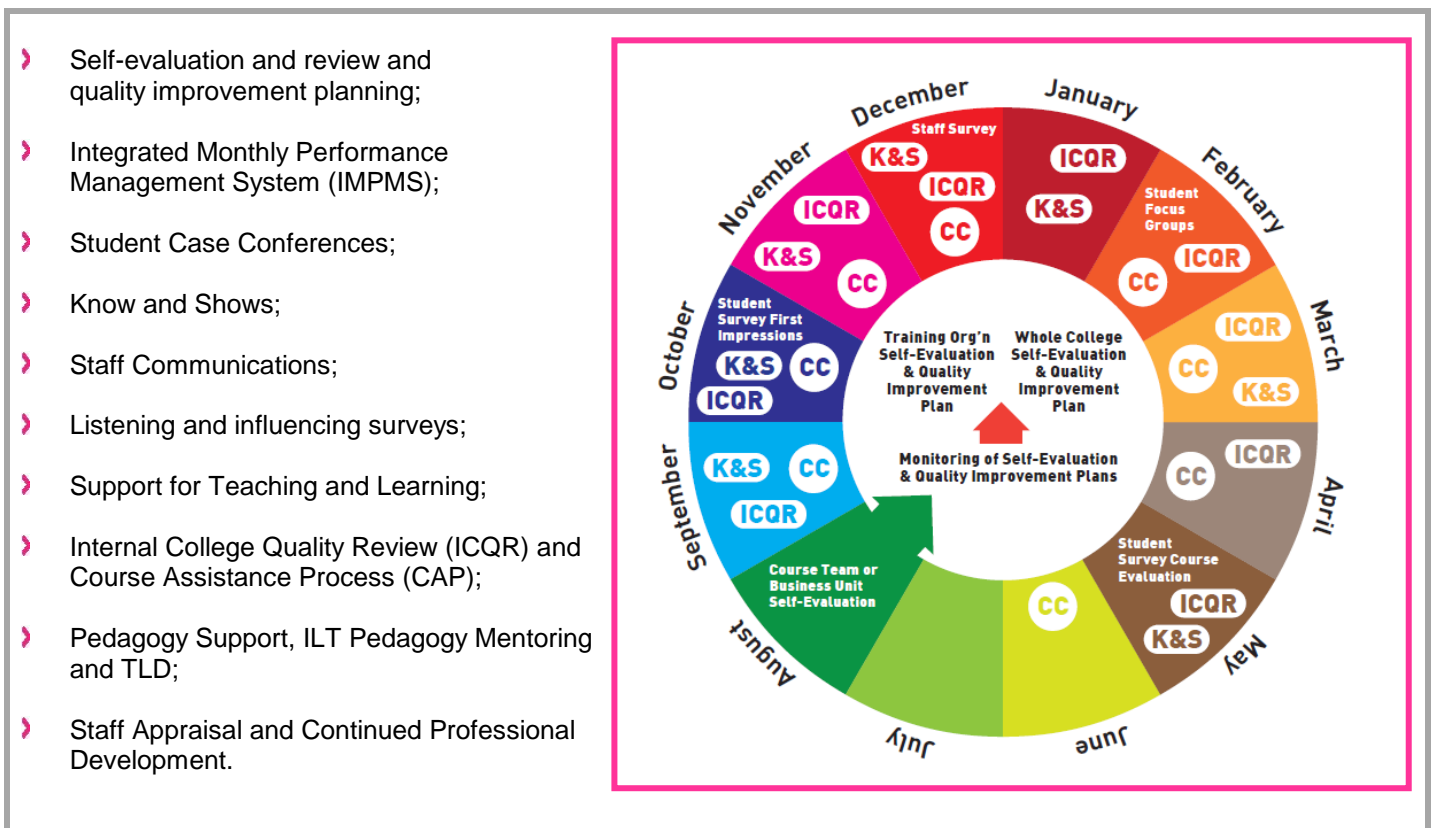
Leadership and Management

Quality Assurance Cycle

The Quality Assurance Cycle outlines the activities taken by the teams and units over the academic year to ensure quality assurance and improvement is managed in a coherent and consistent manner.

The outcomes of the Quality Assurance Cycle informs the Human Resource Policy and annual staff development plan.

The Quality Assurance Cycle shows the sequence of the main actions which include:



› **Self-Evaluation Reports and Quality Improvement Plans**

In August, course teams and business units develop self-evaluation reports and quality improvement plans and consider a key question – how effective is the provision in meeting the needs of the learners?

› **Monitoring the Self-Evaluation Reports and Quality Improvement Plans**

The quality and robustness of the course team and business unit self-evaluation reports and quality improvement plans is monitored by the heads of school or unit managers respectively. The Quality Excellence Department manages the process.

› **Whole College Self-Evaluation Report and Quality**

In November, the Whole College Self-Evaluation Report and Quality Improvement Plan is submitted to the Department. The College's key strengths and areas for improvement in Further and Higher Education are highlighted, and the actions to be taken to improve the provision are recorded.

› **IMPMS (Integrated Monthly Performance Management System)**

Monthly meetings are scheduled to measure the progress made by each course team or business unit against the Improvement Plan.

› **CC (Case Conference)**

Progress of individual students is reviewed by lecturers and support staff. Discussion considers why is a student not attending? Why is a student not making good progress? Will the student achieve their qualification?

› **ICQR (Internal College Quality Review)**

Courses where the students' learning experience is not good enough are selected for review. Internal college quality reviews are conducted by the Quality Excellence team.

› **The Course Assist System**

Support course teams and individual staff where the quality of the provision and/or the levels of course success are poor.

› **K&S (Know and Show)**

Manager and lecturers from across the college are invited to share best practice, discuss cross-college topics and learn lessons from mistakes made. The aim of Know and Show is to improve the quality of the educational provision.

Teaching and Learning

The College has as a central aim of the constant improvement of teaching and learning and the overall learning experiences of all students. Observing lessons is a key part of the strategy to provide targeted support for course teams and staff. There are five opportunities for lesson observations:

- The post-graduate certificate in education and certificate in teaching programme;
- ICQR;
- CAS process;
- ILT Pedagogy mentoring;
- Pedagogy Training;
- Staff Appraisal process; and
- Continuing Professional Development.

› **PGCE Lesson Observation**

As part of the PGCE, the teacher/tutor provides developmental lesson observations which contribute to the completion of the award. Targeted support including ILT mentoring and staff development may result from this observation process.

› **CAS (Course Assistance System) and ICQR (Internal College Quality Reviews)**

The Course Assistance System (CAS) supports course teams and individual staff where there are issues of concern that may affect the quality of the provision and the levels of course success. CAS encourages teams through a culture of self-evaluation to reflect on the students' learning experience and plan for improvement through a well-resourced, inclusive process. The CAS is led by the Quality Improvement Mentor who has experience of evaluating programmes, programme development and staff support.

The CAS has two elements:

- An ICQR (Internal College Quality Reviews) which is an open and supportive evidence-based review process to clarify areas of strength and make recommendations for improvements. Under CAS the Quality Improvement Mentor conducts the review. Following the Mentor's review, the teaching team are provided with oral feedback and written main findings. At a separate meeting, the Principal, the Director of Curriculum and Information Services, the HOS, the AHOS and the QED are provided with same.
- The Course Assistance Action Plan (CAAP) which is an agreed, resourced improvement action plan, with milestones, monitored regularly at school level and reported at IMPMS. Progress against the CAAP is also monitored by the Quality Improvement Mentor who over an 18 month period makes two interim visits and a final follow-up visit to the programme to evaluate progress made against the areas for improvement.

› **Pedagogy Support**

ILT Pedagogy Mentoring

The ILT-Pedagogy Mentoring Team is central to the improvement of teaching and learning. The role of the mentor is to provide lecturer support in the use of ILT in developing learning in the classroom. The programme is composed of six steps - agreement on technologies and strategies to be employed, mentor demonstration, review and reflection, mentor/mentee team teach, agreeing final outcomes and is completed with a peer observation. Mentees are nominated by the HOS in discussion with the designated mentor. A mentee can go through the progress on a number of occasions to incrementally improve pedagogical skills. It is a College priority that all lecturers complete the ILT Pedagogy Mentor scheme.

Pedagogy Training

The College teacher tutor provides a range of activities that are aimed at improving the general pedagogical skills of all the College lecturers. These include, active learning, lesson planning, schemes of work, developing a scheme of work, developing good behaviours, assessment strategies, marking for improvement, and embedding essential skills. In addition the College teacher tutor provides support for all newly recruited lecturers. This also includes lesson observations as part of their Post Graduate Certificate in Further and Higher Education (PGCFHE). If additional support for teaching and learning is identified as an outcome of any of the Colleges quality processes then the teacher tutor drafts and implements an action plan.

› **Staff Appraisal**

This is an important area for professional self-evaluation and review and contributes to the overall improvement cycle. A sector-wide appraisal system that incorporates lesson observation is a key priority. The appraisal process is on a continuous two year cycle following agreed guidelines.

› **Continuing Professional Development**

There is a range of continuing professional development activities organised each year which address a number of college needs including mandatory training, curriculum specific and management/administration. These activities may be organised across the whole college or within a specific school/unit. A range of these activities are delivered online. Continuing professional development activities will be informed by the self-evaluation process.

Quality of Provision for Learning

› Course Team Meetings

The course team has a critical role in the successful management of the programme and the quality of the learning experience delivered to the students. The AHOS/HOS attend a number of course team meetings per year. The course team is responsible for the complete programme of study including all vocational modules and essential skills provision. The team is composed of all module and essential skills tutors, training support and learning support officers (where appropriate).

› Standardisation

This is to ensure that all students receive the same high quality learning experience and therefore the College has produced a standard range of documentation, processes and activities. The range of documentation includes schemes of work and lesson plans, assessment planner/schedule, assignment cover sheet and student feedback sheet, curriculum enrichment tracking and internal verification documentation.

› Team sites

Team sites will be organised at programme level and include assignment schedules, assignment briefs, schemes of work, and self-evaluation reports and minutes of meetings.

› Developing independent learning using technology

MOODLE is the College virtual learning environment (VLE) and is used to enhance, integrate and encourage student independent learning. MOODLE is central to the student learning experience both in provision of materials and in lesson delivery. The MOODLE experience is available externally to staff and learners as well as within the College. It is expected that all course teams will fully exploit MOODLE functionality for the benefit of their students and the development of independent learning opportunities and will follow a standardized MOODLE course site structure to ensure a high quality experience for students.

› Competitions and Awards

The College is fully committed in promoting a competition and awards culture. Academic staff are aware of the significant benefits competitions and awards offered to all those who enter and support them by complimenting all teaching and learning by raising standards, promoting excellence in skills, building confidence and self-esteem and putting excitement into learning and achievement.

Achievements and Standards

› Setting and Monitoring of Targets

The College publishes and monitors targets at College, School and programme level. The College provides reliable benchmarking data for the range of different provision it delivers each year. The data includes the key performance indicators of retention, achievement and success.

The range of provision covered by the data includes Higher Education, Further Education, TFS, ApprenticeshipsNI, University Access, GCEs, GCSEs, Essential Skills and School Partnerships. The purpose of the published benchmarks is to provide a datum from which comparisons are made. These benchmarks are used in all course and school level SERs.

In addition external benchmarking data including the DEL Health Check is used to analyse performance within the sector.

› Further Education Leavers Survey (FELS) Report

All lecturers who teach a vocational course or module are required to return the outcome of that course or module for every student on their programme. The FELS report will be used to trend the performance courses that last up to one year duration only. The outcome may be full achievement, partial achievement, or no achievement. The FELS will also track the student destination after they have completed their programme of study. Students may progress to further education or training, employment or unemployment.

› **ETI based Report**

Courses lasting two or more years are trended using a specialist report that tracks the students across academic years. This 'ETI based' Report enables course teams to identify all student who started a programme through to completion. As with the FELS it enables teams to explore any variations in performance between campuses and provide a basis for self-evaluation.

› **Quality Performance Adjustment**

The Quality Performance Adjustment (QPA) is monitored by the Department for Employment and Learning. It acts as an additional "filter", i.e. a further element to be taken into consideration when converting each college's past performance and future delivery targets into a budget allocation and identification of underperforming courses for CAS selection. Success rates are used as the basis for this additional performance analysis, as it is considered a more robust measure of college performance and takes into account both retention and achievement rates.

› **E-Individual Learning Plan (E-ILP) and E-Personalised Training Plan (E-PTP)**

The E-Individual Learning Plan and E- Personalised Training Plan is key to tracking student information and progression and provide students with personalised targets. All full time students are required to complete an E-ILP. Course teams ensure that the students have completed the induction elements of the E- ILP to supplement the induction onto the programme of study. The induction modules must be completed within the first two weeks of programme commencing. The student can monitor their attendance and progression through E-ILP and this is encouraged by the course team. The careers element of the E-ILP is completed by the student with the course tutor at tutorial.

› **Examination and Progress Boards**

Examination and Progress Boards are an important element of quality assurance. They determine the academic progress of students on the basis of their performance in examinations and other forms of assessment and help to ensure that the examination and assessment of candidates are conducted in accordance with regulations and procedures as required by the awarding body.

OTHER INFORMATION, DEVELOPMENTS AND DISCLOSURES

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 period 1 August 2014 to 31 July 2015, the College paid 86.5% of its invoices within 30 days (2013/14: 70%). The College incurred no interest charges in respect of late payment for this period.

The Northern Ireland Executive is committed to paying suppliers as quickly as possible, within 10 working days. During the accounting period 1 August 2014 to 31 July 2015, the college paid 49% of its invoices within 10 days (2013/14: 36%).

Post Balance Sheet Events

The College is exiting staff under the Further Education sector Voluntary Exit Programme (NIFE VES) in two tranches

Tranche one was authorised by the Department for Employment and Learning (DEL) on 8 July 2015.

The College had a specific obligation, as at 31 July 2015, to staff scheduled to exit under tranche two. The obligation was subject to confirmation of the availability of funding.

On 9 September 2015, DEL confirmed the Minister of Finance and Personnel had authorised allocations from the Transformation Fund. DEL instructed the College to proceed with staff exits as reflected in tranche two.

Future Developments

The College has been allocated a FLU allocation for 2015/16 of 6,979 FLU's (or £24.25m). The allocation is made up of:

Further Education	Essential Skills	Higher Education
5,218 FLUs	453 FLUs	1,308 FLUs

This represents a 7.4% decrease on the 7,540 total FLU target for 2014/15.

Resources

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

Estate

The College is spread over a wide geographical area with main campus buildings located at Bangor, Downpatrick, Lisburn and Newtownards each of which offer a range of courses. The College also delivers courses in a number of out centres at various locations.

The College's estate consists of land with a net book value of £6,060k as at 31 July 2015 (31 July 2014 £5,789k), buildings with a net book value of £113,868k as at 31 July 2015 (31 July 2014 £113,067k) and buildings under construction of £10,414k as at 31 July 2015 (31 July 2014 £3,157k).

The estate includes campuses at:

- Bangor
- Newtownards
- Lisburn
- Downpatrick
- Newcastle
- Ballynahinch
- Holywood

Financial

Net assets at 31 July 2015 were £92,951k (2013/14 £76,421k). This includes a £6,569k pension liability (2013/14 £9,278k).

People

The College employs 673 people (expressed as full time equivalents), of whom 386 are teaching staff.

In the period August 2014 to July 2015 the sickness absence rate for staff was 4.60% (2013/14 4.72%).

PRINCIPAL RISKS AND UNCERTAINTIES

The College has developed and embedded a system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

A risk management policy is in place and has been approved by the College's Audit Committee and Governing Body. This policy clearly outlines the risk management arrangements across the College, including respective roles and responsibilities, and the mechanisms for identifying and prioritising risks.

A Risk Management Committee has been established, consisting of Departmental risk owners. This group meets on a regular basis, with a schedule of meetings for the year outlined in advance. This group is responsible for the updating of the Corporate Risk Register.

The College operates a formal system of Integrated Monthly Performance Review meetings at which budget holders report to the College Management Team outlining their department's financial performance against plan and reviewing other key operational performance indicators. A key element of these monthly review meetings is the presentation of each department's operational risk register and a review of the steps being taken to ensure appropriate internal controls are maintained and to mitigate identified risks.

A register of collated operational risks is maintained by the Finance Department and is reviewed by the College Management Team to identify any which should be escalated to the corporate risk register.

Both the corporate and departmental risk registers identify the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

The corporate risk register is reviewed at each Audit Committee meeting, with Departmental risk registers submitted on request. The overall responsibility for the on-going review and monitoring of risk management arrangements across the South Eastern Regional College lies with the Director of Corporate and Economic Development.

As of August 2015 the Risk Register contained 5 Active Risks of Category A status.

The following extract from the Risk Management Report to the Audit Committee, dated 15th September 2015, outlines the principal risk factors that may impact the College (Category A: highest priority as a result of either impact or likelihood). Not all factors are within the College's control, and other factors may also affect the College.

Link to Core Goals	Category	Risk Identified	Review Date
Delivering VFM	A	Managing the financial viability of the College	November 2015
Curriculum, Delivery VFM and Quality	A	Failure to manage the level of sickness absence within the College	November 2015
Delivering VFM	A	Ability to manage impact of financial cuts.	November 2015
Curriculum, Delivery VFM and Quality	A	Planning the Curriculum Provision as a consequence of financial cuts.	November 2015
Delivering VFM	A	Failure to introduce and manage the Steps for Success contract.	November 2015

STAKEHOLDER RELATIONSHIPS

In line with other colleges and with universities, the College has many stakeholders. These include:

- Students;
- The Department for Employment and Learning;
- Staff;
- Local employers (with specific links);
- Local Councils;
- Government Offices/ Regional Development Agencies;
- The local community;
- Other FE Institutions;
- Trade unions;
- Professional bodies;
- Universities; and
- Elected Representatives.

The College recognises the importance of these relationships and engages in regular communication with them through the College Internet site and by meetings.

The College considers good communication with its staff to be very important and regular meetings are held. The College encourages staff and student involvement through membership of the Governing Body.

Reputation

SERC is committed to listening to key stakeholders, not only students and staff, but others such as politicians, businesses, voluntary and community groups and local Government and take actions to influence their perceptions of FE and promote its value and importance.

Given the diversity of stakeholders that FE engages with, measuring stakeholder views and perceptions is undertaken in a number of ways. SERC conduct annual surveys with part-time and full-time students, staff members and business customers to gauge their perceptions and to enable us to respond better to stakeholder needs.

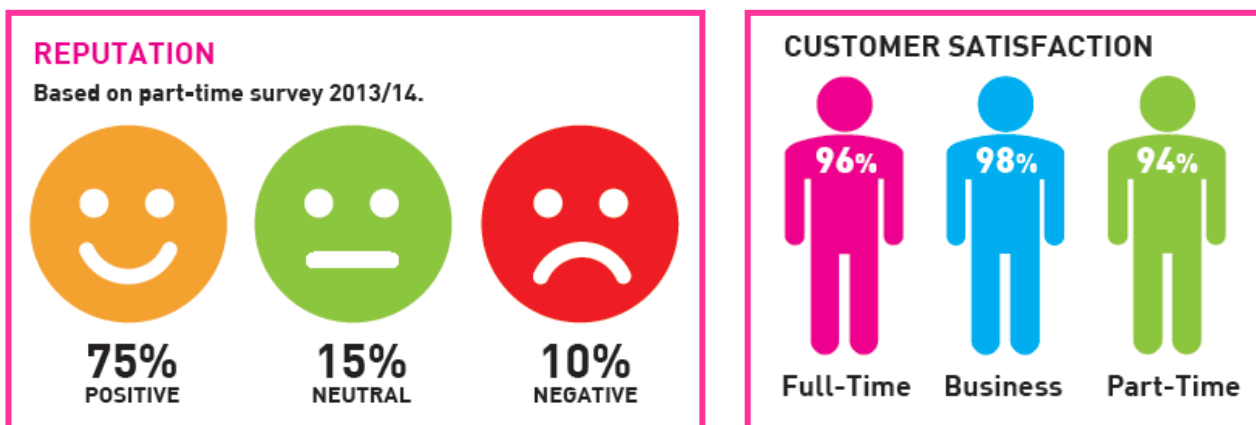
There is no one entity which can provide a single reflection of how SERC is perceived so we use a 'Listening and Influencing' quotient to measure all listening and influencing activity. These reflect customer satisfaction, employee satisfaction and reputation/perceptions of SERC.

The reputation indicator is based on core questions used in all customer surveys and shows how SERC is perceived by stakeholders – a fundamental output from all listening and influencing activity. Academic research into perceptions in the public sector has indicated that such organisations should manage expectations in this area in that the best output could be 'neutral' rather than positive.

Customer satisfaction is viewed by SERC as of strategic importance and again a fundamental indicator of how effective listening and influencing activity has been. It is also an indicator of our quality standards.

Employees are a key stakeholder and are critical champions in influencing and listening to other stakeholders. They impact greatly on the perceptions of the College and so their satisfaction levels are an important indicator.

The perceptions of customers are shown in the latest survey results:



The latest employee satisfaction results show:



Equality of Opportunity and employment of disabled persons

By virtue of Section 75 of the Northern Ireland Act 1998 South Eastern Regional College is carrying out all its functions, powers and duties as required to have due regard to the need to promote equality of opportunity:

- › between persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation;
- › between men and women generally;
- › between persons with a disability and persons without; and
- › between persons with dependants and persons without.

Without prejudice to its obligations above, the 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 College has included the promotion of good relations as part of the corporate planning process.

The College is committed to the fulfilment of its Section 75 obligations in all parts of its organisation. The 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

The Colleges' Disability Action Plan 2013 – 2018 confirms South Eastern Regional College's commitment to and proposals for fulfilling the statutory obligations in compliance with Sections 49A and 49B of the Disability Discrimination Act 1995 (as amended by the Disability Discrimination (NI) Order 2006).

This plan outlines how the College can more effectively mainstream disability issues within policy decision-making committing to the following;

- › Promotion of Disability Duties;
- › Allocating the necessary resources to implement the plan;
- › Communication with staff;
- › Training on disability awareness;
- › Encourage the involvement of people with a disability in internal working groups, partnerships and focus groups; and
- › Engaging with a wide range of key stakeholders including consulting with people with a disability on the implementation of the plan.

Specific actions measure within the plan are monitored on an annual basis as part of the Annual Equality Progress Report. Progress for the reporting period 14-15 can be viewed at www.serc.ac.uk/PublicInformation/Pages/Equality.aspx.

The College seeks to achieve the objectives set down in the Disability Discrimination Act 1995, the Special Education Needs and Disability Order (NI) 2005 and the Disability Discrimination (NI) Order 2006, for example:

- › In partnership with Colleges NI, SERC engaged with Disabled GO to develop good practice guides for the estate to provide students with the opportunity to view our premises on line and get information about accessibility to and within the estate. As a result of campus audits accessibility has improved for potential students with disabilities / students with disabilities.
- › The Learning Support Unit provides an essential component of the College experience for students with physical disabilities, mental disabilities and medical conditions. Funded through the Additional Support Fund formula, students can access:
 - Physical resources such as specialist computers and software, orthopaedic chairs, smart pens, audio note takers etc.
 - Specialist human support through General Studies Support Workers, College Lecturing staff and specialist support for a range of conditions e.g. Dyslexia, Autistic Spectrum Disorders.
 - Administrative adjustments for exams, College access and arrangements in the event of illness or episode such as epilepsy.

The staff in the unit has a wealth of experience in designing and implementing support strategies as well as providing essential information for both staff and students regarding a very wide range of disabilities and conditions.

- › Counselling and Welfare Services within SERC come under the auspice of the Pastoral Care unit of SERC. Pastoral Care is concerned with promoting personal and social development and fostering positive attitudes within the college:
 - Through the quality of teaching and learning
 - Through arrangements for monitoring students' overall progress, academic, personal and social
 - Through the nature of relationships amongst students, lecturers and adults other than lecturers
 - Through specific pastoral structures and support systems
 - Through the internal and external links the college has in order to ensure the needs of our learners are continually being met; and
 - Through extra-curricular activities and the College ethos

Pastoral Care within SERC incorporates Careers, Students' Union, Induction, Tutorial Time, Equality and Diversity and Counselling, and Safeguarding Vulnerable Groups (incorporating Child Protection). This unit engages with internal and external stakeholders in order to meet the needs of all learners within SERC.

Pastoral Care and Guidance has become an integral and important mechanism to support students in choosing a correct career or educational path and support the learner during their time with SERC, and thus ensuring recruitment and retention figures remain high.

The College Counselling Service provision is offered to all learners regardless of their mode of attendance, campus, age etc. Without this provision, many students' issues would have a direct impact on their college and personal lives, with many leaving the College and therefore failing to meet their full educational potential.

The College has 28 Designated Safeguarding Officers looking after the needs of its learners, whether they be designated as Children or Vulnerable Adults. The Safeguarding Officers cover all areas of the College from Senior Management to Support Staff. In addition, we also have 2 members of the Governing Body who are classified as Designated Officers, but do not get involved in the Day-to-Day roles of a Safeguarding Officer. In 2014/15 all staff within SERC completed refresher Mandatory Staff Development including Safeguarding. In 2013/14 all Designated Officers completed refresher Designated Safeguarding Training, as well as completing ongoing Staff Development dealing with issues including Bullying, Transgender, and Mental Health Awareness Training.

Disclosure of Information to Auditors

These accounts are subject to audit by agreement 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 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 College's auditors are aware of that information.

Personal data related incidents

No personal data related incidents occurred during the year.

Charitable and Taxation Status

The College has charitable status with the HM Revenue and Customs and is not liable to corporation tax.

Charitable/Political Donations

The College made no charitable or political donations during the year.

Professional Advisers

External Auditors	Comptroller and Auditor General Northern Ireland Audit Office 106 University Street Belfast BT7 1EU
Internal Auditors	KPMG Stokes House 17 – 25 College Square East Belfast BT1 6DH
Bankers	Bank of Ireland 12 Conway Square Newtownards BT23 4DJ
Solicitors	Carson McDowell Murray House Murray Street Belfast BT1 6DN

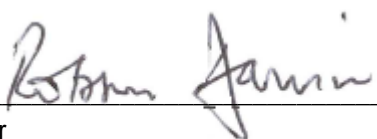
Members

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

Name	Date of Appointment	Term of Office	Date of Resignation	Status of appointment	Committees Served	GB Attendance
Dr Robson Davison (Chair)	1 August 2011 1 December 2011 (as Chair)	4 years	-	Independent Member – Business Category	Education, Staffing, and Finance and General Purpose Committees (ex-officio member)	6 / 6
Mr David Lamb (Vice Chair)	1 August 2011 (Second Term)	4 years	31 July 2015	Independent Member – Business Category	Audit Committee (Chair)	6 / 6
Mr Neil Bodger	1 August 2011	4 years	-	Independent Member – Business Category	Audit Committee	3 / 6
Mrs Shirleen Corbett	24 November 2014	4 years	-	Independent Member – SEELB Nominee	Staffing Committee	5 / 5
Mrs Karen Fraser	1 August 2014	4 years	-	Independent Member – Business Category	Education Committee	6 / 6
Mr Sam Gallaher	1 August 2011 (Second Term)	4 years	31 July 2015	Independent Member – Business Category	Education Committee and Audit Committee	2 / 6
Mr Mark Graham	1 August 2011	4 years	-	Independent Member – Business Category	Staffing Committee (Chair) and Finance and General Purpose Committee	6 / 6
Mr Alan Henry	1 December 2011	4 years	28 November 2014	Independent Member – Business Category	Staffing Committee and Audit Committee	2 / 2
Mr Edward Jackson	1 April 2010 1 April 2014 Second Term	4 years	-	Independent Member – Business Category	Finance and General Purpose Committee (Chair)	6 / 6
Mr Gareth Hetherington	1 May 2013	4 years	-	Independent Member – Business Category	Audit Committee	6 / 6

Name	Date of Appointment	Term of Office	Date of Resignation	Status of appointment	Committees Served	Attendance
Mrs Barbara Larkin	1 August 2013	4 years	-	Co-opted	Finance and General Purpose Committee	4 / 6
Ms Linda Martin	26 November 2007 11 April 2012 Second Term	4 years 4 years	25 November 2011	Staff Governor	Audit Committee	5 / 6
Mr Steve Pollard	17 December 2014	4 years	-	Co-opted	Audit Committee and Education Committee	2 / 4
Mrs Heather Reid	1 August 2011	4 years	-	Independent Member – Business Category	Education Committee (Chair) and Staffing Committee	5 / 6
Ms Alanna Reid	23 September 2014	1 year	-	Student Governor	Finance and General Purpose Committee	5 / 5
Mr Glyn Roberts	1 August 2013	4 years	29 October 2014	Co-opted	Education Committee	1 / 1
Mrs Kim Scott	24 November 2014	4 years	-	Independent Member – SEELB Nominee	Education Committee	5 / 5
Mr Michael Simcock	11 April 2012	4 years	-	Staff Governor	Finance and General Purpose Committee	4 / 6
Mr Ken Webb	1 July 2008	On-going	-	Principal and Chief Executive	Education Committee, Staffing Committee, and Finance and General Purpose Committee	6 / 6
Professor Alan Woodside	19 January 2015	4 years	-	Independent Member – Business Category	Education Committee	2 / 3

For and on behalf of the members of the Governing Body


Chair

24-11-2015
Date

SOUTH EASTERN REGIONAL COLLEGE REMUNERATION REPORT

Remuneration Policy

Members of the Governing Body

Members of the Governing Body and the Chairperson are appointed 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 Chairperson 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 posts of Members of the Governing Body and the Chairperson carry no remuneration or payment of bonus.

No member of the Governing Body including the Chairperson receives pension contributions of the College or the Department. The College reimburses the Chairperson and Members of the Governing Body for any incidental expenses incurred for carrying out their duties relevant to the organisation.

The Principal/Director and Senior Management Team

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

The Principal/Director and Senior Management Team hold permanent appointments. The normal retiring age is 65, although staff may retire at any time after age 60 with no diminution of earned pension benefits. The policy relating to notice periods is contained in the 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 Principals/Directors 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 Directors 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 Directors. If the College increases in size a Deputy Director will automatically move to the new relevant salary scale.

Performance Pay

There is no performance related pay for the Director or any Deputy Director.

Total Reward Package

Senior staff within the College have access to the Northern Ireland Teachers' Pension scheme.

Senior staff posts are based on 36 hours per week and post-holders have access to the 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 twelve statutory and public holidays as recognised by the sector.

Service Contracts

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.

Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the most senior management of the College.

Remuneration (including salary) and pension entitlements (Audited)

Name	2014/15				2013/14			
	Salary	Benefits in kind	Pension Benefits	Total	Salary	Benefits in kind	Pension Benefits	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Mr K Webb Director (Appointed 1 July 2008)	110-115	0	35-40	145-155	105-110	0	35-40	140-150
Mr T Keating Deputy Director (Appointed 1 June 2009)	80-85	0	30-35	110-120	80-85	0	25-30	105-115
Dr M Malone Deputy Director (Appointed 1 June 2009)	80-85	0	35-40	115-125	80-85	0	30-35	110-120
Mr D Smith Deputy Director (Appointed 1 June 2009)	80-85	0	30-35	110-120	80-85	0	25-30	105-115

Relationship between Remuneration of the highest paid director and median remuneration of workforce:

	2014-15 £'000	2013-14 £'000
Band of highest paid directors total remuneration	110-115	105-110
Median total remuneration	27,645	27,645
Ratio	4.00	3.89

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.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the HM Revenue and Customs as a taxable emolument. No senior officials received any benefits in kind.

Pension Entitlements (Audited)

Officials	Accrued pension at pension age as at 31/7/15 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/7/15 £'000	CETV at 31/7/14 £'000	Real increase in CETV £'000
Mr K Webb Director	35-40 Plus lump sum of 0*	2.0-2.5 Plus lump sum of 0*	661	607	54
Mr T Keating Deputy Director	30-35 Plus lump sum of 90-95	1.0-1.5 Plus lump sum of 4.0-4.5	614	574	40
Dr M Malone Deputy Director	35-40 Plus lump sum of 105-110	1.5-2.0 Plus lump sum of 4.5-5.0	752	703	49
Mr D Smith Deputy Director	30-35 Plus lump sum of 90-95	1.0-1.5 Plus lump sum of 4.0-4.5	589	551	38

* An entrant to the NITSS after 01/04/2007 has a retirement age of 65 years and no lump sum is applicable, although the entrant may elect to commute part of their pension to a lump sum. Mr K Webb joined SERC and NITSS on 1 July 2008 so this condition applied.

Pension arrangements

Retirement benefits to employees of the 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 the 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 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 statement of total recognised gains and losses.

Enhanced Pensions

There are currently no enhanced pensions payable to any former member of staff.

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 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 include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NITPS pension arrangements and for which the Fund has received a transfer payment commensurate with the additional pension liabilities being assumed. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential reduction to 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.

Compensation for loss of office

Two Deputy Directors are exiting under the NI FE Voluntary Exit Scheme.

Compensation payments are in the range of £145k - £150k and £100k - £105k.

The compensation payments have been included in the financial statements for the year ended 31 July 2015.

**SOUTH EASTERN REGIONAL COLLEGE
STATEMENT OF THE RESPONSIBILITIES OF THE GOVERNING BODY
FOR THE YEAR ENDED 31 JULY 2015**

The Governing Body of the College is required to present audited financial statements for each financial year.

Within the terms and conditions of the Financial Memorandum agreed between the Department for Employment and Learning (the Department) and the Governing Body of the College, the Governing Body through its Chairperson, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the College and the result for that year.

In preparing the financial statements the Governing Body is required to:

- › select suitable accounting policies and then apply them consistently;
- › make judgements and estimates that are reasonable and prudent;
- › state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- › prepare the financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation.

The Governing Body is also required to prepare an Annual Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

The Governing Body is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and enable it to ensure that the financial statements are prepared in accordance with the relevant legislation and other relevant accounting standards. It has general responsibility for taking such steps that are reasonably open to it to safeguard assets of the College and to prevent and detect fraud and other irregularities.

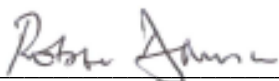
The maintenance and integrity of the College website is the responsibility of the Governing Body of the College; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial 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.

The Governing Body is responsible for ensuring that funds from the Department are used only in accordance with the Financial Memorandum agreed with the Department and other conditions which the Department may from time to time prescribe.

The Governing Body must ensure that there are appropriate financial and management controls in place sufficient to safeguard public funds and ensure that they are used only in accordance with the conditions under which they have been made available.

In addition, the Governing Body is responsible for securing the economic, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds by the Department are not put at risk.

Approved by order of the Governing Body members on 24 November 2015 and signed on its behalf by:



Dr Robson Davison
Chair

**SOUTH EASTERN REGIONAL COLLEGE
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 JULY 2015**

Introduction

This Governance Statement for South Eastern Regional College (SERC) sets out the governance structures, risk management and internal control procedures that operated within SERC during the 2014/15 financial year and up to the date of approval of the Annual Report and Accounts.

This Governance Statement has been prepared in accordance with guidance issued by the Department of Finance and Personnel (DFP) and is aimed at supporting better governance and driving more consistent, coherent and transparent reporting.

Scope of Responsibility

The Chief Executive and Accounting Officer for the College has responsibility for maintaining a robust governance and risk management structure and a sound system of internal control that supports the achievement of the College's aims and objectives set by the Governing Body, whilst safeguarding the public funds and College assets for which he is personally responsible.

The responsibilities as Chief Executive and Accounting Officer are set out in Managing Public Money Northern Ireland (MPMNI) issued by DFP and in accordance with the Financial Memorandum between the Department for Employment and Learning (DEL) and the Further Education Colleges.

The Chief Executive and Accounting Officer is accountable to the Governing Body, the Department for Employment and Learning and the NI Assembly.

In order to manage the College efficiently, the Accounting Officer has been supported by formal governance structures with clear remits, details of which are provided below.

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, the Financial Memorandum, the Audit Code and other regulatory requirements. In terms of governance, all other documents are subordinate to the Order and subject to its provisions.

The Governing Body of a college is a body corporate appointed by the Minister to act on behalf of the Department to ensure the efficient and effective management of the college and to ensure it secures the provision of suitable and efficient education to its students in line with statutory obligations in respect of further education. The purpose of corporate governance in further education is to ensure that the systems by which colleges are directed and controlled are operating effectively. The Governing Body has responsibility for setting the strategic direction of the College and for maintaining strategic oversight. It should ensure the demarcation of responsibilities between the Governing Body and the College's executive and provide and exercise both a support and challenge function in respect of the Principal and the executive team. Individual Governing Body members should bring independence, objectivity, impartiality and expertise to both the decision making and challenge processes within the college. There should be an appropriate balance of skills, experience and knowledge to enable the Governing Body to discharge its duties effectively.

The College's Governing Body comprises of members appointed by the Minister for Employment and Learning, members nominated by the Education and Library Board for the area, staff and students who are elected within the College, the Chief Executive/Principal and members co-opted by the Governing Body.

Attendance during the year at the Governing Body meetings was as follows:

Governing Body Member	Meetings Attended	Out of a Possible
Robson Davison (Chair)	6	6
David Lamb (Vice Chair)	6	6
Heather Reid	5	6
Ed Jackson	6	6
Mark Graham	6	6
Sam Gallaher	2	6
Neil Bodger	3	6
Alan Henry	2	2
Gareth Hetherington	6	6
Barbara Larkin	4	6
Glyn Roberts	1	1
Linda Martin	5	6
Michael Simcock	4	6
Karen Fraser	6	6
Alanna Reid	5	5
Kim Scott	5	5
Shirleen Corbett	5	5
Steve Pollard	2	4
Alan Woodside	2	3
Ken Webb	6	6
<i>In attendance:</i>		
Director of Corporate and Economic Development	2	2
Head of Finance	4	4

Members of SERC staff are invited to attend where significant items pertaining to their business area are to be discussed by the Governing Body.

Information presented to the Governing Body 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 content with the quality and reliability of the information presented during 2014/15.

In order to fulfil its role the Governing Body met 6 times during 2014/15. There are four established Committees: the Finance and General Purposes Committee, the Audit Committee, the Education Committee, and a Staffing Committee. All of these committees are formally constituted with terms of reference and comprise mainly lay members of the Governing Body.

A minimum of 6 members of the Governing Body must be present for the meeting to be deemed quorate. All Governing Body meetings during the 2014/15 financial year were fully quorate.

Full minutes of Governing Body meetings are available from the Secretary to the Governing Body. The Secretary to the Governing Body maintains a register of financial and personal interests of the Governing Body members and this is also available for inspection.

Governing Body Conflicts of Interest

The Governing Body, and each committee, has a standing agenda item at the outset of each meeting to allow declaration of conflicts of interest.

Each member takes personal responsibility to declare pro-actively any potential conflict of interest arising out of business undertaken by the college, arising on the agenda or from changes in the member's personal circumstances.

The Chair of the Governing Body (or committee) then determines an appropriate course of action in order to manage the conflict appropriately, for example the member may be asked to leave the meeting while a particular item of business is taken.

Governing Body Performance and Effectiveness

In 2012/13 the Department for Employment and Learning introduced requirements for the assessment of the performance of the Governing Body, Chairperson and its members.

This assessment was completed in 2014/15 through a detailed evaluation questionnaire which focused on areas such as:

- › Objectives;
- › Strategy;
- › Infrastructure;
- › Regulatory Environment;
- › Team Work;
- › Roles and Responsibilities;
- › Decision Making; and
- › Constructive Relationships with DEL and other key stakeholders.

The questionnaire was returned to the Department and benchmarked against other Governing Bodies.

Governing Body members were circulated with the Department's analysis of the self-assessment forms, benchmarked against the sector's other Governing Bodies. A significant majority of SERC Governors 'strongly agreed' with statements associated with the measures about the Governing Body's strategy, objectives and performance measures, how the Governing Body acts as a collective corporate body and its relationships with stakeholders.

Through completion of this assessment, the Governing Body has concluded that the overall performance for the year was considered to be of a high standard.

Audit Committee

The Audit Committee is responsible for reviewing the effectiveness of the College's accounting procedures and systems of internal control and reporting to the Governing Body. The Audit Committee provides a channel of communication from the College's auditors, which is not controlled by College management.

Members of the Audit Committee are drawn from the Governing Body.

Attendance during the year at Audit Committee meetings was as follows:

Audit Committee Member	Meetings Attended	Out of a Possible
David Lamb	5	5
Gareth Hetherington	5	5
Neil Bodger	4	5
Alan Henry	1	2
Linda Martin	4	5
Sam Gallaher	3	5
Steve Pollard	3	3
<i>In attendance:</i>		
Principal	5	5
Chair of the Governing Body	3	5
Director of Corporate and Economic Development	3	3
Head of Finance	5	5

Other attendees are invited to attend the Audit Committee meetings if a discussion is to be held around their particular business area.

The Articles and Terms of Reference for the Audit Committee state that the Committee should meet at least 4 times a year, and more frequently as circumstances require. During the 2014/15 financial year there were 5 Audit Committee Meetings held. A quorum for any meeting of the Audit Committee is 3 members. All Committee meetings during the 2014/15 financial year were fully quorate.

Information presented to the Audit Committee 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 Audit Committee. This ensures a high quality of reliable and up-to-date information is presented for the Committee's consideration. The Audit Committee is content with the quality and reliability of the information presented during 2014/15.

The key issues discussed at the Audit Committee meetings during the 2014/15 financial year were as follows:

- › Risk Management;
- › DEL Health Check;
- › Internal Audit Reports – Monitoring of Action Plans;
- › Annual Report and Financial Statements 2013/14;
- › Report to Those Charged with Governance (RTTCWG) 2013/14;
- › NIAO Audit Strategy;
- › Audit Committee Annual Report;
- › Annual Assurance Statement;
- › All external audit reports (for example FAST, DEL FLU Funding);
- › Monitoring of actions taken in recommendations from RTTCWG;
- › Internal Audit Plan and progress against Internal Audit Plan;
- › National Fraud Initiative;
- › Self-evaluation; and
- › All relevant circulars/reports from DEL, NIAO, NAO, DFP, and Treasury minutes.

The Governing Body takes assurance from the reports presented by the Chair of the Audit Committee to the Governing Body at each meeting.

Finance and General Purposes Committee

The Finance and General Purposes (F&GP) Committee inter alia supervises all matters relating to the finance and accounts of the College and the receipt of its income and expenditure.

Members of the Finance and General Purposes Committee are drawn from the Governing Body.

Attendance during the year at the Finance and General Purposes Committee meetings was as follows:

F&GP Committee Member	Meetings Attended	Out of a Possible
Ed Jackson (Chair)	5	5
Robson Davison (Ex-Officio)	3	5
Mark Graham	5	5
Michael Simcock	4	5
Barbara Larkin	3	5
Ken Webb	5	5
Alanna Reid	3	3
<i>In attendance:</i>		
Director of Corporate and Economic Development	4	4
Head of Finance	5	5

Other attendees are invited to attend the Finance and General Purposes Committee meetings if a discussion is to be held around their particular business area.

The Articles and Terms of Reference for the F&GP Committee state that the Committee should meet at least 4 times a year, and more frequently as circumstances require. During the 2014/15 financial year there were 5 F&GP Committee Meetings held. A quorum for any meeting of the F&GP Committee is 3 members. All Committee meetings during the 2014/15 financial year were fully quorate.

Information presented to the F&GP Committee 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 F&GP Committee. This ensures a high quality of reliable and up-to-date information is presented for the Committee's consideration. The F&GP Committee is content with the quality and reliability of the information presented during 2014/15.

The key issues discussed at the F&GP Committee meetings during the 2014/15 financial year were as follows:

- › Financial Performance;
- › Financial Framework Analysis;
- › Estates & Land Disposal;
- › Voluntary Exit Scheme;
- › Bank & Debt Updates;
- › Health & Safety Update;
- › DEL Health Check; and
- › Budget Allocation – 2015/16.

The Finance and General Purposes Committee presents a report to each meeting of the Governing Body.

Education Committee

The Education Committee is responsible for overseeing College curricular provision, especially the nature, quality and performance of the provision and the extent to which it meets the needs of the community that the College seeks to serve.

Members of the Education Committee are drawn from the Governing Body.

Attendance during the year at the Education Committee meetings was as follows:

Education Committee Member	Meetings Attended	Out of a Possible
Heather Reid (Chair)	5	5
Sam Gallaher	1	5
Robson Davison (Ex-Officio)	3	5
Glyn Roberts	1	1
Karen Fraser	4	5
Kim Scott	3	3
Steve Pollard	3	3
Alan Woodside	2	3
Ken Webb	5	5
<i>In attendance:</i>		
Director of Learning and Customer Support	5	5
Director of Curriculum and Information Services	4	4
Head of Quality, Excellence and Development	3	3

Other attendees are invited to attend the Education Committee meetings if a discussion is to be held around their particular business area.

The Articles and Terms of Reference for the Education Committee state that the Committee should meet at least 4 times a year, and more frequently as circumstances require. During the 2014/15 financial year there were 5 Education Committee Meetings held. A quorum for any meeting of the Education Committee is 3 members. All Committee meetings during the 2014/15 financial year were fully quorate.

Information presented to the Education Committee 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 Education Committee. This ensures a high quality of reliable and up-to-date information is presented for the Committee's consideration. The Education Committee is content with the quality and reliability of the information presented during 2014/15.

The key issues discussed at the Education Committee meetings during the 2014/15 financial year were as follows:

- › College Development Plan;
- › Whole College Self-Evaluation Report and Quality Improvement Plan;
- › Cause for Concern Referrals;
- › ETI Repots;
- › Listening and Influencing Strategic Objective;
- › Steps to Success;
- › International Work;
- › First Impressions Student Survey;
- › DEL Health Check;
- › Curriculum Plan; and
- › Voluntary Exit Scheme.

The Education Committee presents a report to each meeting of the Governing Body.

Staffing Committee

The Staffing Committee is responsible for carrying out procedures in relation to the recruitment, appointment, promotion and grading of all staff, other than senior staff.

Members of the Staffing Committee are drawn from the Governing Body.

Attendance during the year at the Staffing Committee meetings was as follows:

Staffing Committee Member	Meetings Attended	Out of a Possible
Mark Graham	6	6
Heather Reid	6	6
Alan Henry	2	2
Robson Davison (Ex-Officio)	6	6
Shirleen Corbett	2	4
Gareth Hetherington	3	3
Ken Webb	6	6
<i>In attendance:</i>		
Director of Corporate and Economic Development	4	4
Head of HR	6	6

Other attendees are invited to attend the Staffing Committee meetings if a discussion is to be held around their particular business area.

The Articles and Terms of Reference for the Staffing Committee state that the Committee should meet at least 4 times a year, and more frequently as circumstances require. During the 2014/15 financial year there were 6 Staffing Committee Meetings held. A quorum for any meeting of the Staffing Committee is 3 members. All Committee meetings during the 2014/15 financial year were fully quorate.

Information presented to the Staffing Committee 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 Staffing Committee. This ensures a high quality of reliable and up-to-date information is presented for the Committee's consideration. The Staffing Committee is content with the quality and reliability of the information presented during 2014/15.

The key issues discussed at the Education Committee meetings during the 2014/15 financial year were as follows:

- › Staffing Issues;
- › Voluntary Exit Scheme;
- › DEL Health Check;
- › HR Strategy Action Plan and KPIs;
- › Employee Relations and Review of Industrial Relations;
- › Harmonisation of Tutor Qualifications;
- › Shared Services; and
- › Equality Updates.

The Staffing Committee presents a report to each meeting of the Governing Body.

College Management Team

The College Management Team (CMT) of the College consists of:

- › Principal and Chief Executive
- › Directors
- › Head of Finance
- › Head of Human Resources
- › Heads of Quality, Excellence and Development
- › Head of Training

Attendance during the year at the CMT meetings was as follows:

College Management Team Member	Meetings Attended	Out of a Possible
Ken Webb, <i>Principal and Chief Executive</i>	15	15
Thompson Keating, <i>Director of Corporate and Economic Development</i>	14	15
Michael Malone, <i>Director of Curriculum and Information Services</i>	14	15
David Smith, <i>Director of Learning and Customer Services</i>	15	15
Tommy Martin, <i>Head of Finance</i>	15	15
Paul Smyth, <i>Head of Human Resources</i>	14	15
Claire Henderson, <i>Head of Quality, Excellence and Development</i>	9	15
Heather Miller, <i>Head of Quality, Excellence and Development</i>	14	15
William Greer, <i>Head of Training</i>	15	15

The CMT meets to consider a pre-determined agenda. Typical agenda items which are discussed at CMT meetings include:

- › FLU Updates;
- › Update from Learning and Customer Support;
- › Update Curriculum and Information Services;
- › Update from Corporate and Economic Development;
- › Update from Quality, Excellence and Development;
- › Update from Communications and Business Services;
- › Update from Human Resources;
- › Update from Finance; and
- › Chairman's Business

The College has developed an online approval process, facilitated by its secure intranet, which provides a timely process for requests that require CMT review and approval (e.g. staff recruitment, capital expenditure, new Policies and Standard Operating Procedures). The system provides a tool for decision making without the necessity of a physical meeting.

Compliance with the Corporate Governance Code

During 2014/15, the College complied with the principles and supporting provisions set out in the Corporate Governance Code.

Risk Management

The College places significant emphasis on risk management. Risk management is viewed by the College as an essential element of the College's corporate governance framework and is closely linked with the College Development Plan and monitoring process.

The robust risk management process 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.

Risk management within the College is a dynamic process designed to identify and prioritise the risks to the achievement of College 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.

The College's capacity to manage risk is established through the risk and control framework and the experience of senior management in the risk management process. The College Management Team, together with the Governing Body, provide leadership to the risk management environment.

The College has an embedded Risk Management Policy which has been enforced to ensure that the College's objectives and risks have been identified and that a control strategy for each of the significant risks has been determined. Risk ownership is allocated to the appropriate staff and the College has set out its attitude to risk to the achievement of the College objectives.

The College has ensured that staff are trained and equipped to manage risk in a way appropriate to their level of authority and duties, and guidance on the College's risk management process is available to all staff on the intranet. During 2014/15 all new Governors were provided training by the Department for Employment and Learning pertaining to their role on the Governing Body, which included risk management.

Risk and Control Framework

The Governing Body has instructed that procedures are in place for verifying that aspects of risk management and internal control are regularly reviewed and reported on.

There has been a full risk and control assessment before reporting on the year ending 31 July 2015 with all budget holders throughout the College assessing their own departments and submitting a Departmental Statement of Internal Control to the Accounting Officer.

Risk management has been incorporated fully into the corporate planning and decision making processes of the College:

- › The College has a Risk Management Team which meets regularly to review and update the register of corporate risks facing the organisation
- › Each corporate risk is prioritised against a standardised risk impact/likelihood matrix to reduce subjectivity in assessing risk.
- › The Corporate Risk Register is presented to the Audit Committee at each scheduled meeting.
- › The College operates a formal system of Integrated Monthly Performance Review meetings at which budget holders report to the College Management Team outlining their department's financial performance against plan and target and reviewing other quantitative and qualitative key performance indicators. A key element of these monthly performance review meetings is the presentation of each department's operational risk register and a review of the steps being taken to ensure appropriate internal controls are maintained and to mitigate identified risks. A register of collated operational risks is maintained by the Finance Department and is reviewed by the Risk Management Team to identify any which should be escalated to the corporate risk register.
- › The College holds regular management meetings to review enrolments, retentions and achievements and to review and assess quality.
- › A fundamental aspect of the College's control framework is the continual development of policies and standard operating procedures. Key policies and procedures are identified as mandatory training for all staff. Completion of such online training is monitored by College management.

The Governing Body has received periodic reports concerning internal control. The appropriate steps have been taken to manage risks in significant areas of responsibility and progress on key projects has been monitored.

Corporate Risks Identified in 2014/15

The corporate risks identified for the Risk Register as at August 2015 included:

- › **Delivering Value for Money** – Managing the financial viability of the College.
- › **Delivering Value for Money** – Failure to introduce and manage the Steps for Success contract.
- › **Delivering Value for Money** – Ability to manage impact of financial cuts.
- › **Curriculum Delivery, Value for Money and Quality** – Failure to manage the level of sickness absence within the College.
- › **Curriculum Delivery, Value for Money and Quality** – Planning the Curriculum Provision as a consequence of financial cuts.

All risks identified throughout 2014/15 have been appropriately managed within the Risk and Control Framework.

Fraud Reporting

The College has a detailed Anti-Fraud Policy which is reviewed annually. The Anti-Fraud Policy 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.

The Anti-Fraud Policy is included as mandatory training for all staff.

The College reports all suspected or detected frauds to the Department for Employment and Learning in line with Appendix D (Section 3) of the 'Financial Memorandum between the Department for Employment and Learning and the Further Education Colleges'.

During 2014/15 the College had no instances of suspected or detected fraud.

A suspected fraud which was reported to the Department in 2013/14 (and which remained under investigation in 2014/15) was finalised in 2014/15 with criminal proceedings and no loss to the College. There remains one suspected fraud, which was reported to the Department in 2013/14, where investigations are on-going.

The College participates in the National Fraud Initiative (NFI) by investigating matches in relation to payroll, pensions, and trade creditors.

Whistleblowing

The College has a detailed Whistleblowing Policy which is reviewed annually. The Policy provides individuals with a process to facilitate the reporting of concerns and suspected wrongdoing within the College and highlights the protection afforded to those who disclose concerns under the Public Interest Disclosure (NI) Order 1998.

The Whistleblowing Policy is included as mandatory training for all staff.

During 2014/15 the College had no incidents reported under the Whistleblowing Policy.

Education and Training Inspectorate (ETI)

The Education and Training Inspectorate published two inspections in 2014/15.

In January 2015, ETI published the Scrutiny Inspection of Self-Evaluation and Quality Improvement Planning Processes. The College was awarded the grade "High Degree of Confidence". Eleven strengths were identified with three areas for improvement.

An Evaluation of CPD in the College was published in March 2015. ETI awarded the grade of Outstanding. There evaluation highlighted seven areas of best practice and one area for development.

The areas for improvement and development are internally monitored by the Heads of Quality, Excellence and Development.

Internal Audit

The College has an internal audit service, the work of which concentrates on areas of key activities determined by an analysis of the areas of greatest risk and in accordance with the annual internal audit plan. The internal audit plan was endorsed and approved by the Audit Committee and the Governing Body.

The internal audit service reports to the Accounting Officer and to the Audit Committee on a regular basis and have direct access to the Governing Body and to the Chairperson of the Audit Committee.

Internal audit opinions are graded as follows, in line with DAO (DFP) 07/13:

Assurance Rating	Detail
Substantial	There is a robust system of risk management, control and governance which should ensure that objectives are fully achieved.
Satisfactory	Overall there is an adequate and effective system of governance, risk management and control. While there is some residual risk identified this should not significantly impact on the achievement of objectives. Some improvements are required to enhance the adequacy and/or effectiveness of governance, risk management and control.
Limited	There is an inadequate and/or ineffective system of governance, risk management and control in place. Therefore, there is significant risk that the system will fail to meet its objectives. Prompt action is required to improve the adequacy and/or effectiveness of governance, risk management and control.
Unacceptable	The system of governance, risk management and control has failed or there is a real and substantial risk that the system will fail to meet its objectives. Urgent action is required to improve the adequacy and/or effectiveness of governance, risk management and control.

The Head of Internal Audit issues an Assurance Statement to the Accounting Officer which provides an independent and objective opinion on the overall adequacy and effectiveness of the College's risk management, control and governance processes. The Assurance Statement, provided by the Head of Internal Audit, is a key element of the framework of assurance that the Accounting Officer needs to inform this Governance Statement.

On the basis of the audit work performed during the 2014/15 financial year, the Head of Internal Audit has provided a Substantial Overall Assurance.

A summary of the findings from the reviews completed during 2014/15 is provided below:

Area reviewed	Assurance Rating
Business Continuity and Disaster Recovery	Satisfactory
Core Financial Processes – Income and Debtors	Substantial
Core Financial Processes –Month-end Close Procedures	Substantial
Data Protection	Substantial
Payroll	Substantial
Procurement	Substantial
Utilisation of Estate	Satisfactory

There were no Priority 1 issues highlighted in the 2014/15 Internal Audit Reviews.

There were no internal audit recommendations brought forward from the prior year. There were 5 new recommendations arising in the current year of which 1 recommendation is in progress as at 31 July 2015.

Internal Audit arrangements were compliant with Public Sector Internal Audit Standards.

Pay Remits

The College is required to comply each year with Department of Finance and Personnel (DFP) guidance on the approval of pay remits.

The College withholds progression increments until DFP approval is received.

Information Assurance

Effective information security is a key priority for the College and it recognises that stringent principles of information security must be applied to all information it holds.

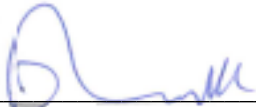
In 2014/15 the College continued to develop the framework of Policies and Standard Operating Procedures surrounding information assurance and records management. The Policies and Procedures provide detailed guidance on information security, the roles and responsibilities, and the monitoring and reporting processes in place regarding information assurance. The framework of documents is regularly reviewed to ensure compliance with best practice.

In 2014/15 there were no instances of access to personal data that did not comply with the Data Protection requirements nor were any issues reported to the Information Commissioners Office. The College did not have any instances of breaches regarding personal data or records.

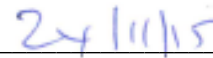
Office for National Statistics (ONS) Reclassification of Further Education Colleges

South Eastern Regional College is a Non-Departmental Public Body (NDPB), as classified by the Office of National Statistics on 26 August 2010.

The College complies with all governance, financial, and accounting requirements of a Non-Departmental Public Body.



Accounting Officer



Date

SOUTH EASTERN REGIONAL COLLEGE

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

I certify that I have audited the financial statements of the South Eastern Regional College for the year ended 31 July 2015 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. These comprise the Income and Expenditure Account, Balance Sheet, Cash Flow Statement, Statement of Historical Surpluses and Deficits, Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Governing Body and auditor

As explained more fully in the Statement of Responsibilities of the Governing Body, the Governing Body is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, 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. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the South Eastern Regional College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the South Eastern Regional College and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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.

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.

Opinion on financial statements

In my opinion:

- › the financial statements give a true and fair view of the state of South Eastern Regional College's affairs as at 31 July 2015 and of its deficit, cash flows and total recognised gains and losses for the year then ended; and
- › the financial statements have been properly 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 Employment and Learning directions issued thereunder.

Opinion on other matters

In my opinion:

- › the part of the Remuneration Report to be audited has been properly prepared in accordance with Department for Employment and Learning 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 Operating and Financial review and the unaudited part of the Remuneration Report 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 part 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 Governance Statement does not reflect compliance with Department of Finance and Personnel's guidance.

Report

I have no observations to make on these financial statements.



KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

26th November 2015

SOUTH EASTERN REGIONAL COLLEGE
INCOME AND EXPENDITURE ACCOUNT
for the year ended 31 July 2015

		2015	2014
	Notes	£'000	£'000
INCOME			
Department for Employment and Learning Grants	2	34,567	32,176
Education contracts	3	8,964	9,924
Tuition fees and charges	4	2,501	2,377
Other grant income	5	1,176	1,467
Other operating income	6	859	844
Investment income	7	14	11
Total income		48,081	46,799
EXPENDITURE			
Staff costs	8	26,956	27,021
Other operating expenses	10	17,146	17,935
Depreciation	13	3,638	3,076
Total expenditure before exceptional items		47,740	48,032
Surplus/(Deficit) on continuing operations after depreciation of assets at valuation and before tax and before exceptional items		341	(1,233)
EXCEPTIONAL ITEMS			
Exceptional costs (staff)	8	4,052	1,204
Exceptional costs (non-staff)	10	-	-
Exceptional income (VES)		3,643	
Deficit on continuing operations after depreciation of assets at valuation and before tax		(68)	(2,437)
(Loss)/Profit on disposal of assets		(142)	87
Deficit on continuing operations after depreciation of assets at valuation and disposal of assets but before tax		(210)	(2,350)
Taxation	11	-	-
Deficit on continuing operations after depreciation of assets at valuation, disposal of assets and tax	12	(210)	(2,350)

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

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

SOUTH EASTERN REGIONAL COLLEGE
STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS
for the year ended 31 July 2015

		2015	2014
	<u>Notes</u>	£'000	£'000
Deficit on continuing operations after depreciation of assets at valuation and tax		(210)	(2,350)
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	18	<u>1,526</u>	<u>2,286</u>
Historical cost surplus/(deficit) for the year		<u>1,316</u>	<u>(64)</u>

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

SOUTH EASTERN REGIONAL COLLEGE
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 July 2015

		2015	2014
	<u>Notes</u>	£'000	£'000
Deficit on continuing operations after depreciation of assets at valuation and tax		(210)	(2,350)
Unrealised gain on revaluation of fixed assets	18	2,814	12,586
Actuarial gains/(losses) in respect of pension scheme	20	3,251	(7,274)
Total recognised gains for the year		<u>5,855</u>	<u>2,962</u>

		2015	2014
		£'000	£'000
Reconciliation of movement in reserves			
Opening reserves		44,218	41,256
Total recognised gains for the year		<u>5,855</u>	<u>2,962</u>
Closing Reserves		<u>50,073</u>	<u>44,218</u>

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

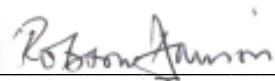
SOUTH EASTERN REGIONAL COLLEGE
BALANCE SHEET
as at 31 July 2015

		2015	2014
	<u>Notes</u>	£'000	£'000
Fixed assets			
Tangible assets	13	<u>134,022</u>	<u>123,414</u>
Total fixed assets		<u>134,022</u>	<u>123,414</u>
Current assets			
Debtors	14	7,274	3,881
Cash at bank and in hand		<u>3,727</u>	<u>2,013</u>
Total current assets		11,001	5,894
Less: Creditors - amounts falling due within one year	15	(7,680)	(4,837)
Less: PPP finance lease creditor - amounts falling due within one year		<u>(1,022)</u>	<u>(970)</u>
Net current assets		<u>2,299</u>	<u>87</u>
Total assets less current liabilities		136,321	123,501
Less: Provision for liabilities and charges	16	(20)	-
Less: PPP finance leases – amounts falling due after more than one year		<u>(36,781)</u>	<u>(37,802)</u>
Net assets excluding pension liability		99,520	85,699
NILGOSC Pension fund liability	20	(6,569)	(9,278)
Net assets including pension liability		<u>92,951</u>	<u>76,421</u>

SOUTH EASTERN REGIONAL COLLEGE
BALANCE SHEET (continued)
as at 31 July 2015

		2015	2014
	<u>Notes</u>	£'000	£'000
Deferred capital grants	17	42,878	32,203
Reserves			
Revaluation reserve	18	52,881	51,593
Income and expenditure account excluding pension reserve	19	3,761	1,903
Pension reserve	20	<u>(6,569)</u>	<u>(9,278)</u>
Income and expenditure account including pension reserve	19	<u>(2,808)</u>	<u>(7,375)</u>
Total reserves		<u>50,073</u>	<u>44,218</u>
Total funds		<u>92,951</u>	<u>76,421</u>

The financial statements on pages 55 to 85 were approved by the Governing Body of South Eastern Regional College on 24 November 2015 and were signed on its behalf on that date by:



Dr R Davison
Chair of Governing Body
South Eastern Regional College



Mr K Webb
Accounting Officer
South Eastern Regional College

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

SOUTH EASTERN REGIONAL COLLEGE
CASH FLOW STATEMENT
for the year ended 31 July 2015

	<u>Notes</u>	2015 £'000	2014 £'000
Cash inflow/(outflow) from operating activities	21	1,361	(182)
Returns on investments and servicing of finance	22	14	11
Capital expenditure and financial investment	23	339	733
Financing		<u>-</u>	<u>-</u>
Increase in cash in the year	24	<u>1,714</u>	<u>562</u>

Reconciliation of net cash flow to movement in net funds

	2015 £'000	2014 £'000
Increase in cash in the year	<u>1,714</u>	<u>562</u>
Movement in net funds in the year	1,714	562
Net funds at 1 August	<u>2,013</u>	<u>1,451</u>
Net funds at 31 July	<u>3,727</u>	<u>2,013</u>

In this statement, figures in brackets refer to cash outflows and all other figures are cash inflows to the College.

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

1. ACCOUNTING POLICIES

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.

Basis of Preparation

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 2007 and in accordance with applicable Accounting Standards under the historical cost convention except that certain freehold properties are shown at their revalued amounts. They also conform to the Accounts Direction issued by the Department for Employment and Learning (DEL).

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 College, together with factors likely to affect its future development and performance are set out in the Operating and Financial Review. The financial position of the College, its cashflow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

Accordingly the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis for the preparation of its Financial Statements.

Recognition of Income

The recurrent grant from DEL represents the funding allocations attributable to the current financial year and is credited directly to the income and expenditure account.

Non recurrent grants from DEL and other bodies received in respect of the acquisition of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the asset.

The Public Private Partnership (PPP) grant from DEL represents their contribution to the total unitary charge payments made under the PPP contracts and is credited directly to the income and expenditure account.

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 grants, contracts 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 income and expenditure account in the year in which it is earned.

Pension Scheme

The two principal pension schemes for the College's staff are the Northern Ireland Teacher's 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.

SOUTH EASTERN REGIONAL COLLEGE
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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 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 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 College has fully adopted FRS 17 'Retirement Benefits' during the year. The impact of this standard has been reflected throughout the financial statements. Prior year comparatives have been restated where appropriate.

The difference between the fair value of the assets held in the 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 College's balance sheet 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 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 College are charged to the income & expenditure account or the statement of total recognised gains and losses, in accordance with FRS 17.

Tangible Fixed Assets

› Land and buildings

Land and buildings (including those inherited from the Education and Library Board) are stated in the balance sheet at valuation on the basis of depreciated replacement cost, including irrecoverable VAT, as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the 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 balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College as advised by the LPS. The depreciation charge on buildings is based on the opening cost as valued by LPS. Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis which is consistent with the depreciation policy.

› 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 & Library Board are included in the balance sheet at valuation. All other assets are capitalised at cost.

These assets are depreciated over their useful economic lives as follows:

Fixed Asset	Depreciation
Computers	33 1/3% per annum on a straight line basis
Fixtures and fittings	15% per annum on a straight line basis
Motor vehicles	25% per annum on a straight line basis
Plant and equipment	20% per annum on a straight line basis

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.

› **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 2015. They are not depreciated until they are brought into use.

› **Jointly Controlled Assets (Northern Ireland FE Sector)**

Colleges recognise their individual share of assets that are jointly owned and controlled amongst the Northern Ireland Further Education sector. The assets are classified according to their nature.

Public Private Partnerships

Where it is concluded that the College has an asset of the property and therefore a liability to pay for it, these are recorded on the balance sheet. The initial amount recorded for each is the fair value of the property. Subsequently, the asset is depreciated over its useful economic life and the associated liability is reduced as payments for the property are made. An imputed finance charge on the liability is recorded in subsequent years using a property-specific rate. The remainder of the PPP payment (i.e. the full payments, less the capital repayment and the imputed financing charge) are recorded as an operating cost. Other College obligations in relation to the PPP contract are accounted for in accordance with FRS 12 Provisions, Contingent Liabilities and Contingent Assets.

The College recognises the property when it comes into use, unless it bears significant construction risk, in this case the property is recognised as it is constructed.

Leased Assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

Leasing agreements which transfer to the 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.

Investments

Fixed asset investments are carried at historical cost less any provision for a permanent diminution in their value.

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 the College benefits by being broadly exempt from corporation tax on income it receives from tuition fees, interest and rents.

The College is exempted from levying VAT on most of the services it provides to students. For this reason the 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 the cost 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.

Provisions

Provisions are recognised when the 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 College acts as an agent in the collection and payment of Hardship Funds and the administration of the Educational Maintenance Allowances (EMA).

Hardship Fund payments received from DEL and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 31. £29k was received from DEL which is available to the College to cover administration costs relating to EMA.

The College employs the equivalent of three members of staff for the administration of Hardship Fund applications and payments and the administration of the EMA scheme.

SOUTH EASTERN REGIONAL COLLEGE
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for the year ended 31 July 2015

2. DEPARTMENT FOR EMPLOYMENT AND LEARNING GRANTS

	2015	2014
	£'000	£'000
Recurrent grant	25,202	24,822
Release of deferred capital grants	1,238	997
Educational Maintenance Allowance Administration	29	34
Major Works	-	-
Learner Access and Engagement	17	22
Public Private Partnership (PPP)	5,926	5,898
Additional Support Funds (ASF)	529	333
Care to Learn	63	46
Other	1,563	24
	34,567	32,176

3. EDUCATIONAL CONTRACTS

	2015	2014
	£'000	£'000
Entitlement Framework	1,000	1,047
Training for Success	6,472	7,140
Steps to Work	972	1,737
Steps to Success	520	-
	8,964	9,924

4. TUITION FEES AND CHARGES

	2015	2014
	£'000	£'000
Higher Education (HE) income	1,542	1,472
Home and other European Union	928	865
Non-European Union	31	40
	2,501	2,377

Tuition fees funded by bursaries

Included within the above amounts are tuition fees funded by bursaries of £42k (2014: £40k)

SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 July 2015

5. OTHER GRANT INCOME

	2015	2014
	£'000	£'000
European funds	243	342
Other funds	933	1,125
	1,176	1,467

6. OTHER OPERATING INCOME

	2015	2014
	£'000	£'000
Catering and residence operations	227	242
Other income generating activities	468	486
Other income	164	116
	859	844

7. INVESTMENT INCOME

	2015	2014
	£'000	£'000
Other interest receivable	14	11
	14	11

SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 July 2015

8. STAFF COSTS

The average number of persons (including senior post-holders) employed by the College during the year, expressed as full-time equivalents was:

	2015	2014
	Number	Number
Teaching	386	388
Support	147	183
Administration	126	120
Premises	14	11
Total	673	702

	2015	2014
	£'000	£'000
Staff costs for the above persons		
Teaching	15,839	16,295
Support	3,664	3,818
Administration	6,482	6,432
Premises	429	442
FRS 17 adjustment	542	34
	26,956	27,021
Exceptional staff costs – Voluntary Exit Scheme	3,904	
Exceptional staff costs - Redundancy	148	1,204
Total	31,008	28,225

Wages and salaries	21,526	22,026
Social Security costs	1,561	1,602
Other pension costs (including FRS 17 adjustments of £542,000 (2014: (£34,000)))	3,869	3,393
	26,956	27,021
Exceptional staff costs – Voluntary Exit Scheme	3,904	
Exceptional staff costs - Redundancy	148	1,204
Total	31,008	28,225

SOUTH EASTERN REGIONAL COLLEGE
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The number of senior post-holders and other staff who received emoluments, including pension contributions and benefits in kind but excluding redundancy and Voluntary Exit Scheme payments, in the following ranges was:

	Senior Post Holders		Other Staff	
	2015	2014	2015	2014
	Number	Number	Number	Number
£60,001 to £70,000	-	-	6	8
£70,001 to £80,000	-	-	1	-
£80,001 to £90,000	-	-	-	-
£90,001 to £100,000	3	3	-	-
£100,001 to £110,000	-	-	-	-
£110,001 to £120,000	-	-	-	-
£120,001 to £130,000	1	1	-	-
	4	4	7	8

9. SENIOR POST HOLDERS' EMOLUMENTS

Senior post-holders are defined as the Chief Executive/Principal and College Directors whom the Governing Body has selected for the purposes of the Articles of Government of the College relating to the appointment and promotion of staff who are appointed by the Governing Body.

	2015 Number	2014 Number
The number of senior post-holders including the Chief Executive/Principal was:	4	4

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

	2015 £'000	2014 £'000
Salaries	360	357
Benefits in kind	-	-
Pension contributions	54	48
Total emoluments	414	405

SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
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The above emoluments include amounts payable to the Chief Executive/Principal (who is also the highest paid senior post-holder) of:

	2015	2014
	£'000	£'000
Salaries	110	109
Benefits in kind	<u>-</u>	<u>-</u>
	110	109
Pension contributions	<u>16</u>	<u>15</u>
	126	124

The pension contributions in respect of the Chief Executive/Principal and senior post-holders are in respect of employer's contributions to the Teachers' Pension Scheme and are paid at the same rate as for other employees.

The members of the College other than the Chief Executive/Principal and the staff members did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 July 2015

10. OTHER OPERATING EXPENSES

	2015	2014
	£'000	£'000
Direct teaching	774	810
Direct support	4,497	5,063
Administration	1,605	1,612
Consultancy Fees	-	-
Premises	2,702	2,912
Unitary payments – PPP operating cost	5,380	5,298
Unitary payments – PPP finance lease interest	2,188	2,240
	17,146	17,935
Exceptional costs (non staff)	-	-
Total	17,146	17,935

Other operating expenses include:

	2015	2014
	£'000	£'000
Auditors' remuneration:		
Financial statements audit	23	23
Internal audit	19	24
Other services provided by the financial statements auditor	-	-
Other services provided by the internal auditors	-	2
Hire of other assets – operating leases	19	35

11. TAXATION

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

12. DEFICIT ON CONTINUING OPERATIONS FOR THE YEAR

	2015	2014
	£'000	£'000
The deficit on continuing operations for the year is made up as follows:		
College's deficit for the year	(210)	(2,350)

SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 July 2015

13. TANGIBLE FIXED ASSETS

	Freehold land	Buildings	PFI	Buildings under construction	Plant and equipment	Computers	Fixtures and fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation									
At 1 August 2014	5,789	31,319	87,883	3,157	2,016	860	721	319	132,064
Additions	-	1,014	520	7,257	1,806	165	841	-	11,603
Disposals	(171)	-	-	-	-	-	-	-	(171)
Revaluation	442	1,192	1,398	-	-	-	-	-	3,032
At 31 July 2015	6,060	33,525	89,801	10,414	3,822	1,025	1,562	319	146,528
Depreciation									
At 1 August 2014	-	2,002	4,133	-	1,380	632	308	195	8,650
Charge for the year	-	1,026	2,079	-	239	145	106	43	3,638
Disposals	-	-	-	-	-	-	-	-	-
Revaluation	-	118	100	-	-	-	-	-	218
Reclassified Assets	-	-	-	-	-	-	-	-	-
At 31 July 2015	-	3,146	6,312	-	1,619	777	414	238	12,506
Net book value at 31 July 2015	6,060	30,379	83,489	10,414	2,203	248	1,148	81	134,022
Net book value at 31 July 2014	5,789	29,317	83,750	3,157	636	228	413	124	123,414

SOUTH EASTERN REGIONAL COLLEGE
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Surplus on Revaluation

Land and buildings were last subject to a full revaluation at 31 July 2012 on a depreciated replacement cost basis. The valuations were performed independently by the Land and Property Services in accordance with Department specifications. Subsequently that revaluation was updated using indices supplied by Land and Property Service to provide valuations as at 31 July 2013 and 31 July 2014.

An interim revaluation has been carried out by Land and Property Services in August 2015 providing the valuation as at 31 July 2015. These revaluations have been incorporated into the financial statements and the resulting revaluation adjustments have been taken to the revaluation reserve.

Jointly Controlled Asset

The net book value of computers includes £20k of computer hardware that is a jointly owned and controlled asset amongst the six college of the Northern Ireland Further Education Sector. The hardware is used to support the sector's Management Information Systems and Information Technology services and is operated centrally on behalf of the sector.

Income & Expenditure Account – Depreciation

The depreciation shown in the Income & Expenditure Account is analysed below:-

	2015	2014
	£'000	£'000
Charge for the year on owned assets	1,559	1,240
Accelerated depreciation on buildings	-	-
Charge for the year on PPP assets	2,079	<u>1,836</u>
Charge in the Income & Expenditure Account	3,638	3,076

SOUTH EASTERN REGIONAL COLLEGE
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14a. DEBTORS

	2015	2014
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	3,280	3,030
Other debtors (VES)	3,643	-
Prepayments and accrued income	351	851
Total Debtors	7,274	3,881

14b. DEBTORS – INTRA-GOVERNMENT BALANCES

	2015	2014
	£'000	£'000
Amounts falling due within one year:		
Balances with central government bodies	6,715	2,769
Balances with local authorities	6	31
Balances with NHS bodies	2	1
Subtotal: intra-government balances	6,723	2,801
Balances with bodies external to government	551	1,080
Total Debtors	7,274	3,881

15a. CREDITORS: AMOUNTS FALLING DUE WITHIN 1 YEAR

	2015	2014
	£'000	£'000
Payments received in advance	349	453
Trade creditors	2,421	1,293
Taxation and social security	566	507
Trade accruals	380	605
Redundancy Accrual	-	44
VES Accrual	3,904	-
Other creditors	60	1,935
Total creditors less than one year	7,680	4,837

15b. CREDITORS: AMOUNTS FALLING DUE WITHIN 1 YEAR – INTRA-GOVERNMENT BALANCES

	2015	2014
	£'000	£'000
Balances with central government departments	84	2,446
Balances with local authorities	9	3
Balances with NHS bodies	-	6
Subtotal: intra-government balances	93	2,455
Balances with bodies external to government	7,587	2,382
Total Creditors less than one year	7,680	4,837

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16. PROVISIONS FOR LIABILITIES AND CHARGES

	Litigation £'000	Other £'000	Total £'000
At 1 August 2014	-	-	-
Income and Expenditure account	-	20	20
Expenditure in the period	-	-	-
	-	20	20
At 31 July 2015	-	20	20

The provision recognised in 2014/15 relates to a clawback on three ESF projects following the vouching of the payment.

	Litigation £'000	Other £'000	Total £'000
At 1 August 2013	-	133	133
Income and Expenditure account	-	(133)	(133)
Expenditure in the period	-	-	-
At 31 July 2014	-	-	-

SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
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17. DEFERRED CAPITAL GRANTS

	DEL grants £'000	Total £'000
At 1 August 2014		
Land and buildings	30,978	30,978
Other assets	1,225	1,225
	<u>32,203</u>	<u>32,203</u>
Cash received		
Land and buildings	9,133	9,133
Other assets	2,780	2,780
	<u>11,913</u>	<u>11,913</u>
Released to Income and Expenditure Account		
Land and buildings	(774)	(774)
Other assets	(464)	(464)
	<u>(1,238)</u>	<u>(1,238)</u>
At 31 July 2015		
Land and buildings	39,337	39,337
Other assets	3,541	3,541
	<u>42,878</u>	<u>42,878</u>
Total	<u>42,878</u>	<u>42,878</u>

18. REVALUATION RESERVE

	2015 £'000	2014 £'000
At 1 August 2014	51,593	41,293
Revaluations in the period (as per note 13)	2,814	12,586
Transferred from revaluation reserve to general reserve in respect of:		
Depreciation of Revalued Assets	(1,355)	(1,012)
Disposals	(171)	(1,274)
	<u>52,881</u>	<u>51,593</u>
At 31 July 2015	<u>52,881</u>	<u>51,593</u>

SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 July 2015

19. INCOME AND EXPENDITURE ACCOUNT

Income and expenditure account reserve

	2015	2014
	£'000	£'000
As at 1 August 2014	(7,375)	(37)
Deficit for the year	(210)	(2,350)
Transfer from revaluation reserve	1,526	2,286
Actuarial gains/(losses) in respect of pension scheme	3,251	(7,274)
At 31 July 2015	<u>(2,808)</u>	<u>(7,375)</u>
Balance represented by :		
Pension reserve	(6,569)	(9,278)
Income and expenditure account reserve excluding pension reserve	3,761	1,903
At 31 July 2015	<u>(2,808)</u>	<u>(7,375)</u>

20. PENSION AND SIMILAR OBLIGATIONS

The 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

	2015	2014
	£'000	£'000
NITPS: contributions paid	1,889	1,825
NILGOSC: contributions paid	1,271	1,357
NILGOSC: FRS 17 charge	<u>542</u>	<u>34</u>
NILGOSC: charge to the income and expenditure account (staff costs)	1,813	1,391
Enhanced pension charge to the income and expenditure account (staff costs)	<u>0</u>	<u>0</u>
Total pension cost for the year	3,702	3,216

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the NITPS was 31 March 2008 and NILGOSC was 31 March 2013.

NITPS

The NITPS is an unfunded contributory, voluntary membership scheme administered by the Department of Education.

Until 1 April 2015 the scheme operated under 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.deni.gov.uk.

The Public Service Pensions Act (Northern Ireland) 2014 provides for the closure of existing public sector pension schemes (including the NITPS) from 31 March 2015 and the establishment of new schemes based on a career average re-valued earnings model with normal pension age equal to state pension age introduced from 1 April 2015.

The Government Actuary's Department values the scheme every 4 years with an interim valuation in the intervening 2-year period using the projected accrued benefit method.

From 1 April 2012 the employers' contribution rate was 13.6% of the full-time salary or if part-time, the full-time equivalent salary, and the employees' contribution rate was banded in line with the full-time salary or if part-time, the full-time equivalent salary as follows:

Salary	Contribution Rate
Below £15,000	6.4%
£15,000 to £25,999	7.2%
£26,000 to £31,999	8.3%
£32,000 to £39,999	9.5%
£40,000 to £44,999	9.9%
£45,000 to £74,999	11.0%
£75,000 to £99,999	11.6%
£100,000 and above	12.4%

The employer contribution rate increased to 17.7% from 1 April 2015.

SOUTH EASTERN REGIONAL COLLEGE
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On 1 April 2015 the salary bands applicable to member contributions for the NITPS changed. The method of determining which salary band a member falls into also changed. The appropriate contribution rates to be applied are now based on a members' annual salary rate (actual earnings) as opposed to their full-time equivalent (FTE) salary:

Salary	Contribution Rate
Up to £25,999	7.4%
£26,000 to £34,999	8.6%
£35,000 to £41,499	9.6%
£41,500 to £54,999	10.2%
£55,000 to £74,999	11.3%
£75,000 and above	11.7%

FRS 17

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the NITPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the College has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The College has set out above the information available on the scheme and the implications for the College in terms of the anticipated contribution 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.

FRS 17

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 July 2014 by a qualified independent actuary.

Principal actuarial assumptions

Principal actuarial assumptions at the balance sheet date are as follows:

	2015	2014	2013
	%	%	%
Rate of increase of pensions in payment/inflation	2.1	2.7	2.8
Rate of increase in salaries	3.6	4.2	5.1
Expected return on assets	N/A*	5.9	5.8
Discount rate for scheme liabilities	3.6	4.0	4.6

* The adoption of FRS 102 in the next accounting period removes the requirement to recognise an expected return on assets item in the profit and loss charge. This item will be replaced with a net financing charge which is based on the discount rate assumption. As the expected return on assets is based on the assumption at the start of the accounting period, assumptions for the expected return on assets are not required at 31 July 2015.

SOUTH EASTERN REGIONAL COLLEGE
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The current mortality assumptions include sufficient allowance for the future improvements of mortality rates. The assumed life expectations on retirement age 65 are:

	2015	2014
<i>Retiring today</i>		
Males	22.2	22.0
Females	24.7	24.5
<i>Retiring in 20 years</i>		
Males	24.4	24.2
Females	27.0	27.7

The College's share of the assets and liabilities in the scheme and the expected rates of return were:

	Long term rate of return expected at 31 July 2015*	Value at 31 July 2015	Long term rate of return expected at 31 July 2014	Value at 31 July 2014	Long term rate of return expected at 31 July 2013	Value at 31 July 2013
		£'000		£'000		£'000
Equities	N/A	22,606	6.6%	19,402	6.4%	21,004
Bonds	N/A	3,478	3.3%	3,146	4.0%	3,316
Property	N/A	3,722	4.7%	3,146	4.6%	2,211
Cash	N/A	610	3.6%	524	3.4%	1,106
Other	N/A	92				
Fair value of assets		30,508		26,219		27,637
Present value of liabilities		(37,077)		(35,497)		(29,606)
Deferred tax liability		-		-		-
(Deficit) in the scheme		(6,569)		(9,278)		(1,970)

* The adoption of FRS 102 in the next accounting period removes the requirement to recognise an expected return on assets item in the profit and loss charge. This item will be replaced with a net financing charge which is based on the discount rate assumption. As the expected return on assets is based on the assumption at the start of the accounting period, assumptions for the expected return on assets are not required at 31 July 2015.

SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 July 2015

Recognition in the balance sheet	2015	2014
	£'000	£'000
Present value of funded liabilities	(37,051)	(35,469)
Fair value of employer assets	30,508	26,219
	(6,543)	(9,250)
Present value of unfunded liabilities	(26)	(28)
Net liability	(6,569)	(9,278)

Recognition in the Income and Expenditure account

	£'000	£'000
Current service cost	1,920	1,569
Interest cost on pension liabilities	1,458	1,399
Expected return on pension scheme assets	(1,565)	(1,642)
Past service cost	-	-
Losses on curtailments and settlements	-	65
Total	1,813	1,391

Analysis of pension finance (cost)/income

Expected return on pension scheme assets	1,565	1,642
Interest cost on pension liabilities	(1,458)	(1,399)

Pension finance income/(cost)	107	243
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Actuarial Gains/(Losses) recognised in STRGL	3,251	(7,274)
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	2015	2014
	£'000	£'000
Movement in (deficit) during year		
As at 1 August as stated	(9,278)	(1,970)
Current service cost	(1,920)	(1,569)
Employer contributions	1,269	1,357
Contributions in respect of unfunded benefits	2	2
Losses on curtailments and settlements	-	(65)
Net Return/Interest on Assets	107	243
Past service cost	-	-
Actuarial Gain/(Loss)	3,251	(7,274)
(Deficit) in scheme at 31 July	(6,569)	(9,278)

SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
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Reconciliation of Defined Benefit Obligation

	2015	2014
	£'000	£'000
Liabilities at 1 August	35,497	29,606
Current service cost	1,920	1,569
Interest cost	1,458	1,399
Employee contributions	405	405
Actuarial losses/(gains)	(1,814)	2,818
Past service cost/(gain)	-	-
Estimated unfunded benefits paid	(2)	(2)
Estimated benefits paid	(387)	(363)
Losses on curtailments and settlements	-	65
	<hr/>	<hr/>
Liabilities at 31 July	37,077	35,497

Reconciliation of Fair Value of Employer Assets

	2015	2014
	£'000	£'000
Assets at 1 August	26,219	27,637
Expected return on employer assets	1,565	1,642
Actuarial (Losses)/Gains	1,437	(4,458)
Employer contributions	1,269	1,357
Contributions in respect of unfunded benefits	2	2
Employee contributions	405	405
Estimated unfunded benefits paid	(2)	(2)
Estimated benefits paid	(387)	(363)
	<hr/>	<hr/>
Assets at 31 July	30,508	26,219

The estimated value of employer contributions for the year ended 31 July 2016 is £1,315,000.

History of experience gains and losses

	2015	2014	2013	2012	2011
	£'000	£'000	£'000	£'000	£'000
Experiences gains/(losses) on assets	1,437	(4,459)	3,416	(762)	3,602
Fair value of employers assets	30,508	26,219	27,637	22,281	20,827
Experience gains/(losses) on scheme liabilities	170	(2,658)	(2)	(214)	3,525
Present value of liabilities	37,077	35,497	29,606	26,714	21,593
Actuarial gains/(losses) recognised in STRGL	3,251	(7,274)	2,665	(3,774)	7,081
Present value of liabilities	37,077	35,497	29,606	26,714	21,593

SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 July 2015

21. RECONCILIATION OF OPERATING DEFICIT TO NET CASH INFLOW/OUTFLOW FROM OPERATING ACTIVITIES

	2015	2014
	£'000	£'000
Deficit on continuing operations after depreciation of assets at valuation	(210)	(2,350)
Depreciation (note 13)	3,638	3,076
Deferred capital grants released to income (note 17)	(1,238)	(997)
Interest receivable (note 7)	(14)	(11)
Pension gain/(cost) less contributions payable (note 20)	542	34
(Increase) in debtors	(3,393)	(1,068)
Increase in creditors	2,843	564
(Decrease) in PPP creditor	(969)	(923)
Loss/(Profit) on sale of tangible assets	142	(87)
Advance of Block Grant	-	1,713
Increase/(Decrease) in provisions	20	(133)
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	1,361	(182)

22. RETURN ON INVESTMENT AND SERVICING OF FINANCE

	2015	2014
	£'000	£'000
Other interest received	14	11
	<hr/>	<hr/>
Net cash inflow from returns on investment and servicing of finance	14	11

23. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2015	2014
	£'000	£'000
Purchase of tangible fixed assets	(11,603)	(3,169)
Deferred capital grants received	11,913	2,798
Proceeds on sale of fixed assets	29	1,104
	<hr/>	<hr/>
Net cash inflow from capital expenditure and financial investment	339	733

SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 July 2015

24. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Aug 2014 £'000	Cash flows £'000	At 31 July 2015 £'000
Cash in hand and at bank	2,013	1,714	3,727
	2,013	1,714	3,727
Financing	-	-	-
Total	2,013	1,714	3,727

**25. CASH FLOW RELATING TO AN EXCEPTIONAL ITEM
– REDUNDANCY & VES**

	2015 £'000	2014 £'000
Accrual as at 1 August	44	-
Income and expenditure account charge	4,052	1,204
Operating cash outflow	(192)	(1,160)
Accrual as at 31 July	3,904	44

26. POST BALANCE SHEET EVENTS

The College is exiting staff under the Further Education sector Voluntary Exit Programme (NIFE VES) in two tranches.

Tranche one was authorised by the Department for Employment and Learning (DEL) on 8 July 2015.

The College had a specific obligation, as at 31 July 2015, to staff scheduled to exit under tranche two. The obligation was subject to confirmation of the availability of funding.

On 9 September 2015, DEL confirmed the Minister of Finance and Personnel had authorised allocations from the Transformation Fund. DEL instructed the College to proceed with staff exits as reflected in tranche two.

27. CAPITAL COMMITMENTS

	2015 £'000	2014 £'000
Contracts placed for future capital expenditure not provided in the financial statements	1,173	8,297

The contract refers to the construction of The SPACE in Bangor with an expected completion date of September 2015.

SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 July 2015

28. FINANCIAL COMMITMENTS

At 31 July the College had annual commitments under non-cancellable operating leases as follows:

	2015	2014
	£'000	£'000
Land and buildings		
Expiring within one year	7	11
Expiring within two and five years inclusive	-	11
Expiring in over five years	<u>6</u>	<u>-</u>
	13	22
Plant and Equipment		
Expiring within one year	-	-
Expiring within two and five years inclusive	16	67
Expiring in over five year	<u>-</u>	<u>-</u>
	16	67
Total	29	89

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

Owing to the nature of the College's operations and the composition of the Governing Body 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 Governing Body may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

Transactions where goods or services are provided to the College by the related organisation:

Related Organisation	Governor (G) / Director (D)	Position in Related Organisation	2015 Trans Paid £'000	2014 Trans Paid £'000	Outstanding at 31 July 2015 £'000	Outstanding at 31 July 2014 £'000
Colleges NI	Ken Webb (D)	Chair of Finance & Audit Committee	9	150	-	-
Construction Industry Training Board	Michael Malone (D)	Standards Committee Member	11	25	1	1
Engineering Training Council	Michael Malone (D)	Director	8	12	-	1
University of Ulster	Gareth Hetherington (G)	Associate Director (NICEP)	33	51	-	-
	Steve Pollard (G)	Lecturer				
South Eastern Education & Library Board	Neil Bodger (G)	Appeals Tribunal Chair & Member	-	1	-	-
Business in the Community	Steve Pollard (G)	Business Development Manager	9	-	-	-

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Transactions where goods or services are provided by the College to the related organisation:

Related Organisation	Governor (G) / Director (D)	Position in Related Organisation	2015 Trans Paid £'000	2014 Trans Paid £'000	Outstanding at 31 July 2015 £'000	Outstanding at 31 July 2014 £'000
Colleges NI	Ken Webb (D)	Chair of Finance & Audit Committee	28	35	-	15
University of Ulster	Gareth Hetherington (G)	Associate Director	153	140	11	-
	Steve Pollard (G)	Lecturer				
Lisburn City Centre Management	Michael Malone (D)	Member	3	3	-	-
Friends School	Alan Woodside (G)	Governor	22	-	-	-
Northern Ireland Housing Executive	David Lamb (G)	Assistant Director of Finance	17	16	-	16
	Mark Graham(G)	Senior Manager				

The transactions with CNI mainly relate to the annual membership fee. Transactions with CITB and UU all relate to student tuition and examination costs. Transactions with other organisations are related to general operations.

30. LOSSES AND SPECIAL PAYMENTS

	2015 £'000	2014 £'000
Bad Debt Write Off less than £1k (115 cases)	28	55
Bad Debt Write Off greater than £1k (4 cases)	36	54
	64	109

The bad debt write off refers to outstanding student tuition fees that are considered uncollectable. The College held a bad debt provision as at 31 July 2014 to match the bad debt write off.

31. HARDSHIP FUNDS

	2015 £'000	2014 £'000
Balance at 1 August	222	151
DEL Allocation	176	215
DEL Adjustment to B/Fwd balance	(155)	-
	243	366
Disbursed to students	(183)	(144)
Balance unspent at 31 July	60	222

Hardship funds are available solely for students; the College acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.