

**SOUTH EASTERN REGIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2019**



**South Eastern Regional College
Annual Report and Accounts
For the year ended 31 July 2019**

***The Accounting Officer authorised these financial statements for issue on
14 November 2019***

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

on

17 December 2019

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

**SOUTH EASTERN REGIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS**

YEAR ENDED 31 JULY 2019

INDEX

SECTION	PAGE(S)
Strategic Report	1 – 39
Remuneration Report	40 – 44
Statement of the Responsibilities of the Governing Body	45
Statement of Corporate Governance and Internal Control	46 – 60
Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly	61 – 63
Statement of Comprehensive Income and Expenditure	64
Statement of Changes in Reserves	65
Balance Sheet	66 – 67
Statement of Cash Flows	68
Statement of Accounting Policies	69 – 73
Notes to the Financial Statements	74 – 94

SOUTH EASTERN REGIONAL COLLEGE

STRATEGIC REPORT 2018/19

The members present their report and the audited financial statements for the year ended 31 July 2019.

PURPOSE

The purpose of South Eastern Regional College (SERC), and the further education sector, is to strengthen and enhance the skills profile of Northern Ireland by addressing the skills deficit and so underpinning the creation of a successful economy.

SERC's core purpose is to link individuals to work, assisting them in finding a job, keeping a job and getting a better job. SERC also assists businesses to innovate and grow, so increasing competitiveness across the region.

SERC delivers, successfully, at all skills levels and has a particular role in providing a bridge to mainstream education for those furthest away from the labour market, creating opportunity for all.

SERC provides, with the FE sector, a collaborative offering across the region aligned strongly to economic priorities at regional and sub-regional levels. SERC does this with strong governance, a track record of financial efficiency and a state-of-the-art estate, meeting the needs of the present and future economy

STRATEGIC CONTEXT

SERC contributes to five of the draft Programme for Government outcomes as delivered through the NICS delivery plan:

1. We prosper through a strong, competitive, regionally balanced economy (Outcome 1).
2. We have a more equal society (Outcome 3).
3. We are an innovative, creative society where people can fulfil their potential (Outcome 5).
4. We have more people working in better jobs (Outcome 6).
5. We give our children and young people the best start in life (Outcome 14).

The Northern Ireland Industrial Strategy underpins the Draft Programme for Government and SERC contributes to the delivery of Pillars 2, 3 and 4:

1. Enhancing education, skills and employability (Pillar 2).
2. Driving inclusive, sustainable growth (Pillar 3).
3. Succeeding in global markets (Pillar 4).

The Northern Ireland Strategy for Further Education: Further Education Means Success is structured around nine themes:

1. Economic development (Theme 1).
2. Social Inclusion (Theme 2).
3. Curriculum Delivery (Theme 3).
4. Excellence (Theme 4)
5. College partnerships (Theme 5).
6. Governance (Theme 6).
7. Funding model and college sustainability (Theme 7).
8. International dimension (Theme 8).
9. Promoting the Further Education sector (Theme 9).

The Further Education Means Success Strategy recognises the critical role that FE Colleges play in skills development and the importance of providing professional and technical learning pathways that enable the people of Northern Ireland to overcome social disadvantage to reach their full potential and contribute to rebuilding and rebalancing the Northern Ireland economy.

ABOUT SERC

We deliver technical and professional skills that are economically relevant and enable our students to progress into work or into better jobs. We deliver innovative support to businesses that enables them to grow. Our aspirations to improve the economic and social wellbeing of our community are supported by our vision, our mission and our values:

Our Vision

To be recognised as an innovative and entrepreneurial world class education provider. This aligns to the FE Sector Vision to provide world-class skills and support to business that transforms lives.

Our Mission

Our mission is to shape our community by promoting an innovative and entrepreneurial society through maintaining an inclusive learning environment, which will empower and enable individuals and businesses to fulfil their ambitions. In doing so we will contribute to the draft Programme for Government and associated strategies which are aimed at promoting social and economic wellbeing and the future prosperity of Northern Ireland.

Our Values

Our values are to be:

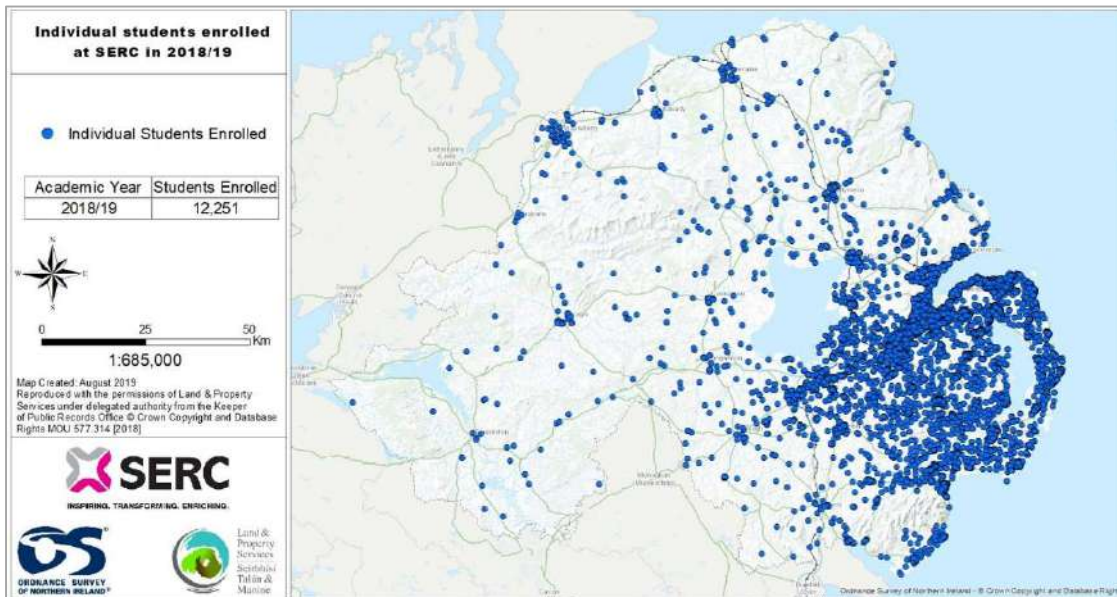
Solution Focused Excellence Driven Responsive Collaborative

SERC's actions are delivered with our values at their core.

Understanding our Community

SERC has campuses located in the south eastern area of Northern Ireland in Bangor, Downpatrick, Holywood, Lisburn, Ballynahinch, Newtownards and Newcastle.

We draw students from across Northern Ireland and engage with businesses, both North and South of the border.



To improve our economy, we must enable individuals to fulfil their potential by improving their capabilities. In order to do this successfully and maximise the impact of our provision we must fully understand the community we service and deliver a curriculum that provides opportunities for “learning that is likely to matter to the lives learners are likely to live” (Perkins, D, 2016). The following diagram provides an overview of key issues within our community:

Facts about our Community



COLLEGE DEVELOPMENT PLAN

Article 20 of the Further Education (Northern Ireland) Order 1997 requires that each college should prepare a College Development Plan (CDP) for submission to the Department for the Economy (DfE). The CDP outlines SERC's strategy and business plan.

In 2018/19, there are five key overlapping priorities in taking forward the development plan:

1. Delivering a Priority Skills, Science, Technology, Engineering, Arts and Maths (STEAM) focused curriculum in line with the needs identified by the NI Skills Barometer.
2. Upskilling the existing workforce to improve business efficiency and productivity thereby enabling them to grow jobs and improve Gross Value Added (GVA).
3. Addressing social inclusion by providing opportunities for those not in work, to obtain a professional or technical qualification allowing them to gain employment and escape the unemployment cycle.
4. Enhancing employment opportunities for all our students by incorporating enterprise skills development within each curriculum area.
5. Improving effectiveness of our education and training provision through the quality of our approach, leading to higher success rates and therefore providing a better return on investment to the Department for the Economy and our other funders.

Educational Outcomes, Performance Indicators and Performance Measures

The Outcome Based approach to delivering services, advocated by the draft Programme for Government, is adopted by SERC in the College Development Plan. This approach has been applied to the setting of the key priorities for 2018/19 based on the needs of the population and aligning to the Draft Programme for Government Outcomes.

In order to achieve the priorities, our actions for 2018/19 were established under three delivery plan report cards that detailed "What we propose to do", and how our performance will be measured to ensure that our actions are relevant to the needs of the community we service. The three delivery plan report cards are:

Delivery Plan Report Card 1:	Qualifications
Delivery Plan Report Card 2:	Employers / Businesses
Delivery Plan Report Card 3:	Social Inclusion

The report cards, which are detailed in the following section, explore our performance under the headings:

How much did we do?
How well did we do it?
Is anyone better off?

Delivery Plan Report Card 1: Qualifications

Our proposals for 2018/19 were:

- Further enhance our STEAM centred curriculum to support achievement in Priority Skills areas and promote progression to Levels 4 and 5.
- Have an ethos of Excellence at the heart of all we do ensuring our course provision is of the highest quality and delivered to the highest standards.
- Implement systems and procedures which support an efficient organisation, effectively meeting the needs of our students and customers.
- Embed Project Based Learning (PBL) techniques throughout our curriculum to enhance the problem solving and employability skills of students.
- Promote the opportunities of HE in FE to grow the number of Level 4 and 5 qualifications delivered.

How much did we do?

Enhancement of STEAM Centred Curriculum

SERC delivered a Priority Skills, STEAM centred curriculum which is aligned to and compliments the aspirations outlined in the Skills Barometer.

The Education Report card for 2018/19 shows Full-Time and Part-Time enrolments across all funding streams by Level, Full-time and Part-Time (mode of attendance):

Current Data		TFS		Youth Traineeship		FE		Apprenticeship		HE		All		PS
		Enrols	% of provision	Enrols	% of provision	Enrols	% of provision	Enrols	% of provision	Enrols	% of provision	Enrols	% of provision	% of provision
Level 0,1	FT	208	33%			87	4%					295	7%	24%
	PT	552	40%			3,634	23%					4,186	22%	33%
	Total	760	38%			3,721	21%					4,481	19%	33%
Level 2	FT	419	67%	0	0%	547	24%	279	35%			1,245	29%	82%
	PT	777	57%	4	44%	9,367	59%	387	42%			10,535	56%	22%
	Total	1,196	60%	4	44%	9,914	55%	666	39%			11,780	51%	28%
Level 3	FT	2	0%	0	0%	1,685	73%	517	65%			2,204	52%	73%
	PT	40	3%	5	56%	2,778	18%	352	38%			3,175	17%	67%
	Total	42	2%	5	56%	4,463	25%	869	51%			5,379	23%	70%
Level 4,5,6,7,8	FT									484	100%	484	11%	69%
	PT							177	19%	800	100%	977	5%	67%
	Total							177	10%	1,284	100%	1,461	6%	68%
Levels 0-8 Total	FT	629	15%	0	0%	2,319	55%	796	19%	484	11%	4,228	100%	72%
	PT	1,369	7%	9	0%	15,779	84%	916	5%	800	4%	18,873	100%	34%
	Total	1,998	9%	9	0%	18,098	78%	1,712	7%	1,284	6%	23,101	100%	41%

In 2018/19 we delivered a total of 505 individual qualifications to our students.

The 2018/19 enrolment data shows that whilst the level of Essential Skills delivery to the over 20-year-old population decreased, the numbers in the 16-20 age band requiring essential skills increased:

Essential Skills 17/18

Enrols	TFS	Youth Traineeship	FE	Apprenticeship	All
Age under 16	0	0	31	0	31
>=16 and <20	929	32	1248	169	2378
Age 20 and over	28	2	706	31	767
Total	957	34	1985	200	3176

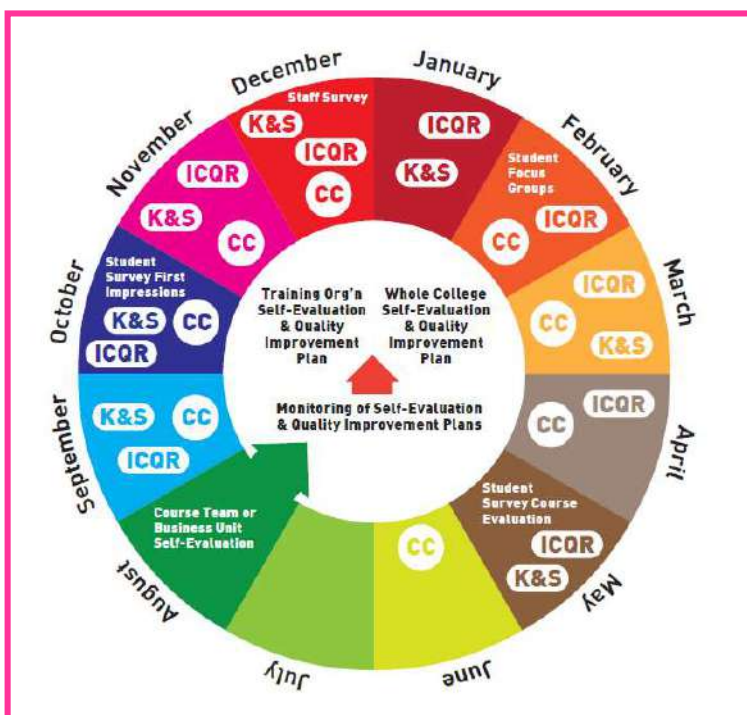
Essential Skills 18/19

Enrols	TFS	Youth Traineeship	FE	Apprenticeship	All
Age under 16	0	0	7	0	7
>=16 and <20	961	0	1385	144	2490
Age 20 and over	35	0	435	12	482
Total	996	0	1827	156	2979

Ethos of Excellence and Implementation of systems and procedures to support efficient organisation

SERC consistently reviews and monitors the quality of our delivery and seeks to ensure our provision is of the highest quality and highest standards. In order to meet this target, we have continued to improve our teaching and learning provision and the overall experience for the students. This strategy is actioned through the College’s ‘Quality Assurance Cycle’:

- Self-evaluation and review and quality improvement planning;
- Integrated Monthly Performance Management System (IMPMS);
- Student Case Conferences;
- Know and Shows;
- Staff Communications;
- Listening and influencing surveys;
- Support for Teaching and Learning;
- Pedagogy Support, ILT Pedagogy Mentoring and TLD;
- Course Assist Review (CAR) and Observation and Support.
- Staff Appraisal and Continued Professional Development.



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 Improvement Plan

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.

Integrated Monthly Performance Management System (IMPMS)

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

Case Conferences (CC)

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?

The Course Assist Review

Process supports 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)

Managers 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.

Embed Project Based Learning Techniques throughout our curriculum



Project Based Learning is a dynamic approach to teaching in which students explore real-world problems and challenges. This approach promotes active and engaged learning, thereby inspiring students to obtain a deeper knowledge of the subjects they are studying.

In September 2018, the College ran a PBL fortnight event in all curriculum areas.

PBL techniques are used continually throughout the academic year in all curriculum areas, for example Health & Social Care students in Newtownards use project-based learning techniques in a newly kitted Clinical Room. The Clinical Room provides the opportunity to embed PBL by stimulating everyday scenarios with the use of a medical training manikin and for the students to practice everyday tasks such as providing a bed bath, inserting catheters and intravenous cannulas etc. The student experience is enhanced by getting out of the classroom to put the theory into practice.



Promote the opportunities of HE in FE

The College continues to promote the opportunity to study Higher Education within the FE college setting.



The 2019/20 Higher Education Prospectus was published in November 2018 and promoted via the College's social media platforms.

In March 2019, an Open Day was held to promote the range of HE courses delivered in SERC.

In 2018/19, our Careers Advisors completed 83 progression talks to our students that highlighted the progression opportunities to HE in SERC.

In 2018/19 1,468 students studied 1,474 HE qualifications in SERC.

How well did we do it?

SERC continues to have high levels of retention, achievement and success as shown below:

- Achievement of 17,269 FE qualifications and 814 HE qualifications;
- Overall **retention** rate of 93%
- Overall **achievement** rate of 91%
- Overall **success** rate of 85.2%

In terms of STEM performance, the statistics are:

- **Retention** rate of 93%
- **Achievement** rate of 91%
- **Success** rate of 85%

SERC consistently reviews and monitors the quality of our delivery and is the best performing College in the FE sector.

A series of College inspections were undertaken by the Education Training Inspectorate (ETI) on Work Based Learning (WBL) provision. SERC was inspected in 2016/17 and the final College in the sector was inspected in February 2019.

SERC has emerged with the best overall inspection report and as the second largest provider of Work-Based Learning (WBL), having the biggest number of vocational areas inspected, and as the best provider of Essential Skills as shown in the below table:

	1	2	3	SERC	5	6
Outcomes for learners	VGood	Good	Good	VGood	I AFI	VGood
Quality of provision	VGood	Good	Good	VGood	I AFI	VGood
Leadership and management	VGood	Good	Good	Outs	I AFI	Outs
TFS	VGood	I AFI	Good	VGood	I AFI	VGood
AppsNI	VGood	Good	Good	VGood	Good	VGood
Essential Skills	Good	I AFI	Good	VGood	RSI	Good
Electrotechnical	VGood	Good	VGood	Good	Good	VGood
Vehicle Maintenance		Good				
Wood occs	VGood	Good	I AFI			
Engineering	Good				I AFI	VGood
Plumbing	VGood		VGood	VGood		VGood
Transport Opps	VGood		Good	VGood	RSI	VGood
Skills for Work L1					Good	VGood
Construction					I AFI	
Barbering			VGood	VGood		
Childcare			VGood			
Health			Good			
Air Conditioning				Outs		
Catering				VGood		
Retail				VGood		
Hospitality/Bakery	Good					
Routeways	Out					
IT	VGood					
Skills for Life L1				VGood		
Total Areas inspected	8	3	7	8	5	5
Total WBL Learners	782	808	607	1195	1036	1584

The College continues to deliver a strong STEAM curriculum that inspires enterprise, entrepreneurship and innovation for students. Enterprise skills are developed through participation in competition, PBL initiatives and student volunteering in local community projects. Entrepreneurship is developed through business mentoring, PBL activities, and participation in student companies. Innovation is supported through undertaking industry projects involving real problem solving, through the Conference for the Advancement of Science and Technology (CAST) and the Conference for the Advancement of Professional Studies (CAPS).

Is anyone better off?

SERC's alumni are engaged in continuing their studies through further and higher education, whilst others have found employment across multiple industries.

Since 2016, the College's work with industry has secured 1,794 new jobs, whilst 4,468 staff have been upskilled and 173 new jobs have been created.

In 2018/19, 56% of students from Q1 achieved their course, whilst 58% of students from Q2 achieved their course.

What do we propose to do in 2019/20?

To enhance our curriculum, we will deliver:

- **Project Based Learning (PBL)**

The College started the embedding of PBL in 2015/16 and further progress was made in 2016/17 with the appointment of PBL mentors.

This continues to be a priority for the College – further staff development in addition to the monitoring of the embedding process will take place.

- **Enterprise and Entrepreneurship**

The development of enterprise skills and creating an entrepreneurial environment at the College will be an important focus.

The College has appointed two Deputy Heads for Enterprise and Entrepreneurship who have the responsibility for setting up the College Entrepreneur Club and enhancing our work towards reducing the eco footprint.

- **Blended Learning**

The College will focus on further refining the use of blended learning and the number of students who review and rate resources on the College MOODLE VLE.

The College will support improvement in Essential Skills performance. Since the introduction of external testing in Essential Skills Literacy and Numeracy there has been a significant drop in success rates. The College will focus on tracking student performance and preparation for the external test environment.

- **Improvement in TfS and AppsNI Retention**

The College will further refine the student management processes around the TfS and AppsNI programme. A specialist team will meet to review, evaluate and implement improvements in TfS retention.

- **More niche Higher Education Products**

The College will develop more niche HE products to increase the FT and PT enrolments. It will expand the range of HE partner awarding organisations it works with to achieve this.

SERC will also deliver on the Construction Hub Action Plan to enhance delivery across the sector.

DfE have indicated that Traineeships will be implemented in September 2020. SERC will work with the Department to prepare for implementation.

The College will continue to deliver an appropriate mix of qualifications in 2019/20 to deliver a Priority Skills, STEAM centred curriculum.

Delivery Plan Report Card 2: Employers / Businesses

Our proposals for 2018/19 were:

- Promote innovation through supporting local companies to develop new products and services through a range of funded support programmes such as the Innovation Voucher Scheme and InnovateUs.
- Promote services available from SERC more widely.
- Promote services available at Community Planning meetings so that other statutory bodies can link businesses they engage with, with College services.
- Share good practice with international partners, including curriculum strategies.
- Undertake applied facilities research to support development aspects of projects.
- Systematically gather evidence from the business sector and provide impact information in the future.
- Engage with 700 businesses to deliver bespoke training which reskills and upskills their workforce.
- Continue to engage with local employers and provide 1,500 placements.
- Complete £360k InnovateUs delivery, 15% of which will be delivered within our specialist area of Construction and Engineering Skills Hub.
- Deliver 10 Fusion projects.
- Provide £400k of Skills Focus delivery, 30% of which will be in areas which fall within our Construction and Engineering Skills Hub.

How much did we do?

SERC engaged with 1,475 unique businesses in 2018/19 across a wide geographical area:

Government District	2018/19
Antrim and Newtownabbey	78
Ards and North Down	282
Armagh City, Banbridge and Craigavon	116
Belfast	196
Causeway Coast and Glens	7
Derry City and Strabane	4
Fermanagh and Omagh	11
Lisburn and Castlereagh	248
Mid and East Antrim	42
Mid Ulster	28
Newry, Mourne and Down	328
Total within Northern Ireland	1,340
Engagements Outside of Northern Ireland	135
Total	1,475

The College delivered a wide range of courses and services to the individual businesses that included: Gas, Property Management, NEBOSH, Food Hygiene, Siemens Mechatronics, GDPR and Computerised Accounts. The work with businesses also involved innovation services of product development and modification, lean and digital transformation, CRM implementation, reverse engineering, and prototyping.

SERC's engagement with local companies is boosted by skills development programmes funded by DfE and Invest NI:

- **InnovateUs**
The focus of InnovateUs is to enable small businesses, with fewer than 50 employees, to acquire the skills necessary to engage in innovation activities - the programme offers up to 60 hours of bespoke training and skills development support, normally delivered over a six-month period. By gaining these skills, small businesses can then undertake additional forms of innovation, which will contribute to growth and development.
- **Skills Focus**
Skills Focus aims to support, promote and facilitate collaborative working between business and FE colleges, in order to provide tailored skills provision to small and medium enterprises with fewer than 250 employees. The purpose of Skills Focus is to meet business needs by increasing the skills levels and employability of the existing workforce to qualification level 2 and above.
- **Innovation Vouchers**
Innovation Vouchers provide up to £5,000 of funding support for small to medium sized businesses in Northern Ireland to help them to innovate, develop and grow. Funded by Invest Northern Ireland, the Innovation Voucher enables companies to seek knowledge and expertise from colleges and universities.

Typical projects include:

- ideas for new or improved products, processes and services
- product and service testing
- access to information and expertise on new materials
- tapping into research and scientific expertise

- **Fusion**
Product development and innovation is at the heart of growth, but often needs costly technology support. Fusion helps businesses to develop new and innovative products, improve existing products, streamline production processes, implement quality systems, improve environmental performance, enhance design capabilities and develop and implement IT solutions.

The Fusion project provides support by helping to fund a high calibre science, engineering or technology graduate work in the business alongside the College.

The College's work with local companies has resulted in 2,260 individuals being trained under several streams:

Training Stream	Number
InnovateUs	116
Skills Focus	931
SERC Innovation	10
SERC Skills	101
Commercial Training	1,102

We secured 7 Fusion projects in 2018/19 to assist businesses in Dublin, Cork and Tipperary. The work relates to developing products and streamlining processes across industries such as glass and packaging.

SERC continues to promote innovation and support for businesses and has recently increased efforts to engage with local council Economic Development Teams. The engagement has led to more co-ordinated working and an increase in activity in Council areas, particularly Newry, Mourne and Down (NMD), which has increased the number of businesses engaged and assisted by SERC. SERC is now represented at the NMD Business Growth Steering group alongside Full Circle, SRC, NMD Council, Newry/Down Business Centres, LRA, Invest NI, and Intertrade. Relationships in this area continue to grow with the local business community with a collaborative approach from all stakeholders to provide appropriate support for upskilling, reskilling and innovation.

Our engagement with businesses and employers continues into student placements where we provided 1,633 student placements in 2018/19 in the following geographical areas:

Local Government District	2018/19
Antrim and Newtownabbey	42
Ards and North Down	482
Armagh City, Banbridge and Craigavon	108
Belfast	199
Causeway Coast and Glens	6
Lisburn and Castlereagh	354
Mid and East Antrim	10
Mid Ulster	13
Newry, Mourne and Down	400
Total Placements within Northern Ireland	1,614
Placements outside of Northern Ireland	19
Total Placements	1,633

Student placements in 2018/19 have included businesses such as gyms, primary schools, veterinary practices, PSNI, NI Civil Service, leading hotels, agricultural agencies, construction companies, motor companies, and health trusts.

Finally, in 2018/19 we have continued to share good practice with our international partners with some of the highlights being:

- South Africa – Flavius Mareka TVET College: delivery of training on solar energy and environmental technologies
- Egypt – Arab Academy: delivery of a capacity building workshop.
- Japan - National Institute of Technology, Kagoshim College: inward visit and signing of a "Friendship Agreement" to promote knowledge transfer and staff and student exchanges.
- Pakistan – Premier Energy: inward visit to review the management of training organisations and identify opportunities for SERC to collaborate with educational institutions and businesses in Pakistan.
- SERC represented NI Colleges at GESS Dubai where meetings were held with educational institutions to create awareness of the sector's products and services and identify opportunities for project and commercial work.

How well did we do it?

SERC's current satisfaction rate for 2018/19 is 99%.

Is anyone better off?

Since 2016, our work with industry has secured 1,794 new jobs, 4,468 staff have been upskilled and 173 new jobs have been created.

What do we propose to do in 2019/20?

To enhance our curriculum, we will:

- Promote innovation through supporting local companies to develop new products and services through a range of funded support programmes, such as the Innovation Voucher Scheme and InnovateUs.
- Promote services available from SERC more widely.
- Promote services available at Community Planning meetings so that other statutory bodies can link the businesses they engage with, with College services.
- Share good practice with international partners including curriculum strategies.
- Undertake applied facilities research to support development aspects of projects.
- Systematically gather evidence from the business sector and provide impact information in the future.
- Develop dashboard to assist with planning Business Services growth strategy.
- Engage with 700 businesses to deliver bespoke training that reskills and upskills their workforce.
- Engage with employers and provide 1,500 placements.
- Complete 190 InnovateUs projects (subject to funding).
- Deliver £378k InnovateUs support (subject to funding).
- Deliver 8 Fusion Projects.
- Deliver a minimum of 10 Innovation Vouchers to industry.
- Deliver a minimum of 1 Assured Skills Academy to support FDI and Invest NI supported companies.
- Deliver a minimum of 1 Bridge to Employment Programme to support priority skills sectors to recruit talent.

Delivery Plan Report Card 3: Social Inclusion

Our proposals for 2018/19 focused upon:

- Through Community Voluntary Sector (CVS) Partners and other statutory sector partners the College will:
 - i. Engage with individuals in deprived communities to advise and support them to re-enter education.
 - ii. Work with partners to address barriers to education and develop support mechanisms.
 - iii. Provide learning support to enable the most vulnerable to achieve.
 - iv. Work with DfE to redefine classification of Access courses so it is not classed as a full-time course, which can cause some students to be threatened with losing their benefits. We will engage Department for the Communities (DfC) and DfE to ensure students are not asked to leave their course.

- Provision of:
 - i. Learning Support Services.
 - ii. Pastoral Care support across our curriculum.
 - iii. Independent careers services, promoting our Careers Hubs to local communities and schools.
 - iv. Counselling service.
 - v. Youth Health Clinic in partnership with South Eastern Health and Social Care Trust.
 - vi. Internship opportunities for individuals to gain valuable work experience.

- We will seek to improve the success rate of those from deprived areas.

- We will deliver 780 apprenticeships.

- We will provide 75 Restart and 260 Access qualifications.

How much did we do?

Community Engagement & Barriers to Education

We have continued to engage with individuals in deprived communities to advise and support them to re-enter education and work with various partners to address barriers to education and develop support meetings.

The College reached into rural deprived communities in 2018/19 by providing outreach careers advice and Restart education in community centres and halls. The partnerships with community organisations have resulted in four 'Restart Lite L2 Award' programmes being delivered off site and has opened dialogue with prospective students for the full Restart Level 2 programme. We have also started an exciting new project working in partnership with Radius Housing to provide targeted support to two urban communities where there are high levels of unemployment and low levels of educational attainment.

To date the College has helped over 65 Syrian Refugee families who have sought refuge in Northern Ireland.

The College hosted a 'Driving Social and Economic Change' conference in January 2019 with over 100 attendees from across the statutory, community, voluntary and business sectors. This conference has provided platforms for further meetings and discussion on progression pathways and employment opportunities.

Restart and Access Qualifications

We delivered 96 Restart qualifications across six campuses and 264 Access qualifications. Given the importance of Access courses, the College continues to liaise with DfE and the Department for the Communities (DfC) regarding the classification of these courses.

Our staff have attended, as guest speakers, Social Security Agency team meetings to outline provision for Adult Returns and to clarify course delivery mechanisms and hours, thereby seeking to address barriers to education and develop support mechanisms.

Support Services

There has been a year on year rise in the number of students requiring support from the College. For example, the number of students declaring a disability at enrolment in 2018/19 totalled 1,166 students. Additionally, approximately 600 FE students (part time and full time) availed of the services of the Learning Support Unit, whilst approximately 100 trainees completing Training for Success programmes were provided with support.

The College has an established structure of support services for students:

- The **Learning Support Unit** manages the provision of support, help and guidance for students with physical disabilities, learning difficulties and medical conditions. This service is primarily funded through the Department for the Economy's Additional Support Fund and during the year 2018/19 students have accessed:
 - Physical resources: specialist computers and software, orthopaedic chairs, smart pens, audio note takers.
 - Specialist human support: General Studies Support Workers, College Lecturing staff and specialist support for a range of conditions that include Dyslexia, Autistic Spectrum Disorders, and British Sign Language Interpreters.
 - Administrative adjustments, such as specific individual College access arrangements for those taking examinations and other assessments and individual support plans for those who experience specific conditions or illnesses such as epilepsy.

The unit is resourced by staff who are experienced in designing and implementing individual support strategies as well as in providing essential information and guidance for staff on a wide range of disabilities and conditions so that students are effectively supported.

As part of the Quality Management processes a range of student performance monitoring structures are in place to identify and address issues of student under performance, often the first indication of a student disability or learning difficulty to College staff. These arrangements include:

- Ongoing individual student tutorial support through which issues and concerns can be identified and highlighted.
- Regular case conferences which enable the support teams to liaise directly with the teaching staff to identify and put in place actions to address specific student difficulties in a holistic manner.
- Teaching staff having access to specific knowledge and experience of strategies and approaches from within the Learning Support Team, experience which is augmented through participation in the cross-College student support working group.

In partnership with the other Colleges in Northern Ireland, SERC has engaged with AccessAble to develop good practice guides for the estate and to provide students with the opportunity to view college premises on-line and get to information about the accessibility of the estate

- The **Pastoral Care, Welfare and Safeguarding** processes within the College focus on promoting the personal and social development of the individual students and trainees through a range of initiatives including:
 - All students have access to and are provided with details of the externally procured student **counselling** and wellbeing support service. This service offers a 24/7 Helpline as well as weekly drop-in and face-to-face support sessions for all learners within the College;
 - The Cause for Concern referral system allows staff to record and forward a concern about the wellbeing of any student to the Pastoral Care team who can implement a range of interventions including engagement with the statutory bodies to ensure that all of the responsibilities regarding the Safeguarding of Children and Vulnerable Adults are addressed. The Pastoral Care team also engage with external agencies and support organisations to ensure the College can maintain current best practise approaches to dealing with students experiencing issues relating to mental health and wellbeing;
 - Through the students’ union and class activities the College provides a range of opportunities for students to engage in extra-curricular activities including sports, volunteering and charity fundraising activities which are all aimed at helping students engage fully with their community and develop their skills and abilities.

The Pastoral Care team responded to 349 causes for concern during 2018/19, which is an increase of 64 from 2017/18. The top four issues raised as causes for concern were:

Issue	% of Referrals
Mental Health	37%
Family Issues	18%
Behavioural Issues	7.5%
Medical Conditions	4.6%

- The College established **Careers Hubs** on the Downpatrick and Ards campuses during 2018/19.

The College has launched a SERC Careers Facebook page for the provision of ongoing impartial careers advice.



- The College operates, in partnership with the South Eastern Health and Social Care Trust (SE Trust), a **Youth Health Advice Clinic** (YHAC) on all our Campuses. The YHAC offers a range of services that range from General Health, Sexual Health, or support for those learners who may have a Mental Health Condition that is having an impact on their daily lives.

Apprenticeships

In 2018/19, we delivered 902 Apprenticeships across the following vocational areas:

Apprenticeships	Number
Accounting	18
Administration	4
Advanced Automotive Management	20
Automotive Management	28
Bricklaying	8
Catering	28
Civil Engineering	3
Computing	1
Construction	9
Construction Plant	44
Electrical Engineering	9
Electrical Installation	136
Fabrication & Welding	5
Fire & Security	43
Gas Management	7
Hairdressing	27
Hospitality	6
Joinery	89
Land based Technology	10
Leadership and Management Health & Social Care	11
Leadership for Children's Care Learning and Development	39
Mechanical Engineering	88
Mechatronics	37
Motor Vehicle	90
Pharmacy	3
Plastering	13
Plumbing	77
Refrigeration	49
Total	902

How well did we do it?

The achievement of 245 full Access qualifications out of 264 being delivered is testament to how well we did in relation to social inclusion.

Is anyone better off?

The measure of anyone being better off can be demonstrated by completion and achievement of their courses. In 2018/19 the following results were attained:

	2018/19
% of SLDD students who completed course	91.9%
% of SLDD students who achieved their course	89%
% of students from quintile 1 who achieved their course	56%
% of students from quintile 2 who achieved their course	58%

What do we propose to do in 2019/20?

- Through Community Voluntary Sector (CVS) Partners and other statutory sector partners the College will:
 - i. Engage with organisations and individuals in deprived communities to advise them about pathways to re-enter education and support them to do so. This will be delivered through our engagement plan.
 - ii. Continue to support newly arrived refugees by hosting education seminars which provide an overview of the UK education system, and information on education provision at SERC including information on ESOL classes.
 - iii. Work with partners to address barriers to education and develop support mechanisms.
 - iv. Provide learner support to enable the most vulnerable and those with a disability to get support, build resilience and achieve a qualification.
 - v. Work with the Department for the Economy, Department for Communities and The Executive Office to improve access to educational opportunities.

- Provision of:
 - vi. Learning Support Services.
 - vii. Pastoral Care support across our curriculum.
 - viii. A range of student support services including an independent careers service, students' union, and student finance.
 - ix. Counselling service.
 - x. Youth Health Clinic in partnership with South Eastern Health and Social Care Trust.

- We will seek to improve the success rate of those from deprived areas.

- We will deliver 950 apprenticeships.

- Engagement activities will seek to increase the number of those undertaking and achieving Restart and Access courses to 290.

FINANCIAL OBJECTIVES

The College's financial objectives and achievement in year to 31 July 2019 were:

RATIO	TARGET	18/19 RESULT
Final Outturn to Final Resource Consumption Budget Variance	0%	0.27%
Total Staff Costs as % of Total Income (including Grant in Aid)	65%	66.6%
Cash Balance as % of Total Prior Year Income (including Grant in Aid)	10%	8.6%
Debtor Days	45 days	30 days
Payment Performance - % of supplier invoices paid within 30 days	85%	92.2%

The **Final Outturn to Final Resource Consumption Budget Variance** is a target of 0% and demonstrates that the College must pursue a performance that is within the resource consumption budget allocation.

The ratio for **Total Staff Costs as a % of Total Income** compares the total cost of staffing within the College against the total income. The target of 65% displays the causal relationship between the total staff costs and total income.

The **Cash Balance** ratio details the percentage of cash reserves held by the College. The target of 10% is within the Department for the Economy's target level for the sector.

The **Debtor Days** ratio measures how quickly cash is being collected from trade debtors (non-government department debt). The target of 45 days reflects the phasing of tuition fee payments from Student Loans Company.

The **Payment Performance** ratio measures the percentage of invoices paid within 30 days. This ratio will monitor our statutory requirement under The Late Payment of Commercial Debts (Interest) Act 1998.

Financial Performance Monitoring

During 2018/19, the College monitored performance against its budget and against prior year position via the production of a full set of College Resource Accounts on a monthly basis. These College Resource Accounts include a Resource Budget Report (an Income and Expenditure Account), Income Analysis, Expenditure Analysis, a Balance Sheet, Debtors and Creditors analysis, a Cash-flow forecast and a Full Year Financial Forecast.

The College Resource Accounts are reviewed on a monthly basis by the College Management Team and are presented to the Governing Body throughout the year in the form of a Financial Governance Report. The Financial Governance report provides the Governing Body with data on both the Departmental year (31 March) and College year (31 July).

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

These departmental resource accounts 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 Management Team.

FINANCIAL RESULTS & POSITION

Financial Results

The College generated a deficit, as recorded in the Statement of Comprehensive Income & Expenditure, in the year of £6,375k (2017/18 deficit of £2,728k).

The College is a Non-Departmental Public Body (NDPB) of the Department for the Economy (DfE). The financial performance target, as set by the parent Department, is to deliver an actual Resource Requirement in line with its approved Resource Budget Allocation. The Resource Requirement is arrived at by quantifying the College's total resource expenditure less income received outside of Grant in Aid. The College's final approved Resource Allocation (and therefore financial target) for 2018/19 totalled £34,335k. SERC's full year Resource Requirement result of £34,427k constitutes an overspend of £92k (0.27% variance) against this resource allocation target.

Statement of Comprehensive Income and Expenditure

The result in 2018/19 is stated after accounting for a pension charge of £2,430k (Pension Charge £2,277k and Net Interest £153k) and a VES/redundancy net cost of £30k.

The pension charge includes a past service cost of £1,370k relating to the McCloud Judgement (£1,245k) and the Guaranteed Minimum Pension (GMP) Indexation and Equalisation (£125k):

McCloud Judgement (£1,245k)

In December 2018 the Court of Appeal ruled in the 'McCloud/Sargeant' judgement that the transitional protection arrangements put in place when the Firefighters' and Judges' pension schemes were reformed were age discriminatory. The Government applied to the Supreme Court for permission to appeal this judgement, however the Supreme Court rejected the Government's request on 27 June 2019. The next stage is for the case to be referred to the Employment Tribunal to agree the remedy, following appropriate consultation. In a Ministerial Statement dated 15 July 2019 the Government committed to extending a remedy across all public sector schemes which included similar transitional protection arrangements and includes the LGPS. As a result, the College has included a constructive obligation at 31 July 2019 in relation to the potential remedy using an approximate method.

Guaranteed Minimum Pension Indexation and Equalisation (£125k)

Following changes to the State Pension in April 2016, there was a risk that members of the LGPS who were 'contracted out' of the State Pension between 6 April 1978 and 6 April 1997, and who would reach their State Pension Age (SPA) after April 2016, would be worse off. This is because State Pension reforms removed the facility of the State to pay 'top up' payments to ensure their total pension was fully inflation protected. The LGPS was only required to pay limited increases on some elements of GMP (a portion of pension accrued in the LGPS when members were contracted out of the State Scheme). In March 2016, the Government committed the LGPS to pay full pension increases on GMPs to individuals reaching SPA between 6 April 2016 and 5 December 2018. This has previously been accounted for. In January 2018, the Government committed the LGPS to pay full pension increases on GMPs to individuals reaching SPA between 6 December 2018 and 5 April 2021. This has not been recognised in the accounts to date. Further, the Government has indicated that it is committed to continuing to compensate all members of public sector pension schemes reaching SPA after 5 April 2021. The Government's view is that this solution also meets sex equalisation requirements. As a result, the College has included a constructive obligation at 31 July 2019, using an approximate method, for the Government's commitment to pay pension increases on GMPs for members reaching SPA after 5 December 2018, which includes a liability for Government's commitment to compensate all members in the future from changes to the State Pension.

Non-Departmental Public Body (NDPB) Financial Performance

The College's financial performance target, as set out by the Department for the Economy, is to deliver an actual Resource Requirement in line with its approved Resource Budget Allocation over the Department year, i.e. from 1 April to 31 March. The Resource Requirement is arrived at by quantifying the College's total resource expenditure less income received outside of Grant in Aid.

The result in 2018/19 is therefore translated into Resource Requirement as follows:

	£'000
Income	
Non-Grant in Aid (Note 29)	11,658
Expenditure	
Staff costs (excluding VES and Pension Charge & Interest)	(29,278)
Other operating expenses	(16,807)
Total expenditure	(46,085)
RESOURCE REQUIREMENT	(34,427)
GRANT-IN-AID FUNDING (Note 29)	35,745
Non-Resource Expenditure	
Voluntary exit scheme	(1)
Depreciation	(5,153)
Pension cost	(2,386)
Net interest on pension scheme	(153)
Deficit as recorded in Statement of Comprehensive Income and Expenditure	(6,375)

The College's final approved Resource Budget Allocation (and therefore financial target) for 2018/19 totalled £34,335k.

SERC's full year Resource Requirement result of £34,427k constitutes an overspend of £92k (0.27% variance) against this resource allocation target. There are a number of individual variances against the most recent forecasts that explains this result:

1. Total Commercial Income for the year of £535k was £255k lower than the most recent forecast. This lower than expected Commercial Income total was mitigated by increased education contract and tuition fee income.
2. Staff costs were £73k higher than forecast, which was primarily part due to a £53k increase related to staff re-grading and an increase in holiday pay accrual as at 31 July 2019 (£26k).
3. PPP contract costs were £15k higher than expected due to CPI indexation.

Despite this small negative variance at 31 July year end, the College expects to be within the resource allocation target for the departmental year ending 31 March 2020.

The College has significant reliance on the Department for the Economy (DfE) for its principal funding source, largely from recurrent grants. In 2018/19, DfE provided some 75.4% of the College's total income through allocated recurrent grant (2017/18: 58.02%).

Net Assets and Reserves

Net assets at 31 July 2019 were £72,726k (31 July 2018: £75,972k). This includes a £13,445k pension liability (2017/18 £6,275k).

The College has accumulated income and expenditure reserve of £4,389k (2017/18: £6,376k) (excluding the Pension Reserve Deficit of £13,445k) and cash balances of £3,995k (2017/18: £6,618k) as at 31 July 2019.

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 and the Department for the Economy.

Cash Flows & Liquidity

The College had a net cash outflow of £2,623k during the year as a result of cash inflows from operating activities of £2,085k and cash outflows from investing and financing activities of £1,566k and £3,142k from investments and capital (2017/18: an inflow of £2,272k). With a cash balance of £3,995k (2017/18 £6,618k), the College's liquidity is within the Department's KPI target for College cash reserves.

Estate

The College's estate consists of land with a net book value of £6,963k as at 31 July 2019 (31 July 2018 £6,963k) and buildings with a net book value of £148,570k as at 31 July 2019 (31 July 2018 £144,380k).

OUR SUCCESS

SERC's success has been recognised in 2018/19:

Outstanding Achievement for SERC Staff Members

Fifteen staff within SERC completed the PGCE (FE) programme with Ulster University, with more than 80% achieving distinctions.

Biggar Prize Award 2019

Aine McGreeghan, an engineering lecturer, has been awarded the Biggar Prize in recognition of achieving the highest marks in the Post Graduate Certificate in Education (PGCE) at Ulster University this year.

TransferWise 20 Under 20 2019

Aimee Clint, from Ballywalter, has won a £10,000 angel investment by winning the TransferWise 20 Under 20 2019 for Europe. Aimee, who is studying on the Level 3 90 Credit Diploma in Business at SERC, is the Founder of Books by Stellas CIC, a start-up that creates informative, charitable books raising awareness of Autism.



SPARKS UK Electrical Apprentice of the Year competition

Level 3 Electrical Installation apprentice Scott Bar from SERC's Downpatrick Campus reached the finals of the SPARKS UK Electrical Apprentice of the Year competition.

Scott, from Ballygowan, also came first place in the SERC Skill Build Electrical Competition

Engineers of Tomorrow Competition 2019

SERC Fire and Security Alarm Apprentices, Adam Smylie and Scott McNab respectively, took 1st place for the IFSEC Engineering heat.

SERC Level 2 Fire and Security Apprentices competed in the FIREX Engineering heat rounds. Apprentices Megan Davidson (H&J Martin) and Aislinn McDaid (Atlas Group), took home 2nd place.

Special Olympics 2019 Abu Dhabi

Sarah-Louise Rea from Lisburn fought off stiff competition to win Gold in Women's Singles for badminton at the Special Olympics World Games 2019 in Abu Dhabi. Her winning streak didn't stop there as she also claimed fourth place in the Women's Doubles for badminton.

Silver Award for Science Teaching at SERC

South Eastern Regional College's (SERC) Science Team have won a prestigious Pearson Silver Teaching Award celebrating outstanding achievement in teaching and recognition for the life-changing impact inspirational teachers can have on the lives of the young people they teach.



Institute of Hospitality Awards 2019

South Eastern Regional College (SERC) culinary lecturer Ruth Doherty was awarded Lecturer of the Year at the Institute of Hospitality Awards 2019.

NI Project Based Learning Awards 2019

A team of engineering students from SERC's Bangor Campus scooped the Overall Sector Award and Entrepreneur Award in the FE Colleges NI Project Based Learning Awards 2019.



2019 European Blackball Championships

Level 4 Hospitality and Management student Eamon Ferris won the Under 23s European Doubles title at Bridlington in Yorkshire.

Millennium Volunteers Awards

Level 3 Public Services students from SERC's Bangor campus achieved Millennium Volunteers Awards.

South African Young Chef of the Year 2019

Level 3 NVQ Professional Cookery student Ben Fleming competed in the South African Young Chef of the Year at Kingsway's College, London. Ben's culinary talents and skills gained him third place in the competition for his experimental dishes.

National Garden and Landscape Designers Association (GLDA) Student Design Competition

Garden Design student, Kateryna Zaichyk, won first prize in two categories at the national Garden and Landscape Designers Association (GLDA) Student Design Competition. Kateryna's keen eye and green fingers earned her first place for the Best Student Concept Master Plan Design and Best Innovative Concept Detail Award 2019.

Wella Xposure Student Hairdressing Competition 2019

Sara Beggs, a Level 3 Hairdressing student from SERC is proving to be a cut above the rest being announced as the Regional Winner in the national Wella Xposure Student Hairdressing Competition 2019.

WorldSkills Regional SkillBuild competition

Level 3 Electrical Apprentice Scott Barr won Gold at the WorldSkills Regional SkillBuild competition held at Belfast Met.

International Agreement

SERC signed an agreement of Friendship and Cooperation with President Dr Tetsuji Chohji from the National Institute of Technology (NIT), Kagoshima College, Japan.



HEAT: Culinary Competition Finals

Hospitality students from SERC's Bangor Campus competed at the 'HEAT: Culinary Competition Finals' and were awarded the Best Teamwork award as well as a bronze medal for their culinary excellence.

The Country Range Student Chef Competition

Catering apprentices Adam Jones, Matthew McGivern and Adam Proctor reached the finals of The Country Range Student Chef Competition.

Institute of Engineering and Technology (IET) Engineering Award and Siemens Digital Award

Engineering duo James Robinson and Simon Keys received two awards for their innovative Greenpower Formula 24+ race car project that the duo completed for their final year projects.

Association of Colleges (AoC) Beacon Awards

SERC was commended in the Association of Colleges (AoC) Beacon Awards in three categories for their commitment to support its students, staff and local communities.

The Bangor campus was commended for the Award for effective use of technology in further education. The Downpatrick campus was commended for the Edge award for excellence in the practical delivery of technical and professional learning. Finally, the Lisburn campus was commended for the British Council International Award.

BT Young Scientist & Technology Exhibition

Talented trio Izzy McConkey (18), Kerri-Melissa Burns (18) and Sarah Scannell (17) from SERC's Lisburn campus won the Best Northern Irish Project and Group 1st Place at the 2019 BT Young Scientist & Technology Exhibition.

SERC was also named BT Best Overall School from Northern Ireland.

Education Awards 2019

SERC has been shortlisted for the Education Awards 2019 in the 'Best Use of Educational Technology/ICT Initiative of the Year' category.

British Education Awards 2019

Level 3 Health and Social care student Cassie Munro from SERC's Newtownards Campus was shortlisted for the British Education Awards 2019.

WorldSkills UK

SERC Level 3 catering apprentice Rachel Carson competed at the UK's national WorldSkills competition where she was Highly Commended coming forth overall for her culinary expertise.

College Development Network (CDN) College Awards 2018

SERC, in conjunction with Forth Valley College, was awarded the Innovation Award at the College Development Network (CDN) College Awards 2018 thanks to the unique partnership formed between the Colleges.



Family Friendly Employer Awards 2018

SERC was named as Public Sector winner at the Employers for Childcare Family Friendly Employer Awards 2018.

DEVELOPMENTS

SERC has built a reputation as a trusted and respected part of our local community by delivering an industry focused curriculum.

SERC has become renowned as an innovative partner for companies seeking to improved productivity and develop new markets or products. Our activities also align with the social needs of our area and connect with the needs of businesses at a Northern Ireland level.

The curriculum offered by the College, the wellbeing support, the support of entrepreneurship and our international engagement activities are all developed to meet the diverse needs of our community.

The latest developments in SERC are discussed below:

Supporting Entrepreneurship

Entrepreneurs' ideas are often grown from their skills, interests or personal circumstances, and are usually formed in response to an unmissable market opportunity. However, whilst all entrepreneurs require an inventive mind in order to identify trends and possibilities, not all entrepreneurs create completely new products. Similarly, a product's inventor may work alongside an entrepreneurial individual who can help to market their product and create a successful business.

The College seeks to nurture entrepreneurial individuals through the **SERC Entrepreneur Club**:



The Entrepreneur Club seeks to give students the skills and mind-set to start real companies. The programs help students leverage their talents and tenacity to build a viable start-up, whilst also training students in the skills and innovative thinking that allow founders to create successful businesses, challenging them to take a real start-up from idea to execution and impact.

SERC is invested in taking an entrepreneurial approach to education. We have appointed two Deputy Heads of School for Enterprise and Entrepreneurship who are working with students, student companies, business owners and entrepreneurs to develop innovative ideas into viable businesses towards growing business, jobs and our economy. SERC is also encouraging social responsibility, social enterprises and environmental awareness across our student body.

The College is supported by Terence Brannigan, Entrepreneur-in-Residence, who has said:

"In the latter part of my career, having successfully created and grown a number of businesses, I have been focusing on spotting new entrepreneurial talent, nurturing and supporting that talent and finding the necessary funding to enable their business ideas to flourish.

Until my connection with the team at SERC, I had been frustrated by the apparent lack of understanding and lack of practical and appropriate support available within Northern Ireland.

However, with SERC's intervention in this critical area of economic regeneration, I have been excited by their pragmatic, focused, committed and, most importantly, INFORMED approach to the identification of early-stage entrepreneurial talent and with their determination to provide the resources necessary to support and encourage that talent.

It is a privilege for me to be involved in SERC's Entrepreneur's Club and in supporting their enlightened and entrepreneurial approach to education."

The support of entrepreneurship will continue as a focus in 2019/20.

International Partnerships, Links and Opportunities

SERC has been operating internationally for more than 10 years and has developed a unique approach to internationalisation. Our international model is built around creating long-term, meaningful partnerships that deliver mutual benefit.

This model has led to the development of successful partnerships and projects in more than 30 countries, including Japan, Thailand, Pakistan, Egypt, Uganda, South Africa and the Republic of Ireland.

Significantly, SERC has recently celebrated a 10-year partnership with the National Institute of Technology, Toyama College, Japan. This partnership started out as a student exchange programme, leading to staff best practice sharing exchanges, joint programmes such as "Robocon" and culminating in a recent visit to SERC by the students and staff involved in the Robogals Chapter: a programme encouraging females into STEM subject areas.

Internationalisation is used to enhance teaching and learning by providing staff and students with new personal and professional development opportunities. International activities are helping students improve their intercultural awareness and soft skills, increasing their employability chances in today's globalised workplace.

Knowledge sharing amongst staff has led to many improvements in teaching approaches and curriculum developments across the College. SERC has been successfully managing European funded and Erasmus+ projects since 2013 and in September 2017 attained the Erasmus+ Further Education VET Charter underpinning our commitment to delivering Quality Assured mobility projects.

To date, we have secured €1.5 million of funding with students and staff from SERC and partner countries benefiting from these mobilities.

Belfast Region City Deal (BRCD)

SERC is a key partner with local Councils on the Belfast Region City Deal and a member of the Employability and Skills Steering Group to deliver skills for growth and skills for inclusion.

Specifically, SERC is working in partnership with Lisburn and Castlereagh City Council to develop a regional Entrepreneur and Innovation Centre in Lisburn.

While the Centre will support a wide range of business development it will particularly focus on:

- Supporting the development, innovation and implementation of Clean Tech
- Supporting the development, innovation and implementation of Industry 4.0/Society 5 Advanced Manufacturing
- Being part of a Maker Space Network consisting of all FE Campuses within the BRCD area.

Pastoral Care and Wellbeing Framework

The College adopts a culture that promotes wellbeing and provides a range of support services through the Pastoral Care Team, Learner Support Team, Student Finance Team, SERC Extra Team, Careers Team and Training Office team.

By supporting students through the challenges of being a student SERC seeks to ensure that all students can achieve their full potential.

Activities, events and workshops are organised to help all students develop strategies to build resilience. The programme of activities and support is known as the Wellbeing Framework. Wherever possible SERC will work with a range of external providers to assist in providing services such as the Youth Health Advice Clinic supported by the South Eastern Health and Social Care Trust and provided on each campus.

A 24/7 Counselling Service is also available to both students and staff. Information on all support services is communicated to students during induction and promoted on the College Intranet, via email, posters and Tutor groups. Careers staff visit Tutor groups to advise on progression pathways.

Staff Wellbeing

In SERC we highly value our staff who are professional, motivated and enthusiastic. The wellbeing of our staff is of fundamental importance and our award-winning HR team lead on developing and implementing wellbeing initiatives.

SERC offers a Health Plan to all staff which includes access to counselling via an Employee Assistance Programme and ensures efficient access to treatment.

The College has appointed Mental Health Champions, available at each of the main campuses, who received mental health first aid training. This is part of SERC's commitment to the Mental Health Charter and a key element of our Health and Well Being Strategy.

A range of other services, events and initiatives aimed at supporting the wellbeing of our staff are provided throughout the academic year.

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. All higher education students at SERC in 2018/19 who were in receipt of the maximum maintenance grant from Student Finance NI or student support grant were eligible for a bursary of 10% of the tuition fee. The bursary amounts totalled £31,456.84.

SERC has set Widening Participation targets with DfE that focus on target groups:

	TARGET	18/19 RESULT
Enrolments from MDM Quintile 1.	9% or 142 enrolments	8.28% / 123 enrolments
Enrolments from adult returners.	40% or 600 enrolments	47% / 700 enrolments
Enrolments from students with a disability.	9% or 130 enrolments	7.68% / 114 enrolments
Enrolments from students who have a Care Experience.	12 enrolments	18 enrolments
Young male students in MDM Quintile 1.	21 Young Males	20 Young Males

The following targets have been agreed for the 2019/20 year:

	TARGET
Enrolments from MDM Quintile 1	9% or 139 enrolments
Enrolments from adult returners	40% or 591 enrolments
Enrolments from students with a disability	9% or 120 enrolments
Enrolments from students who have been assessed for DSA	18 enrolments
Enrolments from students who have a Care Experience	12 enrolments
Young male students in MDM Quintile 1	28 Young Males

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.

Brexit

SERC has reviewed 'Day 1' planning activity for a no-deal scenario, including issues surrounding inflation, supplies, currency fluctuations, staff retention, and student / staff travel outside the UK.

The College considers that there will be no material impact of issues in a no deal situation. For example, in preparation for a 'no deal' scenario, the UK Government has committed to underwrite funding from EU programmes until the end of 2020.

However, it is recognised that in the longer term the College may need to source alternative funding for exchange programmes or explore further partnerships and exchanges outside the EU - particularly building on the partnerships established in Japan, Pakistan, Uganda and Thailand.

Brexit may impact contractual arrangements and the College will monitor and review on an ongoing basis.

STAKEHOLDER RELATIONSHIPS & REPUTATION

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

- Students;
- The Department for the Economy (DfE);
- 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.

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. This engagement process is also used to inform more businesses, decision makers and influencers, such as school teachers and parents, of the quality of the FE offer in order to develop the existing curriculum and seek new entrants.

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.

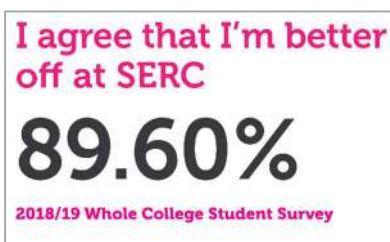
There is no one entity which can provide a single reflection of how SERC is perceived so we use a 'Listening and Influencing' quotient to measure all listening and influencing activity. These reflect customer satisfaction, employee satisfaction and reputation/perceptions of SERC.

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 whole College student survey result who answered a question on whether they were better off at SERC:



In 2018/19 the College facilitated the "DfE Big 14 Survey" that sought student views of their College experience for the Department to compare SERC against the other colleges in Northern Ireland and by doing so, continue to improve the quality of our service to the student. The latest results for this survey show the following for SERC:



Employee satisfaction is of vital importance for the College with the latest staff survey showing:



EQUALITY OF OPPORTUNITY AND EMPLOYMENT OF DISABLED PERSONS

By virtue of Section 75 of the Northern Ireland Act 1998 the 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 College's Disability Equality Statement sets out the College's commitment to potential and existing employees and students with a disability. The College is committed to:

A policy of equal opportunity and seeks to ensure that disabled staff and students have equitable access, as far as is reasonably possible, to the full range of facilities, and services provided by the College;

- Creating an environment where those with disabilities are comfortable to disclose details of their disability and are provided with suitable opportunities to disclose at various stages throughout their time at the College;
- Providing access to the appropriate reasonable adjustments to enable the effects of disabilities to be minimised while participating in College life;
- Preventing occurrences of unlawful direct discrimination, indirect discrimination, harassment and victimisation;
- Treating all staff and students with dignity and respect and will seek to provide a positive and safe working and learning environment.

The College's Disability Action Plan 2014 – 2019 confirms our 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 ensures that disability issues are effectively considered within the policy and decision-making processes.

It commits the College to;

- promotion of its Disability Duties;
- allocating the necessary resources to implement the plan;
- ongoing communication and training for staff in respect of raising awareness and supporting those with disabilities;
- encouraging 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 people those with a disability on the development and implementation of the plan.

Specific action measures within the plan are monitored on an annual basis as part of the Annual Equality Progress Report. Progress for the reporting year 2018/19 can be viewed at <https://www.serc.ac.uk/public-information/equality>.

The College delivers on the objectives set out in the Disability Discrimination Act 1995, the Special Education Needs and Disability Order (NI) 2005 and the Disability Discrimination (NI) Order 2006, through a wide range of structures and initiatives aimed at ensuring students with physical disabilities, learning difficulties and long term medical conditions are facilitated in accessing and fully engaging in the breadth of the available learning opportunities. In addition, a range of support is also in place to help students experiencing difficulties in their personal lives so that the challenges arising from these issues do not become barriers to their ongoing learning.

The College has 18 Designated Safeguarding Officers looking after the needs of its learners, whether they be designated as Children or Vulnerable Adults. Safeguarding Officers are based at all the main Campuses. In addition, two members of the Governing Body are classified as Designated Officers and overview aspects of the Safeguarding and Pastoral Care systems, through regular reporting to the Governing Body. Update training was provided for all Safeguarding Officers in June 2019.

OTHER INFORMATION 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 2018 to 31 July 2019, the College paid 92.2% of its invoices within 30 days (2017/18: 78.9%). The average payment days is 13.42 days. 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 year 1 August 2018 to 31 July 2019, the college paid 52.7% of its invoices within 10 days (2017/18: 30.35%).

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. For details on SERC's principal risks and uncertainties refer to the Governance Statement (pages 53 - 55).

People

The College employs 664 people (expressed as full-time equivalents), of whom 341 are teaching staff.

In the year August 2018 to July 2019 the sickness absence rate for staff was 3.1% (2017/18 4.4%), equivalent to 7.8 days per employee.

Personal data related incidents

There were no personal data related incidents in the year ended 31 July 2019.

Going Concern

The College is satisfied that the organisation is a going concern on the basis that there is no reason to believe that the department's future sponsorship and future Assembly approval will not be forthcoming to meet the College's liabilities as they fall due. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Events after the end of the reporting date

There are no events after the reporting date to report.

Disclosure of Information to Auditors

These financial statements are subject to audit by statute 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.

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.

Charitable and Taxation Status

The College has charitable status for taxation purposes from the UK HM Revenue and Customs.

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	Grant Thornton 12-15 Donegall Square West Belfast BT1 6JH Northern Ireland
Bankers	Danske Bank Donegall Square West Belfast BT1 6JS

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
Mr Gareth Hetherington (Temporary Chair)	1 May 2013 1 May 2017 (Special Extension) 1 July 2019 (Second Term)	4 years 3 years + 10 months	-	Independent Member – Business Category	Education and Finance and General Purposes Committees (ex-officio member)	11 / 11
Mr Neil Bodger	1 August 2011 1 August 2015 (Second Term) 1 August 2019 (Special Extension)	4 years 4 years 9 months	-	Independent Member – Business Category	Audit (Chair) and Education Committees	10 / 11
Mr Andrew Corbett	11 April 2016	4 years	-	Staff Governor	Education and Finance and General Purposes Committees	7 / 7
Mrs Shirleen Corbett	24 November 2014	4 years	16 August 2018	Independent Member – Education Authority Nominee	Audit and Education Committees	1 / 1
Mrs Karen Fraser	1 August 2014 (with special extension) 1 July 2019 (Second Term)	4 years	-	Independent Member – Business Category	Education and Finance and General Purposes Committees	11 / 11
Aibhlinn Gallagher	1 October 2018	1 Year	-	Student Governor	Audit and Education Committees	4 / 7
Ms Christine Goodwin	1 August 2015	4 years	-	Independent Member – Business Category	Audit and Finance and General Purposes Committee	7 / 10

Name	Date of Appointment	Term of Office	Date of Resignation	Status of appointment	Committees Served	GB Attendance
Mr Edward Jackson	1 April 2010 1 April 2014 Second Term 1 April 2018	4 years 6 months	30 September 2018	Independent Member – Business Category	Finance and General Purposes Committee (Chair)	2 / 3
Mrs Carolyn King	11 April 2016	4 years	-	Staff Governor	Audit and Education Committees	6 / 7
Mrs Barbara Larkin	1 August 2013 1 August 2017 (Second Term)	4 years	-	Co-opted	Education and Finance and General Purposes (Chair) Committees	9 / 11
Mr John Mackell	1 February 2016	4 years	-	Independent Member – Business Category	Audit and Education Committees	10 / 11
Mr Steve Pollard	17 December 2014 19 December 2018 (Second Term)	4 years	-	Co-opted	Audit and Education Committees	11 / 11
Mrs Heather Reid	1 August 2011 1 August 2015 Second Term 1 August 2019 (Special Extension)	4 years 4 years 9 months	-	Independent Member – Business Category	Education (Chair) and Finance and General Purposes Committees	10 / 11
Mr Deep Sagar (Chair)	4 April 2016	4 years	17 August 2018	Independent Member – Business Category	Education and Finance and General Purposes Committees (ex-officio member)	1 / 1
Mrs Kim Scott	24 November 2014	4 years	23 November 2018	Independent Member – Education Authority Nominee	Education and Finance and General Purposes Committee	2 / 4

Name	Date of Appointment	Term of Office	Date of Resignation	Status of appointment	Committees Served	GB Attendance
Mr Ken Webb	1 July 2008	On-going	-	Principal and Chief Executive	Education and Finance and General Purposes Committees	7 / 7
Professor Alan Woodside	19 January 2015	4 years	-	Independent Member – Business Category	Education and Finance and General Purposes Committees	10 / 11
	20 January 2019 (Special Extension)	5 months				
	1 July 2019 (Second Term)	4 years				

For and on behalf of the members of the Governing Body



Mr Gareth Hetherington
Chair (Temporary)

14/11/19

Date

SOUTH EASTERN REGIONAL COLLEGE REMUNERATION REPORT

Remuneration Policy

Members of the Governing Body

There are normally 18 members of the College Governing Body, most of whom are appointed in accordance with the Code of Practice of the Office of the Commissioner for Public Appointments for Northern Ireland. Of these, six members are appointed in line with statutory requirements. The majority of members are appointed for a fixed period of up to four years and thereafter they may be re-appointed in accordance with the Code of Practice.

The remuneration of Governing Body members (excluding staff members) was first introduced by the Department for the Economy from 1 January 2016. There are no arrangements in place for the payment of a bonus. The Governing Body Chair and individual Governors are not deemed to be employees of the College and are therefore not eligible to join the NILGOSC Pension Scheme. The Pensions Regulator has confirmed that the Governing Body Chair and individual Governors are excluded from the pension auto-enrolment process as members of the Governing Body do not hold a contract of employment with the College. The College also reimburses Governing Body members for any incidental expenses incurred for carrying out their duties relevant to the College.

The remuneration of the Chair and Governing Body is as follows (Audited):

Name	2018/19				2017/18			
	Re-muneration	Benefits in kind	Pension Benefits	Total	Re-muneration	Benefits in kind	Pension Benefits	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Mr Gareth Hetherington (Temporary Chair)	15 – 20	-	-	15 – 20	0 – 5	-	-	0 – 5
Mr Neil Bodger	5 – 10	-	-	5 – 10	0 – 5	-	-	0 – 5
Mr Andrew Corbett	0 – 5	-	-	0 – 5	0 – 5	-	-	0 – 5
Mrs Shirleen Corbett	0 – 5	-	-	0 – 5	0 – 5	-	-	0 – 5
Mrs Karen Fraser	0 – 5	-	-	0 – 5	0 – 5	-	-	0 – 5
Ms Aibhilin Gallagher	0 – 5	-	-	0 – 5	-	-	-	-
Ms Christine Goodwin	0 – 5	-	-	0 – 5	0 – 5	-	-	0 – 5
Ms Rachel Heaney	-	-	-	-	0 – 5	-	-	0 – 5
Mr Edward Jackson	0 – 5	-	-	-	0 – 5	-	-	0 – 5

Name	2018/19				2017/18			
	Re-muneration	Benefits in kind	Pension Benefits	Total	Re-muneration	Benefits in kind	Pension Benefits	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Mrs Carolyn King	0 – 5	-	-	0 – 5	0 – 5	-	-	0 – 5
Mrs Barbara Larkin	0 – 5	-	-	0 – 5	0 – 5	-	-	0 – 5
Mr John Mackell	0 – 5	-	-	0 – 5	0 – 5	-	-	0 – 5
Ms Claire Meharg	-	-	-	-	0 – 5	-	-	0 – 5
Mr Steve Pollard	0 – 5	-	-	0 – 5	0 – 5	-	-	0 – 5
Mrs Heather Reid	5 – 10	-	-	5 – 10	0 – 5	-	-	0 – 5
Mr Deep Sagar	0 – 5	-	-	0 – 5	15 – 20	-	-	15 - 20
Mrs Kim Scott	0 – 5	-	-	0 – 5	0 – 5	-	-	0 – 5
Prof Alan Woodside	0 – 5	-	-	0 – 5	0 – 5	-	-	0 – 5

The Principal/Director and Deputy Directors

The Principal/Director and the Deputy Directors 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 the Deputy Directors hold permanent appointments. Staff may be able to retire before state pension age with no diminution of earned pension benefits depending on the terms of their pension. The policy relating to notice periods is contained in 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	2018/19				2017/18			
	Salary	Benefits in kind	Pension Benefits*	Total	Salary	Benefits in kind	Pension Benefits	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Mr Ken Webb Director (Appointed 1 July 2008)	110-115	-	25-30	140-145	110-115	-	51-55	165-170
Dr Michael Malone Deputy Director (Appointed 1 June 2009)	90 – 95	-	15-20	110-115	90-95	-	41-45	135-140
Mrs Heather McKee Deputy Director (Appointed 1 Jan 2017)	75 – 80	-	15-20	95-100	70-75	-	15-20	90-95

**The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decrease due to a transfer of pension rights.*

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. Total remuneration includes salary, non-consolidated performance-related pay, and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

The banded remuneration of the highest-paid director South Eastern Regional College in the financial year 2018/19 was £110-115k (2017/18: £110-115k). This was 3.40 times (2017/18: 3.26 times) the median remuneration of the workforce (based on annualised, full-time equivalent remuneration at reporting date), which was £33,129 (2017/18: £34,538):

	2018/19 £	2017/18 £
Band of highest paid directors' total remuneration ('000)	110 - 115	110-115
Median total remuneration (£)	33,129	34,538
Ratio	3.40	3.26

Remuneration ranged from £15 - £20k to £110 - £115k.

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 31/7/19 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/7/19 £'000	CETV at 31/7/18 £'000	Real increase in CETV £'000
Mr Ken Webb Director	45-50 Plus, lump sum of 0*	1.5-2.0 Plus, lump sum of 0*	847	799	48
Dr Michael Malone Deputy Director	40-45 Plus, lump sum of 130-135	1.0-1.5 Plus, lump sum of 3.5-4.0	1,047	997	50
Mrs Heather McKee Deputy Director	0-5 Plus, lump sum of 0*	1.0-1.5 Plus, lump sum of 0*	43	22	21

* An entrant to the NITPS after 01/04/2007 has no lump sum applicable, although the entrant may elect to commute part of their pension to a lump sum. Mr K Webb joined SERC and NITPS on 1 July 2008 and Mrs H McKee joined SERC and NITPS on 1 January 2017 therefore 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 Other Comprehensive Income section of the Statement of Comprehensive Income and Expenditure.

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 2015 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.

**SOUTH EASTERN REGIONAL COLLEGE
STATEMENT OF THE RESPONSIBILITIES OF THE GOVERNING BODY
FOR THE YEAR ENDED 31 JULY 2019**

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

Within the terms and conditions of the Management Statement/Financial Memorandum agreed between the Department for the Economy (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 Strategic 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 Management Statement/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 14 November 2019 and signed on its behalf by:



Mr Gareth Hetherington
Chair (Temporary)
South Eastern Regional College

SOUTH EASTERN REGIONAL COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

FOR THE YEAR ENDED 31 JULY 2019

Introduction

This Statement of Corporate Governance and Internal Control for South Eastern Regional College (SERC) sets out the governance structures, risk management and internal control procedures that operated within SERC during the 2018/19 financial year and up to the date of approval of the Annual Report and Financial Statements.

This Statement of Corporate Governance and Internal Control has been prepared in accordance with guidance issued by the Department of Finance (DoF) 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 DoF and in accordance with the Management Statement/Financial Memorandum between the Department for the Economy (DfE) and the Further Education Colleges.

The Chief Executive and Accounting Officer is accountable to the Governing Body, the Department for the Economy 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 Management Statement/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 management team 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 the Economy, staff and students who are elected within the College, the Chief Executive/Principal and members co-opted by the Governing Body.

Membership and attendance during the year at the Governing Body meetings was as follows:

Governing Body Member	Meetings Attended	Out of a Possible
Mr Gareth Hetherington (Temporary Chair)	11	11
Mr Neil Bodger	10	11
Mr Andrew Corbett	7	7
Mrs Shirleen Corbett	1	1
Mrs Karen Fraser	11	11
Ms Aibhlinn Gallagher	4	7
Ms Christine Goodwin	7	10
Mr Edward Jackson	2	3
Mrs Carolyn King	6	7
Mrs Barbara Larkin	9	11
Mr John Mackell	10	11
Mr Steve Pollard	11	11
Mrs Heather Reid	10	11
Mr Deep Sagar	1	1
Mrs Kim Scott	2	4
Mr Ken Webb	7	7
Professor Alan Woodside	10	11
<i>In attendance:</i>		
Director of Strategic Planning, Quality and Support	6	6
Director of Curriculum and Information Services	2	2
Chief Human Resources Officer	4	4
Chief Finance Officer	4	6
Head of Quality, Excellence and Development	1	1
Head of International, Quality, Excellence and Development	1	1
Chief Training and Contracts Officer	1	1
Boardroom Apprentice 2018-19	4	7
Legal Advisors	3	3

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, and all sub-committees, is drafted by the appropriate department and proceeds through the necessary internal clearance procedures before being presented as formal agendas, papers and reports to the Governing Body. This ensures a high quality of reliable and up-to-date information is presented for the Governing Body's consideration. The Governing Body is satisfied with the quality and reliability of the information presented during 2018/19.

In order to fulfil its role, the Governing Body met 11 times during 2018/19. There are three established Committees: the Finance and General Purposes Committee; the Audit & Risk Committee; and the Education 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 2018/19 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 pro-actively declare 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 2018/19 the Governing Body completed the Department's assessment exercise (as per FE Circular FE 06/12) that focuses on three stands: individual assessment of each member; assessment of the Chair; and Governing Body self-assessment. The strand that focuses upon the Governing Body is administered by the Department through completion of a questionnaire that covers five main themes: Personal Performance, GB Performance, GB Procedures & Composition, GB Committees, and Training & Induction.

The questionnaire was returned to the Department and benchmarked against other governing bodies within the NI FE sector.

Governing Body members were circulated with the Department's analysis of the self-assessment forms, which included the benchmark with other college's governing bodies. For three of the five themes, the views expressed were less positive than in 2017/18. The most positive view in 2018/19 related to personal performance (2017/18: Training & Induction).

Audit & Risk Committee

The Audit & Risk 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 & Risk Committee provides a channel of communication from the College's auditors, which is not controlled by College management. The Audit & Risk Committee seeks to ensure that the internal control systems, including audit activities are monitored actively, independently and objectively in order to:

- promote and ensure high standards of propriety, accountability and financial management within the College;
- improve the quality of financial reporting by reviewing internal and external financial statements on behalf of the Governing Body;
- promote a financial climate of financial discipline and control which will help to reduce the opportunity for financial mismanagement;
- improve where necessary, the effectiveness of the College's internal controls and mechanisms for achieving value for money and the extent to which these comply with requirements set down by the Department;
- reinforce the independence and effectiveness of the internal audit function and to underpin the objectivity and independence of the external auditors; and
- contribute to the maintenance of public confidence in the quality of the College's corporate governance and management.

Members of the Audit & Risk Committee are drawn from the Governing Body. Attendance during the year at Audit & Risk Committee meetings was as follows:

Audit & Risk Committee Member	Meetings Attended	Out of a Possible
Mr Neil Bodger (Chair from October 2018)	3	4
Ms Aibhlinn Gallagher	3	3
Ms Christine Goodwin	3	3
Mr Gareth Hetherington	1	1
Mrs Carolyn King	3	4
Mr John Mackell	4	4
Mr Steve Pollard	4	4
<i>In attendance:</i>		
Principal & Chief Executive	4	4
Temporary Chair of the Governing Body	2	2
Director of Curriculum and Information Services	4	4
Director of Strategic Planning, Quality and Support	1	1
Chief Finance Officer	4	4
Chief Human Resources Officer	1	1
Chief Technology Officer	3	4
Northern Ireland Audit Office Representative	1	1
External Audit Representative	4	4
Internal Audit Representative	4	4
Department for the Economy Representative	4	4
Boardroom Apprentice 2018-19	1	4

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

The Articles and Terms of Reference for the Audit & Risk Committee state that the Committee should meet at least 4 times a year, and more frequently as circumstances require. During the 2018/19 financial year there were 4 Audit & Risk Committee Meetings held. A quorum for any meeting of the Audit & Risk Committee is 3 members. All Committee meetings during the 2018/19 financial year were fully quorate.

The key issues discussed at the Audit & Risk Committee meetings during the 2018/19 financial year were as follows:

- Management Statement and Financial Memorandum with DfE
- Properties Division
- Risk Management Reports
- Annual Report & Financial Statements (including Governance Statement)
- Internal Audit and External Audit reports
- External Audit Strategy 2018/19
- Fraud Update including a review of the National Fraud Initiative
- Partnerships between Departments and Arm's Length Bodies

The Audit & Risk Committee is content with the quality and reliability of the information presented during 2018/19.

The Governing Body takes assurance from the reports presented by the Chair of the Audit & Risk 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 and is the key mechanism by which the Governing Body ensures the proper use of public money, ensures that the College remains solvent and secures the effective financial management of the College. In October 2018, the Governing Body merged the Staffing Committee with this F&GP Committee, thus this Committee is now responsible for carrying out procedures in relation to the recruitment, appointment, promotion and grading of all staff, other than senior staff.

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
Mr Edward Jackson (Chair until September 2018)	1	1
Mrs Barbara Larkin (Chair from October 2018)	5	5
Mr Gareth Hetherington (Ex-Officio)	2	4
Mr Andrew Corbett	5	5
Mrs Karen Fraser	5	5
Ms Christine Goodwin	1	1
Mrs Heather Reid	3	4
Mrs Kim Scott	2	2
Mr Ken Webb	4	5
Professor Alan Woodside	5	5
<i>In attendance:</i>		
Chief Finance Officer	4	5
Chief Human Resources Officer	4	4
Financial Controller	1	1
Director of Curriculum and Information Services	1	1
Head of Health & Safety	1	1
Boardroom Apprentice 2018-19	2	2

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 2018/19 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 2018/19 financial year were fully quorate.

The key issues discussed at the F&GP Committee meetings during the 2018/19 financial year were as follows:

- Financial Performance
- Capital Expenditure
- Bank & Debt Updates
- Health & Safety Update
- Resource Allocation and Resource Budget 2018/19
- Financial Policies
- Applications and Enrolments
- Estates Strategy and Update Report
- Indicative Resource Allocation 2019/20
- HR Priorities Plan and Status Updates
- Staff Absence
- Staff Utilisation
- Equality Annual Progress Report
- Pay Award

The F&GP Committee is content with the quality and reliability of the information presented during 2018/19.

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
Mrs Barbara Larkin (Chair until October 2018)	1	1
Mrs Heather Reid (Chair from October 2018)	3	4
Mr Gareth Hetherington (Ex-Officio)	3	3
Mr Neil Bodger	2	3
Mr Andrew Corbett	4	4
Mrs Karen Fraser	1	3
Ms Aibhlinn Gallagher	1	3
Mrs Carolyn King	3	4
Mr John Mackell	3	3
Mr Steve Pollard	3	4
Mrs Kim Scott	2	2
Mr Ken Webb	4	4
Professor Alan Woodside	3	4
<i>In attendance:</i>		
Director of Curriculum and Information Services	2	4
Director of Strategic Planning, Quality and Support	4	4
Chief Training & Contracts Officer	2	2
Head of Quality, Excellence & Development	2	4
Schools Partnership Manager	2	2
Deputy Head of Enterprise & Entrepreneurship	1	1
Head of Pastoral Care & SERC Extra	1	1
Commercial Contracts Manager	1	1
Head of Learning Academy	1	1
Head of Pastoral Care	1	1

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 2018/19 financial year there were 4 Education Committee Meetings held. A quorum for any meeting of the Education Committee is 3 members. All Committee meetings during the 2018/19 financial year were fully quorate.

The key issues discussed at the Education Committee meetings during the 2018/19 financial year were as follows:

- Applications and Enrolments
- Cause for Concerns
- Careers Advisory
- College Development Plan
- Whole College Self Evaluation Report and Quality Improvement Plan
- Community Engagement
- HE Curriculum and Quality Assessment
- Entrepreneurship and Employability
- TFS and Apprenticeship
- Learning Support

The Education Committee is content with the quality and reliability of the information presented during 2018/19.

The Education 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
- Chief Finance Officer
- Chief Human Resources Officer
- Chief Training & Contracts Officer
- Head of Quality, Excellence and Development
- Head of International, Quality, Excellence and Development

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

College Management Team Member	Meetings Attended	Out of a Possible
Mr Ken Webb, <i>Principal and Chief Executive</i>	11	13
Dr Michael Malone, <i>Director of Curriculum and Information Services</i>	13	13
Mrs Heather McKee, <i>Director of Strategic Planning, Quality and Support</i>	13	13
Mr Tommy Martin, <i>Chief Finance Officer</i>	12	13
Mr Paul Smyth, <i>Chief Human Resources Officer</i>	12	13
Mrs Claire Henderson, <i>Head of International, Quality, Excellence and Development</i>	10	13
Mrs Heather Miller, <i>Head of Quality, Excellence and Development</i>	8	13
Mr William Greer, <i>Chief Training & Contracts Officer</i>	12	13

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

- Chairman's Business;
- Enrolment and FLU Updates;
- Update on Investigations;
- Project Priorities;
- Update from the Director of Curriculum and Information Services;
- Update from the Director of Strategic Planning, Quality and Support;
- Update from Quality, Excellence and Development;
- Update from Chief Human Resources Officer;
- Update from Chief Finance Officer; and
- Update from Chief Training and Contracts Officer.

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 2018/19, 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.

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 2019 with 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 & Risk 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.
- 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.

College Risks Identified in 2018/19

The College risks identified for the Risk Register as at September 2019 included:

Risk Classification	Risk Identified	Risk Categorisation
Enrolments	Managing the College's Enrolments	Red Zone
Enrolments	Maintaining current levels of Higher Education provision	Red Zone
Financial	Risk to achieving Value for Money and maintaining the learning environment	Red Zone
Enrolments	Curriculum reform implementation negatively affecting enrolments	Amber Zone
Enrolments	Managing the impact of the UK exit from the European Union	Amber Zone
Financial	Managing the financial viability of the College	Amber Zone
Financial	Managing the impact of financial cuts	Amber Zone
ILT	Delivering the NI Further Education Sector Systems Technology & Services Project	Amber Zone
Staffing	Managing the College's Sickness Absence	Amber Zone

All risks identified throughout 2018/19 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 the Economy in line with the Management Statement/Financial Memorandum.

During 2018/19 the College had one instance of suspected fraud:

- Procurement:** Suspected fraud in relation to an individual contracting, and being provided with, legal services from a supplier not listed as a contracted under the Collaborative Legal Services Framework (CPD Reference I 1032027). Investigation completed by Internal Audit and the College's contracted legal advisor. DfE and NIAO informed of investigation outcome with both indicating that the suspected fraud should be closed given the evidence presented.

There are no live cases of fraud or suspected fraud at 31 July 2019.

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 2018/19 the College had one incident reported under the Whistleblowing Policy. The incident is being reviewed by the Chair of the Audit & Risk Committee.

Education and Training Inspectorate (ETI)

College Connect

In May 2019 ETI carried out a baseline inspection of the sector's 'College Connect' programme.

A baseline inspection key findings report was provided that detailed ten main strengths and seven areas for improvement.

Skills for Work/SFYL Level 1

On 12th June 2019 ETI carried out an Inspection of our SFW/SFYL Level 1 provision.

The feedback was overwhelmingly positive with strengths reported as:

- Retention of trainees is showing significant improvement on the revised programme.
- Standards of trainees' work is "Good" or "Better".
- Quality of all teaching observed is "Good" or "Better".
- There is innovative use of ILT.
- There is a high level of care, guidance and support provided for trainees.
- Well planned enrolment process involving tutors, TSOs and SERC's careers service.
- Experienced and well-motivated staff in all job roles.
- Staff have been supported by very relevant CPD.
- Supportive curriculum model which aims to make young people placement ready over time.
- Very good, appropriate curriculum.
- Very good physical resources with specific mention of the base room.

There were no "Areas for Improvement", however three areas to keep under consideration were noted:

- Measurement of progression in soft skills.
- Further CPD.
- Ensure that those who are placement ready are moved into placement at an appropriate time.

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 & Risk Committee and the Governing Body.

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

Internal audit opinions are graded as follows, in line with DAO (DoF) 07/16 Internal Audit Opinions and Prioritisation of Recommendations:

Assurance Rating	Definition
Satisfactory	Overall there is a satisfactory system of governance, risk management and control. While there may be some residual risk identified, this should not significantly impact on the achievement of system objectives.
Limited	There are significant weaknesses within the governance, risk management and control framework, which, if not addressed, could lead to the system objectives not being achieved.
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.

Recommendations are prioritised to reflect organisational priorities in order to enable management to more easily identify significant issues at an organisational level. The priority levels are defined as:

Priority	Definition
1	Failure to implement the recommendation is likely to result in a major failure of a key organisational objective, significant damage to the reputation of the organisation or the misuse of public funds.
2	Failure to implement the recommendation could result in the failure of an important organisational objective or could have some impact on a key organisational objective.
3	Failure to implement the recommendation could lead to an increased risk exposure.
Advice to Management	Very minor findings and recommendations with a very low risk attached. Due to their risk level, there is no specified time regarding implementation timeframe.

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 2018/19 financial year, the Head of Internal Audit has provided a Satisfactory overall assurance.

A summary of the findings from the assurance reviews completed during 2018/19 is provided below:

Area reviewed	Assurance Rating
College Development Plan	Satisfactory
Corporate Governance	Satisfactory
Data Protection (GDPR)	Satisfactory
Estates Management	Satisfactory
Procurement, Use of Business Cases and Management of Contracts	Satisfactory

Internal Audit completed a sector wide review on the use of the Hardship, Care to Learn and Additional Support Funds. This review was provided a Satisfactory Rating

There were no Priority 1 issues reported in the 2018/19 Internal Audit Reviews.

There were seven internal audit recommendations in progress brought forward from 2017/18, which have all been implemented in the 2018/19 year. There are ten recommendations arising in the current year that are being carried forwarded into 2019/20 as follows:

Report	Priority 1	Priority 2	Priority 3	Advice to Management
Data Protection (GDPR)	-	6	1	2
Estates Management	-	-	1	-

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 (DoF) guidance on the approval of pay remits.

The College withholds progression increments until DoF 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.

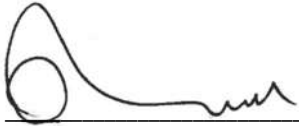
In 2018/19 the College continued its development of Policies and Standard Operating Procedures surrounding information assurance and records management in relation to the Data Protection Act 2018 and the principles set out in the General Data Protection Regulation (GDPR). The Policies and Procedures provide detailed guidance on information security, roles and responsibilities, and the monitoring and reporting processes in place regarding information assurance. The framework of documents are regularly reviewed to ensure compliance with best practice.

There were no personal data related incidents in the year ended 31 July 2019.

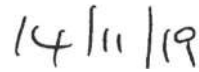
Office for National Statistics (ONS) Reclassification of Further Education Colleges

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.



Mr Ken Webb
Accounting Officer



Date

SOUTH EASTERN REGIONAL COLLEGE

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

Opinion on financial statements

I certify that I have audited the financial statements of the South Eastern Regional College for the year ended 31 July 2019 under the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008. The financial statements comprise: the Statements of Comprehensive Income and Expenditure, Statement of Changes in Reserves, Balance Sheet, Statement of Cash Flows 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.

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 2019 and of its net deficit for the year then ended;
- have been properly prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102); and
- have been prepared in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008 and the Department for the Economy directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinion

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'.

My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of the South Eastern Regional College in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2016, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

SOUTH EASTERN REGIONAL COLLEGE

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY (Cont'd)

Other Information

The Governing Body is responsible for the other information included in the Annual Report. The other information comprises the information included in the Annual Report other than the financial statements, the part of the Remuneration Report to be audited and my certificate thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Remuneration Report to be audited have been properly prepared in accordance with Department for the Economy directions made under the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008; and
- the information given in the Strategic report and the Statement of Corporate Governance and Internal Control for the financial year for which the financial statements are prepared is consistent with the financial statements.

Responsibilities of the Governing Body

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.

Auditor's responsibilities for the audit of the financial statements

My objectives are 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 am required to obtain 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

SOUTH EASTERN REGIONAL COLLEGE

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY (Cont'd)

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the parts of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement of Corporate Governance and Internal Control does not reflect compliance with the Department of Finance's guidance.

Report

I have no observations to make on these financial statements.



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

29 November 2019

SOUTH EASTERN REGIONAL COLLEGE
STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 JULY 2019

		2019	2018
	Note	£'000	£'000
INCOME			
Department for the Economy income	1	36,440	36,312
Education contracts	2	6,804	6,368
Tuition fees and charges	3	2,342	2,474
Other grant income	4	724	577
Other operating income	5	1,093	783
Investment income	6	-	-
Donations and endowments	7	-	-
Total Income		47,403	46,514
EXPENDITURE			
Staff costs	8	31,635	27,760
Other operating expenses	10	16,807	16,482
Depreciation	13	5,153	4,721
Interest and other finance costs	11	153	227
Total expenditure before exceptional items		53,748	49,190
Deficit before exceptional items		(6,345)	(2,676)
EXCEPTIONAL ITEMS			
Exceptional costs (staff)	8	30	664
Exceptional income (VES – Grant in Aid)		-	612
Deficit before other gains/losses		(6,375)	(2,728)
(Loss) / gain on investment		-	-
Deficit before tax		(6,375)	(2,728)
Taxation	12	-	-
Deficit for the year		(6,375)	(2,728)
Unrealised surplus on revaluation of land and buildings	13	7,868	12,752
Cumulative increase in market value of investments	20	1	
Actuarial (loss)/gain in respect of pension scheme	22	(4,740)	4,389
Total comprehensive (deficit)/income for the year		(3,246)	14,413
Represented by:			
Endowment comprehensive income for the year		1	-
Restricted comprehensive income for the year		-	-
Unrestricted comprehensive income for the year		(3,247)	14,413
		(3,246)	14,413

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 CHANGES IN RESERVES
FOR THE YEAR ENDED 31 JULY 2019**

	Income and Expenditure Account						Total Reserves £'000
	Endowment Permanent Restricted £'000	Endowment Temporary Restricted £'000	Restricted Reserve £'000	Pension Reserve £'000	Unrestricted Reserve £'000	Revaluation Reserve £'000	
Balance at 1 August 2017	3	1	-	(9,476)	6,312	64,719	61,559
(Deficit) from income and expenditure statement	-	-	-	(1,188)	(1,540)	-	(2,728)
Other comprehensive (deficit)/income	-	-	-	4,389	-	12,752	17,141
Transfers between revaluation reserve and income and expenditure account	-	-	-	-	1,604	(1,604)	-
Balance at 31 July 2018 and 1 August 2018	3	1	-	(6,275)	6,376	75,867	75,972
(Deficit) from income and expenditure statement	-	-	-	(2,430)	(3,945)	-	(6,375)
Other comprehensive (deficit)/income	-	-	-	(4,740)	-	7,868	3,128
Transfers between revaluation reserve and income and expenditure account	-	-	-	-	1,958	(1,958)	-
Cumulative increase in market value of investments	1	-	-	-	-	-	1
Total comprehensive (deficit)/income for the year	1	-	-	(7,170)	(1,987)	5,910	(3,246)
Balance as at 31 July 2019	4	1	-	(13,445)	4,389	81,777	72,726

**SOUTH EASTERN REGIONAL COLLEGE
BALANCE SHEET
AS AT 31 JULY 2019**

		2019	2018
	Note	£'000	£'000
Non-Current Assets			
Tangible fixed assets	13	159,524	155,421
Intangible assets	14	345	167
Investments	16	3	3
Total non-current assets		<u>159,872</u>	<u>155,591</u>
Current assets			
Trade and other receivables	17	2,088	2,104
Cash and cash equivalents	21	3,995	6,618
Total current assets		6,083	8,722
Less: Creditors - amounts falling due within one year	18	(5,242)	(5,579)
Less: PPP finance lease creditor - amounts falling due within one year	15	(1,254)	(1,191)
Net current assets		<u>(413)</u>	<u>1,952</u>
Total assets less current liabilities		159,459	157,543
Less: Creditors – amounts falling due after more than one year	19	(41,159)	(41,913)
Less: PPP finance leases – amounts falling due after more than one year	15	(32,129)	(33,383)
Provisions (including pension liability):			
Pension provisions	22	(13,445)	(6,275)
Net assets including pension liability		<u><u>72,726</u></u>	<u><u>75,972</u></u>

SOUTH EASTERN REGIONAL COLLEGE
BALANCE SHEET (continued)
AS AT 31 JULY 2019

		2019	2018
	Note	£'000	£'000
Restricted Reserves			
Income and expenditure account - endowment	20	5	4
Unrestricted Reserves			
Income and expenditure account – unrestricted reserve		4,389	6,376
Income and expenditure account – pension reserve		(13,445)	(6,275)
Revaluation reserve		81,777	75,867
		<hr/>	<hr/>
Total reserves		<u>72,726</u>	<u>75,972</u>

The financial statements on pages 64 to 94 were approved by the Governing Body of South Eastern Regional College on 14 November 2019 and were signed on its behalf on that date by:



Mr Gareth Hetherington
Chair of Governing Body (Temporary)
South Eastern Regional College



Mr Ken 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
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2019**

	Note	2019 £'000	2018 £'000
Cash inflow/(outflow) from operating activities			
Deficit for the year		(6,375)	(2,728)
Adjustment for non-cash items			
Depreciation	13	5,153	4,721
Deferred capital grants released to income	1	(2,334)	(2,242)
Interest and investment income receivable	6/7	-	-
NILGOSC FRS 102 (28) Pension Adjustment	22	2,430	1,188
Decrease in trade and other receivables	17	16	1,308
Increase in creditors	18/19	1,244	3,022
Adjustment for investing or financing activities (Service Concession Interest)	10	1,951	2,015
Net cash inflow from operating activities		2,085	7,284
Cash flows from investing activities			
Investment income	6	-	-
Payments made to acquire fixed assets	13	(1,566)	(1,865)
Cash (outflow) from investing activities		(1,566)	(1,865)
Cash flows from financing activities			
Interest element of finance lease and service concession payments	10	(1,951)	(2,015)
Capital payment of service concession payments	15	(1,191)	(1,132)
Cash (outflow) from financing activities		(3,142)	(3,147)
(Decrease)/Increase in cash and cash equivalents in the years		(2,623)	2,272
Net funds at 1 August		6,618	4,346
Net funds at 31 July		3,995	6,618

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.

SOUTH EASTERN REGIONAL COLLEGE STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2019

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 2015 and in accordance with Financial Reporting Standard (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit entity requirements of FRS 102.

The financial statements are prepared in accordance with 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 the Economy (DfE).

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets and in accordance with applicable United Kingdom accounting standards.

Going concern

The activities of the College, together with factors likely to affect its future development and performance are set out in the Strategic Report. The financial position of the College, its cashflow, liquidity and borrowings are described in the financial statements and accompanying notes.

The College is satisfied that the organisation is a going concern on the basis that there is no reason to believe that the department's future sponsorship and future Assembly approval will not be forthcoming to meet the College's liabilities as they fall due. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Government Grants (Accruals Model)

The recurrent grant and other revenue grants received from Department for the Economy and other government bodies are recognised in income over the periods in which the College recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

Tuition Fees

Income from tuition fees is recognised in the period for which it is received and includes all fees payable by students or their sponsors.

Non-Government Grants

Income from non-government grants, controls and other services rendered is included to the extent that the conditions of the funding have been met, or the extent of the completion of the contract or service concerned.

SOUTH EASTERN REGIONAL COLLEGE
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2019

Interest

All income from short-term deposits is credited to the income and expenditure account in the year in which it is earned.

Capital Grants (Non Land Grants) (Accruals Model)

Non-recurrent grants from DfE and other government bodies received in respect of the acquisition of fixed assets are recognised in income over the expected useful life of the asset.

Other Capital Grants

Other capital grants are recognised on income when the College is entitled to the funds subject to any performance related conditions being met.

Capital Grants (Land Grants)

Capital government grants for land are accounted for in accordance with the performance model.

Donations and Endowments

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the College is entitled to the income. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at the point the income is released to general reserves through a reserve transfer.

Donations within no restrictions are recognised in income when the College is entitled to the funds.

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.

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.

**SOUTH EASTERN REGIONAL COLLEGE
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2019**

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 Statement of Comprehensive Income.

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 value as valued by LPS. Where land and buildings are acquired with the aid of specific grants, these are accounted for in accordance with the revenue recognition policies above.

• **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 $\frac{1}{3}$ % 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

• **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 2019. 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.

**SOUTH EASTERN REGIONAL COLLEGE
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2019**

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 or if lower the present value of the minimum lease payments determined at the inception of the lease. Subsequently, the asset is depreciated over its useful economic life.

Payments are allocated between service costs, finance charges and financial liability repayments to reduce the financial liability to nil over the life of the arrangement.

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.

Intangible Assets

Intangible assets, greater than £3,000 per individual item, are capitalised in the accounts. Software integral to an item of hardware is dealt with as tangible assets.

Investments

Fixed asset investments are measured at their fair value with changes in fair value recognised in the statement of income and expenditure.

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.

**SOUTH EASTERN REGIONAL COLLEGE
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2019**

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 Care to Learn Scheme.

Hardship Fund payments and Care to Learn received from DfE and subsequent disbursements to students and child minding facilities are excluded from the Income and Expenditure account and are shown separately in Note 28.

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019**

1. DEPARTMENT FOR THE ECONOMY INCOME

	2019	2018
	£'000	£'000
Grant in Aid Received from DfE		
Recurrent grant	33,382	27,559
Release of deferred capital grants	2,334	2,242
Public Private Partnership (PPP)	-	4,006
Additional Support Funds (ASF)	-	373
Employer Support Program / InnovateUs	-	302
Essential Skills in Schools	-	8
Students with Learning Difficulties and/or Disabilities (SLDD)	-	144
Skills Focus	-	476
Other	29	96
Grant in Aid Received from DfE	35,745	35,206

Since 1 April 2018 (due to the implementation of a new DfE Colleges' funding model), the recurrent grant amount has included items of Grant in Aid Income that would have previously been received by the College as a separate income stream from the DfE. The separate income streams were Public Private Partnership (PPP), Additional Support Fund (ASF), Employer Support Programme/InnovateUs, Skills Focus, and Students with Learning Difficulties and or Disabilities (SLDD).

During the previous financial year, these income streams were received by the College separately for a period of 8 months and as such are shown as separate line items for that period. From 1 April 2018 onwards, they have been included within the recurrent grant figure.

Non-Grant in Aid Received from DfE

Educational Maintenance Allowance Administration	18	21
Youth Training	-	528
Higher Level Apprenticeships	458	348
Level 3 Apprenticeships	10	49
Entry to Management	40	66
Other	169	94
Non-Grant in Aid Received from DfE	695	1,106
Total DfE Income	36,440	36,312

2. EDUCATION CONTRACTS

	2019	2018
	£'000	£'000
Entitlement Framework	696	788
Training for Success	5,890	5,316
Steps to Success	218	229
Into Work Training	-	35
	6,804	6,368

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2019**

3. TUITION FEES AND CHARGES

	2019	2018
	£'000	£'000
Higher Education (HE) income	1,770	1,922
Home and other European Union	546	546
Non-European Union	26	6
	<u>2,342</u>	<u>2,474</u>

Tuition fees funded by bursaries

Included within the above amounts are tuition fees funded by bursaries of £31k (2018: £37k)

4. OTHER GRANT INCOME

	2019	2018
	£'000	£'000
European funds	367	328
Other funds	357	249
	<u>724</u>	<u>577</u>

5. OTHER OPERATING INCOME

	2019	2018
	£'000	£'000
Catering and residence operations	225	205
Other income generating activities	693	494
Other income	175	84
	<u>1,093</u>	<u>783</u>

6. INVESTMENT INCOME

	2019	2018
	£'000	£'000
Other interest receivable	<u>-</u>	<u>-</u>

7. DONATIONS AND ENDOWMENTS

	2019	2018
	£'000	£'000
New endowments	<u>-</u>	<u>-</u>

SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2019

8. STAFF COSTS

The average number of persons (including senior post-holders) employed by the College (or in the case of Governors those appointed to the College) during the year, expressed as full-time equivalents (except Governing body where it is expressed as number of persons who served during the year) was:

	2019	2018
	Number	Number
Governing Body	16	18
Teaching	341	359
Support	143	138
Administration	150	130
Premises	14	13
Total	664	658

	2019	2018
	£'000	£'000
Staff costs for the above persons		
Governing Body	59	55
Teaching	16,736	15,399
Support	6,327	5,794
Administration	5,694	5,014
Premises	433	428
Pension Cost	2,386	1,070
	31,635	27,760
Exceptional staff costs – Voluntary Exit Scheme	1	647
Exceptional staff costs - Redundancy	29	17
Total	31,665	28,424

Wages and salaries	22,750	21,032
Social Security costs	2,175	2,020
Apprenticeship Levy	97	90
Other pension costs (including Pension adjustments of £2,386k (2018: £1,070k))	6,613	4,618
	31,635	27,760
Exceptional staff costs – Voluntary Exit Scheme	1	647
Exceptional staff costs - Redundancy	29	17
Total	31,665	28,424

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2019**

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	
	2019	2018	2019	2018
	Number	Number	Number	Number
£60,001 to £70,000	-	-	13	13
£70,001 to £80,000	-	-	12	9
£80,001 to £90,000	-	-	3	3
£90,001 to £100,000	1	1	-	-
£100,001 to £110,000	-	-	-	-
£110,001 to £120,000	1	1	-	-
£120,001 to £130,000	-	-	-	-
£130,001 to £140,000	1	1	-	-
	3	3	28	25

9. KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Governing Body and the Principal/Director/Chief Executive and Directors:

	2019	2018
	Number	Number
The number of senior post-holders including the Chief Executive/Principal was:	3	3
Governors	17	18

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

	2019	2018
	£'000	£'000
Governing Body Remuneration	59	55
Salaries	281	279
Benefits in kind	-	-
Pension contributions	57	49
Total emoluments	397	383

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2019**

The above emoluments include amounts payable to the Chief Executive/Principal (who is also the highest paid senior post-holder) of:

	2019	2018
	£'000	£'000
Salaries	110	110
Benefits in kind	<u>-</u>	<u>-</u>
	110	110
Pension contributions	<u>22</u>	<u>19</u>
Total	<u>132</u>	<u>129</u>

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.

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2019**

10. OTHER OPERATING EXPENSES

	2019	2018
	£'000	£'000
Direct teaching	621	585
Direct support	3,919	3,809
Administration	1,726	1,706
Consultancy Fees	-	-
Premises	2,963	2,853
Unitary payments – PPP operating cost	5,627	5,514
Unitary payments – PPP finance lease interest	1,951	2,015
Total	16,807	16,482

Other operating expenses include:

	2019	2018
	£'000	£'000
Auditors' remuneration:		
Financial statements audit	24	23
Internal audit	16	14
Other services provided by the financial statements auditors	1	-
Other services provided by the internal auditors	3	-
Hire of other assets – operating leases	32	19
Hire of other assets – premises	58	50

11. INTEREST AND OTHER FINANCE COSTS

	2019	2018
	£'000	£'000
Net charge on pension scheme	153	227

12. TAXATION

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

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2019**

13. TANGIBLE FIXED ASSETS

	Freehold land	Buildings	PFI	Plant and equipment	Computers	Fixtures and fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation								
At 1 August 2018	6,963	52,071	96,092	5,242	1,653	2,895	380	165,296
Additions	-	137	-	64	-	1,187	-	1,388
Disposals	-	-	-	-	-	-	-	-
Revaluation	-	2,909	5,354	-	-	-	-	8,263
Reclassification	-	-	-	52	-	-	(52)	-
At 31 July 2019	6,963	55,117	101,446	5,358	1,653	4,082	328	174,947
Accumulated Depreciation								
At 1 August 2018	-	1,533	2,250	3,269	1,259	1,269	295	9,875
Charge for the year	-	1,546	2,269	720	195	392	31	5,153
Disposals	-	-	-	-	-	-	-	-
Revaluation	-	160	235	-	-	-	-	395
Reclassification	-	-	-	52	-	-	(52)	-
At 31 July 2019	-	3,239	4,754	4,041	1,454	1,661	274	15,423
Net book value at 31 July 2019	6,963	51,878	96,692	1,317	199	2,421	54	159,524
Net book value at 31 July 2018	6,963	50,538	93,842	1,973	394	1,626	85	155,421

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2019**

Surplus on Revaluation

Land and buildings were last subject to a full revaluation at 31 July 2017 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 has been updated using indices supplied by Land and Property Service to provide valuations as at 31 July 2019. 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 fully depreciated 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.

Depreciation Charge

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

	2019	2018
	£'000	£'000
Charge for the year on owned assets	2,884	2,665
Charge for the year on PPP assets	2,269	2,056
	<u>5,153</u>	<u>4,721</u>

14. INTANGIBLE ASSETS

	Asset Under Construction	Total
	£'000	£'000
Cost or valuation		
At 1 August 2018	167	167
Additions	178	178
Disposals	-	-
At 31 July 2019	<u>345</u>	<u>345</u>
Amortisation		
At 1 August 2018	-	-
Charge for the year	-	-
Disposals	-	-
At 31 July 2019	<u>-</u>	<u>-</u>
Net book value at 31 July 2019	<u>345</u>	<u>345</u>
Net book value as at 31 July 2018	<u>167</u>	<u>167</u>

The net book value of the intangible asset under construction is a jointly owned and controlled asset amongst the six colleges of the Northern Ireland Further Education Sector. The asset under construction is a Learner Management System that will be operated centrally for the sector. The intangible asset is funded in full through a capital grant from the Department for the Economy. The total commitment for the sector of this asset under construction is £2,325k.

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2019**

15. SERVICE CONCESSION ARRANGEMENTS

The College has two on balance sheet arrangements where service delivery has commenced.

Movement in service concession arrangement assets

The asset value of the service concession included in the balance sheet as at 31 July 2019 is £96,692k (2018: £93,842k). The increase of £2,850k is the net of additions, depreciation and revaluation.

Movement in service concession liabilities

The total liabilities relating to the service concession included in the balance sheet as at 31 July 2019 was £33,383k (2018: £34,574k). The sum of £1,191k was repaid during the year.

Future Commitments

The following table analyses the College's future commitments in relation to service concession arrangements:

	Payable in 1 year £'000	Payable 2–5 years £'000	Payable 6–10 years £'000	Total £'000
Liability repayments	1,254	5,717	9,037	16,008
Finance charge	1,884	6,793	6,492	15,169
Service charge (excluding inflationary increases)	5,709	22,881	28,710	57,300
	8,847	35,391	44,239	88,477

16. INVESTMENTS

	Other fixed asset investment £'000	Total £'000
At 1 August 2018	3	3
Additions	-	-
Disposals	-	-
Impairment	-	-
At 31 July 2019	3	3

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2019**

17. TRADE AND OTHER RECEIVABLES

	2019	2018
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	920	890
Prepayments and accrued income	1,168	1,214
Total receivables	2,088	2,104

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£'000	£'000
Payments received in advance	233	281
Trade payables	871	1,245
Taxation and social security	599	589
Accruals and deferred income	3,513	3,382
Other payables	26	82
Total creditors falling due within one year	5,242	5,579

Deferred Income

Included within accruals and deferred income are the following items of income which have been deferred until specific performance related conditions have been met:

	2019	2018
	£'000	£'000
Grant income	2,329	2,341
Total	2,329	2,341

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2019**

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

	2019 £'000	2018 £'000
Deferred income	41,159	41,913
Total creditors falling due after more than one year	41,159	41,913

20. ENDOWMENT RESERVES

	Restricted permanent £'000	Unrestricted permanent £'000	Expendable endowments £'000	2019 Total £'000	2018 Total £'000
At 1 August					
Capital	3	-	-	3	3
Accumulated Income	1	-	-	1	1
	4	-	-	4	4
New endowments					
Income for year	-	-	-	-	-
Expenditure for year	-	-	-	-	-
Cumulative increase in market value of investments	1	-	-	1	-
As at 31 July	5	-	-	5	4

21. CASH AND CASH EQUIVALENTS

	At 1 Aug 2018 £'000	Cash flows £'000	At 31 July 2019 £'000
Cash and Cash Equivalents	<u>6,618</u>	<u>(2,623)</u>	<u>3,995</u>

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2019**

22. PENSION PROVISIONS

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

	2019	2018
	£'000	£'000
NITPS: contributions paid	2,712	2,245
NILGOSC: contributions paid	1,625	1,531
NILGOSC: FRS 102 (28) adjustments	2,430	1,188
NILGOSC: charge to the Statement of Comprehensive Income (Staff Costs / Interest Paid)	4,055	2,719
Enhanced pension charge to the Statement of Comprehensive Income (staff costs)	0	0
Total pension cost for the year	6,767	4,964

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 2016 and NILGOSC was 31 March 2016.

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.

The employer contribution rates payable in the year ended 31 July 2019 were:

Period	Contribution Rate
Up to 31 March 2019	17.7%
From 1 April 2019	25.1%

The employer contribution rate changed in line with the 2016 Actuarial Valuation results. Contributions are based on a member's annual salary rate (actual earnings).

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2019**

The salary bands applicable to member contributions for the NITPS from 1 April 2018 are:

Salary	Contribution Rate
Up to £27,047.99	7.4%
£27,048 to £36,410.99	8.6%
£36,411 to £43,171.99	9.6%
£43,172 to £57,216.99	10.2%
£57,217 to £78,022.99	11.3%
£78,023 and above	11.7%

From 1 April 2019 the bands changed to the following:

Salary	Contribution Rate
Up to £27,697.99	7.4%
£27,698 to £37,284.99	8.6%
£37,285 to £44,208.99	9.6%
£44,209 to £58,590.99	10.2%
£58,591 to £79,895.99	11.3%
£79,896 and above	11.7%

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, and therefore, as required by FRS 102 (28), accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income represents the contributions payable to the scheme in respect of the accounting year. 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.

The following information is based upon a full actuarial valuation of the fund at 31 March 2016.

Principal actuarial assumptions

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

	2019	2018
Discount Rate	2.2%	2.8%
RPI Inflation	3.2%	3.2%
CPI Inflation	2.2%	2.1%
Pension Increases	2.2%	2.1%
Pension Accounts Revaluation Rate	2.2%	2.1%
Salary Increases	3.7%	3.6%

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2019**

The mortality assumptions are based on the recent actual mortality experience of members within the Fund and allow for expected future mortality improvements. Sample life expectancies at age 65 resulting from these mortality assumptions are as follows:

	2019	2018
<u>Males</u>		
Member aged 65 at 31 July 2019	22.3	23.3
Member aged 45 at 31 July 2019	24.0	25.5
<u>Females</u>		
Member aged 65 at 31 July 2019	24.6	25.9
Member aged 45 at 31 July 2019	26.4	28.2

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

	Value at 31 July 2019	Value at 31 July 2018
	£'000	£'000
Equities	20,212	28,289
Bonds	20,564	10,602
Property	5,430	4,723
Cash	2,363	1,852
Other	1,709	833
	<hr/>	<hr/>
Fair value of assets	50,278	46,299
Present value of liabilities	(63,723)	(52,574)
	<hr/>	<hr/>
Deficit in the scheme	(13,445)	(6,275)

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2019**

Amounts recognised in the balance sheet:	2019	2018
	£'000	£'000
Present value of funded liabilities	(63,696)	(52,547)
Fair value of employer assets	50,278	46,299
	(13,418)	(6,248)
Present value of unfunded liabilities	(27)	(27)
Net liability	(13,445)	(6,275)
Amounts recognised in the Statement of Comprehensive Income in respect of the plan are as follows		
	2019	2018
	£'000	£'000
Amounts included in staff costs:		
Employer service cost (net of employer contributions)	907	841
Past service cost	1,370	-
Curtailment Cost	-	120
Total	2,277	961
Net Interest Cost	153	227
Net charge to Statement of Comprehensive Income	2,430	1,188
Analysis of Other Comprehensive Income for Pensions		
Asset gains arising during the year	1,582	3,449
Liability (losses)/gains arising during the year	(6,322)	940
Total amount recognised in other comprehensive income	(4,740)	4,389
Movement in deficit during the year		
	2019	2018
	£'000	£'000
As at 1 August as stated	(6,275)	(9,476)
Employer Service Cost	(2,532)	(2,372)
Past Service Cost	(1,370)	-
Employer contributions	1,623	1,529
Curtailment cost	-	(120)
Contributions in respect of unfunded benefits	2	2
Losses on curtailments and settlements	-	-
Net Interest Cost	(153)	(227)
Actuarial (Losses)/Gains on liabilities	(6,322)	940
Remeasurement Gains on assets	1,582	3,449
Deficit in scheme at 31 July	(13,445)	(6,275)

SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2019

Reconciliation of Defined Benefit Obligation

	2019	2018
	£'000	£'000
Liabilities at 1 August	52,574	50,273
Current service cost	2,532	2,372
Past service cost	1,370	-
Interest cost	1,465	1,301
Employee contributions	507	456
Actuarial (gains)/ losses	6,322	(940)
Curtailment cost	-	120
Unfunded Net benefits paid	(2)	(2)
Net benefits paid	(1,045)	(1,006)
Losses on curtailments and settlements	-	-
Liabilities at 31 July	<u>63,723</u>	<u>52,574</u>

Reconciliation of Fair Value of Employer Assets

	2019	2018
	£'000	£'000
Assets at 1 August	46,299	40,797
Interest income on assets	1,312	1,074
Remeasurement gains on assets	1,582	3,449
Employer contributions	1,623	1,529
Employer contributions in respect of unfunded benefits	2	2
Employee contributions	507	456
Unfunded benefits paid	(2)	(2)
Net benefits paid	(1,045)	(1,006)
Assets at 31 July	<u>50,278</u>	<u>46,299</u>

The estimated value of employer contributions for the year ended 31 July 2020 is £1,733k

History of actuarial gains/(losses) recognised in OCI

	2019	2018	2017	2016	2015
	£'000	£'000	£'000	£'000	£'000
Total Actuarial (losses)/gains recognised in OCI	(4,740)	4,389	5,023	(6,195)	3,761
Present value of liabilities	<u>63,723</u>	<u>52,574</u>	<u>50,273</u>	<u>49,298</u>	<u>37,077</u>

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2019**

23. EVENTS AFTER THE END OF THE REPORTING DATE

There are no reportable events after the end of the reporting date.

24. FINANCIAL COMMITMENTS

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

	2019	2018
	£'000	£'000
Land and buildings		
Expiring within one year	41	40
Expiring within two and five years inclusive	5	12
Expiring in over five years	-	-
	46	52
Plant and Equipment		
Expiring within one year	31	5
Expiring within two and five years inclusive	102	-
Expiring in over five year	-	-
	133	5
Total	179	57

25. CONTINGENT LIABILITY

On the 17th June 2019, the Court of Appeal ruled in respect of Northern Ireland Industrial Tribunal's November 2018 decision on cases taken against the PSNI on backdated Holiday Pay. It is recognised that the final detail remains to be determined by the Industrial Tribunal who will be guided by the Court of Appeal's Judgement.

This is an extremely rare and complex case with a significant number of issues that still need to be resolved, including further legal advice with regards to the Judgement; the scope; timescales; process of appeals and engagement with Trade Unions. The legal issues arising from this Judgement and the implications for South Eastern Regional College and wider public sector will need further consideration. The Department of Finance (DoF) is leading a piece of work across the NI Civil Service, reviewing the implications for each of the major staffing groups across the public sector.

Until there is further clarity when this work has concluded, and based on the inherent uncertainties in the final decision that will be made, a reliable estimate cannot be provided at this stage.

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2019**

26. 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	2019 Trans Paid £'000	2018 Trans Paid £'000	Outstanding at 31 July 2019 £'000	Outstanding at 31 July 2018 £'000
University of Ulster	Gareth Hetherington (G)	Director				
	Steve Pollard (G)	Senior Lecturer	40	28	-	-
	Alan Woodside (G)	Emeritus Professor				
Colleges NI	Ken Webb (D)	Chair of Finance & Audit & Risk Committee	2	88	-	-
BT	Christine Goodwin (G)	Senior Business Insight Manager	535	-	3	96
Construction Industry Training Board	Michael Malone (D)	Standards Committee Member	34	23	-	-
Queens University Belfast	Karen Fraser (G)	Educational Developer	8	9	-	-
Chartered Management Institute	Ken Webb (D) Carolyn King (G)	Board Member Member	30	22	-	1
Southern Regional College	Barbara Larkin (G)	Part Time Lecturer	8	10	-	-
Pearson	Heather Miller (CMT)	Quality Reviewer	301	-	3	-

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2019**

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

Related Organisation	Governor (G) / Director (D)	Position in Related Organisation	2019 Trans Paid £'000	2018 Trans Paid £'000	Outstanding at 31 July 2019 £'000	Outstanding at 31 July 2018 £'000
Colleges NI	Ken Webb (D)	Chair of Finance & Audit & Risk Committee	-	62	-	-
Education Authority	Kim Scott (G)	Assistant Director	10	11	-	2
	Neil Bodger (G)	Appeals Tribunal Member				
University of Ulster	Gareth Hetherington (G)	Director	265	202	28	-
	Steve Pollard (G)	Senior Lecturer				
	Alan Woodside (G)	Emeritus Professor				
Friends School	Alan Woodside (G)	Ministerial Appointed Governor	-	2	-	-
South West College	Alan Woodside (G)	Visiting Lecturer & Industrial Advisory Board Member	26	-	27	1
Southern Regional College	Barbara Larkin (G)	Part Time Lecturer	20	-	2	-
Queens University Belfast	Karen Fraser (G)	Educational Developer	3	-	-	-

All transactions are related to general operations.

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2019**

27. LOSSES AND SPECIAL PAYMENTS

	2019	2018
	£'000	£'000
Bad Debt Write Off less than £1k (101 cases)	23	76
Bad Debt Write Off greater than £1k (0 cases)	-	79
	23	155

The bad debt write off refers to outstanding tuition fees and charges that are considered uncollectable. The College held a bad debt provision to match the bad debt write off.

28. AMOUNTS DISBURSED AS AGENT

	2019	2018
	£'000	£'000
<u>Hardship Fund</u>		
Balance at 1 August	78	52
DfE Allocation	131	169
	209	221
Disbursed to students	(183)	(143)
Balance unspent at 31 July	26	78

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.

	2019	2018
	£'000	£'000
<u>Care to Learn</u>		
DfE Allocation	10	17
Disbursements	(10)	(17)
Balance unspent at 31 July	-	-

The Care to Learn Scheme funds are available solely for the purposes of paying Childcare under the DfE Care to Learn Scheme; the College acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2019

29. ADDITIONAL DISCLOSURES TO COMPLY WITH FINANCIAL REPORTING MANUAL

Financial Reporting Manual (FReM) requires Non-Departmental Public Bodies to regard grant-in-aid received as contributions from controlling parties giving rise to a financial interest in the residual interest of the body, and hence accounted for as financing i.e. by crediting them to the income and expenditure reserve.

	<u>Notes</u>	2019 £'000	2018 £'000
INCOME			
Department for the Economy income (non-grant in aid)	1	695	1,106
Education contracts	2	6,804	6,368
Tuition fees and charges	3	2,342	2,474
Other grant income	4	724	577
Other operating income	5	1,093	783
Total incoming recourses		11,658	11,308
EXPENDITURE			
Staff costs	8	31,635	27,760
Other operating expenses	10	16,807	16,482
Depreciation	13	5,153	4,721
Interest and other finance costs	11	153	227
Exceptional costs (staff)	8	30	664
Total resources expended		53,778	49,854
Net deficit for the year		(42,120)	(38,546)
Unrealised surplus on revaluation of land and buildings	13	7,868	12,752
Actuarial (loss)/gain in respect of pension scheme	22	(4,740)	4,389
Amount transferred to reserve		(38,992)	(21,405)
Analysis of reserves prepared under FReM			
Balance as at 1 August		75,972	61,559
Grant-in-aid received in year	1	35,745	35,818
Cumulative increase in market value of investment (reserve)	20	1	-
Net operating cost for year		(38,992)	(21,405)
Balance as at 31 July		72,726	75,972