



**SOUTH EASTERN REGIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2020**



**South Eastern Regional College
Annual Report and Accounts
For the year ended 31 July 2020**

***The Accounting Officer authorised these financial statements for issue on
8 December 2020***

*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

22 February 2021

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ANNUAL REPORT AND FINANCIAL STATEMENTS**

YEAR ENDED 31 JULY 2020

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SOUTH EASTERN REGIONAL COLLEGE STRATEGIC REPORT 2019/20

The members present their report and the audited financial statements for the year ended 31 July 2020.

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 (2016-21) 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).

STRATEGIC CONTEXT (continued)

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

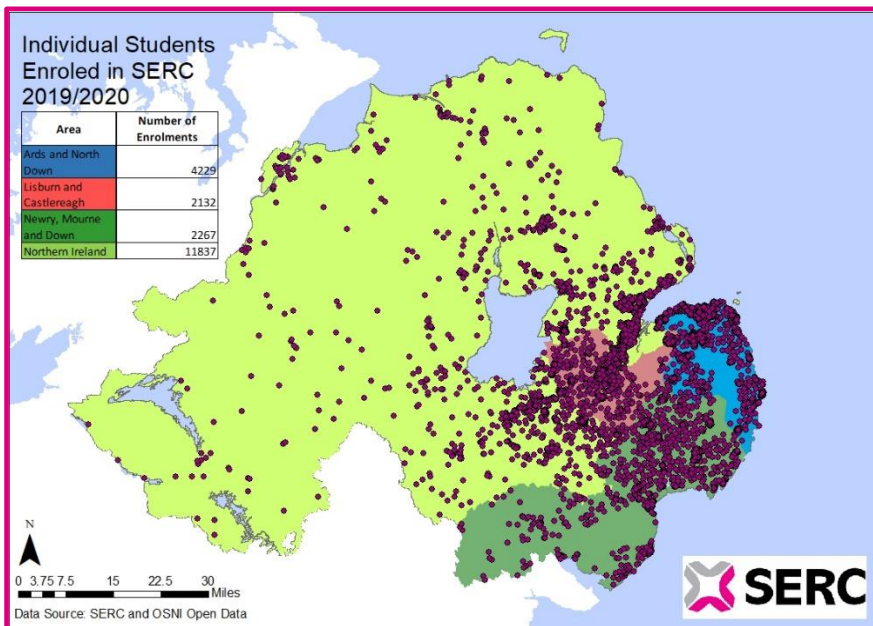
Collaborative

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

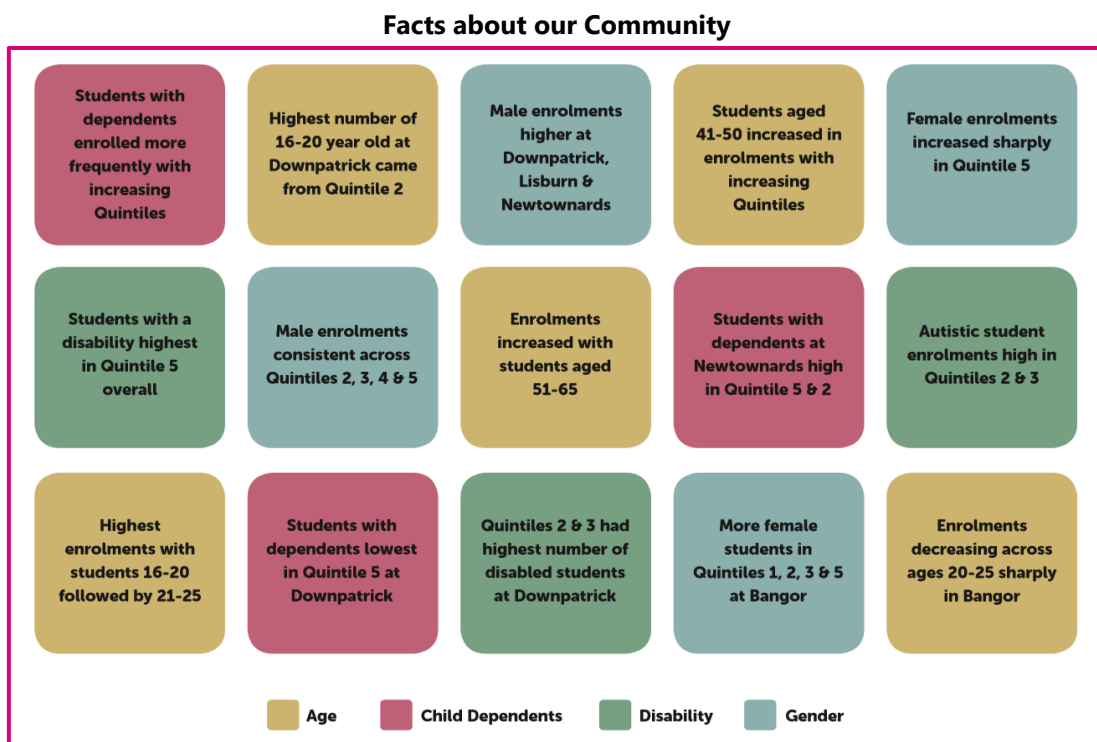
Understanding our Community

SERC has campuses located in the south eastern area of Northern Ireland in Bangor, Downpatrick, Holywood, Lisburn, Ballynahinch, Newtownards and Newcastle, plus a Professional Skills Centre (PSC) at Nutts Corner, County Antrim.

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:



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 2019/20, there are five key overlapping priorities in taking forward the development plan:

1. Enhancing employment opportunities for all our students by incorporating enterprise skills development and entrepreneurship within our curriculum.
2. Delivering a Priority Skills, Science, Technology, Engineering, Arts and Maths (STEAM) focused curriculum in line with the needs identified by the NI Skills Barometer.
3. Upskilling the existing workforce to improve business efficiency and productivity thereby enabling them to grow jobs and improve Gross Value Added (GVA).
4. 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 benefit cycle.
5. Improving effectiveness of our education and training provision through providing an innovative, supportive learning environment 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 2019/20, based on the needs of the population and aligning to the draft Programme for Government Outcomes.

We have developed three defined report cards that set out baseline information about the population. This baseline information includes the current population position, where data is available, which enables the College to establish actions that contribute to population change alongside activity by other Government Departments and organisations. The three report cards are:

- Report Card 1: Qualifications**
- Report Card 2: Employers / Businesses**
- Report Card 3: Social Inclusion**

These report cards set out how our performance is to be measured to ensure that our actions are relevant to the needs of the community we serve. The report cards, which are detailed in the following sections, explore our performance under three headings:

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

Report Card 1: Qualifications



Programme for Government Outcomes to which we contribute:

- We prosper through a strong, competitive regionally balanced economy
- We have more people working in better jobs

Programme for Government Indicators to which we contribute:

- Economic Inactivity
- The proportion of the workforce in employment qualified to level 1 and above, level 2 and above, level 3 and above, and level 4 and above.
- Employment rate by Council area

Industrial Strategy Pillar to which we contribute:

Enhancing education, skills and employability (Pillar 2)

Our proposals for 2019/20 were:

▪ Deliver an appropriate mix of qualifications

To deliver an appropriate mix of qualifications in 2019/20 as outlined in the table below:

| | | TFS | | Youth Traineeship | | FE | | Apprenticeship | | HE | | All | | PSA |
|------------------|--------------|--------------|----------------|-------------------|----------------|---------------|----------------|----------------|----------------|--------------|----------------|---------------|----------------|----------------|
| | | Enrols | % of provision | Enrols | % of provision | Enrols | % of provision | Enrols | % of provision | Enrols | % of provision | Enrols | % of provision | % of provision |
| Level 0,1 | FT | 210 | 32% | | | 67 | 3% | | | | | 277 | 7% | 25% |
| | PT | 500 | 41% | | | 2,700 | 22% | | | | | 3,200 | 21% | 33% |
| | Total | 710 | 38% | | | 2,767 | 19% | | | | | 3,477 | 18% | 32% |
| Level 2 | FT | 435 | 67% | 0 | 0% | 530 | 24% | 330 | 38% | | | 1,295 | 31% | 81% |
| | PT | 700 | 58% | 0 | 0% | 7,100 | 59% | 400 | 39% | | | 8,200 | 54% | 25% |
| | Total | 1,135 | 61% | 0 | 0% | 7,630 | 53% | 730 | 38% | | | 9,495 | 49% | 33% |
| Level 3 | FT | 5 | 1% | 0 | 0% | 1,600 | 73% | 550 | 63% | | | 2,155 | 51% | 74% |
| | PT | 10 | 1% | 0 | 0% | 2,300 | 19% | 360 | 35% | | | 2,670 | 18% | 60% |
| | Total | 15 | 1% | 0 | 0% | 3,900 | 27% | 910 | 48% | | | 4,825 | 25% | 66% |
| Levels 4-8 Total | FT | | | | | | | | | 503 | 100% | 503 | 12% | 66% |
| | PT | | | | | | | 264 | 26% | 918 | 100% | 1,182 | 8% | 50% |
| | Total | | | | | | | 264 | 14% | 1,421 | 100% | 1,685 | 9% | 55% |
| Levels 0-8 Total | FT | 650 | 15% | 0 | 0% | 2,197 | 52% | 880 | 21% | 503 | 12% | 4,320 | 100% | 72% |
| | PT | 1,210 | 8% | 0 | 0% | 12,100 | 79% | 1,024 | 7% | 918 | 6% | 15,252 | 100% | 35% |
| | Total | 1,860 | 10% | 0 | 0% | 14,297 | 73% | 1,904 | 10% | 1,421 | 7% | 19,482 | 100% | 43% |

▪ Project based learning

To continue embedding project-based learning and to further staff development in this area.

▪ Enterprise and Entrepreneurship

Development of enterprise skills and the creation of an entrepreneurial environment at the College.

▪ Improvements in TFS and AppsNI Retention

To further refine the student management processes around the TFS and AppsNI programme by using a specialist team to review, evaluate and implement improvements in TFS retention.

▪ More niche Higher Education (HE) products

To develop more niche, HE products to increase the full-time and part-time enrolment numbers by expanding the range of HE partner Awarding Organisations.

- **Blended Learning**

To further refine the use of blended learning and the number of students who review and rate resources on the College's MOODLE VLE.

In this area the College is focused on supporting improvement in Essential Skills performance. Since the introduction of end testing in Essential Skills literacy and numeracy there has been a significant drop in success rates. The College is committed to tracking student performance and preparation for the end test environment.

How much did we do?

Delivery of an appropriate mix of qualifications

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 2019/20 shows achievement of the overall target:

| 2019/20 | | 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 | 186 | 32% | | | 112 | 4% | | | | | 298 | 7% | 18% |
| | PT | 576 | 43% | | | 2,836 | 22% | | | | | 3,412 | 21% | 36% |
| | Total | 762 | 40% | | | 2,948 | 19% | | | | | 3,710 | 18% | 35% |
| Level 2 | FT | 392 | 67% | 0 | 0% | 660 | 26% | 329 | 35% | | | 1,381 | 31% | 80% |
| | PT | 720 | 54% | 0 | 0% | 7,586 | 58% | 438 | 38% | | | 8,744 | 54% | 26% |
| | Total | 1,112 | 58% | 0 | 0% | 8,246 | 53% | 767 | 37% | | | 10,125 | 49% | 33% |
| Level 3 | FT | 3 | 1% | 0 | 0% | 1,737 | 69% | 605 | 65% | | | 2,345 | 52% | 73% |
| | PT | 44 | 3% | 0 | 0% | 2,549 | 20% | 462 | 40% | | | 3,055 | 19% | 66% |
| | Total | 47 | 2% | 0 | 0% | 4,286 | 28% | 1,067 | 51% | | | 5,400 | 26% | 69% |
| Level 4,5,6,7,8 | FT | | | | | | | | | 481 | 100% | 481 | 11% | 67% |
| | PT | | | | | | | 242 | 21% | 874 | 100% | 1,116 | 7% | 72% |
| | Total | | | | | | | 242 | 12% | 1,355 | 100% | 1,597 | 8% | 71% |
| Levels 0-8 Total | FT | 581 | 13% | 0 | 0% | 2,509 | 56% | 934 | 21% | 481 | 11% | 4,505 | 100% | 71% |
| | PT | 1,340 | 8% | 0 | 0% | 12,971 | 79% | 1,142 | 7% | 874 | 5% | 16,327 | 100% | 39% |
| | Total | 1,921 | 9% | 0 | 0% | 15,480 | 74% | 2,076 | 10% | 1,355 | 7% | 20,832 | 100% | 46% |

Full Time Higher Education saw a negative variance to target of 22 enrolments. Higher Education enrolments continue to be impacted by a number of factors including the population profile and competition from Universities. This is an issue both at a local and sectoral level, which SERC is actively addressing with the Department.

SERC exceeded its overall targets with the DfE priority sector areas (including STEAM):

| 2019/20 | | | | | | | | | | | | | | DFE Priority Sector Areas (Includes STEAM) | | |
|-------------------|-------|-----------|----------------|-----------------------------|----------------|-------------------------------------|----------------|-----------------------------------|----------------|--|----------------|-----------------|----------------|--|----------------|-----|
| | | Agri-food | | Manufacturing Materials and | | Construction and Materials Handling | | Digital and Creative Technologies | | Finance Business and Professional Services | | Health Sciences | | Total priority Skills | | |
| | | Enrols | % of provision | Enrols | % of provision | Enrols | % of provision | Enrols | % of provision | Enrols | % of provision | Enrols | % of provision | Enrols | % of provision | |
| Level 1 and below | FT | 0 | 0% | 0 | 0% | 29 | 10% | 3 | 1% | 22 | 22% | 0 | 0% | FT | 54 | 4% |
| | PT | 111 | 100% | 238 | 100% | 275 | 90% | 509 | 99% | 80 | 78% | 20 | 100% | PT | 1233 | 96% |
| | Total | 111 | | 238 | | 304 | | 512 | | 102 | | 20 | | Total priority Skills | 1287 | |
| Level 2 | FT | 10 | 3% | 208 | 28% | 446 | 40% | 264 | 44% | 82 | 23% | 93 | 53% | FT | 1103 | 33% |
| | PT | 374 | 97% | 537 | 72% | 667 | 60% | 338 | 56% | 277 | 77% | 82 | 47% | PT | 2275 | 67% |
| | Total | 384 | | 745 | | 1113 | | 602 | | 359 | | 175 | | Total priority Skills | 3378 | |
| Level 3 | FT | 0 | 0% | 557 | 43% | 219 | 25% | 308 | 70% | 247 | 41% | 377 | 77% | FT | 1708 | 46% |
| | PT | 20 | 100% | 744 | 57% | 663 | 75% | 132 | 30% | 359 | 59% | 112 | 23% | PT | 2030 | 54% |
| | Total | 20 | | 1301 | | 882 | | 440 | | 606 | | 489 | | Total priority Skills | 3738 | |
| HE | FT | 0 | 0% | 51 | 18% | 8 | 8% | 43 | 63% | 190 | 30% | 31 | 76% | FT | 323 | 29% |
| | PT | 0 | 0% | 235 | 82% | 87 | 92% | 25 | 37% | 448 | 70% | 10 | 24% | PT | 805 | 71% |
| | Total | 0 | | 286 | | 95 | | 68 | | 638 | | 41 | | Total priority Skills | 1128 | |
| | | | | | | | | | | | | | | FT | 3188 | 33% |
| | | | | | | | | | | | | | | PT | 6343 | 67% |
| | | | | | | | | | | | | | | Total | 9531 | |

Project based learning

Project Based Learning (PBL) continues to be deeply embedded across the curriculum, with an intensive programme for new members of the lecturing staff prior to the start of the Academic year, ensuring all staff are confident and competent in its delivery.

Transversal Skills and College themes such as communication, problem-solving, teamwork and sustainability are developed using the medium of PBL, where students are given industry-relevant challenges to work on in groups, with lecturers support as required.

All full-time students started the year with PBL through 'Enterprise Fortnight', which involves working collaboratively on industry challenges facilitated by tutors.

Examples of project based learning include: "Golden Memories" – a weekly day care activity creating opportunities for social inclusion of those aged over 65; "The Water Boys" – innovation reviewing a low cost and low tech solution to water contamination; and the "College Kitchen Food Truck" providing hospitality and catering to outside events, including Snow Patrol Ward Park 3.



The pedagogic approach of PBL fosters learner independence and innovative thinking, making the industry-application of learning apparent and encourages the development of skills required in the workforce.

Enterprise and Entrepreneurship

The ongoing development of a strategy for the promotion of enterprise, entrepreneurship and employability remains a College priority. The College seeks to enhance the place of enterprise, entrepreneurship, and employability across its whole provision through support for employers and students.

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

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

There are three interrelated objectives to this approach:

- Inspiring Enterprise, Entrepreneurship, and Innovation
- Transforming the existing workforce
- Enriching the student learning experience

Entrepreneurs' ideas often grow from their skills, interests, or personal circumstances, and are usually formed in response to an unmissable market opportunity. However, while 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. SERC's Entrepreneur Club is open to all students and will provide them with support for their business venture through:

- Access to the College's vast range of specialist equipment to prototype their product, helping them develop it from project idea to marketable commodity,
- Providing advice and mentoring from successful start-up owners who are working with SERC.

"When employing new workers, businesses in Northern Ireland have expressed that they tend to value an individual's aptitude and readiness for work above all else. This is followed by academic results and/or qualifications and evidence of broader skills (e.g. listening, presenting and problem-solving)" CBI 2018.

SERC is invested in taking an entrepreneurial approach to education. SERC's two Deputy Heads of School for Enterprise and Entrepreneurship are supported by Terence Brannigan, SERC's "Entrepreneur in Residence". They are working with students, student companies, business owners and entrepreneurs developing 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.

Improvements in TFS and AppsNI Retention

The College established a specialist project group, comprising senior curriculum staff and training organisation managers, to review and address the retention rates on Training for Success programmes. A number of key actions were identified:

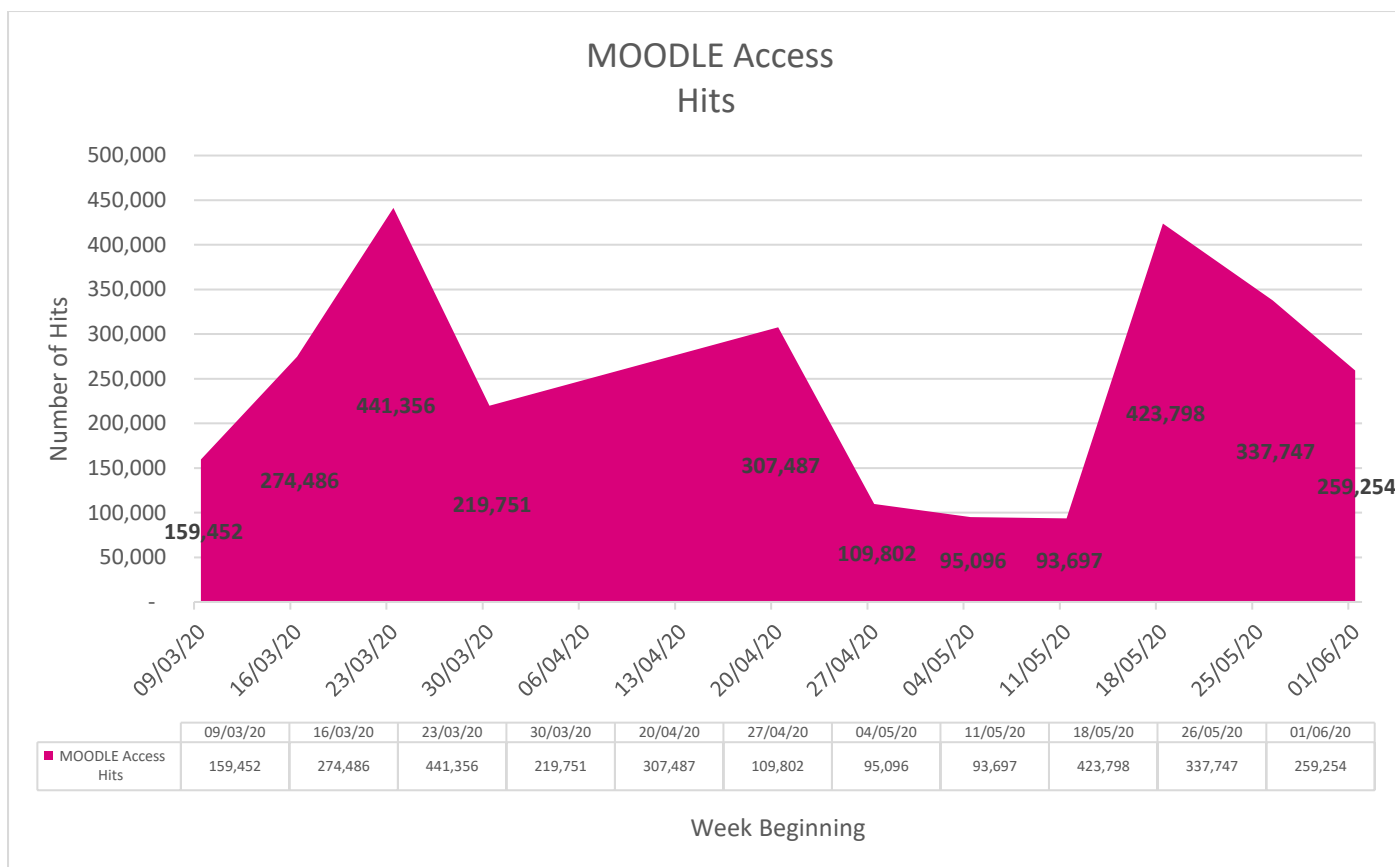
- Attendance issues to be addressed in each review of trainee
- Skills tests to be introduced across all professional technical areas to ensure that trainees were enrolled on the most suitable programme
- Key staff to ensure young people at risk were identified by 25th September to enable them to move to alternative programmes
- Mini evaluation form to be completed by all learners in week 3 of programme to get early learners feedback
- Timely communication from Essential Skills tutor to Training Support Officers (TSOs) regarding class absences and timely follow-up by TSO
- Qualifications on entry bench marked against previous year and tracked against retention
- Surveys carried out once per term to establish trainee satisfaction

More niche Higher Education (HE) products

The Higher Education offer was expanded to include vocational and professional qualifications within niche areas such as beauty therapy, sports therapy, business, and IT, offering skills that widen access for further study and employment.

Blended Learning

The College’s target to further refine the use of blended learning was accelerated in the overall response to COVID-19. Indeed, use of the Virtual Learning Environment (VLE) MOODLE increased by 176% during the first few weeks of moving delivery fully online: going from 159,452 access hits to 441,356 per week at the peak:



There was also significant engagement with Microsoft Teams for virtual classes and online collaboration. Microsoft Teams saw 6,869 active users.

The College’s Learning Academy designed and delivered over 50 webinars to over 850 teaching and corporate staff in the transition to working online.

In 2019/20, 4,026 students rated content on 1,047 Moodle courses and 103,726 resources and activities. The average rating (out of 5) increased to 4.7 from 4.62 in 2018/19.

How well did we do it?

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

- Achievement of 15,087 FE qualifications and 880 HE qualifications;
- Overall **retention** rate of 93.4%
- Overall **achievement** rate of 91.3%
- Overall **success** rate of 85.3%

In terms of STEM performance, the statistics are:

- **Retention** rate of 93.5%
- **Achievement** rate of 94.7%
- **Success** rate of 88.5%

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

Retention rates for TfS improved by 15% in comparison to prior year: programmes completing in 19/20 are shown below. On both programmes for the cohorts completing in 2020 there is a significant improvement of 15% in the number of trainees retained.

| TfS Course | 2019/20 | 2018/19 |
|---------------------------|------------|---------|
| Skills for your Life | 72% | 57% |
| Skills for Work (Level 2) | 64% | 49% |

In 2019/20 the Department for the Economy commissioned the Education and Training Inspectorate (ETI) to evaluate the effectiveness of curriculum planning at Level 3 in the further education provision across the six regional FE colleges. The evaluation of SERC took place in March 2020 and included the six Tier 1 areas of:

- Arts, Media, and Publishing;
- Construction, Planning, and the Built Environment;
- Engineering and Manufacturing Technologies;
- Health, Public Services and Care;
- Hospitality and Tourism; and
- Science and Mathematics

The provision for preparation for life and work was also evaluated.

The report's key findings praised the College for the high-level learning experience offered to students. Extracts of the report include:

Range and content of the learning programmes

- Across the professional and technical areas evaluated, the **relevance, breadth and currency of the curriculum is a particular strength**. It **promotes social inclusion** and supports very well the needs of the local and regional economy.
- The college is an early adopter of the Regulated Qualifications Framework (RQF) qualifications and almost all of the **programmes** provided are **contemporary, well-designed, and often contain specialist units** or pathways that are very **well matched to employer and industry needs**
- The college's wide-ranging, **collaborative partnership** working with employers and sectoral bodies is used very well to inform the content and co-design of the curriculum, resulting in often **innovative and mostly highly relevant learning programmes**. In addition, a range of training and upskilling programmes are offered by the college to support employers, industry, and the local and regional economy.

Employability, enterprise, and work-ready skills

- The management and staff at all levels in the college place a **high priority** on the **preparation** of the students for **life and work**, including project-based learning (PBL), enterprise and the development of their entrepreneurial skills.
- The college has made a **significant investment** in the structures, systems, management, and staffing needed to **facilitate employer engagement and support curriculum development** in the ongoing roll-out of these initiatives.
- A **sector-leading project-based learning delivery model** has been developed that aims to better integrate the **development of the students' vocational and transversal skills**, through well-considered project themes and real-life projects.
- The college has developed **extensive links nationally and internationally** to research and support the development of this approach to learning. Through their engagement in the projects, **students find solutions to real-world challenges** and have formal opportunities to review and evaluate the success of their projects.
- Enterprise, entrepreneurship, and innovation are core curriculum activities and areas of focus across the work of the college. **Entrepreneurship is also effectively encouraged through a number of initiatives**, including the enterprise fortnight, the entrepreneur in residence and the role of mentors and innovation advisors, who are well supported by two dedicated managers. In addition, students also have opportunities to further develop their enterprise and employability skills through engagement in relevant work-experience opportunities through the Erasmus programme in other European countries.

Literacy, numeracy, and digital skills

- There is an **appropriate focus** on the attainment of relevant literacy and numeracy qualifications, to support achievement and progression.
- Literacy, numeracy, and ICT programmes are **timetabled to encourage student attendance** and they are seen as an essential part of the students' learning programme.
- The development of the students' literacy and numeracy skills, critical to their chosen occupational pathway, is **well-embedded within their learning programmes**, including good preparation for progression to higher level programmes. In more technical areas, where attainment of higher-level mathematics is required for progression to higher education, appropriate advanced mathematics units are an integral part of the students' learning programme.

- Students have **very good opportunities** to develop **appropriate industry-standard and contemporary digital and technical skills** relevant to their professional and technical area. This includes the use of a wide range of industry-relevant software and digital tools to develop relevant analytical skills in science, effective digital music production, creative media skills and industrial coding skills in engineering. In performing and creative arts, a fully functioning radio station has been established on each campus providing high quality learning opportunities for the students to gain experience in performing as well as developing a wide range of industry-related communication and technical skills.

Learning Outcomes and Progression

- Across most of the areas evaluated, **well-planned industry-related practical learning experiences** enhance the learning and are **well-matched to employment opportunities**. As a consequence, the students gain **up-to-date, contemporary knowledge and skills**, including digital skills, and are **well-placed to excel** in their chosen subject, and to progress to the next stage of their learning and/or the world of work.

The full ETI Report is available from the ETI website (<http://www.etini.gov.uk/publications/evaluation-curriculum-planning-level-3-south-eastern-regional-college>).

The **Essential Skills** performance continued to improve in 2019/20 with an increase of 20% in numeracy performance and a consistent performance in literacy and ICT, compared with 2018/19. SERC's robust data management system, which facilitates the identification of and management of an Essential Skills' student's journey and progress, was instrumental in contributing to the evidence required for predicted grades as a result of COVID-19.

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 safeguarded 748 jobs, whilst 8808 staff have been upskilled and 89 new jobs have been created.

In 2019/20, 79.92% of students from quintile 1 achieved their course, whilst 83.85% of students from quintile 2 achieved their course.

What do we propose to do in 2020/21?

| Area of Planned Activity | Planned Activity for 20/21 |
|--|---|
| Further Education (Levels 0 - 3) <i>Excluding Essential Skills</i> | Number of Enrolments: 12,894 Number of individual students: 8,944 |
| Higher Education (Levels 4 – 6) Full Time | Number of Enrolments: 512 Number of individual students: 486 |
| Higher Education (Levels 4 – 6) Part Time | Number of Enrolments: 884 Number of individual students: 857 |
| Training for Success (Levels 0 – 3) | Number of Enrolments: 1,959 Number of individual students: 633 |
| Apprenticeships (Levels 2 – 3) | Number of Enrolments: 1,764 Number of apprentices registered for training: 864 Progress Rate to final year of study: 83% |
| Higher Level Apprenticeships (Levels 4 – 5) | Number of Enrolments: 180 |
| Essential Skills | Number of Enrolments: 2,803 Number of individual students: 1,867 |
| Priority Sector Areas and / or STEM (PSSA): | Number of Enrolments: 7,763 Number of individual students: 7,456 Target of final year students enrolled in one or more PSSA subjects: 62% |

Report Card 2: Businesses



Programme for Government Outcomes to which we contribute:

We prosper through a strong, competitive, regionally balanced economy. We are an innovative, creative society where people can fulfil their potential

Programme for Government Indicators to which we contribute:

Rate of Innovation Activity (% of companies engaging in innovation activity)

Industrial Strategy Pillars to which we contribute:

Driving inclusive, sustainable growth (Pillar 3)

Succeeding in global markets (Pillar 4)

Our proposals for 2019/20 were:

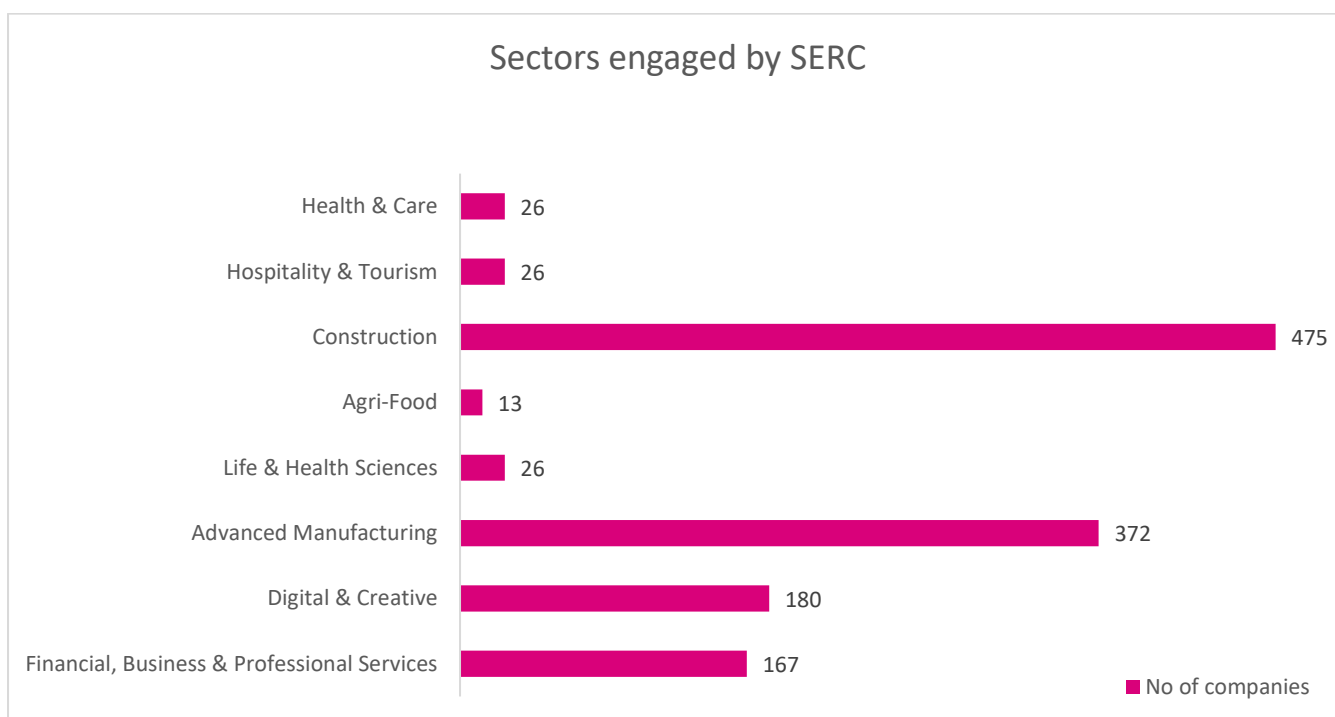
- Promote innovation through supporting local companies to develop new products and services through a range of funded support programmes, such as the Innovation Voucher Scheme and InnovateUs.
- Promote services available from SERC more widely.
- Promote services available at Community Planning meetings so that other statutory bodies can link 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 a 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.
- 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.

How much did we do?

SERC engaged with 1,285 unique businesses in 2019/20, against a target of 700, across a wide geographical area:

| Government District | 2019/20 |
|--|----------------|
| Antrim and Newtownabbey | 61 |
| Ards and North Down | 207 |
| Armagh City, Banbridge and Craigavon | 74 |
| Belfast | 129 |
| Causeway Coast and Glens | 18 |
| Derry City and Strabane | 9 |
| Fermanagh and Omagh | 8 |
| Lisburn and Castlereagh | 215 |
| Mid and East Antrim | 23 |
| Mid Ulster | 20 |
| Newry, Mourne and Down | 175 |
| Total within Northern Ireland | 939 |
| Engagements Outside of Northern Ireland | 346 |
| Total | 1,285 |

SERC’s business engagement also spanned a wide range of sectors:



The College delivered a wide range of courses and services to the individual businesses that included: Gas, Property Management, NEBOSH, Food Hygiene, Siemens Mechatronics, 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.

The following sections details how much we did in respect of our individual targets:

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, including applied facilities research (and associated targets as detailed above)

Our Business Services team delivered Innovation Project Support through a number of funded mechanisms. The main priority skills areas covered were advanced manufacturing inclusive of LEAN processes and product development:

▪ **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.

We commenced 150 InnovateUs projects in 2019/20:

| Priority Skills Area | 2019/20 |
|---|------------|
| Financial, Business & Professional Services | 25 |
| Digital & Creative | 64 |
| Advanced Manufacturing | 16 |
| Life & Health Sciences | 4 |
| Agri-Food | 3 |
| Construction | 32 |
| Hospitality & Tourism | 6 |
| Total | 150 |

Projects included database management to unlock the power of knowledge in an organisation, CAD mentoring, and transitioning to a digital space and the introduction of eCommerce.

Of the 150 projects, **119 of were completed in 2019/20**, against a target of 190. The projects completed were high value projects with longer hours (i.e. 60 hours rather than 30 hours), which resulted in funding of £423k against the target of £378k.

▪ **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 to work in the business alongside the College.

In 2019/20 we worked on **8 Fusion Projects**, achieving our CDP target. The projects focussed on the area of advanced manufacturing, including business improvement and product developed, across the Ireland of Ireland in Counties Dublin, Cork, and Tipperary.

▪ 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

In 2019/20, 11 innovation vouchers were awarded to SERC, however due to the impact of COVID-10 our achievement was 9 innovation vouchers, against a target of 10.

Promote services available from SERC more widely and promote services available at Community Planning Meetings

We aim to promote our services to a wide an audience as possible.

In 2019/20, senior managers and Business Services staff sought to promote our services by being active members of key business forums, including the Chamber of Commerce, Confederation of British Industry (CBI), Institute of Directors (IoD), and local small business groups in a range of sectors all across NI.

To further promote our services, we published a comprehensive Industry Prospectus, which was shared via all key stakeholder employer databases to compliment businesses and ensure effective signposting is occurring.

Our Business Development Managers are assigned to specific sectors and have attended sector specific seminars and sector body events



We continue to develop our relationships with our Council partners who provide significant referrals from their Innovation initiatives. Indeed, in 2019/20 we received 20 referrals for InnovateUs from our colleagues in Mid and East Antrim Council.

Share good practice with international partners including curriculum strategies.

In 2019/20 we have continued to share good practice with our international partners with some of the highlights being:

- Uganda – conclusion of a two-year project providing training to the School of Education staff at Kyambogo University.
- USA – participation in a transatlantic TA3 partners conference on sharing best practice in technical education.
- Japan – training to teachers completing a Master’s programme in the University of Toyama.
- Finland – participation in conference with Finnish, Danish and Scottish partners reviewing new skills for VET teachers.

Systematically gather evidence from the business sector and provide impact information in the future.

Our Business Services team continually seeks evidence from the business sector through participating in all of our engagement activities. Furthermore, throughout 2019/20 we have actively participated in sector focus groups. DfE strategy planning and Ulster University (UU) Economic research.

The 2-year Business Services Growth Strategy was agreed in 2019/20 and is formulated around the UU NI Skills Barometer to deliver in skills deficit areas.

Develop dashboard to assist with planning Business Services growth strategy.

In 2019/20 we moved to the active development phase of the Business Services Dashboard. This dashboard is currently providing us with comprehensive data in all upskilling, reskilling and innovation support, which is vital in informing the business services growth strategy through the information provided by key metrics such region requirements, council area requirements, level of intervention and demographics.

The dashboard's next stage of development is alignment to DfE reporting capabilities.

Engage with employers and provide 1,500 placements.

Our engagement with businesses and employers continues into student placements where we provided 1,445 student placements in 2019/20 in the following geographical areas:

| Local Government District | 2019/20 |
|---|----------------|
| Antrim and Newtownabbey | 27 |
| Ards and North Down | 420 |
| Armagh City, Banbridge and Craigavon | 113 |
| Belfast | 160 |
| Causeway Coast and Glens | 8 |
| Derry City & Strabane | 3 |
| Fermanagh and Omagh | 2 |
| Lisburn and Castlereagh | 348 |
| Mid and East Antrim | 9 |
| Mid Ulster | 17 |
| Newry, Mourne and Down | 315 |
| Total Placements within Northern Ireland | 1,422 |
| Placements outside of Northern Ireland | 23 |
| Total Placements | 1,445 |

Student placements in 2019/20 have included businesses such as gyms, primary schools, secondary schools, preschool nurseries, nursing homes, veterinary practices, science labs, NI Civil Service, leading hotels, restaurants, agricultural agencies, computer companies, construction companies, motor companies, engineering companies and health trusts.

Deliver a minimum of 1 Assured Skills Academy to support FDI and Invest NI supported companies.



The College successfully delivered an Assured Skills Academy in the area of Corporate Travel. SERC partnered with Selective Travel Management and Jurys Inns Hotels who provided key input to design the academy that would provide participants with the skills need to work in the corporate travel and tourism sector.

The Academy ran for 20 weeks and each participant received a Level 5 Award in Leadership & Management.

Deliver a minimum of 1 Bridge to Employment Programme to support priority skills sectors to recruit talent.

SERC worked in collaboration with 8 employers, in our catchment area, and DfE to design a Bridge to Employment programme to focus on *'An Introduction to professional cookery'*, which was identified as an area with a local skills gap.

The College provided 12 spaces for the programme but unfortunately due to a shortage of suitable applicants the programme did not run.

How well did we do it?

The College closely monitors 'how well did we do it' through a number of measures, including the InnovateUs Delivery and Evaluation report.

In 2019/20, the results of the InnovateUs evaluation report showed how well we have performed:

- **100%** of businesses engaged believed felt the programme provided **'very good'** or **'excellent'** **value for money**.
- **100%** of participants were **'satisfied'** or **'very satisfied'** with the **delivery** of their project.
- **90%** of businesses engaged noted that **greater innovation** had been **achieved** within their business as a result of the project.
- **100%** of the businesses engaged indicated that they felt they had an **'excellent'** or **'very good'** **relationship with the College** as a result of participation on the InnovateUs programme.
- **100%** of businesses engaged said they **would use** the services of the College again

Is anyone better off?

Through our work with businesses, and specifically our targeted work under InnovateUs, businesses and people are better off and have reported the following:

- Average **increase** in **sales** of **20%**.
- Average **cost saving** of **16%**.
- **25 new jobs** were created.
- **169 jobs** were **safeguarded**.
- **2.5%** of businesses were able to **export** as a result.
- **67%** of the businesses felt they would be in a **position to scale up**.
- **2.5%** of the small business participants reported **increased sales** in other export markets such as Great Britain, America, and Europe.

What do we propose to do in 2020/21?

| Area of Planned Activity | Planned Activity for 20/21 |
|--------------------------------|--|
| InnovateUs | Number of Projects: 115 |
| Skills Focus (Level 2+) | Number of Enrolments: 600 |
| Assured Skills (Levels 0 – 8) | Delivery of 1 Assured Skills Academy |
| Fusion Projects | To deliver 6 fusion projects |
| Innovation Voucher Scheme | To deliver 10 innovation voucher schemes |



Our proposals for 2019/20 focused upon:

- 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
 - iii.
 - iv. at SERC including information on ESOL classes.
 - v. Work with partners to address barriers to education and develop support mechanisms.
 - vi. Provide learner support to enable the most vulnerable and those with a disability to get support, build resilience and achieve a qualification.
 - vii. Work with the Department for the Economy, Department for Communities and The Executive Office to improve access to educational opportunities.

- Within our Wellbeing Framework, provide:
 - i. Learning Support Services.
 - ii. Pastoral Care support across our curriculum.
 - iii. A range of student support services including an independent careers service, students' union, and student finance.
 - iv. Counselling service.
 - v. 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.

How much did we do?

Engagement with organisations and individuals in deprived communities and work with partners to address barriers to education

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

Our Community Engagement Officer facilitated events with a wide range of community and voluntary organisations (CVS), including:

- Sure Start Kilcooley, Lisburn
- Kilcooley Women's Centre
- Include Youth,
- Action Mental Health
- Glen Ward Community Association.
- Clanrye,
- Homestart, Ballynahinch
- Homestart,
- YMCA
- Conway Mill
- Stepping Stones

CVS organisations then reciprocated our work by facilitating College engagement with their clients where we could provide careers advice and information on addressing educational underachievement/ A major partnership event was the delivery of a seminar on the Bangor Campus for 22 Radius Housing personnel to provide them with information on educational pathways and the support available to learners at SERC. In all instances, our CVS partners continue to encourage and support participants to attend Restart classes provided by SERC.

Engagement continued throughout the of period lock down via the medium of virtual coffee mornings where individuals had the opportunity to engage with our Community Engagement Officer, careers staff and the Deputy Head of School for Health, Early Years and Adult Education. The virtual coffee mornings allowed us to share information on the Restart and Access programmes and also the wider support available to students in SERC.

A new partnership was established with the National Trust at Mount Stewart with approximately 30 SERC and National Trust staff participating in a planning workshop and establishing five joint projects.

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.

We continued to support newly arrived refugees by hosting engagement events in Lisburn where ESOL opportunities were shared with Surestart, Homestart, YMCA, Conway Mill, Stepping Stones, and Sally Gardens groups.



The College also hosted a special *'Come Dine with Us'* evening where we welcomed forty-five people from the local Syrian community to SERC to share their music, food and culture with a further forty people from the Lisburn and greater Belfast area including representatives from the Pakistani, Taiik Eastern European, Moroccan and Algerian communities who have made Lisburn their home.

The evening, funded by the Community Relations Council, provided the attendees with the opportunity to learn more about different cultures and for everyone in turn to find out about local charities and support networks including the Belfast Islamic Centre, Hawa Community Group, Sally Gardens, Holy Evangelist Primary School, and the College.

Work with the Department for the Economy, Department for Communities and The Executive Office to improve access to educational opportunities.

Throughout 2019/20 we continued our engagement with Departmental representatives to address barriers to education.

SERC is participating in a range of workshops alongside a range of partner organisations to contribute to the development of the new NI Skills Strategy. SERC also participates, alongside a range of other partners, as a stakeholder on the Skills and Employability Group of the Belfast Regional City Deal programme.

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

The success rates of students from quintile 1 and quintile 2 have largely remained static in comparison to 2018/19 – being 78.08% and 82.54% respectively (2018/19: Q1 79.39%, Q2 82.73%). In consideration of the pressures of COVID-19, the stable success rate is considered to be an achievement for the College.

Restart and Access Qualifications

We have expanded the numbers enrolled in Restart and Access courses to 459, being 58% greater than the target of 290.

The College's established structure of support services for students was very active in 2019/20:

- 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 2019/20 students have accessed:
 - Physical resources: specialist computers and software, orthopaedic chairs, smart pens, audio note takers.
 - Specialist human support: General Studies Support Assistants, College Lecturing staff and specialist support for a range of conditions that include Dyslexia and Autistic Spectrum Disorders. British Sign Language Interpreters were also available. These services were provided face to face but continued on an on-line basis after the Covid-19 lockdown period commenced.
 - 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 teaching staff on a wide range of disabilities and conditions so that students are effectively supported.

This support was continued, and in some instances enhanced, during the period of lockdown (March – June 2020), using a range of online learning and teaching platforms. One-to-one sessions assisted many students to complete their final assessments as well as helping them to overcome the stresses of lockdown by allowing them to maintain social contact with other learners and staff.

The additional training provided to the learning support staff at the commencement of lockdown has enabled the Learning Support team to develop new skills in designing and implementing on-line support strategies; strategies that will greatly enhance the accessibility of on-line learning in the future.

Many learners (>300) who did not have access to IT equipment were provided with SERC computer equipment during the period of lockdown. Addressing digital poverty in this way has assisted in further reducing barriers to education for these learners.

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

As part of the Quality Management processes within the Learning Support unit 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 identified by the Learning Support Team.

- 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 an externally procured student counselling and wellbeing support service. This service offers a 24/7 Helpline as well as weekly drop-in (on-line since March 2020) individual 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 College's responsibilities regarding the Safeguarding of Children and Adults at Risk or Harm are addressed. The Pastoral Care team also engage with external agencies and support organisations to ensure that the College maintains current best practise approaches to positive student wellbeing as well as appropriate interventions to support those facing mental health challenges;
 - 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 353 causes for concern during 2019/20, which is an increase of 15 from 2018/19. The top four issues raised as causes for concern were:

| Issue | % of Referrals |
|--------------------|-----------------------|
| Mental Health | 42% |
| Family Issues | 12% |
| Behavioural Issues | 11% |
| Medical Conditions | 8% |

- The College has achieved the Matrix Award for its **careers** education, information, advice, and guidance (CEIAG) provision.

This infographic provides a summary of the careers service in 2019/20:

A high priority is placed on pre-entry advice and guidance and induction to ensure that all our students are enrolled on the right course for them. We have invested in the deployment of specialist CEIAG staff over recent years with an increase of over 50% in staffing levels, including the deployment of a Senior Careers Advisor.

The provision of CEIAG is extensive and well-embedded throughout our curriculum, effectively supporting the students to make sound and impartial careers progression decisions



- The **Student Finance** team has supported 1,094 students in receiving financial support to assist them during their studies.



This support, from multiple sources, has assisted the students with tuition fees, travel, maintenance, books & materials, and childcare costs. Throughout 2019/20, the Student Finance team engaged with students through enrolment sessions, freshers fayres, enterprise fayres, as well as undertaking 26 class talks. Students continue to have the opportunity to avail of advice tailored to their personal situation

The Student Finance team focussed on students' financial wellbeing during the period of COVID-19 lockdown, by continuing to provide advice and guidance to students. During the period of March to June we engaged with 353 individual students. The College continues to engage with DfE on the topic of student finance and the ongoing impact of COVID-19.

- The **Students' Union** support students at SERC through the delivery of a Student Engagement programme to enrich and support the student experience. Throughout 2019/20, the SU delivered 304 activities and engaged with 8,796 students. This programme included the delivery of workshops, seminars, and training to support student wellbeing, resilience and mental health, large scale events and activities, support for clubs and societies, volunteer support and training and the facilitation of activities to support student democracy and the student voice.



Throughout the period of lockdown, our SU moved their programme and services online using the Microsoft Teams Platform. This site recorded a daily average of 62 users throughout the period March – June 2020. The Union continued to support students through a dedicated Health and Wellbeing Hub allowing students to access resources, information, and support in relation to resilience, self-care, looking after mental health and stress management. The SU hosted twice weekly interactive activities that focused on mindfulness and self-care, including yoga, breathing and meditation alongside video messages from local health experts. The Students' Union active social media facilitated live quizzes, messages, and activities such as our 'Lockdown Playlist' that helped the College stay connected to our students and address issues around isolation.

- 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 2019/20, we delivered 1,108 Apprenticeships across the following vocational areas:

| Apprenticeships | Number |
|--------------------------------|--------|
| Accounting | 14 |
| Administration | 1 |
| Advanced Automotive Management | 46 |
| Automotive Management | 23 |
| Bricklaying | 8 |
| Catering | 27 |
| Childcare | 8 |
| Civil Engineering | 6 |
| Computing | 1 |
| Construction | 31 |
| Construction Plant | 32 |
| Electrical Engineering | 2 |
| Electrical Installation | 188 |
| Fabrication & Welding | 5 |
| Food & Drink | 5 |
| Financial Services | 16 |
| Fire & Security | 57 |

| Apprenticeships | Number |
|---|--------------|
| Gas Management | 4 |
| Hairdressing | 11 |
| Health & Social Care | 28 |
| Hospitality | 10 |
| Joinery | 106 |
| Land based Technology | 10 |
| Leadership and Management Health & Social Care | 23 |
| Leadership for Children's Care Learning and Development | 57 |
| Mechanical Engineering | 98 |
| Mechatronics | 42 |
| Motor Vehicle | 91 |
| Pharmacy | 3 |
| Plastering | 10 |
| Plumbing | 95 |
| Retail | 1 |
| Refrigeration | 49 |
| Total | 1,108 |

How well did we do it?

The achievement of 258 full Access qualifications out of a delivery of 288 is a testament to how well we did in relation to Social Inclusion.

Further, the ETI Evaluation of Curriculum Planning at Level 3 commended SERC's wellbeing framework with the following notable remarks:

- The **quality and impact** of the **care and welfare provision** is **highly effective** and a **significant strength** of the work of the college. There is a strong commitment at all levels to supporting students to overcome any barriers to learning and progression, to remain on their programme and to succeed.
- An **effective holistic support service** is provided for the students and delivered by a **coherent, well-integrated team** made up of SERC Extra, learning support, student finance, safeguarding, learning resource centre staff and student engagement officers. This **multi-skilled team** provide **appropriately tailored** and **individualised support** for the students during their time in the college.
- The college operates within a framework of resilience and well-being and **addresses well the diverse range of barriers to learning** faced by many of the students. Within the SERC student support hub, staff and students have **access** to a comprehensive range of **effective systems and processes** which are used to address barriers to learning and provide learning support.
- The **students' union** is valued by senior leaders, staff, and students. It is **well-organised** with cross-college representatives and provides the students with an effective voice, including a student representative on the governing body with a clear advocacy role to promote inclusion.

- The arrangements for **safeguarding** young people and adults at risk **reflect current legislation and practice**. The lead safeguarding team, comprised of senior staff, are **experienced and responsive** and they refer or signpost students to a wide range of external statutory, community and voluntary organisations with whom they have well established professional working relationships. Safeguarding and awareness training for all staff is given an appropriately high priority in the college.
- Across the areas evaluated, **coherent and consistent careers advice and guidance** is provided to students, including opportunities to avail of one-to-one careers guidance by qualified careers staff. The **students are well-supported by both lecturing staff and cross-college careers staff** in the decision-making and career planning processes. The staff also provide advice to pupils in post-primary schools and in community settings to prospective access students.
- Across the college, the CEIAG staff have **developed strong links with the professional and technical staff**, which have proved to be **mutually beneficial to improving retention rates**. A well-planned programme of site visits and guest speakers also supports well the students' understanding of industry and the range of employment opportunities and jobs available. In almost all of the areas evaluated, the **engagement with a wide range of expert guest speakers**, including the college alumni, **enhance the students' learning experiences** and help **raise their career aspirations**. Consequently, the **careers provision** is **highly valued** by the **students** and almost all of them report that they are well-informed about the progression routes available to them, including employment and progression to higher education.

Is anyone better off?

The measure of anyone being better off can be demonstrated by achievement of their courses. In 2019/20 the following results were attained:

| | 2019/20 |
|---|----------------|
| % of SLDD students who achieved their course | 85.67% |
| % of students from quintile 1 who achieved their course | 79.92% |
| % of students from quintile 2 who achieved their course | 83.85% |

What do we propose to do in 2020/21?

| Area of Planned Activity | Planned Activity for 20/21 |
|---|---|
| Enrolments within Quintile 1 and 2 | Number of Enrolments: 5,000 |
| Enrolments declaring a disability / long term health problem | Number of Full Time Enrolments: 250 Number of Part Time Enrolments: 100 |
| Enrolments on Entry Level and Level 1 Programmes (including Essential Skills) | Number of Enrolments: 4,000 Number of College Connect Enrolments: 70 Number of Restart Connect Enrolments: 60 Number of Access Enrolments: 240 |
| Enrolments on Targeted Programmes e.g. Collect Connect, Prince's Trust, Restart, Access | |
| Enrolments on ESOL Programmes | Number of Enrolments: 600 |
| Overall number of individuals supported by above measures. | Number of individuals: 9,720 |

FINANCIAL OBJECTIVES

The College's financial objectives and achievement in year to 31 July 2020 were:

| RATIO | TARGET | 19/20 RESULT |
|---|---------|--------------|
| Final Outturn to Final Resource Consumption Budget Variance | 0% | 1.1% |
| Total Staff Costs as % of Total Income (including Grant in Aid) | 65% | 64.75% |
| Cash Balance as % of Total Prior Year Income (including Grant in Aid) | 7.5% | 7.2% |
| Debtor Days | 45 days | 27 days |
| Payment Performance - % of supplier invoices paid within 30 days | 90% | 91.4% |

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 2019/20, 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 Statement of Financial Position, 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 £5,338k (2018/19 deficit of £6,375k).

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 approved Resource Allocation (and therefore financial target) for its 2019/20 financial year totalled £35,598k. Whilst SERC's full year Resource Requirement result of £36,001k constitutes an overspend of £403k (1.1% variance) against this resource allocation target, DfE confirmed on 14 September 2020 that SERC has additional £1,153k of COVID-19 related budgetary cover for the financial pressures incurred in the period April to July 2020 – the College's financial performance in its 2019/20 year can therefore be deemed to be within budget once this supplementary budget cover is factored in.

Statement of Comprehensive Income and Expenditure

The result in 2019/20 is stated after accounting for a pension charge of £2,387k (Pension Charge £2,120k and Net Interest £267k). The pension charge has allowed for full pension increased to be paid on GMP's to individuals reaching State Pension Age after 6 April 2016, whilst also allowing for the impact of the McCloud judgement (current service cost includes a prospective allowance for McCloud liabilities of 3.20% of Pensionable Pay over the accounting period).

The result is also stated after accounting for exceptional costs of £790k relating to the creation of a provision for the payment of holiday pay resulting from the Court of Appeal judgement (17 June 2019) in the case PSNI v Agnew (note 25).

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 2019/20 is therefore translated into Resource Requirement as follows:

| | £'000 |
|--|-----------------|
| Income | |
| Total incoming resources (excluding Grant-In-Aid funding) (Note 29) | 11,926 |
| Expenditure | |
| Staff costs (excluding VES and Pension Charge & Interest) | (31,030) |
| Other operating expenses | (16,897) |
| Total expenditure | (47,927) |
| RESOURCE REQUIREMENT | (36,001) |
| GRANT-IN-AID FUNDING (Note 29) | 39,213 |
| Non-Resource Expenditure | |
| Depreciation | (5,373) |
| Pension cost | (2,120) |
| Net interest on pension scheme | (267) |
| Exceptional Cost: Holiday Pay Provision creation (Annually managed expenditure (AME) resource) | (790) |
| Deficit as recorded in Statement of Comprehensive Income and Expenditure | (5,338) |

The College was initially allocated a Resource Budget of £35,445k for its 2019/20 financial year. This was adjusted in year, with the updated Resource Budget Allocation (and therefore financial target) totalling £35,598k. In addition, DfE confirmed on 14th September 2020 that SERC would receive a further £1,153k of COVID-19 related budgetary cover for the financial pressures incurred in the period April to July 2020.

Whilst SERC's full year Resource Requirement result of £36,001k constitutes an overspend of £403k (1.13% variance) against its initial Resource Budget Allocation, the College's financial performance in its 2019/20 year is deemed to be within budget in light of the additional Covid-19 related funding.

There are a number of individual variances within the overall performance that are important to note:

1. Total Income (excluding Grant-in-aid) of £11,926k is £1,314k below budget due to lower than budgeted Higher-Level Apprenticeships (HLA), Commercial and Project Income; and lower than budgeted Student Fees Income. The variances are largely the result of the significant and prolonged reduction in activity due to the Coronavirus pandemic.
2. The College accounts also show reduced Resource Expenditure compared to original budget. In total such expenditure was £798k under budget due to a £541k underspend in staffing and a £257k underspend in non-staffing spend over the course of the year. The positive variances were again primarily related to COVID-19 related reductions in utilities and procurements; and to delays in some recruitment plans introduced during lockdown in light of reduced delivery volumes.

Discussions with DfE are ongoing with a view to identifying, quantifying, and meeting the financial pressures during the Coronavirus Pandemic. Once the exceptional Covid-19 related budgetary cover is accounted for, the College expects to be able to meet its resource allocation target for the departmental year ending 31 March 2021.

Nevertheless, ongoing financial performance is challenging, with reduced income levels likely to continue in many areas for the immediate future; and expenditure having to be both controlled where possible and, in many cases, reprioritised and/or increased in order to assist the College in delivering against its targets in as safe an environment as possible.

The College has significant reliance on the Department for the Economy (DfE) for its principal funding source, largely from recurrent grants. In 2019/20, DfE provided some 72.1% of the College's total income through allocated recurrent grant (2018/19: 75.4%).

Net Assets and Reserves

Net assets at 31 July 2020 were £51,138k (31 July 2019: £72,726k). This includes a £35,352k pension liability (2018/19 £13,445k and a £790k provision relating to holiday pay.

The significant reduction in net assets from 31 July 2019 is primarily the result of the increased Statement of Financial Position sheet deficit of the NILGOSC pension.

The pension's deficit on the Statement of Financial Position is measured as the assets held by the Fund less the value of the promised benefits to be paid to members (the defined benefit obligation, or 'liability'). Both assets and liabilities are those relating to the College's membership. The value of assets and liabilities can change significantly over an accounting period resulting in a highly volatile statement of financial position.

On the asset side, investment returns over the 2019/20 year have been volatile, with negative returns on almost all asset classes during March 2020 followed by positive returns over the quarter to 30 June 2020. UK equities have performed poorly over the year (returning around -15% to -20%), but the returns on both highly rated corporate and government bonds have returned positively (up to +15% in the case of UK fixed interest gilts and AA rated corporate bonds). On the liability side, the main factor impacting liability values is the assumptions used at the reporting date. The key assumptions made are the rate of future inflation (impacting how benefits will increase in the future), and the amount by which future payments are 'discounted' to calculate a value in today's terms at the reporting date (the 'discount rate'). The discount rate must be set equal to the yield on high quality corporate bonds of the same term and currency as the future cashflows.

A lower assumption for CPI inflation results in lower expected future payments to beneficiaries and a lower liability. Conversely, a lower discount rate results in a higher value being placed on future payments in today's terms. The opposite applies in both cases.

Liabilities are sensitive to both the CPI and discount rate assumptions to a similar degree, so if both assumptions move in the same direction (such as an increase in both discount rate and CPI inflation by 0.1% p.a.) the overall impact on the statement of financial position can be small. If the assumptions move in different directions the impact can be significant. It is the change in the 'real' discount rate (the difference between the discount rate and the CPI inflation assumptions) that is most important.

The discount rate, used by the College's actuaries (AON), has reduced by 0.8%, whilst the CPI inflation assumption has increased by 0.10%. This has resulted in the significant deterioration in the pension liability reported at 31 July 2020.

The College has accumulated income and expenditure reserve of £3,592k (2018/19: £4,389k) (excluding the Pension Reserve Deficit of £35,352k) and cash balances of £3,420k (2018/19: £3,995k) as at 31 July 2020.

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 & General Purposes Committee and the Department for the Economy.

Cash Flows & Liquidity

The College had a net cash outflow of £575k during the year as a result of cash inflows from operating activities of £3,511k and cash outflows from investing and financing activities of £948k and £3,138k from investments and capital (2018/19: an outflow of £2,623k). With a cash balance of £3,420k (2018/19 £3,995k), 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 £7,970k as at 31 July 2020 (31 July 2019 £6,963k) and buildings with a net book value of £146,962k as at 31 July 2020 (31 July 2019 £148,570k).

OUR SUCCESS

SERC's success has been recognised in 2019/20:

SERC Science Team awarded Pearson Silver Teaching Award

SERC's Science Team was awarded the prestigious Silver Teaching Award and was shortlisted for the Pearson Teaching Gold Award.



Creative Student of the Year

The NI Film & Television School's HND Class of 2019 were crowned Creative Student of the Year (a first for a whole class) at the annual Northern Ireland Creative & Cultural Skills Awards held in Belfast.

Science Students scoop Three BT Young Scientist Awards

SERC celebrated the success of science students at the BT Young Scientist of the Year 2020 competition. The College scooped three wins including a First Place, Highly Commended and Northern Ireland Best Project, for the second year in a row.

SERC Lecturer Takes Leadership Role at NATECLA

English Language Lecturer, Tom Le Seilleur, has taken the role of interim leader for the Island of Ireland branch of the National Association for Teaching English and Other Community Languages to Adults.

Pearson Teaching Award

Stefanie Campbell, Deputy Head of the Learning Academy, was shortlisted for a prestigious Pearson National Teaching Award for the Digital Innovator of the Year Award.

'The Water Boys' secure successful place at UNESCO ECO Award

A team of SERC students from the BTEC Level 3 National Foundation Diploma in Applied Science attracted attention and praise for their environmental project. 'Water Boys' was one of 150 teams selected from more than 500 from across Ireland for the final stages of the UNESCO Eco awards. The team also reached the semi-finals of the Catalyst Inc Invent Programme 2020.



Catalyst Invent 2020

Higher-Level Apprentice in Mechatronics, Hannah Dunwoody, was selected as a finalist in the prestigious Catalyst Invent 2020 competition in the electronics category.

Double Success at Pearson BTEC Awards

It was a double celebration for SERC when the College picked up a Silver Award for 'College of the Year' and business student, Pamela Burch, won a Bronze Award.

Animation Commission for BBC Masterpiece

Art and Design lecturer, Ann Harrison and her film maker husband, John Clerkin, were successful in a pitch to the BBC 2-Minute Masterpiece Animation Scheme to produce a short which deals with the theme of connection.



WorldSkills beckons for seven SERC students

Brendan Addis, Courtney Johnston, Katie Graham and Nathan Corry were selected as Health, Hospitality and Lifestyle finalists with their impressive Confectionary skills, while Danny Bunphaung and Phadon Wichianrak became finalists in the same category for Culinary Arts.

Level 3 Electrical Apprentice, Scott Barr, was also been selected as a Construction and Infrastructure finalist with his Electrical Installation skills.



Duke of Edinburgh Award Operating Licence

Representatives from SERC attended Hillsborough Castle for an official presentation of the Duke of Edinburgh Award Operating Licence by HRH Prince Edward, The Earl of Wessex.

SERC Apprentices Secure Engineers of Tomorrow Award

Two Fire and Security apprentices, Adam Smylie and Scott McNab, won first place in the Engineers of Tomorrow Intruders category at the Security and Fire Excellence Awards.

New Year Honours for SERC Employees

The College celebrated the recognition of two of their employees in the New Year Honours list.

Catherine Shipman, Student Engagement Manager, was awarded a Member of the Order of the British Empire (MBE) for services to students and young people in County Down and County Armagh.

Gary Chambers, Head of Estates and Facilities Management at the College was recognised with a Medallist of the Order of the British Empire (BEM) for services to education.

Top of Class at Employer Awards



SERC was named the 'Family Friendly Employer of the Year' in 2019.

Over 200 business leaders from across all sectors and from all parts of the UK gathered to see the College pick up the top accolade at the UK-wide Awards ceremony. The Awards, now in their ninth year, acknowledge and showcase employers who go above and beyond the legal requirements to help staff achieve their desired work-life balance.

Calorie Wise Gold Awards

The Willows Restaurant in our Ards campus and the Scribbles Restaurant in the Bangor campus have both been recognised with a Calorie Wise Gold Award for displaying calorie information on their menus.

Further Education Learner of the Year Award

SERC Access student Arlene McCready won the Open College Network's Further Education Learner of the Year Award 2020.

RNCI Student Nurse of the Year Shortlist

Former Access student, Lynsey McLaughlin, was shortlisted for RNCI Student Nurse of the Year. Lynsey is currently in her final year of a BSc Adult Nursing at Queen's University Belfast.

Businesses Services Team recognised with Beacon Standard

The Businesses Services team have achieved the Beacon Standard and Commended Status for their engagement work with employers.

SERC Accredited for Clean Sport Education

The College has been recognised by UK Anti-Doping for their commitment to Clean Sport Education and are the first college or university in Northern Ireland to be accredited.



DEVELOPMENTS

SERC is constantly developing to ensure it maintains its existing reputation as a trusted and respected part of our local community by delivering an industry focused curriculum.

The latest developments in the College are discussed below:

Skills Strategy

The Department for the Economy is developing a new Skills Strategy to replace '*Success through Skills – Transforming Futures*', which will seek to address the skills needs across Northern Ireland over the next decade. SERC, in conjunction with the full FE sector, has played a key role in the development of the strategy.

Despite the change in economic circumstances and uncertainty created by the pandemic, the underlying key policy objectives over the next decade will remain consistent:

- investing in our **Digital Skills** across all sectors of our economy;
- creating a culture of learning for **all ages** to include upskilling and reskilling in addition to innovation; and
- reducing the **skills imbalances** in the workforce, with a particular focus on those with low or no skills.

The pace and scale of the new strategy has changed due to COVID-19. As a College, we stand ready to help create a dynamic ecosystem where Government, Industry and Education providers can work in partnership.

COVID-19: Planning for Flexible College Delivery

The College acknowledges the uncertainty caused by the COVID-19 pandemic and recognises that its delivery model has altered throughout 2019/20 and must be fluid in the foreseeable future.

SERC is planning for fluctuating modes of delivery, depending on levels of infection, that range from onsite delivery to online delivery or a combination of onsite/online delivery.

SERC will continue to develop its core strength of flexibility to ensure we are ready to respond to the ever-growing need to provide a skilled workforce to support economic recovery, whilst also providing supportive educational pathways for those wishing to return to education.

Our strategic role remains unchanged and we stand ready to continually adapt our delivery to ensure successful achievement of our strategy.

Exiting the impact of COVID-19

The UK Government's short to medium term approach to exiting COVID-19 charts three phases: **Response, Recovery, Renew**. The College's 2020/21 year will be set within the context of the **Response** phase, focusing on ensuring the skills 'infrastructure' is maintained and that all students are not disadvantaged, as well as moving as much delivery as possible on-line.

NI's future economic and social success is predicated on its ability to access a highly skilled, talented, and flexible workforce to deliver a vibrant economy and inclusive society. SERC, alongside our colleagues across the FE sector, will play a crucial role in supporting NI to move through to the **Recovery** and **Renewal** Phases. We will realign delivery models and adopt a digital first approach that will maximise reach, provide value for money and close potential inequality gaps.

Social Inclusion

The College continues its dual mandate of economic development and social inclusion. SERC's social inclusion agenda continues to focus on giving individuals a second chance at education that allows them to progress to better employment and a better life.

To this end, SERC has developed strong working relationships with community planning partners in the area of Ards & North Down, Lisburn and Castlereagh, and Newry Mourne and Down. The community planning partners are pivotal in supporting and contributing to our work in engaging students drawn from those geographical areas and especially those from more deprived backgrounds.

The impact of COVID-19 has undoubtedly affected our ability to engage with those who need to upskill and reskill, but SERC has responded to this challenge by organising virtual sessions where we have provided information on opportunities to re-start education.

SERC's social inclusion agenda recognises its need for collaboration from many partners. We continue to develop with other organisations, including Radius Housing and the National Trust. Such partnerships will continue to be enhanced in innovative ways throughout 2020/21.

'Little SERC'



SERC has developed a new initiative - Little SERC - at the Newcastle Campus.

The College has secured financial assistance of £99k from the Coastal Communities Fund (CCF), organised through the Department of Agriculture, Environment and Rural Affairs (DAERA), to support a crèche registered to provide professional childcare for up to 26 children whilst their parents are studying on the College's Restart Education and Access courses

This initiative is another development in SERC's efforts to reduce, and eliminate, barriers to education.

The plan for eSERC is consistent with the ambitions of the Innovation & Digital pillar within the BRCD in that it is designed to assist in:

- establishing an open digital platform for data sharing and data analytic capabilities, as well as regional partnerships for sharing knowledge and tech expertise, to foster industry collaboration and ensure a collective impact on the wider economy (Digital Innovation Platform and Partnership);
- setting up a regional testbed programme with modern facilities for trialling new technologies, to bring multiple organisations together to test and develop new or improved products, services, and processes, supporting adoption of digital technologies and reducing associated risks and costs (Regional Testbeds); and
- creating a network of innovation spaces for nourishing exploration of new ideas in a collaborative environment between entre- & intrapreneurs from start-ups to big enterprises, to deliver new innovations that can spin back to the companies. The aim is to stimulate business growth and reduce digital exclusion by providing business support programmes and ready access to technology and modern equipment (Regional Innovators Network).

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 and ensuring their wellbeing is of fundamental importance for the College. Through our 'Mind Yourself' strategy our award-winning HR team lead on developing and offering a wide range of wellbeing initiatives and support.

SERC provides a Health Cash Plan to all staff which contributes to the cost of everyday medical expenses such as dental, optical, physiotherapy, chiropody and provides efficient access to specialist consultations and treatment. Our staff also have the opportunity to access free medical checks on site provided by nursing staff from our Occupational Health provider.

The College has appointed Mental Health Champions, available at each of the main campuses who actively promote and assist in engaging staff with wellbeing initiatives. In addition, we have 9 fully trained Mental Health First Aiders located across our four main campuses providing confidential mental health support to all. This is part of SERC's commitment under the Mental Health Charter (ECNI) 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 through the academic year. These includes access to the Inspire Hub as part of our Employee Assistance provision as well as 24hour access to confidential counselling, awareness workshops on a variety of health-related topics and workshops aimed at improving financial wellbeing.

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 2019/20 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 £32,676.

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

| | TARGET | 19/20 RESULT |
|--|-----------------------|----------------------|
| Enrolments from MDM Quintile 1. | 9% or 142 enrolments | 9% / 123 enrolments |
| Enrolments from adult returners. | 40% or 600 enrolments | 52% / 819 enrolments |
| Enrolments from students with a disability. | 9% or 130 enrolments | 4% / 56 enrolments |
| Enrolments from students who have a Care Experience. | 12 enrolments | 19 enrolments |
| Young male students in MDM Quintile 1. | 21 Young Males | 28 Young Males |

The following targets have been agreed for the 2020/21 year:

| | TARGET |
|---|--------|
| Enrolments from MDM Quintile 1 | 137 |
| Enrolments from adult returners | 633 |
| Enrolments from students with a disability | 105 |
| Enrolments from students who have a Care Experience | 12 |
| Young male students in MDM Quintile 1 | 27 |

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

As part of its EU Exit Transition Readiness Planning, SERC has reviewed its service delivery activity for a non-negotiated outcome scenario, including issues surrounding supplies, currency fluctuations, staff retention and student / staff travel outside the UK.

The College considers that there will be no material impact on service delivery in a non-negotiated outcome situation. The College will continue to 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 DfE Big 14 Survey, which seeks 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 are very encouraging 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 2019 - 2024 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 2019/20 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.

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 2019 to 31 July 2020, the College paid 91.4% of its invoices within 30 days (2018/19: 92.2%). The average payment days was 15.4 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 2019 to 31 July 2020, the college paid 46.4% of its invoices within 10 days (2018/19: 52.7%).

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 69 - 71).

People

The College employs 671 people (expressed as full-time equivalents), of whom 325 are teaching staff.

In the year August 2019 to July 2020 the sickness absence rate for staff was 3.11% (2018/19 – 3.1%), equivalent to 7.95 days per employee.

Personal data related incidents

There were no personal data related incidents in the year ended 31 July 2020.

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. The College has considered the impact of the ongoing COVID-19 pandemic however, as noted, the College has the continued support of the sponsoring department (DfE) and through moving curriculum delivery and other operations online, where possible, has been able to continue normal operations throughout the period of restrictions.

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 political donations during the year.

In direct response to the COVID-19 pandemic, the College made charitable of Personal Protective Equipment to care homes. This included disposable gloves, disposable aprons, facie shields, and wipes.

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 +9 months | - | Independent Member – Business Category | Education, Finance and General Purposes (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 1 year + 6 months | - | Independent Member – Business Category | Audit and Risk, Education, Finance and General Purposes, | 10 / 11 |
| Mr Andrew Corbett | 11 April 2016 11 April 2020 (Second Term) | 4 years 4 years | - | Staff Governor | Education, Finance and General Purposes | 9 / 11 |
| Mrs Karen Fraser | 1 August 2014 (with special extension) 1 July 2019 (Second Term) | 4 years 4 years | - | Independent Member – Business Category | Audit and Risk, Education, Finance and General Purposes | 10 / 11 |
| Ms Christine Goodwin | 1 August 2015 1 August 2019 (Special Extension) | 4 years | 6 January 2020 | Independent Member – Business Category | Audit | 3 / 4 |
| Mrs Carolyn King | 11 April 2016 | 4 years | 10 April 2020 (Term Expired) | Staff Governor | Audit and Risk, Education | 4 / 4 |
| Mrs Barbara Larkin | 1 August 2013 1 August 2017 (Second Term) | 4 years | - | Co-opted | Finance and General Purposes | 11 / 11 |

| Name | Date of Appointment | Term of Office | Date of Resignation | Status of appointment | Committees Served | GB Attendance |
|-------------------------|---|---|---------------------|--|---|---------------|
| Mr James Lee | 11 April 2020 | 4 years | - | Staff Governor | Audit and Risk Education | 2 / 2 |
| Mr John Mackell | 1 February 2016 1 February 2020 (Second Term) | 4 years 4 years | - | Independent Member – Business Category | Audit and Risk, Education | 11 / 11 |
| Mr Steve Pollard | 17 December 2014 19 December 2018 (Second Term) | 4 years 4 years | - | Co-opted | Audit and Risk, Education | 10 / 11 |
| Mrs Heather Reid | 1 August 2011 1 August 2015 Second Term 1 August 2019 (Special Extension) | 4 years 4 years 1 year + 6 months | - | Independent Member – Business Category | Education, Finance and General Purposes | 9 / 11 |
| Mr Dillon Stanley | 1 October 2019 | 1 year | - | Student Governor | Audit and Risk Education | 7 / 10 |
| Mr Ken Webb | 1 July 2008 | On-going | - | Principal and Chief Executive | Education, Finance and General Purposes | 10 / 10 |
| Professor Alan Woodside | 19 January 2015 20 January 2019 (Special Extension) 1 July 2019 (Second Term) | 4 years 5 months 4 years | - | Independent Member – Business Category | Education and Finance and General Purposes Committees | 10 / 11 |

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 |

For and on behalf of the members of the Governing Body



Mr Gareth Hetherington
Chair (Temporary)

8 December 2020

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 | 2019/20 | | | | 2018/19 | | | |
|---|---------------|------------------|------------------|----------------|---------------|------------------|------------------|----------------|
| | 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 | 15 - 20 | - | - | 15 - 20 |
| Mr Neil Bodger | 5 - 10 | - | - | 5 - 10 | 5 - 10 | - | - | 5 - 10 |
| Mr Andrew Corbett | 0 - 5 | - | - | 0 - 5 | 0 - 5 | - | - | 0 - 5 |
| Mrs Shirleen Corbett (resigned 16 August 2018) | - | - | - | - | 0 - 5 | - | - | 0 - 5 |
| Mrs Karen Fraser | 0 - 5 | - | - | 0 - 5 | 0 - 5 | - | - | 0 - 5 |
| Ms Aibhilin Gallagher (Student Governor - 18/19) | - | - | - | - | 0 - 5 | - | - | 0 - 5 |
| Ms Christine Goodwin | 0 - 5 | - | - | 0 - 5 | 0 - 5 | - | - | 0 - 5 |
| Mr Edward Jackson (End of Term 30 Sept 2018) | - | - | - | - | 0 - 5 | - | - | 0 - 5 |

| Name | 2019/20 | | | | 2018/19 | | | |
|---|---------------|------------------|------------------|---------------|---------------|------------------|------------------|---------------|
| | Re-muneration | Benefits in kind | Pension Benefits | Re-muneration | 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 James Lee (Appointed 11 April 2020) | 0 – 5 | - | - | 0 – 5 | - | - | - | - |
| Mr John Mackell | 0 – 5 | - | - | 0 – 5 | 0 – 5 | - | - | 0 – 5 |
| Mr Steve Pollard | 0 – 5 | - | - | 0 – 5 | 0 – 5 | - | - | 0 – 5 |
| Mrs Heather Reid | 5 – 10 | - | - | 5 – 10 | 5 – 10 | - | - | 5 – 10 |
| Mr Deep Sagar (Resigned 17 August 2018) | - | - | - | - | 0 – 5 | - | - | 0 – 5 |
| Mrs Kim Scott (End of Term 23 Nov 2018) | - | - | - | - | 0 – 5 | - | - | 0 – 5 |
| Mr Dillon Stanley (Student Governor – 19/20) | 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 | 2019/20 | | | | 2018/19 | | | |
|--|---------|------------------|--------------------|----------------|---------|------------------|------------------|----------------|
| | 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) | 125-130 | - | 70-75 | 200-205 | 110-115 | - | 25-30 | 140-145 |
| Dr Michael Malone Deputy Director (Appointed 1 June 2009) | 105-110 | - | 75-80 | 185-190 | 90-95 | - | 15-20 | 110-115 |
| Mrs Heather McKee Deputy Director (Appointed 1 Jan 2017) | 85-90 | - | 15-20 | 105-110 | 75-80 | - | 15-20 | 95-100 |

* Includes backdated pay award from September 2015 to September 2018

**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 (excluding back dated pay award) of the highest-paid director South Eastern Regional College in the financial year 2019/20 was £110-115k (2018/19: £110-115k). This was 3.36 times (2018/19: 3.40 times) the median remuneration of the workforce (based on annualised, full-time equivalent remuneration at reporting date), which was £33,460 (2018/19: £33,129):

| | 2019/20 £ | 2018/19 £ |
|--|--------------|--------------|
| Band of highest paid directors' total remuneration ('000) | 110-115 | 110-115 |
| Median total remuneration (£) | 33,460 | 33,129 |
| Ratio | 3.36 | 3.40 |

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 31/7/20 and related lump sum | Real increase in pension and related lump sum at pension age | CETV at 31/7/20 | CETV at 31/7/19 | Real increase in CETV |
|--|---|--|-----------------|-----------------|-----------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Mr Ken Webb Director | 45-50 Plus, lump sum of 0* | 1.5-2.0 Plus, lump sum of 0* | 1,028 | 847 | 181 |
| Dr Michael Malone Deputy Director | 45-50 Plus, lump sum of 140-145 | 3.5-4.0 Plus, lump sum of 11.5-12.0 | 1,117 | 1,047 | 70 |
| Mrs Heather McKee Deputy Director | 0-5 Plus, lump sum of 0* | 1.0-1.5 Plus, lump sum of 0* | 60 | 43 | 17 |

* 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 ACCOUNTING OFFICER & GOVERNING BODY FOR THE YEAR ENDED 31 JULY 2020

Under the Further Education (NI) Order 1997, DfE (with approval from DoF), has directed the Governing Body to prepare, for each financial year, a statement of accounts in the form and on the basis set out in the Accounts Direction.

In preparing the financial statements the Accounting Officer on behalf of the Governing Body is required to:

- observe the Accounts Direction issued by DfE with the approval of DoF, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the college will continue in operation; and
- confirm that the Annual Report and Accounts as a whole is fair, balanced, and understandable and take personal responsibility for the Annual Report and Accounts and the judgments required for determining that it is fair, balanced, and understandable.

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 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.

In addition, the Governing Body is responsible for securing the efficient and effective management of the College and ensuring that the college provides suitable and efficient further education.

The Accounting Officer of DfE has designated the Principal/Chief Executive as the Accounting Officer of the College. The responsibilities as an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the college's assets, are set out in Managing Public Money Northern Ireland (MPMNI) published by DoF.

SOUTH EASTERN REGIONAL COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

FOR THE YEAR ENDED 31 JULY 2020

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 2019/20 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 | 9 | 11 |
| Mrs Karen Fraser | 10 | 11 |
| Ms Christine Goodwin | 3 | 4 |
| Mrs Carolyn King | 4 | 10 |
| Mrs Barbara Larkin | 11 | 11 |
| Mr James Lee | 2 | 2 |
| Mr John Mackell | 11 | 11 |
| Mr Steve Pollard | 10 | 11 |
| Mrs Heather Reid | 9 | 11 |
| Mr Dillion Stanley | 7 | 10 |
| Mr Ken Webb | 10 | 11 |
| Professor Alan Woodside | 10 | 11 |
| <i>Other Persons In Attendance:</i> | | |
| Director of Strategic Planning, Quality and Support | 5 | 5 |
| Chief Human Resources Officer | 5 | 5 |
| Chief Finance Officer | 7 | 7 |
| Head of Quality, Excellence and Development | 1 | 1 |
| Deputy Heads of Enterprise and Entrepreneurship | 1 | 1 |
| FE Director, Department for the Economy | 1 | 1 |
| Boardroom Apprentice 2019/20 | 6 | 9 |
| Governance Advisor | 2 | 2 |

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 2019/20.

In order to fulfil its role, the Governing Body met 11 times during 2019/20. 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 2019/20 financial year were fully quorate. Full minutes of Governing Body meetings are available from the Secretary to the Governing Body.

Governing Body Conflicts of Interest

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.

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 2019/20 the Governing Body completed the Department's assessment exercise (as per FE Circular FE 06/12) that focuses on three stands: a member's assessment; a Chair assessment; and a 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, Governing Body Performance, Governing Body Procedures and Composition, Governing Body Committees, and Training and Induction.

The questionnaire was returned to the Department. The results provide the Governing Body with an opportunity to reflect on how it operates, as well as providing a benchmark against levels of performance in 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 all themes, the views expressed were more positive than in 2018/19. Views were most positive for Governing Body Performance (2018/19: Personal Performance). The least positive view in 2019/20 remains as that of 2018/19: Governing Body Procedures and Composition, which is largely attributable to Governing Body numbers being depleted by recruitment delays outside the control of the Governing Body, leading to emerging skills gaps and the relevant skills set not being met. Recruitment is ongoing by the Department.

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 medium of communication for 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 or fraud;
- improve, where necessary, the effectiveness of the college's internal controls and mechanisms for achieving value for money, policy and legislative requirements 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;
- advise on the reliability of the College's information systems;
- ensure that risk management processes are embedded within the college;
- provide a sounding board for College management on issues of concern in relation to the College's internal control systems; and
- contribute to the maintenance or increasing 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 until June 2020) | 4 | 4 |
| Mr John Mackell (Chair from June 2020) | 5 | 5 |
| Mrs Karen Fraser | 1 | 1 |
| Ms Christine Goodwin | 1 | 2 |
| Mrs Carolyn King | 4 | 5 |
| Mr James Lee | 2 | 2 |
| Mr Steve Pollard | 5 | 5 |
| Mr Dillion Stanley | 4 | 5 |
| <i>In attendance:</i> | | |
| Principal & Chief Executive | 5 | 5 |
| Temporary Chair of the Governing Body | 4 | 5 |
| Director of Curriculum and Information Services | 4 | 4 |
| Director of Strategic Planning, Quality and Support | 1 | 1 |
| Chief Finance Officer | 5 | 5 |
| Chief Technology Officer | 3 | 3 |
| Northern Ireland Audit Office Representative | 1 | 1 |
| External Audit Representative | 4 | 5 |

| Audit & Risk Committee Member | Meetings Attended | Out of a Possible |
|---|--------------------------|--------------------------|
| Internal Audit Representative | 4 | 5 |
| Department for the Economy Representative | 4 | 5 |
| Boardroom Apprentice 2019/20 | 5 | 5 |

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 2019/20 financial year there were 5 Audit & Risk Committee Meetings held. A quorum for any meeting of the Audit & Risk Committee is 3 members. All Committee meetings during the 2019/20 financial year were fully quorate.

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

- Risk Management Reporting & Risk Horizon Scanning
- Annual Report & Financial Statements (including Governance Statement)
- Internal Audit and External Audit reports
- External Audit Strategy 2019/20
- Fraud Updates including a review of the National Fraud Initiative
- IT Resilience
- Partnerships between Departments and Arm's Length Bodies

The Audit & Risk Committee is content with the quality and reliability of the information presented during 2019/20.

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 Committee (F&GP) 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. The Finance and General Purposes Committee also ensures that the Governing Body is provided with information in a timely manner and in a format that can be readily understood by all members to enable it to discharge its duties effectively.

The Finance and General Purposes Committee advises the Governing Body on all areas of College finance and staffing, to include:

- Finance
- Banking
- Estates
- Health and Safety
- Staffing
- Insurance
- Policies relating to finance and staffing.

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 |
|-------------------------------------|--------------------------|--------------------------|
| Mrs Barbara Larkin | 5 | 5 |
| Mr Gareth Hetherington (Ex-Officio) | 5 | 5 |
| Mr Neil Bodger | 1 | 1 |
| Mr Andrew Corbett | 5 | 5 |
| Mrs Karen Fraser | 3 | 4 |
| Mrs Heather Reid | 5 | 5 |
| Mr Ken Webb | 5 | 5 |
| Professor Alan Woodside | 3 | 5 |
| <i>In attendance:</i> | | |
| Chief Finance Officer | 5 | 5 |
| Chief Human Resources Officer | 5 | 5 |
| Head of Health & Safety | 1 | 1 |
| Head of Learning Academy | 1 | 1 |

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 2019/20 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 2019/20 financial year were fully quorate.

The key issues discussed at the F&GP Committee meetings during the 2019/20 financial year were as follows:

- Financial Performance
- Capital Expenditure
- Bank & Debt Updates
- Health & Safety Update
- Resource Allocation and Resource Budget 2019/20
- Financial Policies
- Applications and Enrolments
- Estates Strategy and Update Report
- Indicative Resource Allocation 2020/21
- HR Priorities Plan and Status Updates
- Staff Absenteeism
- Staff Utilisation
- Equality Annual Progress Report
- Pay Award
- Impact of COVID-19

The F&GP Committee is content with the quality and reliability of the information presented during 2019/20. 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. The main function of the Education Committee are:

- College Development Plan – to ensure the delivery of the College’s strategy through input to the preparation and implementation of the CDP.
- Quality – to drive the improvement of quality and raising of standards in all College activities.
- Curriculum Plan/Prospectus – to ensure that overall course provision is responsible to the needs of the wider community, which the College seeks to serve, taking into account the curriculum offer of other providers, and developing partnerships where possible.
- Business Services – To ensure the College is developing relationships with businesses with a focus on securing industry projects, international projects and maximising the potential of SERC student companies.
- Strategy – to assist in the development of the College’s Strategy which aims to establish the purpose, strategy and values of the College.

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 Heather Reid | 5 | 5 |
| Mr Gareth Hetherington (Ex-Officio) | 5 | 5 |
| Mr Neil Bodger | 4 | 5 |
| Mr Andrew Corbett | 4 | 5 |
| Mrs Karen Fraser | 5 | 5 |
| Mrs Carolyn King | 3 | 4 |
| Mr James Lee | 1 | 1 |
| Mr John Mackell | 5 | 5 |
| Mr Steve Pollard | 4 | 5 |
| Mr Dillion Stanley | 4 | 5 |
| Mr Ken Webb | 5 | 5 |
| Professor Alan Woodside | 5 | 5 |
| <i>In attendance:</i> | | |
| Director of Curriculum and Information Services | 3 | 3 |
| Director of Strategic Planning, Quality and Support | 5 | 5 |
| Chief Training & Contracts Officer | 2 | 2 |
| Head of Quality, Excellence & Development | 1 | 1 |
| Commercial Contracts Manager | 1 | 1 |
| Head of Learning Support | 1 | 1 |
| Training Programme Manager | 1 | 1 |
| Boardroom Apprentice 2019/20 | 4 | 5 |

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 2019/20 financial year there were 5 Education Committee Meetings held. A quorum for any meeting of the Education Committee is 3 members. All Committee meetings during the 2019/20 financial year were fully quorate.

The key issues discussed at the Education Committee meetings during the 2019/20 financial year were as follows:

- Applications and Enrolments
- Safeguarding, Care and Welfare
- Careers Advisory
- College Development Plan – 2019/20 and 2020/21
- Whole College Self Evaluation Report and Quality Improvement Plan
- Strategy 2025 and Strategy 2030
- Community Engagement
- HE Curriculum and Quality Assessment
- Entrepreneurship and Employability
- TFS and Apprenticeship
- Learning Support
- Higher Education Achievements and Growth
- Social Inclusion
- Impact of COVID-19 on 2019/20 academic year and 2020/21 academic year

The Education Committee is content with the quality and reliability of the information presented during 2019/20.

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> | 9 | 9 |
| Dr Michael Malone, <i>Director of Curriculum and Information Services</i> | 9 | 9 |
| Mrs Heather McKee, <i>Director of Strategic Planning, Quality and Support</i> | 9 | 9 |
| Mr Tommy Martin, <i>Chief Finance Officer</i> | 7 | 9 |
| Mr Paul Smyth, <i>Chief Human Resources Officer</i> | 9 | 9 |
| Mrs Claire Henderson, <i>Head of International, Quality, Excellence and Development</i> | 8 | 9 |
| Mrs Heather Miller, <i>Head of Quality, Excellence and Development</i> | 6 | 9 |
| Mr William Greer, <i>Chief Training & Contracts Officer</i> | 9 | 9 |

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

- Chair'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.

With the increasing spread of COVID-19 in early 2020, CMT issued initial guidance to all staff on 25th February 2020 highlighting the latest advice from the UK Government and decided to enter a “*Risk Management Phase*” with the Risk Management Team beginning to meet daily from 26th February in order to monitor and respond to the situation.

With the World Health Organisation declaration of COVID-19 as a pandemic, and the UK government’s move from its “containment” to “delay” phases, the College declared a major incident on 13th March 2020 with the Risk Management Team handing over ongoing management to a specially convened Critical Incident Response Team (CIRT) (consisting of CMT) in line with SERC’s Business Continuity Management Plan. The decision was taken to close all SERC Campuses and move curriculum delivery and all other operations online where possible on 24th March 2020. CMT, in its guise as the CIRT, continued to meet routinely online throughout the closure period to manage the College response to the pandemic.

Compliance with the Corporate Governance Code

During 2019/20, 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 2020 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 evaluated against a standardised risk impact/likelihood matrix to reduce subjectivity in assessing risk. The evaluation includes review of the inherent risk (otherwise known as the raw or untreated risk) and the treated 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 2019/20

The College risks identified for the Risk Register as at September 2020 were:

| Risk Classification | Risk Identified | Risk Categorisation |
|---------------------|--|---------------------|
| Enrolments | Maintaining current levels of Higher Education provision | Red Zone |
| Financial Education | COVID-19 Pandemic | Red Zone |
| Education Financial | Managing the qualification adaptations for the 2020/21 academic year | Red Zone |
| Financial | Risk to achieving Value for Money and maintaining the learning environment | Amber Zone |
| Financial | Managing the financial viability of the College | Amber Zone |
| Staffing | Managing the College's Sickness Absence | Amber Zone |
| ILT | Delivering the NI Further Education Sector Systems Technology & Services Project | Amber Zone |

All risks identified throughout 2019/20 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.

There are no reported cases of fraud or suspected fraud during the year ended 31 July 2020.

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 2019/20 the College had no incidents reported under the Whistleblowing Policy.

Education and Training Inspectorate (ETI)

During the academic year 2019/20, the Education and Training Inspectorate (ETI) was commissioned by the Department for the Economy to evaluate the effectiveness of curriculum planning at level 3 in the further education (FE) provision across the six regional FE colleges.

The evaluation in the South Eastern Regional College took place in March 2020 and included the six Tier 1 areas of: arts, media and publishing¹ ; construction, planning and the built environment; engineering and manufacturing technologies; health, public services and care; hospitality and tourism² ; and science and mathematics. The provision for preparation for life and work was also evaluated.

The report's key findings praised the College for the high-level learning experience offered to students. The areas for development were listed as:

- continue to work collaboratively with other colleges, schools and key stakeholders, at all levels, to address the declining enrolments across the full-time level 3 programmes in the college, and to increase the number of post-primary pupils who should be benefiting from their engagement with the college to participate in high quality industry standard vocational learning and training;
- continue to increase part-time enrolments, in particular to the economically important areas of construction, hospitality and catering and travel and tourism;
- ensure a more consistent access for students to relevant work-experience placements, particularly in construction, engineering and travel and tourism; and
- continue to improve the outcomes in the essential skills at level 2.

The full ETI Report is available from the ETI website (<http://www.etini.gov.uk/publications/evaluation-curriculum-planning-level-3-south-eastern-regional-college>).

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 2019/20 financial year, the Head of Internal Audit has provided an overall assurance of satisfactory.

A summary of the findings from the assurance reviews completed during 2019/20 is provided below:

| Area reviewed | Assurance Rating |
|--|-------------------------|
| Budget Management and Financial Planning | Satisfactory |
| Employer and Business Engagement | Satisfactory |
| Online Enrolments and Performance Management | Satisfactory |
| Payroll | Satisfactory |
| Risk Management | Satisfactory |

There were no Priority 1 issues reported in the 2019/20 Internal Audit Reviews. All internal audit recommendations, including those brought forward from 2018/19, have been implemented in the 2019/20 year.

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 2019/20 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 were supplemented by updated online training for all staff.

There were no personal data related incidents in the year ended 31 July 2020.

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

8 December 2020

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 2020 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 Statement of Comprehensive Income and Expenditure, Statement of Changes in Reserves, Statement of Financial Position, Statement of Cash Flows and the related notes including significant accounting policies. 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 2020 and of its deficit 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 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)

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- South Eastern Regional College's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- South Eastern Regional College has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about South Eastern Regional College's ability to continue to adopt the going concern basis.

Other Information

The Accounting Officer and Governing Body are responsible for the other information reported in the annual report. The other information comprises the information included in the annual report other than the financial statements, the parts of the Remuneration Report described in the report as having been audited and my audit certificate and report thereon. My opinion on 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, based on the work undertaken in the course of the audit:

- 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, Remuneration Report, Statement of the Responsibilities of the Accounting Officer and the Governing Body and 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 Accounting Officer and the Governing Body

As explained more fully in the Statement of the Responsibilities of the Accounting Officer and the Governing Body, the Governing Body are responsible for the preparation of the financial statements and being satisfied that they give a true and fair view.

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

Auditor's responsibilities for the audit of the financial statements

My objectives are to examine, 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.

My objectives are 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.

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 the 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.



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

12 February 2021

SOUTH EASTERN REGIONAL COLLEGE
STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 JULY 2020

| | | 2020 | 2019 |
|---|------|-----------------|---------|
| | Note | £'000 | £'000 |
| INCOME | | | |
| Department for the Economy income | 1 | 39,884 | 36,440 |
| Education contracts | 2 | 7,657 | 6,804 |
| Tuition fees and charges | 3 | 2,246 | 2,342 |
| Other grant income | 4 | 548 | 724 |
| Other operating income | 5 | 804 | 1,093 |
| Investment income | 6 | - | - |
| Donations and endowments | 7 | - | - |
| Total Income | | 51,139 | 47,403 |
| EXPENDITURE | | | |
| Staff costs | 8 | 33,115 | 31,635 |
| Other operating expenses | 10 | 16,897 | 16,807 |
| Depreciation | 13 | 5,373 | 5,153 |
| Interest and other finance costs | 11 | 267 | 153 |
| Total expenditure before exceptional items | | 55,652 | 53,748 |
| Deficit before exceptional items | | (4,513) | (6,345) |
| EXCEPTIONAL ITEMS | | | |
| Exceptional costs (staff) | 8 | 825 | 30 |
| Deficit before other gains/losses | | (5,338) | (6,375) |
| (Loss) / gain on investment | | - | - |
| Deficit before tax | | (5,338) | (6,375) |
| Taxation | 12 | - | - |
| Deficit for the year | | (5,338) | (6,375) |
| Unrealised surplus on revaluation of land and buildings | 13 | 3,270 | 7,868 |
| Cumulative increase in market value of investments | 20 | - | 1 |
| Actuarial (loss) in respect of pension scheme | 22 | (19,520) | (4,740) |
| Total comprehensive deficit for the year | | (21,588) | (3,246) |
| Represented by: | | | |
| Endowment comprehensive income for the year | | - | 1 |
| Restricted comprehensive income for the year | | - | - |
| Unrestricted comprehensive expenditure for the year | | (21,588) | (3,247) |
| | | (21,588) | (3,246) |

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 2020**

| | 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 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 |
| Balance at 31 July 2019 and 1 August 2019 | 4 | 1 | - | (13,445) | 4,389 | 81,777 | 72,726 |
| (Deficit) from income and expenditure statement | - | - | - | (2,387) | (2,951) | - | (5,338) |
| Other comprehensive (deficit)/income | - | - | - | (19,520) | - | 3,270 | (16,250) |
| Transfers between revaluation reserve and income and expenditure account | - | - | - | - | 2,154 | (2,154) | - |
| Cumulative increase in market value of investments | - | - | - | - | - | - | - |
| Total comprehensive (deficit)/income for the year | - | - | - | (21,907) | (797) | 1,116 | (21,588) |
| Balance as at 31 July 2020 | 4 | 1 | - | (35,352) | 3,592 | 82,893 | 51,138 |

**SOUTH EASTERN REGIONAL COLLEGE
STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2020**

| | | 2020 | 2019 |
|---|------|-----------------------|----------------|
| | Note | £'000 | £'000 |
| Non-Current Assets | | | |
| Property, Plant & Equipment | 13 | 158,297 | 159,524 |
| Intangible assets | 14 | 417 | 345 |
| Investments | 16 | 3 | 3 |
| Total non-current assets | | <u>158,717</u> | <u>159,872</u> |
| Current assets | | | |
| Trade and other receivables | 17 | 1,569 | 2,088 |
| Cash and cash equivalents | 21 | 3,420 | 3,995 |
| Total current assets | | 4,989 | 6,083 |
| Current liabilities | | | |
| Creditors - amounts falling due within one year | 18 | (4,268) | (5,242) |
| PPP finance lease creditor - amounts falling due within one year | 15 | (1,320) | (1,254) |
| Provisions | 25 | (790) | - |
| Net current liabilities | | <u>(1,389)</u> | <u>(413)</u> |
| Total assets less current liabilities | | 157,328 | 159,459 |
| Non-current liabilities | | | |
| Creditors – amounts falling due after more than one year | 19 | (40,029) | (41,159) |
| PPP finance leases – amounts falling due after more than one year | 15 | (30,809) | (32,129) |
| Pension liability | 22 | (35,352) | (13,445) |
| Net assets including pension liability | | <u>51,138</u> | <u>72,726</u> |

SOUTH EASTERN REGIONAL COLLEGE
STATEMENT OF FINANCIAL POSITION (continued)
AS AT 31 JULY 2020

| | | 2020 | 2019 |
|---|------|----------------------|---------------|
| | Note | £'000 | £'000 |
| Restricted Reserves | | | |
| Income and expenditure account - endowment | 20 | 5 | 5 |
| Unrestricted Reserves | | | |
| Income and expenditure account – unrestricted reserve | | 3,592 | 4,389 |
| Income and expenditure account – pension reserve | | (35,352) | (13,445) |
| Revaluation reserve | | 82,893 | 81,777 |
| Total reserves | | <u>51,138</u> | <u>72,726</u> |

The financial statements on pages 79 to 111 were approved by the Governing Body of South Eastern Regional College on 16 November 2020 and were signed on its behalf on 8 December 2020:



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 2020**

| | Note | 2020 £'000 | 2019 £'000 |
|--|-------|----------------|---------------|
| Cash outflow from operating activities | | | |
| Deficit for the year | | (5,338) | (6,375) |
| Adjustment for non-cash items | | | |
| Depreciation | 13 | 5,373 | 5,153 |
| Deferred capital grants released to income | 1 | (2,354) | (2,334) |
| Interest and investment income receivable | 6/7 | - | - |
| NILGOSC FRS 102 (28) Pension Adjustment | 22 | 2,387 | 2,430 |
| Decrease in trade and other receivables | 17 | 519 | 16 |
| Increase in creditors | 18/19 | 250 | 1,244 |
| Increase in provision | 25 | 790 | - |
| Adjustment for investing or financing activities (Service Concession Interest) | 10 | 1,884 | 1,951 |
| Net cash inflow from operating activities | | 3,511 | 2,085 |
| Cash flows from investing activities | | | |
| Investment income | 6 | - | - |
| Payments made to acquire fixed assets (including intangible) | 13/14 | (948) | (1,566) |
| Cash (outflow) from investing activities | | (948) | (1,566) |
| Cash flows from financing activities | | | |
| Interest element of finance lease and service concession payments | 10 | (1,884) | (1,951) |
| Capital payment of service concession payments | 15 | (1,254) | (1,191) |
| Cash (outflow) from financing activities | | (3,138) | (3,142) |
| (Decrease) in cash and cash equivalents in the years | | (575) | (2,623) |
| Net funds at 1 August | | 3,995 | 6,618 |
| Net funds at 31 July | | 3,420 | 3,995 |

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 2020

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 2019 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.

Critical accounting judgements and estimates

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the College's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

Pension Liability

The critical judgements of the pension liability schemes are included in the accounting policy note (page 86).

The key actuarial assumptions used in the valuation of the NILGOSC pension scheme, including discount rates, salary and pension increases, and mortality rates are reported in note 22.

Property, Plant and Equipment

Land and buildings (including those inherited from the Education and Library Board) are stated in the statement of financial position at valuation on the basis of depreciated replacement cost, including irrecoverable VAT, as the open market value for existing use is not readily obtainable.

Freehold buildings are depreciated over their expected useful economic life to the College as advised by the LPS.

All other depreciation is calculated based on assumptions of asset useful economic lives and expected residual value.

A change in depreciable life is treated as a change in accounting estimate.

SOUTH EASTERN REGIONAL COLLEGE
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2020

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. This assessment takes into consideration the impact of the ongoing COVID-19 pandemic, as described on page 47. 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.

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.

**SOUTH EASTERN REGIONAL COLLEGE
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2020**

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.

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 statement of financial position 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.

**SOUTH EASTERN REGIONAL COLLEGE
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2020**

Property, Plant & Equipment

▪ **Land and buildings**

Land and buildings (including those inherited from the Education and Library Board) are stated in the statement of financial position 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 statement of financial position 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 statement of financial position 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 2020. 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 2020**

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 statement of financial position. 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 Property, Plant & Equipment.

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.

**SOUTH EASTERN REGIONAL COLLEGE
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2020**

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 Property, Plant & Equipment as appropriate, where the inputs themselves are Property, Plant & Equipment by nature.

Liquid Resources

Liquid resources include sums on short-term deposits with recognised banks and building societies.

Provisions

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event. It is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Agency Arrangements

The College acts as an agent in the collection and payment of Hardship Funds and the 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 2020**

1. DEPARTMENT FOR THE ECONOMY INCOME

| | 2020 | 2019 |
|--|----------------------|---------------|
| | £'000 | £'000 |
| Grant in Aid Received from DfE | | |
| Recurrent grant | 36,859 | 33,382 |
| Release of deferred capital grants | 2,354 | 2,334 |
| Other | - | 29 |
| | <u>39,213</u> | <u>35,745</u> |
| Grant in Aid Received from DfE | | |
| Non-Grant in Aid Received from DfE | | |
| Educational Maintenance Allowance Administration | 10 | 18 |
| Higher Level Apprenticeships | 384 | 458 |
| Level 3 Apprenticeships | - | 10 |
| Entry to Management | 36 | 40 |
| Other | 241 | 169 |
| | <u>671</u> | <u>695</u> |
| Non-Grant in Aid Received from DfE | | |
| Total DfE Income | <u>39,884</u> | <u>36,440</u> |

2. EDUCATION CONTRACTS

| | 2020 | 2019 |
|-----------------------|---------------------|--------------|
| | £'000 | £'000 |
| Entitlement Framework | 675 | 696 |
| Training for Success | 6,784 | 5,890 |
| Steps to Success | 198 | 218 |
| | <u>7,657</u> | <u>6,804</u> |

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2020**

3. TUITION FEES AND CHARGES

| | 2020 | 2019 |
|-------------------------------|---------------------|--------------|
| | £'000 | £'000 |
| Higher Education (HE) income | 1,699 | 1,770 |
| Home and other European Union | 524 | 546 |
| Non-European Union | 23 | 26 |
| | <u>2,246</u> | <u>2,342</u> |

Tuition fees funded by bursaries

Included within the above amounts are tuition fees funded by bursaries of £33k (2019: £31k)

4. OTHER GRANT INCOME

| | 2020 | 2019 |
|----------------|-------------------|------------|
| | £'000 | £'000 |
| European funds | 211 | 367 |
| Other funds | 337 | 357 |
| | <u>548</u> | <u>724</u> |

5. OTHER OPERATING INCOME

| | 2020 | 2019 |
|------------------------------------|-------------------|--------------|
| | £'000 | £'000 |
| Catering and residence operations | 186 | 225 |
| Other income generating activities | 550 | 693 |
| Other income | 68 | 175 |
| | <u>804</u> | <u>1,093</u> |

6. INVESTMENT INCOME

| | 2020 | 2019 |
|---------------------------|--------------|-------|
| | £'000 | £'000 |
| Other interest receivable | - | - |

7. DONATIONS AND ENDOWMENTS

| | 2020 | 2019 |
|----------------|--------------|-------|
| | £'000 | £'000 |
| New endowments | - | - |

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2020**

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:

| | 2020 | 2019 |
|----------------|---------------|--------|
| | Number | Number |
| Governing Body | 14 | 16 |
| Teaching | 325 | 341 |
| Support | 181 | 143 |
| Administration | 151 | 150 |
| Premises | 14 | 14 |
| Total | 685 | 664 |

| | 2020 | 2019 |
|---|---------------|--------|
| | £'000 | £'000 |
| Staff costs for the above persons | | |
| Governing Body | 55 | 59 |
| Teaching | 17,393 | 16,736 |
| Support | 7,039 | 6,327 |
| Administration | 6,064 | 5,694 |
| Premises | 444 | 433 |
| Pension Cost | 2,120 | 2,386 |
| | 33,115 | 31,635 |
| Exceptional staff costs – Voluntary Exit Scheme | - | 1 |
| Exceptional staff costs - Redundancy | 35 | 29 |
| Exceptional staff costs – Holiday Pay provision (note 25) | 790 | - |
| Total | 33,940 | 31,665 |

| | | |
|--|---------------|--------|
| Wages and salaries | 23,522 | 22,750 |
| Social Security costs | 2,256 | 2,175 |
| Apprenticeship Levy | 100 | 97 |
| Other pension costs (including Pension adjustments of £2,120k (2019: £2,386k)) | 7,237 | 6,613 |
| | 33,115 | 31,635 |
| Exceptional staff costs – Voluntary Exit Scheme | - | 1 |
| Exceptional staff costs - Redundancy | 35 | 29 |
| Exceptional staff costs – Holiday Pay provision (note 25) | 790 | - |
| Total | 33,940 | 31,665 |

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2020**

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 | |
|----------------------|----------------------------|--------|--------------------|--------|
| | 2020 | 2019 | 2020 | 2019 |
| | Number | Number | Number | Number |
| £60,001 to £70,000 | - | - | 23 | 13 |
| £70,001 to £80,000 | - | - | 10 | 12 |
| £80,001 to £90,000 | - | - | 2 | 3 |
| £90,001 to £100,000 | - | 1 | 3 | - |
| £100,001 to £110,000 | - | - | - | - |
| £110,001 to £120,000 | 1 | 1 | - | - |
| £120,001 to £130,000 | - | - | - | - |
| £130,001 to £140,000 | 1 | 1 | - | - |
| £140,001 to £150,000 | - | - | - | - |
| £150,001 to £160,000 | 1 | - | - | - |
| | 3 | 3 | 38 | 28 |

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:

| | 2020 | 2019 |
|--|---------------|--------|
| | Number | Number |
| The number of senior post-holders including the Chief Executive/Principal was: | 3 | 3 |
| Governors | 14 | 17 |

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

| | 2020 | 2019 |
|---|--------------|-------|
| | £'000 | £'000 |
| Governing Body Remuneration | 55 | 59 |
| Salaries (including back dated pay award 2015-2018) | 321 | 281 |
| Benefits in kind | - | - |
| Pension contributions | 81 | 57 |
| Total emoluments | 457 | 397 |

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2020**

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

| | 2020 | 2019 |
|---|-------------------|-------------------|
| | £'000 | £'000 |
| Salaries (including back dated pay award 2015-2018) | 125 | 110 |
| Benefits in kind | <u>-</u> | <u>-</u> |
| | 125 | 110 |
| Pension contributions | <u>31</u> | <u>22</u> |
| Total | <u>156</u> | <u>132</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 2020**

10. OTHER OPERATING EXPENSES

| | 2020 | 2019 |
|---|---------------|--------|
| | £'000 | £'000 |
| Direct teaching | 566 | 621 |
| Direct support | 3,642 | 3,919 |
| Administration | 1,468 | 1,726 |
| Consultancy Fees | - | - |
| Premises | 3,321 | 2,963 |
| COVID-19 Related Expenditure | 268 | - |
| Unitary payments – PPP operating cost | 5,748 | 5,627 |
| Unitary payments – PPP finance lease interest | 1,884 | 1,951 |
| Total | 16,897 | 16,807 |

Other operating expenses include:

| | 2020 | 2019 |
|--|--------------|-------|
| | £'000 | £'000 |
| Auditors' remuneration: | | |
| Financial statements audit | 24 | 24 |
| Internal audit | 16 | 16 |
| Other services provided by the financial statements auditors | - | 1 |
| Other services provided by the internal auditors | 3 | 3 |
| Hire of other assets – operating leases | 36 | 32 |
| Hire of other assets – premises | 75 | 58 |

11. INTEREST AND OTHER FINANCE COSTS

| | 2020 | 2019 |
|------------------------------|--------------|-------|
| | £'000 | £'000 |
| Net charge on pension scheme | 267 | 153 |

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 2020**

13. PROPERTY, PLANT & EQUIPMENT

| | Freehold land £'000 | Buildings £'000 | PFI £'000 | Plant and equipment £'000 | Computers £'000 | Fixtures and fittings £'000 | Motor vehicles £'000 | Total £'000 |
|--|---------------------------|--------------------|---------------|---------------------------------|--------------------|-----------------------------------|----------------------------|----------------|
| Cost or valuation | | | | | | | | |
| At 1 August 2019 | 6,963 | 55,117 | 101,446 | 5,358 | 1,653 | 4,082 | 328 | 174,947 |
| Additions | - | 92 | 75 | 160 | 162 | 330 | 57 | 876 |
| Disposals | - | - | - | (20) | (217) | - | - | (237) |
| Elimination of Depreciation on Revaluation | - | (4,930) | (7,197) | - | - | - | - | (12,127) |
| Revaluation | 1,007 | 900 | 1,459 | - | - | - | - | 3,366 |
| Reclassification | - | - | - | 12 | - | - | (12) | - |
| At 31 July 2020 | 7,970 | 51,179 | 95,783 | 5,510 | 1,598 | 4,412 | 373 | 166,825 |
| Accumulated Depreciation | | | | | | | | |
| At 1 August 2019 | - | 3,239 | 4,754 | 4,041 | 1,454 | 1,661 | 274 | 15,423 |
| Charge for the year | - | 1,652 | 2,386 | 597 | 154 | 548 | 36 | 5,373 |
| Disposals | - | - | - | (20) | (217) | - | - | (237) |
| Depreciation on Revaluation | - | 39 | 57 | - | - | - | - | 96 |
| Elimination of Depreciation on Revaluation | - | (4,930) | (7,197) | - | - | - | - | (12,127) |
| Reclassification | - | - | - | 12 | - | - | (12) | - |
| At 31 July 2020 | - | - | - | 4,630 | 1,391 | 2,209 | 298 | 8,528 |
| Net book value at 31 July 2020 | 7,970 | 51,179 | 95,783 | 880 | 207 | 2,203 | 75 | 158,297 |
| Net book value at 31 July 2019 | 6,963 | 51,878 | 96,692 | 1,317 | 199 | 2,421 | 54 | 159,524 |

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2020**

Surplus on Revaluation

Land and buildings were subject to a full revaluation as at 31 July 2020 on a depreciated replacement cost basis. The valuations were performed independently by the Land and Property Services. The valuations were undertaken having regard to UK GAAP, and more specifically the Statement of Recommended Practice: accounting for further and higher education (SORP) 2019 (effective from 1st January 2019) for the Higher and Further Education sectors and Financial Reporting Standard (FRS) 102 issued by the Financial Reporting Council (FRC). The valuations were also been carried out in accordance with HM Treasury guidance, International Valuation Standards and the requirements of the Royal Institution of Chartered Surveyors (RICS) Professional Standards.

LPS have advised that the outbreak of the novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11th March 2020, has impacted global financial markets. As a consequence, LPS have reported that as at the valuation date, they consider that they can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. The valuation of the college estate is reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Global Standards. Consequently, less certainty – and a higher degree of caution – should be attached to them than would normally be the case.

The 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:

| | 2020 | 2019 |
|--|--------------|-------|
| | £'000 | £'000 |
| Charge for the year on owned assets | 2,987 | 2,884 |
| Charge for the year on PPP assets | 2,386 | 2,269 |
| | <hr/> | <hr/> |
| Charge in the Income & Expenditure Account | 5,373 | 5,153 |
| | <hr/> | <hr/> |

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2020**

14. INTANGIBLE ASSETS

| | Asset Under Construction £'000 | Total £'000 |
|---------------------------------------|---|------------------------|
| Cost or valuation | | |
| At 1 August 2019 | 345 | 345 |
| Additions | 72 | 72 |
| Disposals | - | - |
| At 31 July 2020 | 417 | 417 |
| Amortisation | | |
| At 1 August 2019 | - | - |
| Charge for the year | - | - |
| Disposals | - | - |
| At 31 July 2020 | - | - |
| Net book value at 31 July 2020 | 417 | 417 |
| Net book value at 31 July 2019 | 345 | 345 |

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 sector commitment for this asset is £2,325k. The intangible asset is expected to be completed by 31 March 2021.

15. SERVICE CONCESSION ARRANGEMENTS

The College has two on-statement of financial position arrangements where service delivery has commenced.

Movement in service concession arrangement assets

The asset value of the service concession included in the statement of financial position as at 31 July 2020 is £95,783k (2019: £96,692k). The decrease of £909k is the net of additions, depreciation and revaluation.

Movement in service concession liabilities

The total liabilities relating to the service concession included in the statement of financial position as at 31 July 2020 was £32,129k (2019: £33,383k). The sum of £1,254k 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 | Payable 11–16 years £'000 | Total £'000 |
|---|--|--|---|--|------------------------|
| Liability repayments | 1,320 | 6,021 | 9,521 | 15,267 | 32,129 |
| Finance charge | 1,814 | 6,471 | 5,982 | 3,153 | 17,420 |
| Service charge (excl. inflationary increases) | 5,840 | 23,406 | 29,367 | 35,425 | 94,038 |
| | 8,974 | 35,898 | 44,870 | 53,845 | 143,587 |

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2020**

16. INVESTMENTS

| | Other fixed asset investment £'000 | Total £'000 |
|------------------------|---|------------------------|
| At 1 August 2019 | 3 | 3 |
| Additions | - | - |
| Disposals | - | - |
| Impairment | - | - |
| At 31 July 2020 | 3 | 3 |

17. TRADE AND OTHER RECEIVABLES

| | 2020 £'000 | 2019 £'000 |
|--------------------------------------|-----------------------|---------------|
| Amounts falling due within one year: | | |
| Trade receivables | 728 | 920 |
| Prepayments and accrued income | 841 | 1,168 |
| Total receivables | 1,569 | 2,088 |

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2020 £'000 | 2019 £'000 |
|--|-----------------------|---------------|
| Payments received in advance | 21 | 233 |
| Trade payables | 497 | 871 |
| Taxation and social security | 24 | 599 |
| Accruals and deferred income | 3,638 | 3,513 |
| Other payables | 88 | 26 |
| Total creditors falling due within one year | 4,268 | 5,242 |

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:

| | 2020 £'000 | 2019 £'000 |
|--------------|-----------------------|---------------|
| Grant income | 2,053 | 2,329 |
| Total | 2,053 | 2,329 |

SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2020

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

| | 2020 | 2019 |
|---|---------------|--------|
| | £'000 | £'000 |
| Deferred income | 40,029 | 41,159 |
| Total creditors falling due after more than one year | 40,029 | 41,159 |

20. ENDOWMENT RESERVES

| | Restricted permanent | Unrestricted permanent | Expendable endowments | 2020 Total | 2019 Total |
|--|-----------------------------|-------------------------------|------------------------------|-------------------|------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| At 1 August | | | | | |
| Capital | 4 | - | - | 4 | 3 |
| Accumulated Income | 1 | - | - | 1 | 1 |
| | 5 | - | - | 5 | 4 |
| New endowments | | | | | |
| Income for year | - | - | - | - | - |
| Expenditure for year | - | - | - | - | - |
| Cumulative increase in market value of investments | - | - | - | - | 1 |
| As at 31 July | 5 | - | - | 5 | 5 |

21. CASH AND CASH EQUIVALENTS

| | At 1 Aug 2019 | Cash flows | At 31 July 2020 |
|---------------------------|---------------|--------------|------------------------|
| | £'000 | £'000 | £'000 |
| Cash and Cash Equivalents | <u>3,995</u> | <u>(575)</u> | <u>3,420</u> |

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2020**

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

| | 2020 | 2019 |
|--|--------------|-------|
| | £'000 | £'000 |
| NITPS: contributions paid | 3,393 | 2,712 |
| NILGOSC: contributions paid | 1,724 | 1,625 |
| NILGOSC: FRS 102 (28) adjustments | 2,387 | 2,430 |
| NILGOSC: charge to the Statement of Comprehensive Income (Staff Costs / Interest Paid) | 4,111 | 4,055 |
| Enhanced pension charge to the Statement of Comprehensive Income (staff costs) | 0 | 0 |
| Total pension cost for the year | 7,504 | 6,767 |

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 2019.

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 2020 were:

| Period | Contribution Rate |
|-------------------|--------------------------|
| 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 2020**

The bands applicable to member contributions for the NITPS from 1 April 2019 are:

| Actual annual pensionable earnings | Member 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 salary bands applicable to member contributions for the NITPS from 1 April 2020 are:

| Actual annual pensionable earnings | Member Contribution Rate |
|---|---------------------------------|
| Up to £28,168.99 | 7.4% |
| £28,169 to £37,918.99 | 8.6% |
| £37,919 to £44,960.99 | 9.6% |
| £44,961 to £59,587.99 | 10.2% |
| £59,588 to £81,254.99 | 11.3% |
| £81,255 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 2019.

Principal actuarial assumptions

Principal actuarial assumptions at the statement of financial position date are as follows:

| | | |
|-----------------------------------|-------------|------|
| | 2020 | 2019 |
| Discount Rate | 1.4% | 2.2% |
| CPI Inflation | 2.3% | 2.2% |
| Pension Increases | 2.3% | 2.2% |
| Pension Accounts Revaluation Rate | 2.3% | 2.2% |
| Salary Increases | 3.8% | 3.7% |

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2020**

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:

| | 2020 | 2019 |
|--------------------------------|-------------|------|
| <u>Males</u> | | |
| Member aged 65 at 31 July 2020 | 21.8 | 22.3 |
| Member aged 45 at 31 July 2020 | 23.2 | 24.0 |
| <u>Females</u> | | |
| Member aged 65 at 31 July 2020 | 25.0 | 24.6 |
| Member aged 45 at 31 July 2020 | 26.4 | 26.4 |

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

| | Value at 31 July 2020 | Value at 31 July 2019 |
|------------------------------|--------------------------------------|-----------------------------|
| | £'000 | £'000 |
| Equities | 21,201 | 20,212 |
| Bonds | 19,215 | 20,564 |
| Property | 4,617 | 5,430 |
| Cash | 2,582 | 2,363 |
| Other | 2,035 | 1,709 |
| Fair value of assets | 49,650 | 50,278 |
| Present value of liabilities | (85,002) | (63,723) |
| Deficit in the scheme | (35,352) | (13,445) |

SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2020

| Amounts recognised in the statement of financial position: | 2020 | 2019 |
|--|-----------------|----------|
| | £'000 | £'000 |
| Present value of funded liabilities | (84,974) | (63,696) |
| Fair value of employer assets | 49,650 | 50,278 |
| | (35,324) | (13,418) |
| Present value of unfunded liabilities | (28) | (27) |
| Net liability | (35,352) | (13,445) |
| Amounts recognised in the Statement of Comprehensive Income in respect of the plan are as follows | | |
| | 2020 | 2019 |
| | £'000 | £'000 |
| Amounts included in staff costs: | | |
| Employer service cost (net of employer contributions) | 2,120 | 907 |
| Past service cost | - | 1,370 |
| Curtailement Cost | - | - |
| Total | 2,120 | 2,277 |
| Net Interest Cost | 267 | 153 |
| Net charge to Statement of Comprehensive Income | 2,387 | 2,430 |
| Analysis of Other Comprehensive Income for Pensions | | |
| Asset (losses)/gains arising during the year | (3,078) | 1,582 |
| Liability (losses) arising during the year | (16,442) | (6,322) |
| Total amount recognised in other comprehensive income | (19,520) | (4,740) |
| Movement in deficit during the year | | |
| | 2020 | 2019 |
| | £'000 | £'000 |
| As at 1 August as stated | (13,445) | (6,275) |
| Employer Service Cost | (3,848) | (2,532) |
| Past Service Cost | - | (1,370) |
| Employer contributions | 1,726 | 1,623 |
| Curtailement cost | - | - |
| Contributions in respect of unfunded benefits | 2 | 2 |
| Losses on curtailments and settlements | - | - |
| Net Interest Cost | (267) | (153) |
| Actuarial (Losses)/Gains on liabilities | (16,442) | (6,322) |
| Remeasurement (Losses)/Gains on assets | (3,078) | 1,582 |
| Deficit in scheme at 31 July | (35,352) | (13,445) |

SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2020

Reconciliation of Defined Benefit Obligation

| | 2020 | 2019 |
|--|---------------|---------------|
| | £'000 | £'000 |
| Liabilities at 1 August | 63,723 | 52,574 |
| Current service cost | 3,848 | 2,532 |
| Past service cost | - | 1,370 |
| Interest cost | 1,398 | 1,465 |
| Employee contributions | 554 | 507 |
| Actuarial (gains)/ losses | 16,442 | 6,322 |
| Curtailment cost | - | - |
| Unfunded Net benefits paid | (2) | (2) |
| Net benefits paid | (961) | (1,045) |
| Losses on curtailments and settlements | - | - |
| | <u>85,002</u> | <u>63,723</u> |
| Liabilities at 31 July | 85,002 | 63,723 |

Reconciliation of Fair Value of Employer Assets

| | 2020 | 2019 |
|--|----------------|---------------|
| | £'000 | £'000 |
| Assets at 1 August | 50,278 | 46,299 |
| Interest income on assets | 1,131 | 1,312 |
| Remeasurement (losses)/gains on assets | (3,078) | 1,582 |
| Employer contributions | 1,726 | 1,623 |
| Employer contributions in respect of unfunded benefits | 2 | 2 |
| Employee contributions | 554 | 507 |
| Unfunded benefits paid | (2) | (2) |
| Net benefits paid | (961) | (1,045) |
| | <u>49,650</u> | <u>50,278</u> |
| Assets at 31 July | 49,650 | 50,278 |

The estimated value of employer contributions for the year ended 31 July 2021 is £1,761k

History of actuarial gains/(losses) recognised in OCI

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|-----------------|---------|--------|--------|---------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Total Actuarial (losses)/gains recognised in OCI | (19,520) | (4,740) | 4,389 | 5,023 | (6,195) |
| Present value of liabilities | 85,002 | 63,723 | 52,574 | 50,273 | 49,298 |

GMP equalisation and indexation and McCloud judgement

The pension charge has allowed for full pension increases to be paid on GMP's to individuals reaching State Pension Age after 6 April 2016, whilst also allowing for the impact of the McCloud judgement (current service cost includes a prospective allowance for McCloud liabilities of 3.20% of Pensionable Pay over the accounting period).

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2020**

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:

| | 2020 | 2019 |
|--|--------------|-------|
| | £'000 | £'000 |
| Land and buildings | | |
| Expiring within one year | 43 | 41 |
| Expiring within two and five years inclusive | - | 5 |
| Expiring in over five years | - | - |
| | 43 | 46 |
| Plant and Equipment | | |
| Expiring within one year | 31 | 31 |
| Expiring within two and five years inclusive | 71 | 102 |
| Expiring in over five year | - | - |
| | 102 | 133 |
| Total | 145 | 179 |

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2020**

25. PROVISIONS

| | 2020 | 2019 |
|---|--------------|-------|
| | £'000 | £'000 |
| At 1 August | - | - |
| Addition in the year | 790 | - |
| Amounts charged against provision during year | - | - |
| Unused amounts reversed during year | - | - |
| At 31 July | 790 | - |

The addition in year relate to a Holiday Pay provision resulting from the Court of Appeal (CoA) judgement (17 June 2019) in the case PSNI v Agnew. The CoA judgement determined that claims for Holiday Pay shortfall can be taken back to 1998.

The PSNI has appealed the CoA judgment to the Supreme Court, however due to delays in relation to the COVID-19 situation, it is expected that this will not be heard until 2021. The Supreme Court judgement may result in a decision which either reduces the period of liability or confirms the full period back to 1998.

The £790k provision has been estimated by the College and covers the period from 1998 to 31 July 2020, following the Department of Finance approach outlined for Departmental Annual Reports and Accounts (FD (DoF) 08/20).

There are some very significant elements of uncertainty around this estimate for a number of reasons:

1. The appeal to the Supreme Court (as detail above);
2. Lack of accessible data for years previous to 2008/09, requiring estimations to be applied;
3. Future negotiations with Trade Unions;
4. Obtaining legal advice on specific application of the ruling for the NI Further Education sector;
5. A reliable estimate for the pension element is not yet available so this has not been factored into the provision;
6. The provision is gross (inclusive of Employee National Insurance and PAYE) and also includes an uplift of 13.8% for Employer National Insurance Contributions (NI) £95k (2018-19: £nil); and
7. Taxation issues are under discussion with HMRC, by the wider NI public sector.

Therefore, the estimated provision outlined above is based on the application of DoF methodology, which may be subject to change following the outcome of the Supreme Court appeal.

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2020**

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 | 2020 Trans Paid £'000 | 2019 Trans Paid £'000 | Outstanding at 31 July 2020 £'000 | Outstanding at 31 July 2019 £'000 |
|--------------------------------------|------------------------------------|---|------------------------------|------------------------------|--|--|
| University of Ulster | Gareth Hetherington (G) | Director | 39 | 40 | - | - |
| | Steve Pollard (G) | Senior Lecturer | | | | |
| Colleges NI | Ken Webb (D) | Chair of Finance & Audit & Risk Committee 2018/19 | - | 2 | - | - |
| BT | Christine Goodwin (G) | Senior Business Insight Manager 2018/19 | - | 535 | - | 3 |
| Construction Industry Training Board | Michael Malone (D) | Standards Committee Member | 23 | 34 | - | - |
| Queens University Belfast | Karen Fraser (G) | Educational Developer | 10 | 8 | - | - |
| Chartered Management Institute | Ken Webb (D) Carolyn King (G) | Board Member Member | 31 | 30 | - | - |
| Southern Regional College | Barbara Larkin (G) | Part Time Lecturer 2018/19 | - | 8 | - | - |
| Pearson | Heather Miller (CMT) | Quality Reviewer | 347 | 301 | 1 | 3 |
| Stranmillis University College | Heather Miller (CMT) | Governor | 26 | - | - | - |

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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Transactions where goods or services are provided by the College to the related organisation:

| Related Organisation | Governor (G) / Director (D) | Position in Related Organisation | 2020 Trans Paid £'000 | 2019 Trans Paid £'000 | Outstanding at 31 July 2020 £'000 | Outstanding at 31 July 2019 £'000 |
|--------------------------------------|--|--|------------------------------|-----------------------|--|-----------------------------------|
| AQE | Heather Reid (G) | Consultant | 4 | - | - | - |
| Construction Industry Training Board | Michael Malone (D) | Standards Committee Member | 2 | - | - | - |
| Education Authority | Heather Reid (G) | Chair of Independent Tribunals & Admissions, Curriculum and Expulsions | 45 | 10 | 32 | - |
| University of Ulster | Gareth Hetherington (G) Steve Pollard (G) | Director Senior Lecturer | 260 | 265 | 51 | 28 |
| South West College | Alan Woodside (G) | Visiting Lecturer & Industrial Advisory Board Member 2018/19 | - | 26 | - | 27 |
| Southern Regional College | Barbara Larkin (G) | Part Time Lecturer 2018/19 | - | 20 | - | 2 |
| Queens University Belfast | Karen Fraser (G) | Educational Developer | 3 | 3 | - | - |

All transactions are related to general operations.

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2020**

27. LOSSES AND SPECIAL PAYMENTS

| | 2020 | 2019 |
|---|-----------------|-----------|
| | £'000 | £'000 |
| Bad Debt Write Off less than £1k (24 cases) | <u>6</u> | 23 |
| | <u>6</u> | <u>23</u> |

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

| | 2020 | 2019 |
|-----------------------------|------------------|-----------|
| | £'000 | £'000 |
| <u>Hardship Fund</u> | | |
| Balance at 1 August | 26 | 78 |
| DfE Allocation | 162 | 131 |
| | 188 | 209 |
| Disbursed to students | (103) | (183) |
| Balance unspent at 31 July | <u>85</u> | <u>26</u> |

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.

| | 2020 | 2019 |
|-----------------------------|--------------|----------|
| | £'000 | £'000 |
| <u>Care to Learn</u> | | |
| DfE Allocation | 8 | 10 |
| Disbursements | (8) | (10) |
| Balance unspent at 31 July | <u>-</u> | <u>-</u> |

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 2020

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> | 2020 £'000 | 2019 £'000 |
|---|--------------|-----------------------------|---------------|
| INCOME | | | |
| Department for the Economy income (non-grant in aid) | 1 | 671 | 695 |
| Education contracts | 2 | 7,657 | 6,804 |
| Tuition fees and charges | 3 | 2,246 | 2,342 |
| Other grant income | 4 | 548 | 724 |
| Other operating income | 5 | 804 | 1,093 |
| Total incoming recourses | | 11,926 | 11,658 |
| EXPENDITURE | | | |
| Staff costs | 8 | 33,115 | 31,635 |
| Other operating expenses | 10 | 16,897 | 16,807 |
| Depreciation | 13 | 5,373 | 5,153 |
| Interest and other finance costs | 11 | 267 | 153 |
| Exceptional costs (staff) | 8 | 825 | 30 |
| Total resources expended | | 56,477 | 53,778 |
| Net deficit for the year | | (44,551) | (42,120) |
| Unrealised surplus on revaluation of land and buildings | 13 | 3,270 | 7,868 |
| Actuarial (loss)/gain in respect of pension scheme | 22 | (19,520) | (4,740) |
| Amount transferred to reserve | | (60,801) | (38,992) |
| Analysis of reserves prepared under FReM | | | |
| Balance as at 1 August | | 72,726 | 75,972 |
| Grant-in-aid received in year | 1 | 39,213 | 35,745 |
| Cumulative increase in market value of investment (reserve) | 20 | - | 1 |
| Net operating cost for year | | (60,801) | (38,992) |
| Balance as at 31 July | | 51,138 | 72,726 |