

South West College
Annual Report and Financial Statements
Year Ended 31 July 2020

*The Accounting Officer authorised these
financial statements for issue*

on

10th March 2021

*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

8th April 2021

SOUTH WEST COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 July 2020

INDEX

	<u>Page No</u>
Strategic Report	3
Remuneration Report	26
Statement of the Responsibilities of the Governing Body	32
Statement of Corporate Governance and Internal Control	33
Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly	42
Statement of Comprehensive Net Expenditure	45
Statement of Changes in Reserves	46
Statement of Financial Position	47
Statement of Cash Flows	48
Statement of Accounting Policies	49
Notes to the Accounts	53

**SOUTH WEST COLLEGE
STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2020**

NATURE, OBJECTIVES AND STRATEGIES

Organisational Overview

South West College (SWC) is a substantial provider of education and training with main catchment covering the counties of Tyrone and Fermanagh. The College is focussed on delivering excellent results and outcomes for students, industry and the local economy and has gained numerous awards for its high quality and economically relevant education and training provision. The College also has a vital role in helping to promote social inclusion by providing those with low qualifications and barriers to learning with the skills and qualifications they need to find employment.

The industrial profile of the region necessitates a particular focus on the development of higher level technical and professional skills. South West College has strategically responded to this need through the development of innovative apprenticeships and a modern Further Education curriculum. The College has also developed a wide range of higher education programmes, including new honours degree and foundation degree programmes, mainly in STEM subjects. The College works closely with a wide range of partners; universities, schools, businesses and local councils, and has extended its international outreach in support of its students and the development of the economy. Accordingly, the College is a key player in the economic development of the region, working closely with the business community in developing the skills necessary for current and future jobs.

The College's traditional model of delivery for education and vocational training is largely through face-to-face engagement. However, over the past 10 years, the College has strategically invested in capacity and capability to deliver its services remotely and through blended learning. In March 2020, as a result of the COVID-19 pandemic, the College transitioned rapidly and successfully to remote delivery of all provision and services and this continued up to the end of August 2020. This transition was complex and required significant input and strategic leadership for an extended period with challenges across every element of College operations including education delivery, examinations and assessments, recruitment, people management, safety of campus facilities, financial management and delivery of wider College services.

Legal Status

The current arrangements for further education in Northern Ireland were established by The Further Education (Northern Ireland) Order 1997 with Colleges being self-governing incorporated bodies with effect from 1 April 1998. Based on this legislation, the Office for National Statistics, in 2010, reclassified colleges as part of Central Government. This has resulted in colleges being determined as Non-Departmental Public Bodies.

Colleges have been granted charitable status by the UK HM Revenue and Customs.

**SOUTH WEST COLLEGE
STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2020**

Mission Statement

The College's Mission, Vision and Values are set out as follows:



OUR VISION

developing people / achieving potential

MISSION STATEMENT

“to provide lifelong learning opportunities for the people of the South West region and beyond, through quality education and training in support of economic, social and community development”

OUR VALUES

- 1 Excellence**
be the best we can
- 2 Innovation**
improvement and new approach
- 3 Teamwork**
together we can do better
- 4 Integrity**
delivering on what we promise
- 5 Confidence**
having a positive attitude

**SOUTH WEST COLLEGE
STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2020**

Strategic Planning

The College’s strategic planning is set within the context of the regional economic climate, the draft Northern Ireland Programme for Government (PFG), the draft Industrial Strategy and Department for the Economy Policy as set out in Further Education Means Success and other key strategies including those on apprenticeships, youth training and higher education. The planning is also directly aligned to the new Northern Ireland Further Education sector Corporate Plan, “Better Skills, Better Jobs, Better Lives” which promotes the dual mandate of economic development and social inclusion. This sets out the vision that Further Education in Northern Ireland will provide world class skills and support to business that transforms lives. The College also works strategically with Mid Ulster Council and Fermanagh & Omagh Council to shape and realise the Community Plans of both regions.

A strategic College Development Plan (CDP) has been prepared for the period 2018 to 2021 and this sets out the strategic priorities for 2019/20 and beyond as follows:

STRATEGIC PRIORITY	
Developing a region with no skills gaps	<ul style="list-style-type: none"> • Progressive and future-proofed professional and technical education and training • Higher Education • SME R&D and innovation support - SMART Region
Tackling economic activity	<ul style="list-style-type: none"> • Addressing economic activity and reaching out to those with low qualifications • Rural proofing our services
Educational pathways to progression & success	<ul style="list-style-type: none"> • Excellence in teaching and learning which is student focused • Student digital learning and our on-line presence • Education and skills Innovation Clusters
Staff & student wellbeing and development	<ul style="list-style-type: none"> • Listening to and responding to the Student Voice • An excellent student experience • Looking after and developing our staff • Citizenship, social responsibility and environmental sustainability
A global presence	<ul style="list-style-type: none"> • International best practice and widening the horizons of our students and staff • Innovation through dynamic partnerships and collaborations
World class: excellence, quality & brand	<ul style="list-style-type: none"> • Continuous improvements and efficiencies • A world class estate • A destination of choice

**SOUTH WEST COLLEGE
STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2020**

For the period 2019/20, a detailed Annual Development Plan has been produced and this sets out the key performance indices (KPIs) for curriculum and qualifications, employer engagement and social inclusion within the budget allocation.



SOUTH WEST COLLEGE STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2020

COVID-19 Strategic Planning

In March 2020, as a result of the COVID-19 pandemic, the College engaged in significant new strategic planning activity. This enabled preparation for the rapid transition to remote working and delivery of service, and to consider longer term transition towards the reopening of College campuses, new curriculum delivery models and wider changes to College-related activity and services. The planning activity has aligned with Department for the Economy (DfE) guidance in relation to all curriculum and service areas and focused on meeting the changing needs of learners, staff, and stakeholders during and beyond COVID-19. Key challenges include:

Delivery of Education and Training; The traditional methods of curriculum delivery and assessment have changed because of remote delivery and on-site social distancing requirements. The College has considered the use of onsite and extended remote delivery for each curriculum area, adaptive assessment and examination approaches, staggered timetabling and Personal Protective Equipment (PPE) required for students learning in environments where social distancing is more difficult

Campus Safety & Social Distancing; The safe management of campus services and facilities during and following this pandemic presents a significant challenge. The College environment has changed significantly in preparation for the safe return of staff and students and adherence to social distancing requirement. All sections of the College have a requirement to refresh risk assessments and other health and safety advice for students and staff in light of recent government advice, identifying protective measures.

Student Recruitment & Admissions; COVID-19 will continue to present challenges for traditional student recruitment and attracting strong student numbers will become more difficult.

Financial Management; Colleges are faced with additional costs to ensure the safe operation of campuses and the ongoing implementation of remote learning and working. Income from tuition fees, project delivery and wider business development activities will also be adversely impacted adding to this challenge.

Communications; There is a requirement for an enhanced focus on communications to support an understanding and awareness of COVID-19 recovery plans and safety measures. Effective internal and external communications is essential for building the confidence of staff, students and stakeholders and will underpin a successful return to a 'new normal'.

Student and Staff Health & Wellbeing; The physical, mental and emotional wellbeing of staff and students is of paramount importance and responses to extended remote working and learning may be varied.

Employer Engagement & Wider Business Development Activities; The model for employer engagement and business development activities within the College will change and require additional planning.

The College recovery planning process was overseen by the College Governing Body and led by the Chief Executive, Deputy Chief Executive and College Management Team. A phased approach was implemented and during the first phase (March-May 2020) activity focused on identifying and implementing crisis actions and development of a communication framework for students, staff and stakeholders. In Phase 2 (April-June 2020) the management team focussed on planning and implementing arrangements to ensure that students and staff were fully supported during remote learning and working, and that robust preparations were in place to close out the academic year, ensuring maximum learner achievement and progression. Phase 3 (May-December 2020) focused on reopening of campuses and on-site delivery of services.

**SOUTH WEST COLLEGE
STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2020**

Financial objectives

The College's high level financial aim was to achieve good financial performance through income generation and efficient operation, to support and facilitate the service provision and progress strategic priorities. This was supported by specific financial objectives, which include:

- To ensure a balanced budget - within Non Departmental Public Body (NDPB) allocation limits;
- To generate sufficient levels of income to support the asset base of the College;
- Further development of monitoring, reporting, budgetary control and financial management to enhance performance reporting;
- To ensure robust financial planning and risk management;
- To utilise and develop skills and experience to support financial performance;
- Unqualified External Audit Report;
- To ensure controls are in place for financial management of Erne Campus development.

These objectives have remained consistent in recent years and the ongoing strategy is that the college secures maximum funding for its operations and utilises this funding in a way that is most beneficial for students.

During 2019/20, performance against budget has been monitored throughout the year by the quarterly preparation of College Management Accounts, to include an Income and Expenditure account and Statement of Financial Position, with comparatives against its prior year position. These are reviewed by the Strategic Management Team and presented to the Governing Body throughout the year.

Each month budget holders have been issued with financial reports indicating performance against budget and highlighting variances.

SOUTH WEST COLLEGE STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2020

Performance Summary

The key SWC strategic priority is to develop a region with no skills gaps. The College aims to provide a continuum of education and training, through a future proofed curriculum offer, which is aligned to the needs of industry and reflects accurately Government priorities. In 2019/20 SWC delivered 18,738 enrolments (117% of target) with significant annual growth in apprenticeship (9.7%) Higher Level Apprenticeships (21%) and Higher Education (5.4%). Student retention, achievement and success rates have been consistently strong. Student performance continues to excel with outstanding retention on full time programmes of 96%, very good achievement of 88% across Further Education and Higher Education and outstanding achievement (of 94% level) delivered in apprenticeships. The College consistently delivers a significantly higher proportion of STEM qualifications compared to the Further Education sector average. This is aligned to local skills needs associated with a strong industrial and manufacturing base. Pre-pandemic the sub-regional skills barometer for the West had forecast strong employment growth in the manufacturing, construction and professional and scientific sectors which are projected to account for 35% of new jobs in the South West region over the coming decade.

SWC Higher Education provision remains strong and the College view this as an important strategic priority in a rural region; the College is now the largest provider of higher education provision outside Belfast. The College continues to work closely with all three local Universities across a range of areas, including the delivery of Higher Education, Innovation and European Projects. This year the College has expanded its partnership with the Open University through the accreditation of five new Open University degrees and 'top-ups' in areas including Corporate Law & Finance, Computing, Cybersecurity, Visual Media Arts, Transportation and Building Services. This has enabled the College to further its strategic priority of widening access to Higher Education for the people of the South West.

The Social Inclusion provision in the College remains strategically important, given regional data which shows that the College attracts just under one-half (48%) of its students from areas of high social deprivation and disadvantage, deprivation quintiles 1 and 2. The College has a clear vision for social inclusion and is highly committed to developing accessible learning programmes that enable progression pathways irrespective of the students' entry point or socio-economic barriers to education. The College strives with success, to meet the diverse and often complex needs of these students through a range of provision and externally funded programmes which support approximately 800 young people annually.

To sustain and improve, the college has recently been restructured to better support the delivery of a more cohesive and integrated curriculum provision that is economically relevant and offers a range of appropriate career progression pathways for the students. Changes took effect in September 2019 and a recent scrutiny inspection of Level 3 provision carried out by the Education and Training Inspectorate in April 2020 notes 'senior and middle leaders, along with course teams, are adjusting well to their new roles, responsibilities and reporting structures. While early days, the consultative approach taken to the revised management structure has garnered to good effect the support of leaders, managers and staff at all levels, and is embedding well.'

In March 2020, as a result of the COVID-19 pandemic, the College transitioned rapidly and successfully to remote delivery of all provision and services and this continued up to the end of August 2020. During this period the College Centre for Excellence in Digital Learning discharged an integrated, preparation and support strategy which has underpinned the College to transition to remote working. The strategy harnessed a range of initiatives including remote working seminars, online webinars and a promotion of the Digital Learning helpdesk. Through the period March-May 2020 the College had just under 7,000 students engaging in live online classrooms every week with over 70% attendance. COVID-19 also coincided with end of academic year examinations and assessment activity and new processes and systems were developed to determine centre assessed grades for students, where it was not possible to sit examinations and complete coursework. During this period centre-assessed grades were determined for 5,092 students across Further and Higher Education and Training.

**SOUTH WEST COLLEGE
STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2020**

The COVID-19 pandemic also impacted progress with the new South West College Erne Campus, a substantial capital build project, which will see the delivery of the first educational building worldwide to achieve the combination of the highest international standard in environmental construction, PassivHaus Premium and BREEAM Excellence. The completion timeline for this project has been delayed as a result of COVID-19 which led to a period of site closure for seven weeks. The supply chain of materials was also affected. The site reopened in May 2020 and safe working practices have been implemented to comply with all construction advised protocols around COVID-19. This has affected the programme as the site has not been able to operate at maximum capacity due to the restrictions on working practices which have been implemented to maintain safe working distances on site. The revised completion date is now January 2021.

In relation to the strategic priority around 'a global presence' SWC continues to have an embedded commitment to international work. Throughout 2019/20 the College remained a provider of Erasmus+ programmes with seven substantial programmes currently running in areas including student enterprise, tourism, technology and engineering. Through Erasmus+ mobility projects the College has sent over 80 participants on international training and teaching visits. However, due to COVID-19 constraints, all international College travel ceased in March 2020 and remains suspended. Work on strategic partnership projects is progressing through remote engagement with partners across Europe. During 2019/20 the College also secured new international consultancy work with projects in India and Mauritius in the areas of quality assurance and employer engagement. Preparations continue across the College in advance of UK exit from the EU to ensure minimal disruption to services and the College continues to monitor closely the arrangements and plan and prepare for the risks associated with a change in UK status.

**SOUTH WEST COLLEGE
STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2020**

Key Performance Indicators and Outcomes

In 2019/20, SWC has taken an Outcomes Based approach to setting our key priorities for the year based on the needs of the population and aligning to the Programme for Government outcomes. Three report cards have been developed to outline the College performance in terms of enrolments and qualifications, employer engagement and social inclusion.

Qualifications Report Card

Measure	Target 2019-20 (Academic Year)	Actual & Red/Amber/Green
How much did we do?		
FE Enrols (Total)	12,132	13,391 (110%)
HE Enrols (F/T)	538	519 (96%)
Apprenticeships	1,340	1,423 (106%)
Higher Level Apprenticeships	220	231 (107%)
Training for Success	2,270	2,275 (100%)
How well did we do it?		
<p>Student performance continues to excel with outstanding retention on full time programmes of 96%, very good achievement of 88% across Further Education and Higher Education and outstanding achievement of (94% level) delivered in apprenticeships.</p>		
<p>The College consistently delivers a significantly higher proportion (10% higher Broad STEM in 2018/19) of STEM qualifications compared to the Further Education sector average. This is aligned to local skills needs associated with a strong industrial and manufacturing base. Pre-pandemic the sub-regional skills barometer for the West has forecast strong employment growth in the manufacturing, construction and professional and scientific sectors which are projected to account for 35% of new jobs in the South West region over the coming decade.</p>		
Is anyone better off?		
<p>Pre-pandemic, economic activity rates in Mid Ulster and Fermanagh and Omagh Council areas were higher than the Northern Ireland average, representing 77% and 73% of the working age population respectively. Economic inactivity and claimant count rates were also below the Northern Ireland average.</p>		
<p>Over the past 3-year period, the College has secured international projects worth a total value of €4.8 million. This enabled the College to integrate exemplary innovation, new curriculum and teaching and learning from across the globe.</p>		
<p>SWC has delivered a significantly increased number of Level 3 apprenticeships over the past four years. This is meeting the local industry needs in particular in Manufacturing and Construction and aligns with the DfE strategies in promoting higher-level skills development.</p>		
<p>Evidence directly linked to PfG Outcome 1: We prosper through a strong, competitive regionally balanced economy</p>		

**SOUTH WEST COLLEGE
STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2020**

Employer Report Card

Measure	Target 19-20 (Financial Year)	Actual & Red/Amber/Green
How much did we do?		
InnovateUs	£350,000	£350,000 (100%)
Skills Focus	£160,000	£120,129 (75%) College continues to ramp up delivery on Skills Focus and 2019/20 delivery represents a 15% growth on 2018/19 performance. New on-line programmes in digital skills, construction and engineering have been developed and are currently being delivered.
How well did we do it?		
Businesses Engaged	Percentage of businesses satisfied/very satisfied with support from College	99%
InnovateUs	Maximum 5% Short Option 1	5%
	20% of InnovateUs spend in area of Engineering & AM	34%
Businesses Engaged	Percentage of businesses satisfied/very satisfied with support from College	99%
Is anyone better off?		
Strong Innovate Us and largest number of KTPs and Innovation Vouchers in any UK College. A total of 208 innovation projects delivered in 2019/20 including new delivery through the Intertrade Ireland co-innovate programme.		
93% of businesses report growth needs being met through SWC support interventions.		
SWC employer engagement contributes directly to the entrepreneurial profile of the region, which has the highest level of entrepreneurship in Northern Ireland. Mid-Ulster has been identified as the most entrepreneurial region in NI in terms of business starts and has the largest business base outside of Belfast. Mid-Ulster also leads the way as the district with the highest percentage of innovative businesses across Northern Ireland's 11 authority areas.		
Evidence directly linked to PFG Outcome 5 : We are an innovative, creative society where people can fulfil their potential and PFG Outcome 6 : We have more people working in better jobs		

**SOUTH WEST COLLEGE
STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2020**

Social Inclusion Report Card

Measure	Target 19-20 (Academic Year)	Actual & Red/Amber/Green
How much did we do?		
Total Quintile 1 & 2 Enrolments	No target set	9,449
NEETS Programmes College Connect, Youth scape, Going Places, SUSE+	778 Recruited 170 Progress to Sustained Employment 181 Progress to FE/HE/Training	978 Recruited 230 Progress to Sustained Employment 282 Progress to FE/HE/Training
How well did we do it?		
<p>The South West region has above average rates of economic, education and employment deprivation, with 48% of regulated enrolments from students representing quintile 1 & 2 of the NI multiple deprivation measure</p> <p>The College has secured funding of £1.8m for innovative social inclusion programmes to engage economically inactive young people across the College catchment area. In 2019/20 230 programme participants entered and sustained employment whilst a further 282 progressed to FE/HE/Training</p>		
Is anyone better off?		
<p>The entry to employment by 230 citizens has an annual wage based economic impact of £3.4m across the region</p> <p>Across Northern Ireland, the number of NEETS has been on a general downward trend over the last 5 years and has reduced by 25% since 2013. In the South West region, pre-pandemic, 25% of the working population were economically inactive and 20% of the claimant count were aged 18-24. Although below the Northern Ireland average, the challenge remains for the College to continue to shape provision and services to support these individuals to progress towards employment.</p>		
Evidence directly linked to PFG Indicator 17: Reduce economic inactivity		

FINANCIAL POSITION

Financial Results

The South West College generated a deficit on continuing operations of £2.747M in the year (2018/19 – deficit £5.593M). The College recognised an exceptional gain of £435k (2018/19 £424K) as a result of an insurance rebate from BES Limited after a benchmarking exercise. There was an exceptional staff cost reported relating to a Holiday pay Provision of £375k (2018/19 £Nil).

The College's turnover increased by £1.825M (4.1%) to £45.757M as a result of an increase in Education Contract Income. Staff costs have increased by £421k (1.8%) to £24.246M excluding exceptional costs. Other operating expenses have reduced by £341k (2.2%). This is largely due to the impact of COVID-19 on the College operations with remote teaching being introduced for the latter part of the academic year.

The South West College has significant reliance on DfE for its principal funding source, largely from recurrent grants. In 2019/20, DfE provided 43.6% of the College's total income through allocated recurrent grant. This represented 14.6% of the total recurrent grant available to the sector.

The South West College is involved with various educational partnerships and joint ventures. None of these are considered to be material, nor do they have any significant assets or liabilities not already reflected in the financial statements.

SOUTH WEST COLLEGE STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2020

The interest charges of £2.73M relate to the notional interest calculated in respect of the PFI contracts £2.536M and a finance charge of £194K in relation to accounting for pensions.

Buildings were subject to an interim valuation as at 31st July 2020 provided by Land and Property Services.

The Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) pension liability increased from £9.512M to £22.328M. This significant increase in liability is as a result of the COVID-19 pandemic, and the subsequent volatility of the investment market.

Reserves

The South West College has accumulated reserves of £30.768M, including a property revaluation reserve of £49.258M. The South West College has cash balances of £3.87M.

The revaluation reserve of £49.258M has accumulated through revaluation of land and buildings over the cost, capitalised value or in respect of assets inherited at no cost from another party.

Treasury policies and objectives

Treasury Management

Treasury management is the management of the College's cash flows, its banking and investment transactions and the effective control of the risks associated and pursuit of optimum performance consistent with those risks. The South West College has an investment policy which establishes investment objectives as follows:

- Investment suitability – in recognition of the College's primary educational mission, its role as a custodian of public funds and its unique budgetary and cash flow cycles;
- Preservation and safety of principal – to ensure that potential capital losses are avoided;
- Liquidity – by structuring maturities to enable the College to meet all cash requirements which might reasonably be anticipated;
- Diversification – to avoid incurring unreasonable and avoidable risks regarding types of investment or concentrations within individual financial institutions; and
- Yield – to attain the best rate of return on investment funds.

As interest rates continue to remain low and in order to manage expenditure for minor works, the College has retained cash in current accounts during 2019/20.

Cash flows

The operating cash flow for the College for the year was stable, reflected in the movement of net funds in the Cash Flow Statement. During the year the College had significant working capital requirements as it funded the minor works projects and contractual commitments on a short-term basis. The College had no borrowings at the year end or during the year.

**SOUTH WEST COLLEGE
STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2020**

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student Numbers

The South West College's student establishment during the year reduced by 1.7%, giving a total establishment equivalent of 4,280 full time equivalent (FTE) students (2018/19 – 4,354). This comprised of further and higher education FTE students funded by DfE and FTE students who are separately funded through training, cost recovery or other programme arrangements.

Further Education Reclassification

In October 2010, the Office of National Statistics reclassified Further Education Colleges from Non-Profit Institutions Serving Households to Central Government, which is from private to the public sector. From 1 April 2012 it was confirmed that for Northern Ireland, the Further Education Colleges would be brought within the budgetary responsibility of the (now dissolved) Department for Employment and Learning (and required to accord with the same budgeting and reporting disciplines as other Non-Departmental Public Bodies).

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 year from 1 August 2019 to 31 July 2020, the College paid 93% (2019 - 91%) of its invoices within 30 days, and 65% within 10 days. The College incurred no interest charges in respect of late payment for the year.

The South West College is committed to the prompt payment of suppliers of goods and services in accordance with the Confederation of British Industry's prompt payers' code and British Standard BS 7890.

Unless otherwise stated in the contract, payment is due within 30 days of receipt of the goods or services, on presentation of a valid invoice or similar demand, whichever is later.

Post Balance Sheet Events

No post balance sheet events have been identified.

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 parliamentary approval will not be forthcoming to meet the College's liabilities as they fall due. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Future Developments

The South West College is committed to acting as a key driver of local and regional economic development and as a promoter of lifelong learning. The College will foster partnership activity and innovation to support development, locally and regionally. The College will seek to achieve all developments in an environment of good governance, with internal control and accountability at all levels to ensure that it operates in an effective manner.

SOUTH WEST COLLEGE STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2020

Resources

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

Estate

The South West College's estate includes:	Cookstown Campus	£3,232,443
	Dungannon Campus	£34,080,796
	Fairview Campus	£969,221
	Skills Centre Campus	£15,410,690
	Omagh Campus	£36,373,964
	Erne Site Development	£21,690,215

The remaining useful economic life of the Fairview Campus had previously been reduced to four years, effective from 1st August 2016, as the market value was considerably less than the LPS valuation which is based on depreciated replacement cost. This was based on the timeline of the opening of the new Erne Campus which was expected to be at the start of August 2020. As a result of COVID-19, the completion of the new campus has been delayed and it is now anticipated that Fairview will still be utilised in some capacity for the whole 2020/21 academic year. On that basis the depreciation on the remaining carrying value of the Fairview Campus brought forward at 1st August 2019 has been spread over two years to 31st July 2021.

Financial

Net assets at 31 July 2020 were £30.768M (including £22.328M pension liability) and the South West College has long term debt of £34.497M.

People

The South West College employs 583 people (expressed as full time equivalents), of whom 273 are teaching staff.

The average number of days lost to sickness absence by all staff in 2019/20 was 8.96 days or 3.5% (2018/19 8.57 days). This is adverse to the sector average benchmark of 3.25% for 2019/20.

Reputation

The College has a good reputation locally and nationally and maintaining a quality brand is essential for the College's success at attracting students and external relationships.

PRINCIPAL RISKS AND UNCERTAINTIES

South West College considers Risk Management to be fundamental to good management practice and an important aspect of governance. SWC continues to develop and embed robust systems of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

The College is committed to fostering an environment where the uncertainties of downside risks (hazard) are minimised and the rewards of pursuing upside risks (entrepreneurial opportunities) are realised commensurate with its academic, financial and other objectives. To assist in the achievement of this goal, the College will:

SOUTH WEST COLLEGE STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2020

- Identify, analyse and control those risks which might inhibit SWC from achieving its strategic and/or operational, academic and financial objectives;
- Raise awareness of and integrate risk management into the processes of managing the College; and
- Promote an understanding of the importance of risk management and encourage staff to be more proactive in achieving these objectives.

Based on the College Development Plan and the Annual Development Plan, the College undertakes a comprehensive review of the risks to which the organisation is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions.

Risk registers have been prepared both at College level and at Departmental / Sectional level internally and these registers are reviewed internally by the Risk & Compliance Committee and also the Audit and Risk Sub-Committee at least annually and more frequently where necessary.

The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system. This activity has also been supported by training to raise awareness of risk throughout the College.

Outlined below is a description of the principal risk factors that may affect the College as detailed in the Corporate Risk Register. It should be noted that not all the factors are within the College's control and that factors besides those listed may also adversely affect the College.

COVID-19 is the most obvious and red risk facing the College at the commencement of the 2020/21 academic year. In addition there have been 11 categories of Risk identified:

1. People risks
2. Estates risks
3. Finance/budgetary risks
4. Security risks
5. Academic
6. Performance risks
7. External risks (political and economic)
8. Reputational
9. Governance and compliance
10. Systems technology risks
11. Business resilience risks

**SOUTH WEST COLLEGE
STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2020**

Within the 11 categories there are 24 risks identified each of which are assessed as having an inherent red risk score.

COVID-19 is the major, cross cutting risk for 2020/21. It affects every aspect of the College's work and is a threat to all the College's objectives. The effect of COVID-19 is incorporated within each risk identified.	
Risk Ref	Risk Description
People Risks - Staff and students	
SWCPR1	Failure to recruit and retain suitably qualified and experienced staff to both deliver existing and new programmes, and to provide support services, given the inability of public service providers to compete with the private sector in wages.
SWCPR2	Failure to ensure that staff and students have the required skills and equipment for remote learning
SWCPR3	Failure to guard staff physical and mental health and wellbeing and address low morale and motivation as they return to campus post COVID-19 or continue to work remotely.
SWCPR4	Failure to guard student physical and mental health and wellbeing.
Estates Risks	
SWCER1	Ensuring a safe and hygienic environment: Failure to ensure that the College estate is fit for purpose in terms hygiene and social distancing measures and provides a safe and secure environment for staff and students.
SWCER2	<p>Completion of Erne Campus: The opening of the Erne Campus is delayed with a time frame of between November and February for handing over. This will have cost implications with keeping two campuses running and particularly the requirement to ensure that maintenance of Fairview is completed to ensure the health and safety of staff and students.</p> <p>There is also the potential for further delays if for example we experience severe weather disruption or further lockdowns.</p>
Finance/Budgetary Risks	
SWCFBR1	<p>Budgetary Pressures Continued budgetary pressures as a result of:</p> <ul style="list-style-type: none"> - Application of COVID-19 mitigating measures - Allocation of flat line budgets - Inescapable pressures including pay lifts and legacy deficit
SWCFBR2	<p>Loss of European funding Failure of the Government to secure an outcome of negotiations whereby the UK has restricted or no access to certain EU funds and schemes. The most notable of these funds are Erasmus+ and Interreg. This will result in loss of income and especially in relation to Erasmus, access to a scheme that provides enormous benefits to staff and students in their college experience and personal development.</p>

**SOUTH WEST COLLEGE
STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2020**

SWCFBR3	Loss of Non-funded Income Loss of commercial income if non funded courses do not run for logistical reasons or if affordability of courses becomes an issue due to economic collapse and hardship. In addition there is a risk that income generated by the salons and restaurants will be lost.
Security Risks	
SWCSR1	Increased Phishing activity during COVID-19 crisis: The prevalence of phishing activity during COVID-19 and the large scale move to remote working has been well noted making this a high risk for College systems and personal data.
SWCSR2	Staff compliance: Failure to adequately train staff and to provide appropriate cyber security controls to prevent the unlawful disclosure of and loss of personal data and other data and/or corruption of software systems including denial of service.
Systems Technology Risks	
SWCSTR1	Systems Transformation Failure if the new Learner Management System to meet all requirements of FE, HE and WBL and to be implemented in a timely fashion. Failure to ensure that all relevant staff are aware of their roles and responsibilities and are trained in its use as the training programme has been delayed by Lockdown.
Academic/Curriculum Risks	
SWCACR1	Curriculum Changes Failure to implement and effectively promote the change to the new Traineeship Programme for Level 1 & 2 provision in both Work Based Learning and Further Education. Failure to effectively embed the new OU programmes for 2020/21
SWCACR2	Academic Risk Failure to meet student expectation of a relevant and excellent quality teaching and learning experience, delivered by suitably skilled, knowledgeable and qualified staff. COVID-19 presents a high risk to academic achievement. Potential staff sickness or inability to deliver face to face over the next period may present challenges.
Performance Risks	
SWCPR1	Meeting Outcome Based Targets Failure to meet required outcome based targets regarding enrolment, retention and achievement i.e. how much, how well, and who has benefited? Although early days, enrolment figures are challenged across the sector.
External Risks (Political & Economic)	
SWCEPE1	End of Transition Period and future relationships with the EU The transition will end on 31 December 2020. At the end of the transition phase, there will be two possible outcomes: (1) a UK-EU trade deal is reached and agreement on other elements of the relationship (2) non-negotiated outcome in which the UK-EU fail to reach agreement on future relations after the transition period. Regardless of the outcome, the college needs to prepare for the end of the transition period, as there will be changes to consider whether or not an agreement is reached on the new relationship between the UK and the EU. This would include areas such as travel, visas, EU settlement scheme, insurances, student funding models, immigration policy. In the case of a non-negotiated outcome aspects of the future relationship that haven't been agreed in the withdrawal agreement would proceed on no-deal terms (e.g. trade, data policy, education & science funding) and therefore this would scenario would present extra risk to the college.

**SOUTH WEST COLLEGE
STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2020**

SWCEPE2	Economic downturn There is an increased risk to HLAs and Apprenticeship Programmes with the economic downturn experienced as a result of COVID-19. Many businesses have gone, or will go into administration or will not prioritise the retention of apprentices on their workforce. Many apprentices are on furlough or have lost jobs making their ability to complete their apprenticeships dubious. This situation will affect recruitment for 2020/21.
Reputational Risks	
SWCR1	Failure to manage the assessment and appeal process for students in the 2019/20 cohort resulting in loss of confidence in the College's capacity to deliver education and training
SWCR2	Failure to deliver the full range of courses particularly the new Apprenticeship Programmes deferred to 2021 and consequent reputational impact if not managed properly.
SWCR3	Failure to accommodate student numbers due to restrictions around room capacity leading to disappointment
Governance and Compliance	
SWCGCR1	New Legislation: Failure to comply with new legislation e.g. GDPR, Web Accessibility Regulations, Employment Law
SWCGCR3	Health and Safety Failure to comply and keep up to date with Health & Safety regulations and in particular the COVID-19 requirements
Business Resilience	
SWCBR1	Failure to adapt to further COVID-19 disruptions while maintaining continuous business operations and safeguarding people, assets and reputation.
SWCBR1	Staff resilience: Following the summer break, lecturing and support staff should have begun to emerge from the "regression" phase of the COVID-19 crisis where characteristically people are mentally and physically tired, irritable, have lost a sense of purpose, and feel uncertain about the future. However, adapting to the new environment and a potential second wave of COVID-19 could put staff back into a "regression" phase.

Stakeholder Relationships

In line with other Colleges and with Universities, the South West College has many stakeholders. These include

- Students
- Staff
- Department for the Economy
- Other Government departments
- Local employers
- Local councils
- Government Offices/ Regional Development Agencies
- The local community

SOUTH WEST COLLEGE STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2020

- Other Further Education Colleges and training organisations
- Local Universities
- Awarding bodies
- Trade unions
- Professional bodies.

The South West College recognises the importance of these relationships and engages in regular communication with them through a variety of methods, in line with its communication strategy. The South West College considers good communication with its staff to be very important and regular meetings are held. The College encourages staff and student involvement through membership of the Governing Body.

Equal Opportunities and employment of disabled persons

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

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

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

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

South West College, as an employer and a provider of further/ higher education, is committed to the provision of equal opportunities for all. The Disability Policy sets out the College's commitment to both potential and existing employees and students. The College seeks to encourage employees and students to disclose a disability and to ensure that employees and students with a disability are protected from discrimination and have equal access to the full range of the College's facilities. The College will treat all employees and students with respect and dignity, and seek to provide a positive working environment.

The College recognises its obligations under the Disability Discrimination Act (DDA) 1995, Special Educational Needs Disability Discrimination (Northern Ireland) Order 2005 and its statutory obligations not to discriminate against any existing employees and students and to make reasonable adjustments to seek to overcome any arrangements or physical features that make it difficult to access employment and learning.

**SOUTH WEST COLLEGE
STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2020**

Disclosure of Information to Auditors

These accounts are subject to audit 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 South West 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 South West College's auditors are aware of that information.

Personal Data Related Incidents

There have been no data breaches during the 2019/20 academic year. Although there have been a number of phishing attacks, staff have remained vigilant and reported concerns quickly to Technical Services.

Charitable and Taxation Status

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

Charitable/Political Donations

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

Professional Advisers

External Auditors: Northern Ireland Audit Office
Name and address 106 University Street, Belfast, BT7 1EU

Internal Auditors: Grant Thornton
Name and address 12-15 Donegall Square West, Belfast, BT1 6JH

Bankers: Danske Bank
Name and address 5-7 Market Street, Omagh, Co. Tyrone, BT78 1BN

Governors

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

GOVERNOR	DATE OF APPOINTMENT	TERM OF OFFICE	DATE OF RESIGNATION	STATUS OF APPOINTMENT	COMMITTEES SERVED IN 2019/20
Mr Peter Archdale	1 August 2012	1 August 2012 – 30 April 2021	N/A	Business, Industry & Professional Member	<ul style="list-style-type: none"> • Audit & Risk Committee • Education, Quality & Performance Committee
Ms Siobhan Breen	22 November 2019	22 November 2019 – 21 November 2023	N/A	Staff Governor	<ul style="list-style-type: none"> • Audit & Risk Committee • Education, Quality & Performance Committee
Mr Zack El Marif	21 January 2020	21 January 2020 – 30 June 2020	N/A	Student Governor	<ul style="list-style-type: none"> • Education, Quality & Performance Committee
Mrs Joanne Lucas	28 October 2016	28 October 2016 – 27 October 2020	N/A	Staff Governor	<ul style="list-style-type: none"> • Education, Quality & Performance Committee • Finance & General Purposes Committee
Mrs Margaret Martin	1 August 2011	1 August 2011 – 31 January 2021	N/A	Business, Industry & Professional Member	<ul style="list-style-type: none"> • Education, Quality & Performance Committee
Mr Michael McAlister	10 August 2017	When leaves Chief Executive's post	N/A	Chief Executive	<ul style="list-style-type: none"> • Education, Quality & Performance Committee • Finance & General Purposes Committee • Staffing Committee
Mrs Patricia McCaffrey	28 May 2014	28 May 2014 – 31 July 2023	N/A	Business, Industry & Professional Member	<ul style="list-style-type: none"> • Audit & Risk Committee (Chair) • Staffing Committee
Mr Seamus McCaffrey	1 August 2015	1 August 2015 – 31 July 2023	N/A	Business, Industry & Professional Member	<ul style="list-style-type: none"> • Finance & General Purposes Committee (Chair)

**SOUTH WEST COLLEGE
STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2020**

GOVERNOR	DATE OF APPOINTMENT	TERM OF OFFICE	DATE OF RESIGNATION	STATUS OF APPOINTMENT	COMMITTEES SERVED
Mrs Gillian McDowell	1 October 2018	1 October 2018 – 30 September 2022	N/A	Co-optee	<ul style="list-style-type: none"> Staffing Committee (Chair)
Mrs Monica McGeary	1 August 2011	1 August 2011 – 31 January 2021	N/A	Business, Industry & Professional Member	<ul style="list-style-type: none"> Audit & Risk Committee Staffing Committee
Mr Mick McGuckin	1 August 2015	1 August 2015 – 31 July 2023	N/A	Business, Industry & Professional Member	<ul style="list-style-type: none"> Education, Quality & Performance Committee Finance & General Purposes Committee
Mrs Joanne Moore	1 October 2018	1 October 2018 – 30 September 2022	N/A	Co-optee	<ul style="list-style-type: none"> Audit & Risk Committee Education, Quality & Performance Committee (Chair)
Mr Stephen Moss	22 November 2015	22 November 2015 – 21 November 2019	N/A	Staff Governor	<ul style="list-style-type: none"> Education, Quality & Performance Committee Finance & General Purposes Committee
Mr Gerard O’Hanlon	1 August 2011	1 August 2011 – 31 January 2021	N/A	Business, Industry & Professional Member	<ul style="list-style-type: none"> Finance & General Purposes Committee
Dr Nicholas O’Shiel	7 January 2019	7 January 2019 – 6 January 2023	N/A	Chair	<ul style="list-style-type: none"> Finance & General Purposes Committee (Chair)
Mr Michael Skuce	1 August 2011	1 August 2011 – 31 January 2021	N/A	Business, Industry & Professional Member	<ul style="list-style-type: none"> Audit & Risk Committee Staffing Committee

Attendance records for Governing Body members are disclosed on page 34.

**SOUTH WEST COLLEGE
STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2020**

**Accounting
Officer**

A handwritten signature in black ink, appearing to be 'M. W. B.', written over a horizontal line.

Date 10th March 2021

**SOUTH WEST COLLEGE
REMUNERATION REPORT
FOR THE YEAR ENDED 31 JULY 2020**

Members of the Governing Body

Members of the Governing Body and the Chairman are appointed by DfE in accordance with the Code of Practice of the Office of the Commissioner for Public Appointments for Northern Ireland.

The Members of the Governing Body and the Chairman are appointed for a fixed period of up to four years. Thereafter they may be re-appointed in accordance with the Code of Practice.

The remuneration of Governing Body members (excluding staff members) was first introduced by the Department from 1st January 2016. There are no arrangements in place for the payment of a bonus.

No member of the Governing Body including the Chairman receives a pension contribution from the College or DfE. The College also reimburses governing body members for any incidental expenses incurred for carrying out their duties relevant to the organisation.

**SOUTH WEST COLLEGE
REMUNERATION REPORT
FOR THE YEAR ENDED 31 JULY 2020**

The remuneration of the Chairman and Board members are as follows:

Audited Information

	2019-2020				2018-2019			
	Salary & Allowances £'000s	Benefits in Kind £'000s	Pension Benefits £'000s	Total £'000s	Salary & Allowances £'000s	Benefits in Kind £'000s	Pension Benefits £'000s	Total £'000s
Joseph Martin (Chairman to 31 August 2018)	-	-	-	-	0-5 (20-25 full year Equivalent)	-	-	0-5
Nicholas O'Shiel (Chairman from 7 January 2019)	20-25	-	-	20-25	10-15 (20-25 full year Equivalent)	-	-	10-15
Derek Weir	-	-	-	-	0-5	-	-	0-5
Margaret Martin	0-5	-	-	0-5	0-5	-	-	0-5
Michael McGuckin	0-5	-	-	0-5	5-10	-	-	5-10
Michael Skuce	0-5	-	-	0-5	5-10	-	-	5-10
Monica McGeary	0-5	-	-	0-5	5-10	-	-	5-10
Patricia McCaffrey	5-10	-	-	5-10	5-10	-	-	5-10
Peter Archdale	0-5	-	-	0-5	0-5	-	-	0-5
Seamus McCaffrey	0-5	-	-	0-5	0-5	-	-	0-5
Wilbert Mayne	-	-	-	-	0-5	-	-	0-5
Gerard O'Hanlon	0-5	-	-	0-5	0-5	-	-	0-5
Gillian McDowell	0-5	-	-	0-5	0-5	-	-	0-5
Jane Molloy	-	-	-	-	0-5	-	-	0-5
Joanne Moore	0-5	-	-	0-5	0-5	-	-	0-5
Zack El Marif	0-5	-	-	0-5	-	-	-	-

The Student Governor does receive remuneration, however the staff governors do not receive remuneration or time off in lieu.

SOUTH WEST COLLEGE REMUNERATION REPORT FOR THE YEAR ENDED 31 JULY 2020

The Chief Executive and Senior Management Team

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

The Chief Executive and Senior Management Team hold permanent appointments. The normal retiring age is 65, although staff may retire at any time after age 60 with no diminution of earned pension benefits, 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 Chief Executives 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 Chief Executives 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 Chief Executives. If the College increases in size a Deputy Chief Executive will automatically move to the new relevant salary scale.

Performance Pay

There is no performance pay or related scheme for the Chief Executive or any Deputy Chief Executive.

Total Reward Package

Senior staff within Colleges have access to the Northern Ireland Teachers' Superannuation 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 12 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.

**SOUTH WEST COLLEGE
REMUNERATION REPORT
FOR THE YEAR ENDED 31 JULY 2020**

Salary and Pension Entitlements (Audited)

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

	2019-2020		2018-2019	
	Salary (Audited) £'000	Pension Benefits £'000*	Salary (Audited) £'000	Pension Benefits £'000*
Michael McAlister – Chief Executive	100-105	42	100-105	92
Jill Cush – Deputy Chief Executive	75-80	25	70-75	62

	2019-2020	2018-2019
	£'000	£'000
Band of highest paid directors total remuneration	100-105	100-105
Median total remuneration	29,389	30,750
Ratio	3.53	3.4

*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 decreases due to a transfer of pension rights.

The banded remuneration of the highest-paid Director in South West College in the financial year 2019-20 was £100,000 to £105,000 (2018-19, £100,000 to £105,000 full year equivalent). This was 3.53 times (2018-19, 3.4) the median remuneration of the workforce, which was £29,389 (2018-19, £30,750).

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 and any severance or ex-gratia payments.

Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. No senior officials received any benefits in kind. The salary and pension entitlements of the most senior staff members of the College for the year ended 31 July 2020 are detailed below.

**SOUTH WEST COLLEGE
REMUNERATION REPORT
FOR THE YEAR ENDED 31 JULY 2020**

Audited Pension Entitlements

	Accrued pension at pension age as at 31/07/2020 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/07/2020	CETV at 31/07/2019	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Michael McAlister	35-40 115-120	0-2.5 5-10	955	879	77
Jill Cush	15-20 35-40	0-2.5 0-2.5	302	272	30

Pension Arrangements

Retirement benefits to employees of the College are provided by the Northern Ireland Teachers' Pension Scheme (NITPS) and the Local Government Pension Scheme for Northern Ireland administered by the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC). These are defined benefit schemes, which are externally funded and contracted out of the State Earnings-Related Pension Scheme (SERPS).

Contributions to the NITPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective/benefit method. The NITPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The NITPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The assets of the NILGOSC scheme are measured using closing market values. NILGOSC liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the Other Comprehensive Income section of the Statement of Comprehensive Income and Expenditure.

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, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NICS pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension

**SOUTH WEST COLLEGE
REMUNERATION REPORT
FOR THE YEAR ENDED 31 JULY 2020**

Schemes (Transfer Values) (Amendment) Regulations 2015 and do not take account of any actual or potential 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. However, the real increase calculation uses common actuarial factors at the start and end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.

Chairman



**Accounting
Officer**



Date

10th March 2021

Date

10th March 2021

SOUTH WEST COLLEGE STATEMENT OF THE RESPONSIBILITIES OF THE GOVERNING BODY FOR THE YEAR ENDED 31 JULY 2020

Under the Further Education (NI) Order 1997, Department for the Economy (with approval from the Department of Finance), 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 the Department for the Economy with the approval of the Department of Finance, 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 the Department for the Economy has designated the 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 Department of Finance.

SOUTH WEST COLLEGE STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2020

INTRODUCTION

This Governance Statement sets out the governance structures, risk management systems and internal control procedures that operated within South West College during the financial year ended 31 July 2020 and up to the date of approval of the Annual Report & Financial Statements.

It has been prepared in accordance with guidance issued by the Department of Finance and Personnel, now named the Department of Finance, and contained within Annex 3.1 of the Managing Public Money in Northern Ireland document, and is aimed at supporting better governance and driving more consistent, coherent and transparent reporting.

SCOPE OF RESPONSIBILITY

As Accounting Officer of South West College, I am responsible for maintaining a sound system of risk management and internal control that supports the achievement of the College's aims and objectives set by the Governing Body, whilst safeguarding the public funds and assets for which I am personally responsible in accordance with the responsibilities assigned to me in the Managing Public Money Northern Ireland document and the Management Statement and Financial Memorandum between the Department of the Economy (DfE) and South West College.

SOUTH WEST COLLEGE GOVERNANCE FRAMEWORK

South West College is a Non-Departmental Public Body within the budgetary responsibility of DfE and is an incorporated body established under the Further Education (Northern Ireland) Order 1997. The College operates within a strong framework of regulation and has in place Articles of Government and an Instrument of Government, which establish the governance framework, as well as a Management Statement & Financial Memorandum with DfE, which sets out the financial framework within which the College is required to operate. Further information on the key elements of the governance structure is provided below.

Governing Body

During 2019/20 South West College's Governing Body comprised a Chair appointed by the Permanent Secretary of the Department for the Economy, members appointed by the Minister for the Economy (formerly the Minister for Employment and Learning) under the public appointments process, members co-opted by the Governing Body, members elected by staff and students of the College and the College's Chief Executive. Eligible governors receive remuneration for their attendance at meetings and other eligible events associated with their role as governors in line with DfE guidance on the remuneration of Governing Body members and chairs.

The role of the Chair of the Governing Body is separate and distinct from the role of the Chief Executive who is the College's designated Accounting Officer. The Governing Body is responsible for the ongoing strategic direction of South West College whilst the Chief Executive and the Management Team are responsible for the operational management of the College. The Governing Body approves all major developments and receives regular reports on the College's activities.

The Governing Body met seven times during the 2019/20 year. Formal agendas, papers and reports are supplied to governors in a timely manner to facilitate appropriate review and scrutiny. Minutes of meetings are approved by the Governing Body and are then published on the College website and made available from the Secretary to the Governing Body.

One of the meetings held focused specifically on the College response to the COVID-19 pandemic. This response was also discussed at all subsequent meetings.

DfE facilitate an assessment of the performance of each member of the Governing Body as well as the Governing Body as a whole on an annual basis and this process is ongoing for the 2019/20 financial year. The

**SOUTH WEST COLLEGE
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL
FOR THE YEAR ENDED 31 JULY 2020**

outcome of the 2018/19 assessment demonstrated that the Governing Body operates effectively and that sound processes are in place to ensure robust monitoring of South West College and its performance.

A schedule of membership and attendance for the 2019/20 year is provided in the table below. The average attendance at Governing Body meetings was 94% whilst the average attendance at Governing Body and committee meetings during the year was 86%.

Governor Attendance at Governing Body and Committee Meetings 2019/20

	Governing Body	Audit & Risk Committee	Education, Quality & Performance Committee	Finance & General Purposes Committee	Staffing Committee
No. of meetings held:	7	4	4	5	4
Peter Archdale	7/7	4/4	3/4		
Siobhan Breen (from 22/11/2019)	4/5	1/2	3/3		
Zach El Marif (from 21/01/2020)	5/5		2/2		
Joanne Lucas	7/7		4/4	4/5	
Margaret Martin	7/7		2/4		
Michael McAlister	7/7		4/4	5/5	4/4
Patricia McCaffrey	7/7	4/4			3/4
Seamus McCaffrey	6/7			5/5	
Gillian McDowell	7/7				4/4
Monica McGeary	7/7	3/4			4/4
Michael McGuckin	7/7		4/4	5/5	
Joanne Moore	7/7	4/4	4/4		
Stephen Moss (until 21/11/2019)	0/2		1/1	0/1	
Gerard O'Hanlon	5/7			4/5	
Nicholas O'Shiel	7/7			5/5	
Michael Skuce	7/7	4/4			4/4

SOUTH WEST COLLEGE STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2020

The Governing Body is supported by four committees; an Audit & Risk Committee, an Education, Quality & Performance Committee, a Finance & General Purposes Committee and a Staffing Committee. All of these committees are formally constituted with approved terms of reference and comprise members of the Governing Body.

Audit & Risk Committee

South West College's Audit & Risk Committee operates in accordance with the Audit Code for Governing Bodies (and Audit Committees) of Further Education Colleges issued in January 2016 (updated April 2018).

It is responsible for scrutinising the effectiveness of the College's accounting procedures, risk management arrangements and systems of internal control and provides a channel of communication from the College's auditors, which is independent of college management. It promotes a climate of robust financial discipline and control and must satisfy itself that adequate arrangements are in place to promote economy, efficiency and effectiveness.

The Audit & Risk Committee has formally agreed terms of reference which are reviewed on an annual basis.

Membership of the Committee comprises at least four members nominated by the Governing Body, at least one of whom is required to have recent and relevant experience in finance, accounting or auditing.

Meetings are held at least four times per year and are normally attended by representatives of internal and external audit as well as by a DfE representative. The Committee holds independent meetings with the auditors in advance of each scheduled meeting which provides an opportunity for discussions between the parties where the executive is not present. The Chief Executive, Deputy Chief Executive, Risk & Compliance Officer and Head of Finance attend committee meetings. The Committee invites other college personnel or third parties to attend meetings where their knowledge or experience could contribute to the business under discussion. Whilst executive officers and other officials attend meetings of the Audit & Risk Committee as necessary, they are not members of the Committee.

The Chair of the Audit & Risk Committee provides a verbal report of committee meetings to the Governing Body in support of the minutes, which are formally adopted by the Governing Body and subsequently published on the College's website.

The Committee met four times during the 2019/20 year during which it reviewed reports from the external and internal auditors and associated management responses as well as the College's Annual Report and Financial Statements to ensure compliance with legislation and accounting standards. It also reviewed corporate and departmental risk registers (including that of the Erne Campus capital development), assurance statements to DfE and policies. It received reports on fraud, whistleblowing, complaints, procurement, freedom of information and data security as well as reports from the Northern Ireland Audit Office (NIAO).

The Audit & Risk Committee undertakes an annual review of its effectiveness, in line with best practice issued by the National Audit Office. The review undertaken for 2019/20 demonstrated that the Audit & Risk Committee had been effective in ensuring that South West College had adopted appropriate risk management procedures during the 2019/20 academic year and had functioned in accordance with accounting and auditing standards as well as good governance standards. This review informs the Annual Report of the Committee to the Governing Body which is prepared in accordance with the format provided in the Audit Code.

Education, Quality & Performance Committee

The Education, Quality & Performance Committee is responsible for overseeing the curricular provision of the College, especially the nature, quality and performance of the provision and the extent to which it meets the needs of the community the College seeks to serve. It contributes to the development of strategic objectives, through the Annual Development Plan process, for meeting local and regional education and skills needs in accordance with DfE objectives and targets. It also contributes to the setting of curriculum governance key performance indicators with a particular emphasis on student recruitment, retention and achievement.

SOUTH WEST COLLEGE STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2020

Performance against the Annual Operating Plan and associated report card targets is monitored on an ongoing basis. The Committee also monitors the standard of education provision by reviewing the whole college self-evaluation and quality improvement plans, Education and Training Inspectorate reports and other internal monitoring and external inspection reports. Committee members offer guidance and support to encourage, promote and facilitate the development of strategic partnerships which are beneficial to the development and image of the College and also help to identify models of best practice locally, nationally and internationally in the provision of further and higher education and training.

The Education, Quality & Performance Committee has formally agreed Terms of Reference, which are reviewed on an annual basis.

Membership of the Committee comprises at least seven members of the Governing Body including the Chief Executive, the academic staff member and the student member. The Deputy Chief Executive and Assistant Chief Executive for Industry Partnerships & Centres for Excellence attend committee meetings. The Committee invites other college personnel or third parties to attend meetings where their knowledge or experience could contribute to the business under discussion.

The Chair of the Education, Quality & Performance Committee provides a verbal report of committee meetings to the Governing Body in support of the minutes, which are formally adopted by the Governing Body and subsequently published on the College's website.

The Committee met four times during the 2019/20 academic year. A fifth meeting was scheduled to take place in March 2020 but was cancelled due to the COVID-19 pandemic. During these meetings the Committee received reports on Higher Education, Further Education, the 14 – 19 Agenda, Work Based Learning, Digital Learning, Social Inclusion, Excellence in Teaching and Learning, Economic Engagement, Internationalisation, the Engineering & Manufacturing Hub, the Erne Campus Development, Safeguarding, Externally Funded Projects, Student Services Provision, Marketing, Leavers' Destinations, Student Related Policies and Freedom of Information and Data Protection Activity in addition to the monitoring reports noted above. It received presentations on Quality Assurance as well as on faculty / departmental performance and strategic plans. It also maintained focus on matters identified as being strategically important to the Committee.

The Education, Quality & Performance Committee undertakes an annual review of its effectiveness. The review undertaken for 2019/20 demonstrated that the Committee had been effective in discharging its responsibilities in line with its Terms of Reference and the Annual Programme of Business agreed at the beginning of the year.

Finance & General Purposes Committee

The Finance & General Purposes Committee is responsible for overseeing matters relating to the College's finances, accounts and estates. It develops and monitors financial and estates strategy and policy to underpin the Annual Development Plan and advises the Governing Body on budgetary management, financial projections and reporting, treasury management, credit control and debt management, student finances and estates matters. The Committee Chair reviews the draft Annual Report and Financial Statements prior to their submission to the Audit & Risk Committee and the Governing Body.

The Finance & General Purposes Committee has formally agreed Terms of Reference, which are reviewed on an annual basis.

Membership of the Committee comprises at least five members of the Governing Body including the Chief Executive. At least two members are from the business and industry category and at least one member has recent and relevant experience in accounting and finance. The Deputy Chief Executive, Head of Finance and Head of Services attend committee meetings. The Committee invites other college personnel or third parties to attend meetings where their knowledge or experience could contribute to the business under discussion.

The Chair of the Finance & General Purposes Committee provides a verbal report of committee meetings to the Governing Body in support of the minutes, which are formally adopted by the Governing Body and subsequently published on the College's website.

SOUTH WEST COLLEGE STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2020

The Committee met five times during the 2019/20 year during which it reviewed the Annual Report & Financial Statements, Financial Management Reports, Financial Returns to DfE, Erne Campus finances, Capital Budgets, Fixed Assets & Capital Expenditure, Estates Issues, Sustainability, Financial Projections, Budgetary Management Processes, Student Finance Matters, Investments, Insurances, Pensions, Provisions and Liabilities, Debtors & Creditors Reports, Externally Funded Projects, Technical Services Matters, Financial and Estates Policies, Consultancy Expenditure Reports and Treasury Management Matters. It was also updated on the re-profile of the PFI financial model and part-time lecturing costs and maintained focus on matters identified as being strategically important to the Committee. It met with the PFI providers in respect of the Dungannon and Omagh campuses and received presentations on departmental / faculty financial performance.

The Finance & General Purposes Committee undertakes an annual review of its effectiveness. The review undertaken for 2019/20 demonstrated that Committee had been effective in discharging its responsibilities in line with its Terms of Reference and the Annual Programme of Business agreed at the beginning of the year.

Staffing Committee

The Staffing Committee is responsible for overseeing matters relating to staffing requirements and the recruitment, appointment, promotion and grading of all staff, other than senior staff as defined within the Articles of Government. It develops and monitors human resources, workforce development, equality and health, safety & wellbeing policy and strategy which underpins the College's strategic objectives for people and organisation development.

The Staffing Committee has formally agreed Terms of Reference, which are reviewed on an annual basis.

Membership of the Committee comprises at least five members of the Governing Body including the Chief Executive. The Deputy Chief Executive and Head of Human Resources attend committee meetings. The Committee invites other college personnel or third parties to attend meetings where their knowledge or experience could contribute to the business under discussion.

The Chair of the Staffing Committee provides a verbal report of committee meetings to the Governing Body in support of the minutes, which are formally adopted by the Governing Body and subsequently published on the College's website.

The Committee met four times during the 2019/20 academic year. A fifth meeting was scheduled to take place in April 2020 but was cancelled due to the COVID-19 pandemic. During these meetings the Committee received reports on Health, Safety & Wellbeing, Equality, Staff Resources, Workforce Planning & Development, Absence Management, Safeguarding, Employee Relations, Sectoral Issues, Organisational Structure, Student Internships, Threshold Payment Applications, Remuneration and human resources related policies. It also received presentations on departmental / faculty resourcing and workforce development and maintained focus on matters identified as being strategically important to the Committee.

The Staffing Committee undertakes an annual review of its effectiveness. The review undertaken for 2019/20 demonstrated that the Committee had been effective in discharging its responsibilities in line with its Terms of Reference and the Annual Programme of Business agreed at the beginning of the year.

Erne Campus Project Board

The planned construction of a replacement for the Fairview campus in Enniskillen has necessitated the establishment of a temporary committee to oversee the development. It is the responsibility of this Project Board to ensure the delivery of the project on time and to budget.

The Erne Campus Project Board is chaired by the Chief Executive and comprises three governors (including the Chair of the Governing Body) and a member of the Senior Management Team as well as a representative from DfE and has in attendance advisors from the Central Procurement Directorate and Fermanagh & Omagh

SOUTH WEST COLLEGE STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2020

District Council. The Project Board met six times during the 2019/20 year. Three Extraordinary meetings to discuss specific items were also held.

The Project Board is supported by a Project Team and advisory committees and is overseen by a Steering Group chaired by the Permanent Secretary of DfE.

The expected completion date of August 2020 was made unachievable by the COVID-19 pandemic lockdown and has a revised expected completion date of January 2021.

Senior Management Team

The Chief Executive Officer and Deputy Chief Executive Officer attend all Governing Body meetings and sub-committee meetings. The purpose of Senior Management Team meetings is to deliver an efficient and effective platform for discussion at a strategic and operational level. The Senior Management Team meet one day a month and three separate meetings are held as follows:

- Student Performance & Data – Review and assess achievement of operational targets;
- Risk & Compliance – Assess corporate and sectional risk, monitor compliance and review ongoing commitments;
- Management Team – Operational performance challenges/opportunities and areas of focus;

At the Management Team meeting each senior manager presents a report on for their respective area (Finance, HR, Services, Quality, Curriculum, Business Development, and Centres for Excellence) on the issues or initiatives that require a decision or support.

The Governing Body is satisfied with the quality and content of the curriculum, financial, staffing and risk information provided by management to the various Governing Body sub-committees. The information provided enables the Governing Body to exercise strategic and operational oversight on the College by means of clear lines of accountability.

Management of Interests

The Secretary to the Governing Body compiles a register of financial and personal interests of Governing Body members annually. This is presented to the Governing Body at its first meeting of the academic year and members are invited to declare any subsequent amendments to be made to this register. In accordance with good governance, the declaration of any conflicts of interest is included as an agenda item at each and every Governing Body and committee meeting and members are requested to declare any actual, potential, or perceived conflict of interest and withdraw from the meeting during consideration of the subject matter in which the interest has been declared.

The Register of Governors' Interests are available for inspection from the Secretary to the Governing Body and is presented on pages 72-76 of this report.

Risk Management and Internal Control

The system of internal control within the South West College 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. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of South West College's 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. A robust system of internal control has been in place in South West College for the year ended 31 July 2020 and up to the date of approval of the annual report and accords with DoF guidance.

SOUTH WEST COLLEGE STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2020

South West College is committed to a risk management strategy which is aimed at assisting us to deliver our objectives, whilst protecting the interests of stakeholders. We have well established risk management, control and governance arrangements. The College's Risk Management Policy & Strategy sets out the College's framework for risk control and risk appetite. The College recognises that risks also have the potential to impede the achievement of strategic and operational objectives. The College employs risk management strategies which aim to prioritise risks and decision making processes to minimise the adverse effects of risks. South West College recognises that risk management is not about eliminating risk, but rather involves thought out strategy formulation, proactive controls/measures and business continuity planning to minimise the impact of any risk.

As part of our risk management process, risk registers have been developed for key departments within the College. A Risk and Compliance Committee has been established which meets monthly (September to June) and is attended by senior managers and key personnel. Risk Management is monitored regularly and high level risks reported at the Committee meeting and also to the Audit & Risk Committee of the Governing Body. The main overall corporate risks formulate the basis of the quarterly risk register review report which is discussed and updated at the Risk and Compliance Committee meetings and provided to the Audit & Risk Committee. The effectiveness of the system of internal controls in place is reviewed at least annually.

Risk assessments are carried out by the risk owners in the relevant department and these risk assessments include actions undertaken / mitigating factors in managing the related risk. Each department and strategic area attends the Audit & Risk Committee meeting on an annual basis and gives a presentation of the main risks and the management of those risks in their particular area.

The security of personal data is of upmost importance to South West College. Acceptable use is part of all staff induction. Staff also undertake training in the form of a mandatory online module on Data Protection (incorporating the changes brought about by the introduction of the GDPRs). An IT Disaster Recovery Policy and Plan is in place; as are technical safeguards and procedures to protect the security of information and cyber risks.

The South West College has developed a Governance and Risk Framework which details key elements in terms of structures, policies, processes and reporting that contributes to effective governance and risk management in the College.

In the coming year the South West College plans to:

- regularly review and update the record of risks facing the organisation;
- maintain the system of key performance and risk indicators;
- maintain the organisation-wide risk register;
- arrange for regular reports from the Heads of Department/Heads of Faculty on risk management and internal control activities.

The South West College has an internal audit service, the work of which concentrates on activities determined by an analysis of the areas of greatest risk and in accordance with the annual internal audit plan approved by the Governing Body. The internal auditors report 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 Chair of the Audit Committee. The Head of Internal Audit has issued an Assurance Statement to me which provides his opinion on the adequacy and effectiveness of the internal control system and the extent to which it can be relied upon.

In March 2020 the College went into lockdown as a result of COVID-19. In the period leading up to lockdown, throughout lockdown, and at the commencement of the recovery planning, the senior management team met on a daily basis (reduced to weekly as crisis planning drew to a conclusion) in order to manage and mitigate against the risk posed. During this period the corporate risk register was reviewed and updated to take account of the impact of COVID-19 and reported to the Audit & Risk Committee and the Governing Body. In August/September 2020, the corporate risk register was reviewed in depth and summarised in the Annual Corporate Risk Register report. Prior to a resumption of on-site educational provision in September 2020 the College conducted a Business Readiness Assessment to ensure a robust resumption plan was in place that adheres to all relevant UK and Northern Ireland government and public health guidance.

**SOUTH WEST COLLEGE
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL
FOR THE YEAR ENDED 31 JULY 2020**

During the 2019/20 year, Internal Audit carried out the following audits in South West College. The assurance rating by area reviewed is set out below:

<u>Key Process</u>	<u>Assurance Rating</u>
Review of Business Continuity and Disaster Management	Satisfactory
Review of Virtual Delivery	Satisfactory
Review of Private Finance Initiative	Satisfactory
Review of Absence Management	Satisfactory
Review of Strategic Planning and Performance Management	Satisfactory
Review of Erne Campus New Build	Satisfactory

In their Annual Assurance Statement, the Internal Auditors have provided an overall 'Satisfactory' level of assurance over the control environment of the College.

Fraud Reporting

The College has a detailed Anti-Fraud Policy and Fraud Response Plan which is revised and updated on a regular basis. The Anti-Fraud Policy and Fraud Response Plan 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.

During 2019/20 there have been no cases of fraud.

Pay Remit

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

The FE Sector continues to work with Colleges NI, DfE and DoF to establish an effective and efficient process for the payment of contract pay progression increments.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the South West College who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Governing Body, the Audit & Risk Committee and the Statutory Risk and Compliance Committee and a plan to address any weaknesses identified and ensure continuous improvement of the system is in place.

**SOUTH WEST COLLEGE
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL
FOR THE YEAR ENDED 31 JULY 2020**

Assurance Summary

South West College aims to adhere to the highest standards of governance when conducting its business, to ensure that the organisation is run effectively and that decisions are taken in the best interest of its stakeholders.

The review of the effectiveness of the systems and processes that comprise the governance framework for 2019/20 demonstrate that key systems are operating soundly and that there are no significant weaknesses or areas for undue concern.

Accounting Officer



Date 10th March 2021

SOUTH WEST COLLEGE 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 South West 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 West 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 West 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.

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

SOUTH WEST COLLEGE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY (CONT'D)

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.

Auditor's responsibilities for the audit of the financial statements

My objectives are to audit, certify and report on the financial statements in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008.

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.

**SOUTH WEST COLLEGE
CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE
NORTHERN IRELAND ASSEMBLY (CONT'D)**


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.

A handwritten signature in black ink that reads "Kieran J Donnelly". The signature is written in a cursive style with a large, prominent 'K' and 'D'.

KJ Donnelly

Comptroller and Auditor General

Northern Ireland Audit Office

106 University Street

Belfast

BT7 1EU

31 March 2021

**SOUTH WEST COLLEGE
STATEMENT OF COMPREHENSIVE NET EXPENDITURE
FOR THE YEAR ENDED 31 JULY 2020**

	Note	2020 £'000	2019 £'000
Income			
Department for the Economy Income	1	31,956	30,511
Education Contracts	2	7,736	7,024
Tuition Fees and Charges	3	2,266	2,293
Other Grant Income	4	3,149	3,293
Other Operating Income	5	650	809
Investment Income	6	-	2
Total Income		45,757	43,932
Expenditure			
Staff costs	7	25,908	25,571
Other operating expenses	9	15,038	15,379
Interest and other finance costs	10	2,730	2,773
Depreciation	12	4,887	5,802
Total expenditure before exceptional items		48,563	49,525
Deficit on continuing operations after depreciation of assets at valuation and before tax and before exceptional items		(2,806)	(5,593)
Exceptional items			
Exceptional costs - staff	7	(376)	(1,171)
Exceptional gain – non staff	9	435	424
Exceptional gain – staff		-	1,171
Deficit before tax		(2,747)	(5,169)
Taxation		-	-
Deficit on continuing operations after depreciation of assets at valuation and tax		(2,747)	(5,169)
Unrealised surplus on revaluation of land and buildings		1,353	4,847
Actuarial loss in respect of pension scheme		(11,083)	(3,025)
Total comprehensive expense for the year		(12,477)	(3,347)
Represented by:			
Restricted comprehensive income for the year		-	-
Unrestricted comprehensive expense for the year		(12,477)	(3,347)
		(12,477)	(3,347)

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.

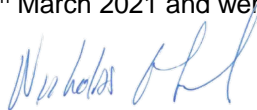
**SOUTH WEST COLLEGE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2020**

COLLEGE	Income and Expenditure Account		Revaluation Reserve	Total Reserves
	Restricted	Unrestricted		
	£'000	£'000	£'000	£'000
Balance at 1 August 2018	-	(2,738)	49,330	46,592
Deficit from income and expenditure statement	-	(5,169)	-	(5,169)
Other comprehensive (expense)/income	-	(3,025)	4,847	1,822
Transfers between revaluation and income and expenditure account	-	3,072	(3,072)	-
Release of restricted funds spent in year	-	-	-	-
Total comprehensive expense for the year	-	(5,122)	1,775	(3,347)
Balance at 31 July 2019		(7,860)	51,105	43,245
Balance at 1 August 2019	-	(7,860)	51,105	43,245
Deficit from income and expenditure statement	-	(2,747)	-	(2,747)
Other comprehensive (expense)/income	-	(11,083)	1,353	(9,730)
Transfers between revaluation and income and expenditure account	-	3,200	(3,200)	-
Release of restricted funds spent in year	-	-	-	-
Total comprehensive expense for the year	-	(10,630)	(1,847)	(12,477)
Balance at 31 July 2020	-	(18,490)	49,258	30,768

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

	Note	2020 £'000	2019 £'000
Fixed assets			
Tangible Assets	12	118,664	114,305
Intangible assets	13	418	351
Total fixed assets		119,082	114,656
Current assets			
Trade and other receivables	15	5,686	5,512
Cash at bank and in hand	19	3,870	3,024
Total current assets		9,556	8,536
Less: Creditors – amounts falling due within one year	16	(8,375)	(9,889)
Net current assets/(liabilities)		1,181	(1,353)
Total assets less current liabilities		120,263	113,303
Less: Creditors – amounts falling due after more than one year	17	(66,777)	(60,531)
Provisions:			
Pension provisions	20	(22,328)	(9,512)
Other provisions	18	(390)	(15)
Net assets including pension liability		30,768	43,245
Unrestricted Reserves			
General reserve		(18,490)	(7,860)
Revaluation reserve		49,258	51,105
Total reserves		30,768	43,245
TOTAL		30,768	43,245

The financial statements on pages 45 to 79 were approved by the Governing Body of the South West College on 10th March 2021 and were signed on its behalf on that date by:



Nicholas O'Shiel
Chairman of Governing Body – South West College



Michael McAlister
Chief Executive - South West College

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

**SOUTH WEST 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		(2,747)	(5,169)
Adjustment for non-cash items			
Depreciation	12	4,887	5,802
Increase in debtors	15	(174)	(750)
(Decrease)/increase in creditors	16	(1,124)	1,309
Pension cost	20	1,539	1,601
Increase in other provisions	18	375	-
Capital grants released to income		(2,562)	(2,580)
Investment income	6	-	(2)
Net cash inflow from operating activities		194	211
Cash flows from investing activities			
Capital grants received		8,417	13,671
Investment income	6	-	2
Payments made to acquire fixed assets	12	(7,959)	(14,221)
Cash inflows from financing activities			
Pension finance cost	10	194	117
Increase/(decrease) in cash and cash equivalents in the year	19	846	(220)
Net funds at 1 August		3,024	3,244
Net funds at 31 July		3,870	3,024

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 WEST COLLEGE
NOTES TO THE ACCOUNTS
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 2015 and in accordance with Financial Reporting Standards (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit entity requirements of FRS 102.

The financial statements are prepared in accordance with the historical cost convention except that certain freehold properties are shown at their revalued amounts.

They also conform to the Accounts Direction issued by the Department for the Economy (DfE).

Basis of accounting

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

Going concern

The activities of the South West 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 cash flow, liquidity and borrowings are described in the financial statements and accompanying Notes.

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

Recognition of Income

The recurrent grant and other revenue grants received from DfE (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.

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

Income from 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.

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

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.

SOUTH WEST COLLEGE NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2020

Pension Scheme

The two principal pension schemes for the South West College's staff are the Northern Ireland Teachers' 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 South West 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 South West 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 South West 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 South West College's balance sheet as a pension scheme asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the South West 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 South West College are charged to the Statement of Comprehensive Income and Expenditure.

Tangible Fixed Assets

- **Land and buildings**

Land and buildings (including those inherited from the Education and Library Board) are stated in the balance sheet at valuation on the basis of depreciated replacement cost, 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 costs of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis. Land and buildings acquired since the last valuation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings and buildings under Private Finance Initiative (PFI) contract are depreciated over their expected useful economic life to the South West College. Where land and buildings are acquired with the aid of specific grants, these are accounted for in accordance with the revenue recognition policies above.

Valuations are obtained on a regular basis, with a full professional valuation being undertaken by Land and Property Services (LPS) every five years, with revaluation using indices provided by LPS in intervening years and an interim valuation being carried out after three years. Revaluation based on an interim valuation provided by LPS was used as at 31 July 2020.

SOUTH WEST COLLEGE NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2020

The outbreak of the COVID-19 pandemic has had significant impact economically and on the financial markets. As a result of this, local and national property markets are experiencing lower levels of activity than normal and hence there is less market data available for comparative purposes. LPS have advised that less certainty can be attached to the valuations than would normally be the case, given the exceptional current circumstances as the future short term and long term impacts remain unknown.

The remaining useful economic life of the Fairview Campus was reduced to four years, effective from 1st August 2016, as the market value was considerably less than the LPS valuation which is based on depreciated replacement cost. As a result of COVID-19, the completion of the new campus has been delayed and it is now anticipated that Fairview will still be utilised in some capacity for the whole 2020/21 academic year. On that basis the depreciation on the remaining carrying value of the Fairview Campus brought forward at 1st August 2019 has been spread over two years to 31st July 2021.

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.

- **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 and Library Board are included in the balance sheet at valuation. All other assets are capitalised at cost.

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

Computers:	three years
Motor vehicles:	four years
Plant and equipment:	five years
Fixtures and fittings:	five years

Where these assets are acquired with the aid of specific grants, the asset is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related asset.

Private Finance Initiative

The South West College has two buildings subject to PFI contracts - at Circular Road, Dungannon and Mountjoy Road, Omagh.

Where it is concluded that the South West College has an asset of the property and therefore a liability to pay for it, these are recorded on the balance sheet. The initial amount recorded for each is the fair value of the building and accompanying fixtures and fittings and is recognised as an asset in the financial statements, together with a corresponding finance lease obligation. Subsequently, the asset is depreciated over its useful economic life and is subject to annual revaluation on the same basis as similar asset classes. The unitary payments made under the PFI contracts are allocated between the service and property elements. The elements of the unitary payment relating to services are charged to the Statement of Comprehensive Income

SOUTH WEST COLLEGE NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2020

and Expenditure as incurred. The element of the unitary payment relating to property is credited against the finance lease obligation. A notional interest charge is imputed in relation to the outstanding liability on the basis that this charge is a constant percentage of the outstanding lease obligation. This notional interest is recorded against the loan and is also charged against the Statement of Comprehensive Income and Expenditure for the year. Under an agreement with DfE, the College receives an annual contribution to cover the various specified elements of the unitary payment, relating to the property costs.

The effect of this treatment is that in the initial years the charges in relation to depreciation, service provision and imputed interest will be significantly more than the relevant cash flows, with a small amount of the liability being discharged, with the corresponding situation arising in the later years of the 30 year contract.

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.

Foreign Currency Translation

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to the Income and Expenditure Account in the period in which they arise.

Taxation

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

The College is exempted from levying VAT on most of the services it provides to students. For this reason the College is partially exempt in respect of VAT, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to costs of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

Liquid resources

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

Provisions

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

Agency Arrangements

The South West College acts as an agent in the collection and payment of Support Funds and adult learning grants (Care to Learn). Related payments of Support Funds received from DfE and subsequent disbursements to students are excluded from the Statement of Comprehensive Income and Expenditure Account and are shown separately in Note 26.

**SOUTH WEST COLLEGE
NOTES TO THE ACCOUNTS
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	19,968	18,496
Additional Support Funds	231	307
Employer Support Programme (ESP)	355	346
Private Finance Initiative (PFI)	6,336	6,262
Students with learning difficulties and disabilities (SLDD)	210	327
Release of deferred capital grants	2,528	2,545
Skills Focus	172	176
Other	1,048	1,177
Total Grant In Aid	30,848	29,636
Non-Grant in Aid received from DfE		
Education Maintenance Allowance administration	9	16
Level 2/3 Apprenticeships	-	44
Higher Level Apprenticeships	855	532
Other	244	283
Total Non-Grant In Aid	1,108	875
Total DfE income	31,956	30,511

As of 1 April 2018 (due to the implementation of a new DfE Colleges' funding model), the recurrent grant amount includes items of Grant in Aid Income that would have previously been received by the College as a separate income stream from the DfE.

As a result of this, various items (Additional Support Funds, Skills Focus, and Private Finance Initiative Unitary Payments) of Grant in Aid Income included in the above note are no longer being received as separate income streams from the DfE as of 1 April 2018.

**SOUTH WEST COLLEGE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2020**

2. EDUCATION CONTRACTS

	2020	2019
	£'000	£'000
Entitlement framework	680	739
Training for Success	7,056	6,285
Total	7,736	7,024

**Training for Success income is currently treated as revenue due to the commercial nature of the award of contracts.*

**SOUTH WEST COLLEGE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2020**

3. TUITION FEES AND CHARGES

	2020	2019
	£'000	£'000
Higher Education (HE) income	1,850	1,762
Home and other European Union	416	531
Total	2,266	2,293

Tuition fees funded by bursaries

Included within the above amounts are tuition fees funded by bursaries of £66k (2019: £61k)

4. OTHER GRANT INCOME

	2020	2019
	£'000	£'000
European funds	2,976	3,117
Other funds	173	176
Total	3,149	3,293

5. OTHER OPERATING INCOME

	2020	2019
	£'000	£'000
Catering and residence operations	138	192
Other income generating activities	129	121
Other income	383	496
Total	650	809

6. INVESTMENT INCOME

	2020	2019
	£'000	£'000
Other interest receivable	-	2
Total	-	2

**SOUTH WEST COLLEGE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2020**

7. STAFF COSTS

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

	2020	2019
	No.	No.
Governing Body	-	-
Teaching	273	304
Support	106	119
Administration	186	181
Premises	18	20
Total	583	624
	2020	2019
	£'000	£'000
Governing Body	56	70
Teaching	13,374	14,230
Support	2,814	2,604
Administration	7,464	6,409
Premises	538	512
NILGOSC Pension Past Service Cost	57	996
NILGOSC Deficit Contribution	44	66
Apprenticeship Levy	79	79
Non-Teaching Pension charge	1,482	605
	25,908	25,571
Exceptional staff costs - Holiday Pay Provision	375	-
Exceptional staff costs - VES	1	1,171
	376	1,171
Total	26,284	26,742

**SOUTH WEST COLLEGE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2020**

7. STAFF COSTS

	2020	2019
	£'000	£'000
Wages and salaries	20,361	19,674
Social security costs	1,606	1,569
Movement in Pension	1,482	605
Other pension costs	2,459	3,723
	25,908	25,571
Exceptional staff costs - Holiday Pay Provision	375	-
Exceptional staff costs - VES	1	1,171
	376	1,171
Total	26,284	26,742

The number of senior post-holders and other staff who received emoluments, including pension contributions and benefits in kind, in the following ranges was:

	Senior post-holders		Other staff	
	2020	2019	2020	2019
	No.	No.	No.	No.
£60,001 to £70,000	-	-	27	15
£70,001 to £80,000	-	-	7	4
£80,001 to £90,000	-	-	5	4
£90,001 to £100,000	-	1	-	-
£100,001 to £110,000	1	-	-	-
£110,001 to £120,000	-	-	-	-
£120,001 to £130,000	-	-	-	-
£130,001 to £140,000	-	1	-	-
£140,001 to £150,000	1	-	-	-
	2	2	39	23

**SOUTH WEST COLLEGE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2020**

8. 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 Chief Executive/Deputy Chief Executive.

	2020	2019
	No.	No.
The number of senior post-holders including the Chief Executive was:	<u>2</u>	<u>2</u>

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

	2020	2019
	£'000	£'000
Salaries	202	200
Pension contributions	<u>45</u>	<u>35</u>
Total emoluments	<u>247</u>	<u>235</u>

The above emoluments include amounts payable to the Chief Executive (who is also the highest paid senior post holder) of South West College.

	2020	2019
	£'000	£'000
Salaries	<u>117</u>	<u>118</u>
	117	118
Pension contributions	<u>26</u>	<u>21</u>
Total	<u>143</u>	<u>139</u>

The above emoluments were all paid to the Chief Executive during the year ended 31 July 2020.

The pension contributions in respect of the Chief Executive and senior post-holders are in respect of employer's contributions to the Teachers' Pension Scheme and the Northern Ireland Local Government Officers' Superannuation Scheme and are paid at the same rate as for other employees.

**SOUTH WEST COLLEGE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2020**

9. OTHER OPERATING EXPENSES

	2020	2019
	£'000	£'000
Direct Teaching	587	643
Direct Support	4,607	4,707
Administration	2,898	3,697
Premises	1,815	1,922
Unitary payments under PFI contract	5,131	4,410
	15,038	15,379
Exceptional – PFI Insurance Rebate	(435)	(424)
	14,603	14,955

Administration costs include £1.676M relates to Payments to Project Partners (2018/19 £1.884M)

Other operating expenses include:

	2020	2019
	£'000	£'000
Auditors' remuneration:		
Financial statements audit (includes £24k in respect of the college – 2018/19 £23k)	24	23
Internal audit (includes £23k in respect of the college – 2018/19 £23k)	23	23
Other services provided by the financial statements Auditors	-	-
Other services provided by the internal auditors	-	-
Hire of other assets – operating leases	59	56

Care to Learn 2020 is £7,688 (2019 £28,675)

The College has two 30 year PFI agreements in respect of the provision of facilities and associated services at Omagh and Dungannon campuses. The terms of these agreements provide for benchmarking of insurance costs to compare actual costs with costs provided at the outset in the financial model. The exceptional gain of £435k represents the 2020 share of the £998K monies owed for the period to 31 July 2020 in respect of a rebate of insurance costs in accordance with the provisions of the contract.

10. INTEREST AND OTHER FINANCE COSTS

	2020	2019
	£'000	£'000
Net charge on pension scheme	194	117
On finance leases	2,536	2,656
Total	2,730	2,773

**SOUTH WEST COLLEGE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2020**

11. TAXATION

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

12. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £'000	Assets under construction £'000	PFI Assets £'000	Plant and Equipment £'000	Computers £'000	Fixtures and Fittings £'000	Motor Vehicles £'000	Total £'000
Cost or valuation								
At 1 August 2019	32,836	14,934	74,531	5,339	4,183	1,408	814	134,045
Additions	-	6,957	-	85	558	300	-	7,900
Transfers	-	-	-	-	-	-	-	-
Disposals	-	-	-	(5)	-	-	-	(5)
Impairment	(400)	-	-	-	-	-	-	(400)
Deficit on Revaluation	(1,355)	-	(4,076)	-	-	-	-	(5,431)
At 31 July 2020	31,081	21,891	7,455	5,419	4,741	1,708	814	136,109
Depreciation								
At 1 August 2019	7,501	-	3,535	3,991	3,298	827	596	19,748
Charge for the year	1,573	-	1,959	540	505	202	108	4,887
Revaluation	(1,691)	-	(5,494)	-	-	-	-	(7,185)
Transfers	-	-	-	-	-	-	-	-
Elimination in respect of disposals	-	-	-	(5)	-	-	-	(5)
At 31 July 2020	7,383	-	-	4,526	3,803	1,029	704	17,445
Net book value at 31 July 2020	23,698	21,891	70,455	893	938	679	110	118,664
Net book value at 31 July 2019	25,335	14,916	70,996	1,370	889	581	218	114,305
Asset Financing								
Owned	23,698	21,891	-	893	938	679	110	48,209
PFI contracts	-	-	70,455	-	-	-	-	70,455
Net Book Value at 31 July 2019	23,698	21,891	70,455	893	938	679	110	118,664

**SOUTH WEST COLLEGE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2020**

12. TANGIBLE FIXED ASSETS

Land and buildings were subject to an interim revaluation at 31st July 2020 on a depreciated replacement cost basis. The valuations were performed independently by the Land and Property Service in accordance with Department specifications. For the two years previously revaluation was updated using indices supplied by the Land and Property Service. These revaluations have been incorporated into the financial statements and the resulting revaluation adjustments have been taken to the revaluation reserve.

	2020	2019
	£'000	£'000
If inherited land and buildings had not been revalued they would have been included at the following amounts:		
Cost	8,018	8,018
Aggregate depreciation based on cost	(3,583)	(3,360)
Net book value based on cost	4,435	4,658

All depreciation relates to owned assets, with the exception of £1,959,263 which relates to depreciation on PFI assets.

	2020	2019
	£'000	£'000
If PFI assets had not been revalued they would have been included at the following amounts:		
Cost	43,101	43,101
Aggregate depreciation based on cost	(17,469)	(16,391)
Net book value based on cost	25,632	26,710

**SOUTH WEST COLLEGE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2020**

13. INTANGIBLE FIXED ASSETS

	Asset Under Construction £'000	Total £'000
Cost or valuation		
At 1 August 2019	351	351
Additions	67	67
Disposals	-	-
At 31 July 2020	418	418
Amortisation		
At 1 August 2019	-	-
Charge for the year	-	-
Disposals	-	-
At 31 July 2020	-	-
Net book value at 31 July 2020	418	418
Net book value as at 31 July 2019	351	351

The net book value of the intangible asset under construction is a jointly owned and controlled asset among the six Further Education Colleges of Northern Ireland. 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 cost is estimated at £2.325M and is expected to be complete in March 2021.

14. SERVICE CONCESSION ARRANGEMENTS

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

Movement in service concession arrangement assets

The asset value of the service concession included in the balance sheet as at 31 July 2020 is £70.5M (2019: £71.0M). The reduction of £541k is due to a valuation decrease of £1.42M and depreciation of £1.96M.

Movement in service concession liabilities

The total liabilities relating to the service concession included in the balance sheet as at 31 July 2020 were £34.685M (2019: £35.104M). The sum of £419K was repaid during the year.

**SOUTH WEST COLLEGE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2020**

Future Commitments

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

	Payable in 1 year £'000	Payable 2-5 years £'000	Payable 6-10 years £'000	Total £'000
Liability repayments	188	5,042	10,297	15,527
Finance charge	2,342	10,410	10,258	23,010
Service charge	5,683	18,094	23,836	47,613
	8,213	33,546	44,391	86,150

15. TRADE AND OTHER RECEIVABLES

	2020 £'000	2019 £'000
Amounts falling due within one year:		
Trade receivables	197	190
Deposits and advances	-	-
Prepayments and accrued income	3,555	3,409
Other receivables - DfE	1,934	1,913
Total debtors	5,686	5,512

16. CREDITORS: AMOUNTS FALLING DUE IN WITHIN ONE YEAR

	2020 £'000	2019 £'000
Obligations under finance leases in respect of PFI contracts	188	338
Trade payables	64	-
Taxation and social security	467	544
Deferred Capital Grants	1,786	2,445
Amounts owed to the Department	85	125
Other creditors and accruals	5,785	6,437
Total creditors less than one year	8,375	9,889

**SOUTH WEST COLLEGE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2020**

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

	2020	2019
	£'000	£'000
Obligations under finance leases in respect of PFI contracts	34,497	34,766
Deferred capital grants	32,280	25,765
Total	66,777	60,531

Finance lease obligations are secured on the assets to which they relate.

18. PROVISIONS FOR LIABILITIES AND CHARGES

	Other	Insurance	Total
	£'000	£'000	£'000
At 1 August 2019	-	15	15
Movement in Provision	375	-	375
Released to the income and expenditure account	-	-	-
At 31 July 2020	375	15	390

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

The PSNI has appealed the Court of Appeal 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 £375k 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;

**SOUTH WEST COLLEGE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2020**

4. Obtaining legal advice on specific application of the ruling for the Northern Ireland 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) £45k (2018-19: £nil);
7. Taxation issues are under discussion with HMRC, by the wider Northern Ireland public sector.

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

The Insurance provision comprises Insurance excess of £15k - £5k for Employers Liability, £5k for Public/Product Liability excesses, and £5k relating to potential insurance excess on unsettled historical claims.

19. CASH AND CASH EQUIVALENTS

	At 1 August 2019 £'000	Cash Flows £'000	At 31 July 2020 £'000
Cash and Cash equivalents	3,024	846	3,870
	3,024	846	3,870

**SOUTH WEST COLLEGE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2020**

20. PENSIONS AND SIMILAR OBLIGATIONS

The South West 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	2,620	2,228
NILGOSC: contributions paid	1,264	1,104
NILGOSC: FRS 102 charge	1,539	1,601
NILGOSC: charge to the Statement of Comprehensive income and expenditure (staff costs)	2,803	2,705
Enhanced pension charge to the Statement of Comprehensive income and expenditure (staff costs)	-	-
Total pension cost for the year	5,423	4,933

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the NITPS and NILGOSC was 31 March 2019.

NITPS

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)*.

Further information about the scheme is given in the explanatory booklet dated November 2007, and on the Department of Education's website at www.education-ni.gov.uk.

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.

On 1 April 2018 the salary bands applicable to member contributions for the NITPS changed. The appropriate contribution rates to be applied are based on a members' annual salary rate (actual earnings) as opposed to their full-time equivalent (FTE) salary. The employer contribution rate increased to 25.1% from 1 April 2019:

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%

**SOUTH WEST COLLEGE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2020**

20. PENSION AND SIMILAR OBLIGATIONS

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 period. The college has set out above the information available on the scheme and the implications for the college in terms of the anticipated contributions 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.

From 1 April 2020 the employers' contribution rates was 19.5% of the full-time salary or if-part-time, the full-time equivalent salary, and the employees' contribution rate is banded in line with the full-time salary or if part-time, the full-time equivalent salary as follows:

£0 to £15,000	5.5%
£15,001 to £22,900	5.8%
£22,901 to £38,300	6.5%
£38,301 to £46,400	6.8%
£46,401 to £91,900	8.5%
£91,901 and above	10.5%

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 balance sheet 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 cash flows.

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.

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.

**SOUTH WEST COLLEGE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2020**

20. PENSION AND SIMILAR OBLIGATIONS

Principal actuarial assumptions

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

	At 31 July 2020	At 31 July 2019 % pa	At 31 July 2018 % pa
Rate of increase in salaries	3.8	3.7	3.6
Rate of increase for pensions in payment/inflation	2.3	2.2	2.1
Discount rate for liabilities	1.4	2.2	2.8
Expected return on assets	n/a	n/a	n/a

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

	At 31 July 2020	At 31 July 2019
Retiring today		
Males	21.8 years	22.3 years
Females	25.0 years	24.6 years
Retiring in 20 years		
Males	23.2 years	24.0 years
Females	26.4 years	26.4 years

The South West 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	Value at 31 July 2018 £'000
Equities	13,171	12,183	16,824
Bonds	11,937	12,395	6,306
Property	2,869	3,273	2,809
Cash	2,869	2,454	1,597
Total market value of assets	30,846	30,305	27,536
Present value of scheme liabilities	(53,174)	(39,817)	(32,305)
(Deficit) in the scheme	(22,328)	(9,512)	(4,769)

**SOUTH WEST COLLEGE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2020**

20. PENSION AND SIMILAR OBLIGATIONS

The amounts recognised in the balance sheet are as follows:

	At 31 July 2020	At 31 July 2019 £'000
Scheme Assets	30,846	30,305
Scheme Liabilities	(53,174)	(39,817)
Deficit in the Scheme (net pension liability recorded within pension provisions)	(22,328)	(9,512)

Amounts recognised in the Statement of Comprehensive Income in respect of the plans are as follows:

	2020 £'000	2019 £'000
Amounts included on staff costs		
Employer service cost (net of employee contributions)	2,829	1,781
Interest cost	194	117
Losses on curtailments and settlements	-	-
Total operating charge	3,023	1,898

Analysis of pension finance income / (costs):

	2020 £'000	2019 £'000
Expected return on pension scheme assets	680	786
Interest on pension liabilities	(874)	(903)
Pension finance (costs)	(194)	(117)
Actual return on plan assets	(672)	1,735

**SOUTH WEST COLLEGE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2020**

20. PENSION AND SIMILAR OBLIGATIONS

Analysis of Other Comprehensive Income for pensions

	2020 £'000	2019 £'000
Actuarial gains/(losses) on pension scheme assets	(1,352)	949
Actuarial gains on scheme liabilities	<u>(9,731)</u>	<u>(3,974)</u>
Total Other Comprehensive Expenses	<u>(11,083)</u>	<u>(3,025)</u>

Asset and liability reconciliation:

	2020 £'000	2019 £'000
Reconciliation of liabilities		
Liabilities at start of year	39,817	32,305
Service cost	2,829	1,781
Interest cost	874	903
Employee contributions	393	356
Actuarial loss	9,731	3,974
Benefits paid	(527)	(498)
Past Service cost	57	996
Curtailments	-	-
Liabilities at end of year	<u>53,174</u>	<u>39,817</u>

Reconciliation of assets

Assets at start of year	30,305	27,536
Expected return on assets	680	786
Actuarial (loss)/gain	(1,352)	949
Employer contributions	1,347	1,176
Employee contributions	393	356
Benefits paid	(527)	(498)
Assets at end of year	<u>30,846</u>	<u>30,305</u>

The estimated value of employer contributions for the year ended 31st July 2021 is £1.287M.

**SOUTH WEST COLLEGE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2020**

21. EVENTS AFTER THE END OF THE REPORTING DATE

In the period between the end of the reporting year (31st July 2020) and the date when the financial statements are authorised for issue 10th March 2021, the College has no Post Balance Sheet Events to report.

22. CAPITAL COMMITMENTS

	2020	2019
	£'000	£'000
Commitments contracted for at 31 July 2020	3,927	9,605
	<u>3,927</u>	<u>9,605</u>

23. COMMITMENTS UNDER PFI CONTRACT

The project is the development of new Further Education facilities at Dungannon and at Omagh.

The Omagh development was completed in January 2006 and the operational phase of the scheme is for 30 years to October 2035. The Dungannon project was a three stage development. The contract started in November 2004 and was completed in September 2006. The operational phase of this scheme is also for 30 years and ends in October 2034.

The substance of the contract is that the College has a finance lease and payments comprise four elements: imputed finance lease charges, service charges, overheads and lifecycle charges.

	South West College	
	2020	2019
	£'000	£'000
Rentals due within one year	8,213	8,130
Rentals due within two to five years	33,546	33,366
Rentals due thereafter	100,506	109,598
	<u>142,265</u>	<u>151,094</u>
Less interest element	(26,391)	(27,531)
Imputed finance lease obligations	<u>115,874</u>	<u>123,563</u>

The total amount charged in the Statement of Comprehensive Income and Expenditure in respect of the service charges, overheads and lifecycle charges element PFI of on-balance sheet transactions was £5.13M (year ended 31 July 2019 £4.41M).

24. CONTINGENT LIABILITY

The College has obtained EU grant funding in recent years to deliver a wide range of projects. There is the potential for the claw back of certain grants in the event of the conditions of offer not being complied with. The College does not believe that any such claw back would be significant.

**SOUTH WEST COLLEGE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2020**

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

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

Governor/ Senior Manager	Company	Amount Paid 2019 £	Amount Paid 2020 £	Amount received 2019 £	Amount received 2020 £	Amount outstanding at 31 July 2019 £	Amount outstanding at 31 July 2020 £	Nature of Transactions
Mr Michael McAlister (Staff Member/Governor)	<ul style="list-style-type: none"> • CE South West College • Member – Colleges NI • Governing Body member-Holy Trinity College Cookstown • Mid Ulster Council – Community Planning Steering Group • Fellow – Chartered Association of Building Engineers • Member – Chartered Institute of Building • Member – Institute of Knowledge Exchange • Member – Colleges Employers Forum (CEF) 	-	-	-	-	-	-	Hire of Facilities
		618	782	50,375	9,556	-	-	Membership Subscription
		-	185	-	-	-	-	Standards Re-accreditation
		-	-	-	-	-	-	
		-	12,000	-	-	-	-	
		-	-	-	-	-	-	
Mr Nicholas O'Shiel (Chairman Governing Body)	<ul style="list-style-type: none"> • Chief Executive – Omagh Enterprise Company • Chairman – Enterprise NI • Member and Council Member of Omagh Chamber of Commerce • Chair of Colleges Employers' Forum (CEF) 	-	-	450	-	-	-	Examination Fees
		-	-	-	-	-	-	
		-	320	-	-	-	-	17/18 Membership Subscription
		-	-	-	-	-	-	

**SOUTH WEST COLLEGE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2020**

Governor/ Senior Manager	Company	Amount Paid 2019 £	Amount Paid 2020 £	Amount received 2019 £	Amount received 2020 £	Amount outstanding at 31 July 2019 £	Amount outstanding at 31 July 2020 £	Nature of Transactions
Mr Michael McGuckin (Governor)	<ul style="list-style-type: none"> • Director - Cookstown Enterprise Centre • Fellow – Institute of Highways and Transportation • Non-Executive Director - Mallon Technology Ltd • Member – Casement Park Project Board • Chairman of Holy Trinity College Cookstown Foundation 	-	-	-	-	-	-	
Mr Seamus McCaffrey (Governor)	<ul style="list-style-type: none"> • Director – S P McCaffrey & Co • Farmer • Trustee - Agri Search • Member of Ulster Farmers Union 	-	-	-	-	-	-	
Mr Peter Archdale (Governor)	<ul style="list-style-type: none"> • Chair - Camphill Community Trust (NI) • Chair – Camphill Community Clanabogan • Director – Strule Tributaries & Rivers Trust (START) • Forestry Business (Partnership with wife) • Member Ulster Wildlife Woodland Trust, Butterfly Conservation 	500	-	-	-	-	-	Employer incentive scheme
Mr Zack El Marif (Student Governor – From 21/01/2020))	<ul style="list-style-type: none"> • Student South West College 	-	-	-	-	-	-	
Mr Stephen Moss (Staff Member/Governor – Until 21/11/19)	<ul style="list-style-type: none"> • Employee South West College • Member NI Construction Skills Network Observatory Committee 	-	-	-	-	-	-	

**SOUTH WEST COLLEGE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2020**

Governor/ Senior Manager	Company	Amount Paid 2019 £	Amount Paid 2020 £	Amount received 2019 £	Amount received 2020 £	Amount outstanding at 31 July 2019 £	Amount outstanding at 31 July 2020 £	Nature of Transactions
Mrs Gillian McDowell (Governor)	<ul style="list-style-type: none"> Managing Director of HR Consultancy – Happy Raspberry 	-	-	-	-	-	-	
Mr Gerard O’Hanlon (Governor)	<ul style="list-style-type: none"> Employed by Northern Health & Social Care Trust - Project and Performance Manager Member – Omagh Chamber of Commerce Member of Aughnacloy Golf Club Council 	-	320	-	-	-	-	Membership Subscription
Mrs Joanne Lucas (Staff Member/Governor)	<ul style="list-style-type: none"> Employee South West College 	-	-	-	-	-	-	
Mrs Patricia McCaffrey (Governor)	<ul style="list-style-type: none"> Employed by Waterways Ireland Member – Audit & Risk Committee of the Ulster Scots Agency Treasurer Irvinestown Credit Union 	-	-	540	-	-	-	Examination Fees
Mrs Monica McGeary (Governor)	<ul style="list-style-type: none"> Self Employed Sales & Marketing Consultant Director/Company Secretary – PMG Sales Ltd Parent Support Group – Edendork Primary School Dungannon Parish Pastoral Council 	-	-	-	-	-	-	STEM Activity
Ms Jill Cush (Staff Member)	<ul style="list-style-type: none"> Member of Matrix – Northern Ireland Science Industry Panel 	-	-	-	-	-	-	

**SOUTH WEST COLLEGE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2020**

Governor/ Senior Manager	Company	Amount Paid 2019 £	Amount Paid 2020 £	Amount received 2019 £	Amount received 2020 £	Amount outstanding at 31 July 2019 £	Amount outstanding at 31 July 2020 £	Nature of Transactions
Mr Sean O'Donnell (Staff Member)	<ul style="list-style-type: none"> Fellow of Chartered Certified Accountants (FCCA) 	1,799	1,700	-	-	-	-	Examination/Licence Fees
Ms Elizabeth Shackels (Staff Member)	<ul style="list-style-type: none"> None 	-	-	-	-	-	-	
Mrs Sharon McGrath (Staff Member)	<ul style="list-style-type: none"> None 	-	-	-	-	-	-	
Mr Michael Skuce (Governor)	<ul style="list-style-type: none"> Private consultancy Company Secretary Struct Steel Engineering Member – Derrygonnelly & District Community Partnership Secretary – Clogher Diocese Social Fund Director - Brooke House Health and Wellbeing Centre 	-	-	-	260	-	-	CSR Fees
Ms Carol Viney (Staff Member)	<ul style="list-style-type: none"> Member of Enniskillen BID Forum Member of Business in the Community (EKN) Forum 	-	-	459	-	-	-	Examination Fees
Mr Ciaran McManus (Staff Member)	<ul style="list-style-type: none"> DE Representative – St Joseph's College Enniskillen Governing Body 	-	-	42,421	29,148	-	-	Entitlement Framework Fees
Mrs Eimear Rushe (Staff Member)	<ul style="list-style-type: none"> None 	-	-	-	-	-	-	

**SOUTH WEST COLLEGE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2020**

Governor/ Senior Manager	Company	Amount Paid 2019 £	Amount Paid 2020 £	Amount received 2019 £	Amount received 2020 £	Amount outstanding at 31 July 2019 £	Amount outstanding at 31 July 2020 £	Nature of Transactions
Mr Padraig McNamee (Staff Member)	<ul style="list-style-type: none"> Farm Business 	-	-	-	-	-	-	
Mr John Moss (Staff Member)	<ul style="list-style-type: none"> Member – Rural Housing Association – Board of Management 	-	-	-	1,825	-	-	Sponsor Exam fees
Mr Aaron Black (Staff Member)	<ul style="list-style-type: none"> Self-employed for sheep farming activities 	-	-	-	-	-	-	
Mrs Joanne Moore (Governor)	<ul style="list-style-type: none"> Software Engineer of Kainos Group Plc Committee Member of Ballinderry Presbyterian Church 	-	-	-	-	-	-	
Ms Siobhan Breen (Staff Member/Governor – From 22/11/2019)	<ul style="list-style-type: none"> None 	-	-	-	-	-	-	
Mrs Margaret Martin (Governor)	<ul style="list-style-type: none"> Trustee Gaelscoil Aodh Rua Dungannon 	-	-	76	-	-	-	STEM Activity

**SOUTH WEST COLLEGE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2020**

26. AMOUNTS DISBURSED AS AGENT: SUPPORT FUNDS

	2020	2019
	£'000	£'000
DfE Grants	258	316
	<hr/>	<hr/>
	258	316
Disbursed to students	(141)	(220)
	<hr/>	<hr/>
Balance unspent at 31 July 2020	117	96
	<hr/>	<hr/>

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

27. LOSSES AND SPECIAL PAYMENTS

	2020	2019
	£	£
84 cases	22,955	64,023
	<hr/>	<hr/>
	22,955	64,023
	<hr/>	<hr/>

The College sought to recover this debt initially and subsequently on advice, has now written off these balances. Appropriate approval has been granted. The debt write off comprises 84 Student debts.

**SOUTH WEST COLLEGE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2020**

28. 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.

	Notes	2020 £'000	2019 £'000
INCOME			
DfE income (non grant-in-aid items)	1	1,108	875
Education contracts		7,736	7,024
Tuition fees and charges		2,266	2,293
Other grant income		3,149	3,293
Other operating income		661	809
Investment income		-	2
Total incoming resources		14,920	14,296
EXPENDITURE			
Staff costs		25,908	25,571
Other operating expenses		15,038	15,379
Interest and other finance costs		2,730	2,773
Depreciation		4,887	5,802
Total resources expended		48,563	49,525
Net deficit for the year		(33,643)	(35,229)
Unrealised surplus on revaluation of land and buildings		1,353	4,847
Actuarial (loss)/gain in respect of pension scheme		(11,083)	(3,025)
Exceptional items			
Exceptional costs – staff		(376)	(1,171)
Exceptional gain – non staff		435	424
Exceptional gain – staff		-	1,171
Amount transferred to reserves		(43,314)	(32,983)

**SOUTH WEST COLLEGE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2020**

Analysis of reserves prepared under FReM

	2020	2019
	£'000	£'000
Balance at 1 August	43,245	46,592
Grant-in-aid received in year	2 30,837	29,636
Net operating cost for year	(43,314)	(32,983)
Balance at 31 July	30,768	43,245

Note 1	2020	2019
	£'000	£'000

DfE income (Non-Grant in Aid items)

EMA	9	16
Level 2/3 Apprenticeships	0	44
Higher Level Apprenticeships	855	532
Other	244	283
Balance at 31 July	1,108	875

Note 2	2020	2019
	£'000	£'000

Reconciliation of Amount Transferred to Reserves and Grant In Aid

Amount transferred to reserves	43,314	32,983
Unrestricted comprehensive income	(12,477)	(3,347)
Grant-in-aid received in year	30,837	29,636