



**SOUTH EASTERN REGIONAL COLLEGE  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
YEAR ENDED 31 JULY 2014**

**South Eastern Regional College Annual Report and Accounts  
For the year ended 31 July 2014**

***The Accounting Officer authorised these financial statements for issue on  
25 November 2014***

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

*on*

*11 December 2014*

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# ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2014

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**SOUTH EASTERN REGIONAL COLLEGE  
OPERATING AND FINANCIAL REVIEW 2013/14**

**NATURE, OBJECTIVES AND STRATEGIES**

The members present their report and the audited financial statements for the year ended 31 July 2014.

**Legal status**

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

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

**Mission**

South Eastern Regional College's (SERC) mission is to shape its community by promoting an inspirational, innovative and inclusive learning environment which will empower and enable individuals and businesses to fulfil their ambitions as well as contribute to the future prosperity of Northern Ireland.

**College Values**

SERC seeks to be:

Solution Focused

SERC focuses upon providing creative and innovative solutions for customers rather than academic theories. SERC invests in pioneering developments to make its offering customer-led, and takes a similar approach to its internal processes and systems to avoid bureaucracy.

Excellence Driven

The Culture of Excellence underpins all of SERC's activities, focusing on the activities which add value for customers.

Responsive

SERC is responsive to the needs of its students, colleagues, businesses, economy and local community.

Collaborative

SERC nurtures relations with stakeholders and welcomes new partnerships. SERC creates partnerships with organisations such as schools to ensure the local community has access to the very best of education.

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

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

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

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

## Implementation of Strategic Plan

The College Development Plan outlines SERC's Strategic and Business plan. The current plan covers the period 2014 – 2017. It was reviewed by the College's Education Committee on 9<sup>th</sup> September 2014 and was approved by the College's Governing Body on 25<sup>th</sup> September 2014. It sets out the College's Vision, Mission, Values, Core Goals and high-level targets and supports the Northern Ireland Executive's Programme for Government 2011 -15 (PfG). It is in line with the Strategic Objectives for the Northern Ireland Further Education (FE) Sector as set by DEL. These are:

- a) To support regional economic development and, in particular, to provide the skills necessary for the knowledge-based economy;
- b) To increase participation and widen access to those previously under-represented in the sector; and
- c) To improve the quality of provision and enhance standards of performance.

The policy developments that will take forward support for economic development include new priority sectors for NI. These are in the areas of business services; financial services; manufacturing (specifically food and drink processing) and advanced manufacturing; advanced engineering; life and health sciences; and creative industries and digital media.

DEL's Learning Strategy "FE Means Business" clearly positioned further education at the heart of the economy with its aim being to strengthen economic development, enhance social cohesion and advance the individual's skills and learning.

The FE sector also has a vital role to play in DEL's Skills Strategy for NI, "Success Through Skills – Transforming Futures" which highlights that compared with the United Kingdom average, NI has significantly more working age people with low level skills and fewer with high level skills.

To meet the needs of these strategies SERC will continue to:

- a) Raise skills and qualification levels in areas that meet the needs of the local economy;
- b) Ensure that curriculum provision is focussed on economic and workforce needs;
- c) Provide greater support to employers, for example in the areas of business creation, incubation and product development;
- d) Develop more flexible approaches to learning through the use of technologies and through partnership with other local providers;
- e) Improve its response to local needs including Small and Medium-Sized Enterprises (SMEs); and
- f) Update and ensure the quality of the College services remains in keeping with international standards of best practice.

In 2014, the DEL Minister has decided that it is timely to review the role of further education which will include:

- a) an assessment of the further education sector's current contribution to the delivery of the overall objectives of the Department;
- b) an identification and analysis of the main areas in which the sector can make a contribution to the achievement of DEL's objectives, including emerging strategies for apprenticeships and youth training, and the objectives of the department, in the future;
- c) an identification of the FE sector's main customers, both existing and new, and the services that should be provided to those customers;
- d) benchmarking of the sector against best practice in other jurisdictions in terms of performance, the curriculum provided, the services provided to employers, and the ways in which curriculum and other services are provided in order to secure maximum impact; and
- e) the development of a proposed vision and strategy for further education in Northern Ireland.

SERC will participate fully in the review of FE and play its part in delivering on the aims of the new strategy.

## Strategic Objectives

The College's strategy for 2014 – 2017 is built around four strategic "themes":

1. Curriculum – the provision of a curriculum appropriate to the needs of the economy and our students.
2. Quality – a sustained focus on the quality of our provision.
3. Delivering Value for Money – secure the College's on-going financial stability.
4. Listening to and influencing our stakeholders.

Each theme has associated targets for 2014 – 2017 that underpin all individual School or Unit managers' operational plans for the year.

Some of these targets have been set by DEL while others are College devised and based on the Whole College Self-Evaluation Report and Whole College Quality Improvement Plan. At School and Unit level, managers have specific targets linked to the strategic themes. These are monitored by the Senior Management Team at SERC's Integrated Monthly Performance Management meetings which review: management accounts and other financial information; operational risks; complaints; and progress on School and Unit targets.

The targets complement DEL's Strategic Vision and Aim which is "to promote learning and skills, to prepare people for work and to support the economy". Within this overall aim, DEL has set as the main objectives in relation to college activity:

- a) To improve the skills levels of the workforce, both current and future;
- b) To improve the quality and relevance of education and training; and
- c) To tackle the skills barriers to employment and employability.

DEL's new Public Service Agreement (PSA) target has an outcome target of 200,000 qualifications at levels 2 and above to be delivered from 2011 to 2015 in support of the up-skilling of the working-age population. The College, along with other FE colleges and other education and training providers, will continue to contribute to the delivery of this target, with the FE sector's contribution being 90,000 over the period. In addition, there is a target of 30,000 essential skills qualifications required by 2015.

As a result the College will seek to raise the skills levels of the work-force by delivering its allocated enrolment and FLU targets as set out in DEL's 2014-15 recurrent budget allocation including the commitment to Essential Skills provision and to Higher Education (HE) in FE provision.

Taking account of DEL's aims and priorities and the funding allocation, SERC has set targets around its key strategic themes as follows:

### Strategic Theme 1: Curriculum

To provide a curriculum that will inspire, transform and enrich lives by overcoming educational disadvantage; support scientific and technological capabilities; professionalise the workforce; nurture innovation and require students to participate in enterprise and entrepreneurship; support and deliver a formalised careers programme; and position the College as a gateway for international partnerships.

2013/14 Targets and Update:

- A. Meet FE enrolment target of 17,655 at FE Level 0-3 and 1,554 at HE level during 2013/14  
Update:  
FE target exceed with 20,857 enrolments levels 0-3, however HE target not met with 1,379 enrolments.
- B. Further develop and embed Employability, Enterprise and Entrepreneurship:
  - a. Deliver College enterprise and employability programme for all new and existing full time students.
  - b. Improve leadership and management skills of full time Higher Education Learners
  - c. Develop and implement project work in all full-time curriculum areasUpdate:  
Target met – all full time students undertook enterprise and employability programme, full time HE students completed the ILM L3 Leadership and Management unit at induction and all project work developed and implemented by January 2014.

- C. Further develop employer engagement to meet the needs of industry and learners
  - a. Attain external accreditation of SPICE specialisms

Update:

The sector target date for accreditation has been put back 12 months and agreed with DEL.

- D. Introduce a new mainstream Learner Access and Engagement programme and introduce Learner Access and Engagement NEETS Pilot programme.

Update:

Target partially met. The programme was introduced, but the enrolment targets were not met with 80 learners recruited by the third party providers. DEL have discontinued the NEETS pilot and added it to the mainstream Learner Access and Engagement programme.

#### 2014/15 Targets:

- A. Meet the CDP FLU target of 1,315 for HE, 5,685 for FE, and 540 for Essential Skills.
- B. Embed the Get the Edge programme of enterprise and employability for all full-time further and higher education students.
- C. Each curriculum area to enter a team into the CAT, CAPS, and BEST Awards by March 2015. Attain full implementation of the SPICE business processes by June 2015 and complete review of SPICE areas.
- D. Through focused initiatives meet the targets within the Widening Access and Participation Agreement for higher education enrolments 2014-15:
  - 35% of higher education students are from deprivation groups one and two.
  - 10% of higher education students claim DLA.
  - 25 students are looked after children or young care leavers.
  - 35% of higher education students are adult learners.
  - 25% of higher education students are Young Protestant Males
- E. Redesign the interview process and pre-entry guidance provided to all student during the enrolment phase by February 2015.
- F. Develop an Apprentice Demand and Recruitment Strategy by September 2014.
- G. Complete a review of the part-time provision for further and higher education by November 2014 in order to increase student enrolments in key areas of the region's economy in September 2015.

#### Strategic Theme 2: Quality

To promote a Culture of Excellence through raising standards and continuous improvement, excellence in teaching and the learning environment and thereby enhance SERC's reputation with students, businesses and communities.

#### 2013/14 Target and Update:

- A. Support improvement in the quality of teaching and learning:
  - a. Develop 3 mandatory online pedagogy modules to be completed by all academic staff.
    - Update:
    - Target met – all three online pedagogy units have been developed with a staff completion date of September 2014.
  - b. Create a Lesson Observation Team with representatives from all curriculum areas.
    - Update:
    - Target met – 35 staff completed training in December 2013.
  - c. Complete 200 lesson observations, and review the outcomes of the process.
    - Update:
    - Target met – 220 lesson observations completed.
  - d. Include MOODLE in the induction training programme for new members of academic staff.
    - Update:
    - Target met with MOODLE pilot successfully completed in June 2014 and included as part of induction training for all staff from September 2014 (MOODLE 101).
- B. Improve course performance by embedding the Course Assistance System:
  - a. At risk courses identified and prioritised on a termly basis by schools.
    - Update:
    - Target met – 10 priority at risk courses identified for the CAS system review.
  - b. CAS implemented for all identified courses on a termly basis.
    - Update:
    - Target met – CAS completed for all identified courses on a termly basis.

- c. A minimum of 10 CAS interventions.

Update:

Target met with CAS intervention in Brickwork, Media, Children's Care Learning and Development, Plastering, Motor Vehicle, Construction Plant, and Extended Diploma in Construction.

- C. Achieve a College retention rate of 93% and a success rate of 79%

Update:

Target met – retention rate is 93% with success at 78% with 1,400 results still to be recorded.

- D. Consolidate and standardise learner monitoring and review systems

- a. Develop a central student monitoring system by merging and re-engineering the e-ILP and Case Conference systems.

Update:

Target met – e-ILP and e-PTP revised and being used in the Case Conference System.

#### 2014/15 Targets:

- A. Support improvement in the Quality of Teaching and Learning by:

- a. Developing an additional 2 mandatory online pedagogy modules to be completed by full-time and part-time Academic Staff by August 2015.
- b. Fully embedding the lesson observation strategy by the Lesson Observation team with 150 lesson observations between October 2014 and March 2015.
- c. New academic staff to complete MOODLE-101 online staff development module within 6 weeks of starting employment contract.

- B. Further improve Course Performance by embedding the Course Assist System (CAS):

- a. At risk courses identified by school and reviewed and prioritised on a termly basis.
- b. CAS implemented for all identified courses on a termly basis.
- c. A minimum of 6 new CAS and 4 follow-up interventions by June 2015.

- C. Improve the effectiveness of the self-evaluation process at course team level by:

- a. Designing and piloting a new self-evaluation process across 24 teaching programmes by September 2014 then rolling it across the College by June 2014.
- b. Training and supporting the course teams in effective self-evaluation and action planning by October 2014.
- c. Evaluating and reporting on the effectiveness of the new process and documentation by December 2014.

- D. Achieve a College retention performance level of Outstanding (based upon the 2013/14 unaudited FELs report) and a success rate of 79% (based on the 2011/12 success rate of 78%).

- E. Consolidate and standardise learner monitoring and review systems by merging and re-engineering the e-ILP, e-PTP and Case conference systems with completion of the e-PTP by August 2014 and e-ILP and case conference by June 2015.

#### Strategic Theme 3: Delivering Value for Money (2012-13: Resources)

As a body in receipt of considerable public resources SERC will strive to make efficient and effective use of the funding it receives. It will seek to operate within the confines of its budget. It will in all its financial dealings work with integrity and probity in line with the Financial Memorandum between the Department for Employment and Learning and the Further Education Colleges and the rules governing public finance. It will seek to grow other income streams where possible.

#### 2013/14 Targets and Update:

- A. Deliver a balanced budget in 2014

Update:

Target met as explained in Financial Performance section.

- B. Improve leadership and management skills for Assistant Head of Schools and comparable corporate managers

Update:

Target met – 20 Assistant Heads of Schools and 27 Corporate Managers completed Leadership and Management Training Programme in 2013-14.

- C. Deliver any new capital build projects on time and on budget.

Update:

All relevant targets met.

#### 2014/15 Targets:

- A. Deliver a break-even budget in 2014-15.
- B. Attain £1.6m of income from Employer Engagement including from InnovateUS.
- C. Complete and have handover of the Performing Arts and Technology Innovation Centre in June 2015.
- D. Continue to improve Leadership and Management Skills with two cohorts completing the Leadership and Management Training Programme in 2014/15.
- E. Ensure that 95% of all SERC suppliers are paid within 30 calendar days of receipt of an undisputed invoice and wherever possible within 10 working days.

#### Strategic Theme 4: Listening and Influencing

To raise the profile of SERC and consequently the FE sector by ensuring stakeholders have the opportunity to provide feedback.

#### 2013/14 Targets and Update:

- A. To secure a customer satisfaction rate of 90%  
Update:  
Target met – 95% satisfaction rate.
- B. To secure an employee satisfaction rate of 65%  
Update:  
Target not met based on most recent survey with overall satisfaction of 64%. Target met in Downpatrick and Bangor campuses with satisfaction at 75% and 65% respectively.
- C. To establish a benchmark by which to measure reputation  
Update:  
Target met
- D. To establish a benchmark for a “listening and influencing” quotient  
Update:  
Target met and dashboard presented to Education Committee

#### 2014/15 Targets:

- A. Secure a customer satisfaction rate of 90%.
- B. Secure an employee satisfaction rate of 65%.
- C. Secure a positive reputation rate of 75%.
- D. Maintain an overall quotient rate of 86%

#### **Financial Objectives**

The College’s financial objectives are:

- To achieve an annual breakeven situation;
- To pursue alternative sources of funding, on a selective basis, consistent with the College’s core competencies, and the need for a financial contribution to the College’s overall finances;
- To generate sufficient levels of income to support the asset base of the College;
- To further improve/maintain the College’s shorter term liquidity; and
- To fund continued capital investment.

#### **Financial Performance Indicators**

During 2013/14 the College has monitored its performance against its budget and against its prior year position via the production of a full set of College Management Accounts on a monthly basis. These College Management Accounts include an Income and Expenditure Account, Income Analysis, Expenditure Analysis, a Balance Sheet, Debtors and Creditors analysis, a Funds Flow statement, a Cash-flow forecast, a Full Year Financial Forecast and a set of Key Financial Indicators and targets which have been provided by DEL to the sector.

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

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

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

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

## **FINANCIAL POSITION**

### **Financial Results**

The College generated an operating deficit in the year of £2,350k (2012/13 deficit of £4,154k). The result in 2013/14 is stated after accounting for an FRS 17 Retirement Benefit charge of £34k and a profit on disposal of fixed assets of £87k. The College disposed of surplus land and property at Knockmore Road, Lisburn, Donard Street, Newcastle, and Castlewellan Road, Newcastle during the financial year.

The College's total income for the year was £46.8m, a £1.9m increase on 2013/14's total of £44.9m. The bulk of this increase is attributable to an increase of £1m of other grant income alongside an increase of DEL income of £750k.

2013/14 expenditure before exceptional items was £48m. This represents a decrease of £0.7m on the prior year total of £48.7m.

SERC successfully implemented an action plan with a view to delivering a break-even result in 2013/14. This action plan was based on a number of measures including increased operational income, land disposals and a redundancy programme.

The College's historic outturn was a deficit of £64k compared with the College's original estimated outturn as per the College Development Plan of breakeven.

The actual result takes account of:

1. A significantly reduced level of income from Tuition Fees, Steps to Work income and TFS income offset by a £918k increase in other grant income which includes employer engagement activity.
2. Staff Costs, which although £612k less than last year, are approximately £515k higher than budgeted. This is linked to the increase in volume of employer engagement activity and associated income.

In addition:

3. The actual result reflects an increase of approximately £143k in payments to trainees under the terms of the new contracts.
4. Offset against this additional cost was a substantial release of bad debt provisions resulting from the successful implementation of new debt collection procedures and a wide ranging aged debt review in-year;
5. Some £126k of in-year Non-Pay Expenditure efficiencies were successfully delivered throughout the College.

There are two further points to note in relation to the actual result:

6. It includes the employer contribution costs of the UK Government's Pension Auto Enrolment Programme. These costs totalled approximately £193k over the whole year.
7. It reflects both exceptional redundancy costs of £1.2m and exceptional proceeds from property disposals of £1.1m.

The FRS 17 Retirement Benefit charge is based upon a full actuarial valuation of the NILGOSC scheme as at 31 March 2013 updated to 31 July 2014 by a qualified independent actuary.

## **Income**

The College has significant reliance on DEL as its principal funding source, largely from recurrent grants. In 2013/14, DEL provided some 53% of the College's total income through allocated recurrent grant (2013/14: 53.8%).

This represented 16.8% of the total recurrent grant available to the sector (2013/14: 16.6%).

## **Reserves**

The College has accumulated income and expenditure reserves of £1,903k (2012/13:£1,933k) (excluding the FRS17 Pension Reserve) and cash balances of £2,013k (2012/13:£1,451k) as at 31 July 2014.

At approximately 4.3% of income, the College's 2013/14 cash reserves are below DEL's Key Performance Indicator target for the sector of between 5% and 10%. The College is focussed on building cash reserves up to within the recommended levels over the coming years.

## **Finances and Going Concern**

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

## **Treasury policies and objectives**

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

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

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

## Cash Flows

The College had a net cash inflow of £562k during the year as a result of a cash outflow from operating activities and cash inflow from investments and capital (2012/13: an outflow of £1,612k).

## Liquidity

With a cash balance of £2,013k (2012/13 £1,451k), the College's liquidity is a focus for improvement. DEL's Key Performance Indicators include a target Current Ratio in the 1.5 – 2.5 range for the sector. The College's Current Ratio is below the target range at 1.01 (2012/13 1.5). The College therefore plans to build its cash reserves over the coming years.

## CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

### Student Activities and Achievements

The College's student enrolments decreased by 3.8% during the year, giving a total enrolment of 35,403 in 2013/14 compared to 36,810 in 2012/13.

- Full-time enrolments were 4,942 (2012/13 5,920)
- Full-time FE enrolments were 3,095 (2012/13 3,216)
- Full-time HE enrolments were 534 (2012/13 545)
- Part-time enrolments were 30,461 (2012/13 30,890)

In terms of FLUs, the College delivered an actual total of 7,154 which represents 96% of the delivery target of 7,445 and 99% of the total funded FLUs of 7,235. These were made up of:

- FE 5,521 (against a target of 5,630 and a 2012/13 actual total of 5,686)
- HE 1,205 (against a target of 1,315 and a 2012/13 actual total of 1,230)
- ESS 428 (against a target of 500 and a 2012/13 actual total of 520)

The College had an excellent student retention rate (a measure of the proportion of learners who complete their learning programme) of 93% in 2013/14 (93% in 2012/13). Overall achievement and success rates (the measures of the proportion of learners who successfully achieve their qualification and the proportion who successfully complete their learning programme and achieve their qualification), were also very good at 89% (87% in 2012/13) and 83% (81% in 2012/13) respectively.

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

#### Retention rates by level of study

	SERC		NIFESector	
	2012/13	2011/12	2012/13	2011/12
<b>Higher Education</b>	<b>96%</b>	<b>98%</b>	<b>92%</b>	<b>96%</b>
<b>Further Education</b>	<b>94%</b>	<b>92%</b>	<b>92%</b>	<b>91%</b>
<b>Essential Skills</b>	<b>82%</b>	<b>79%</b>	<b>81%</b>	<b>80%</b>

#### Achievement rates by level of study

	SERC		NIFESector	
	2012/13	2011/12	2012/13	2011/12
<b>Higher Education</b>	<b>93%</b>	<b>94%</b>	<b>86%</b>	<b>93%</b>
<b>Further Education</b>	<b>90%</b>	<b>85%</b>	<b>86%</b>	<b>82%</b>
<b>Essential Skills</b>	<b>87%</b>	<b>89%</b>	<b>87%</b>	<b>83%</b>

#### Success rates by level of study

	SERC		NIFESector	
	2012/13	2011/12	2012/13	2010/11
<b>Higher Education</b>	<b>90%</b>	<b>92%</b>	<b>79%</b>	<b>89%</b>
<b>Further Education</b>	<b>85%</b>	<b>78%</b>	<b>79%</b>	<b>75%</b>
<b>Essential Skills</b>	<b>72%</b>	<b>70%</b>	<b>71%</b>	<b>66%</b>

SERC's success has been recognised in 2013/14:

- Work Skills Gold Medal for Refrigeration - Christopher Bailie.
- World Skills Gold Medal for Electronics - Leonidas Proximo.
- World Skills Silver Medal for Reflexology – Siobhan McGowan.
- Cinemagic Awards “Most Promising Sports Presenters” – Zak Campbell and Gearoid Rice.
- BT Young Scientist of the Year – Kyle Clarke and Conan Mulraine.
- IFEX Bronze Medal – Sean Conskey
- Civil Engineers Technician Scholarship – Kyle McKee
- Outstanding Contribution to the Money for Life Challenge – Marie McCann, Early Years Tutor
- Young Environmentalist Award – Animal Management students.
- SERC shortlisted in the Times Educational Supplement awards for Business Leadership and Management.
- Heavy Vehicle Apprentice of the Year – Dermot Moore.
- Ruth Doherty, Hospitality Lecturer – Gold Medal at IFEX Novelty Cake Category.
- Apprentice of the Year (Janus awards) – Mark Rooney
- Irene Megaw, Business Administration Lecturer – awarded MBE.
- Brian McMullan, Competitions Manager – honorary life membership of the Chartered Institute of Building.
- School of Business, Hospitality and Tourism - Approved Partner Status with Accounting Technicians Ireland

## **CURRICULUM AND QUALITY DEVELOPMENTS**

### **Curriculum**

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

### Strategic Context

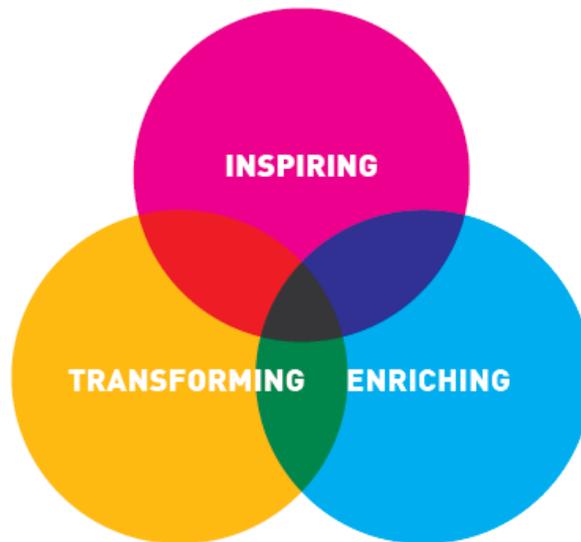
Employer engaged activity is central to the College strategy and meets the requirements of the Programme for Government and DEL Skills Strategy.

### Purpose

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

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

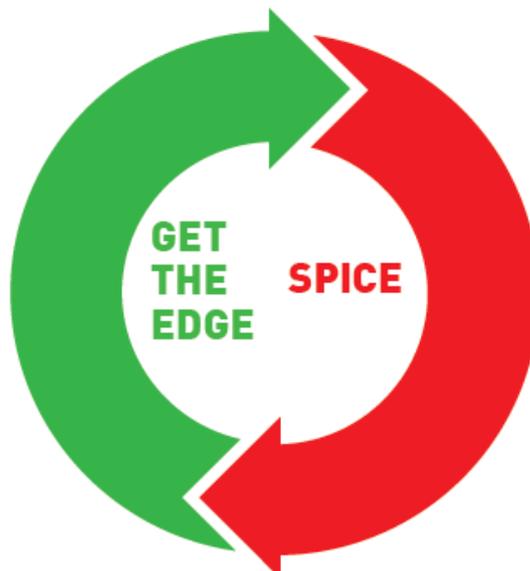
There are three interrelated objectives to this approach which are shown in the following figure:



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

#### Strategic Projects

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



1. Specialist Provision for Industry using College Expertise (SPICE).
2. Get the Edge (GTE)

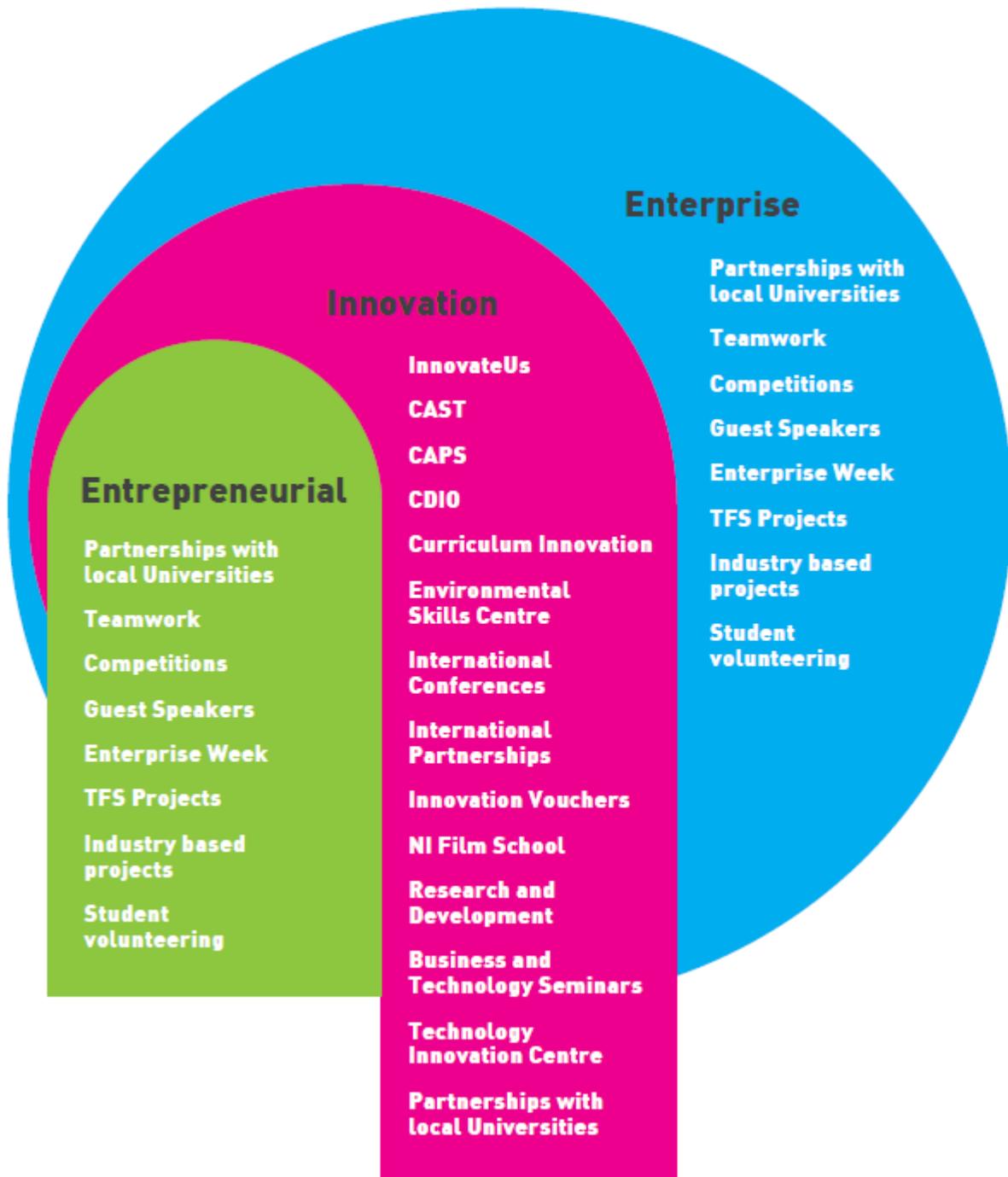
These projects have a wide range of themes to drive activity towards a shared vision and outcomes.

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

Key Objective 1 – Inspiring Enterprise, Entrepreneurship and Innovation

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

The relationship of these is illustrated below:



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

**ENTERPRISE**

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

**ENTREPRENEURSHIP**

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

## INNOVATION

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

## Key Objective 2 – Transforming the Existing Workforce

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

### Key Objective 3 – Enriching the Student Learning Experience

<b>Theme</b>	<b>Description</b>	<b>Projects</b>
<b>Guest Speakers</b>	Individuals from industry are invited to speak to students to help them understand the sector in which they will work in the future.	GTE/SPICE
<b>European Exchanges</b>	Students can participate in exchanges to develop their technical knowledge but also to develop their awareness of the global workplace.	SPICE
<b>Industry Sponsorship</b>	Industry sponsorship of students through bursaries and resources.	SPICE
<b>ESF and DEL Collaboration Innovation Engagement Projects</b>	Students are provided with bespoke programmes that attract 'hard to reach' learners and enhance the confidence and motivation of those who have had a negative experience of education in order to encourage progression.	GTE
<b>Educational Visits</b>	Students visit employers and industry organisations in order to gain insight into the sector they will work in.	GTE
<b>Mentoring</b>	Students can avail of mentoring from industry experts for professional and personal development.	SPICE
<b>Placements</b>	Students can gain a placement with one of over 5000 employers to gain the experience they need to gain full time employment.	GTE
<b>School Links</b>	Students from schools are provided with an opportunity to study a vocational curriculum through the Entitlement Framework.	GTE
<b>Careers Guidance</b>	Students can access expert careers advice to ensure they choose the right course for their chosen career, to help them decide on a career and to ensure they are availing of all employability development opportunity SERC offers.	GTE
<b>Apprenticeships</b>	Apprenticeship programmes provide the combination of technical skills and experience which are needed for future employment.	SPICE
<b>Widening Access and Participation</b>	Shaping the curriculum to provide programmes that promote greater engagement with 'hard to reach' learners and provide progression to higher level courses as part of the College's Widening Participating Plan including Learner Access and Engagement.	GTE
<b>Promoting STEM</b>	STEM industries offer future employment opportunities and SERC promotes these.	GTE
<b>Student's Union</b>	The Students' Union offers a volunteering opportunity for students. It is involved in the promotion of the volunteering programme.	GTE
<b>Employer Forum</b>	Employer forums are utilised to inform the curriculum to ensure they are relevant.	SPICE
<b>Promoting Priority Skills</b>	PSA industries offer future employment opportunities and SERC promotes these.	SPICE
<b>Getting the Edge</b>	This is the umbrella programme for all activities which are designed to prepare students for the workforce.	GTE

## Widening Participation

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

In relation to Higher Education (HE), SERC seeks to ensure that all students are able to participate in higher education regardless of financial circumstances. The College will use additional fee income to financially support those within the lowest income groups who are in receipt of the maximum maintenance grant from Student Finance NI or the student support grant from Student Support. All higher education students at SERC in 2014/15 who are in receipt of the maximum maintenance grant from Student Finance NI or student support grant from will be eligible for a bursary of 10% of the tuition fee.

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

- **Deprivation Groups 1 and 2**  
By 2014/15 35% of SERC's higher education enrolments will come from LGD areas 1 and 2.
- **Adult Returners**  
By 2015/16 a benchmark will be established for adult returners progressing to higher education at SERC.  
  
Until this benchmark is established and adult returners has been defined by DEL an interim target has been established. SERC defines adult returner as those over 19 with a break in their education. By 2014/15 35% of SERC's higher education adult returner's enrolments will come from LGD areas 1 and 2.
- **Disabled and Learning Difficulty**  
SERC will continue to screen all students for learning needs. The higher education body will continue to reflect the LGD catchment of 10%.
- **Young Care Leavers**  
SERC will continue to screen on application for Young Care Leavers (YCL) and Looked After Children (LAC). Individual support packages will be provided for all within the Buttle Trust guidelines.
- **Young Protestant Males**  
SERC will continue to attract 25.6% of YPM into higher education programmes.

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

Targeted programmes undertaken by SERC through the DEL Collaboration and Innovation Fund with the PACE programme, three European Social Fund projects Steps for All, Step into Training and Steps from School and the Department for Social Development's Driving Your Way to Success programme all target young people and adults who are not participating in education or training.

For those returners who have Essential Skills needs DEL's Learner Access and Engagement programme will provide Essential Skills training with learner support provided by contracted community partners.

## Quality

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

- A. Leadership and Management;
- B. Teaching and Learning;
- C. Quality of provision for learning; and
- D. Achievement and Standards.

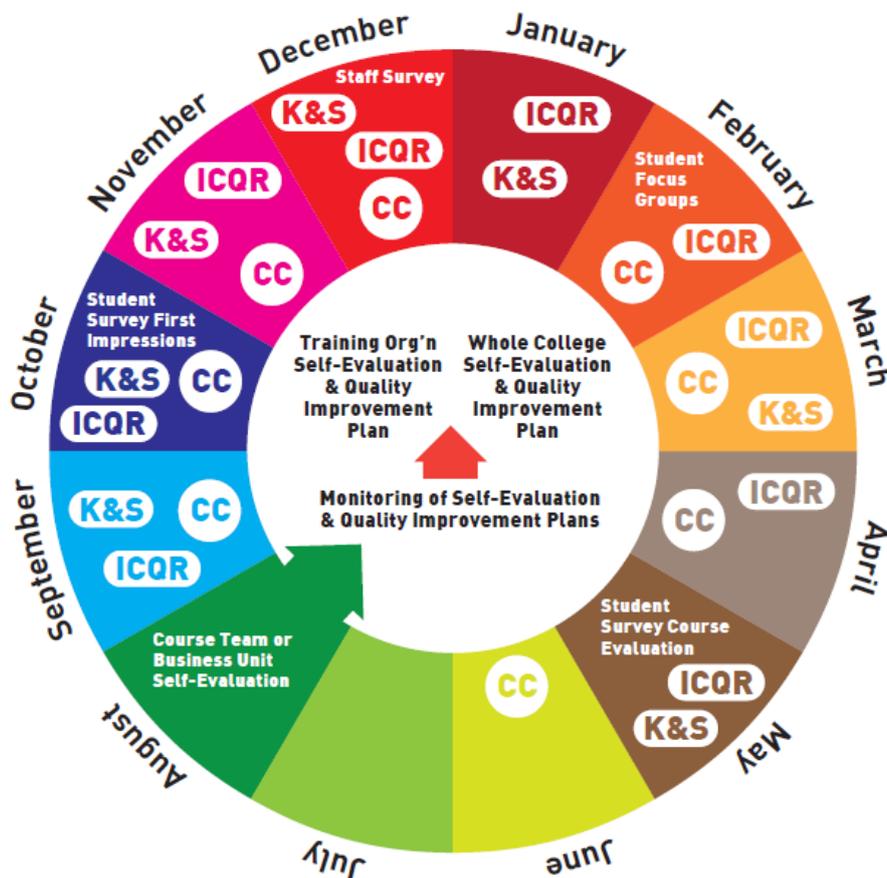
### A. Leadership and Management

#### Quality Assurance Cycle

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

The outcomes of the Quality Assurance Cycle informs the Human Resource Policy and annual staff development plan. The Quality Assurance Cycle below shows the sequence of the main actions which include:

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



### Self-Evaluation Reports and Quality Improvement Plans

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

### Monitoring the Self-Evaluation Reports and Quality Improvement Plans

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

### Whole College Self-Evaluation Report and Quality

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

### Training for Success Self-Evaluation and Quality Improvement Plan

The Training for Success Self Evaluation Report and Quality Improvement Plan will be incorporated in the Whole College document identifying the Training Organisation's key strengths and areas for improvement.

### IMPMS (Integrated Monthly Performance Management System)

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

### CC (Case Conference)

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

### ICQR (Internal College Quality Review)

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

### The Course Assist System

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

### K&S (Know and Show)

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

## **B. Support for Teaching and Learning**

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

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

### PGCE lesson observation

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

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

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

The CAS has two elements:

An ICQR (Internal College Quality Reviews) which is an open and supportive evidence-based review process to clarify areas of strength and make recommendations for improvements. Under CAS the Quality Improvement Mentor conducts the review. Following the Mentor's review, the teaching team are provided with oral feedback and written main findings. At a separate meeting, the Principal, the Director of Curriculum and Information Services, the HOS, the AHOS and the QED are provided with same.

The Course Assistance Action Plan (CAAP) which is an agreed, resourced improvement action plan, with milestones, monitored regularly at school level and reported at IMPMS. Progress against the CAAP is also monitored by the Quality Improvement Mentor who over an 18 month period makes two interim visits and a final follow-up visit to the programme to evaluate progress made against the areas for improvement.

### Pedagogy Support

#### *ILT Pedagogy Mentoring*

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

#### *Pedagogy Training*

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

### Staff appraisal

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

### Continuing Professional Development

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

## **C. Quality of Provision for Learning**

### Course Team Meetings

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

### Standardisation

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

### Team sites

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

### Developing independent learning using technology

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

### Competitions and Awards

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

## **D. Quality of Achievements and Standards**

### Setting and monitoring of targets

The College publishes and monitors targets at College, School and programme level. The College provides reliable benchmarking data for the range of different provision it delivers each year. The data includes the key performance indicators of retention, achievement and success. The range of provision covered by the data includes Higher Education, Further Education, TFS, ApprenticeshipsNI, University Access, GCEs, GCSEs, Essential Skills and School Partnerships. The purpose of the published benchmarks is to provide a datum from which comparisons are made. These benchmarks are used in all course and school level SERs. In addition external benchmarking data including the DEL Health Check is used to analyse performance within the sector.

### Further Education Leavers Survey (FELS) Report

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

### ETI based Report

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

### Quality Performance Adjustment

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

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

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

### Examination and Progress Boards

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

## Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%.

During the accounting period 1 August 2013 to 31 July 2014, the College paid 70% of its invoices within 30 days (2012/13: 76%). The College incurred no interest charges in respect of late payment for this period.

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

## Post Balance Sheet Events

There were no post balance sheet events.

## Future Developments

The College has been allocated a FLU target for 2014/15 of 7,489 and will be provided with a budget allocation of 7,362 FLU's (or £25.03m) with which to deliver this. The target is made up of 5,630 FE FLUs, 486 Essential Skills FLUs and 1,373 HE FLUs. This represents a 0.58% increase on the 7,445 total FLU target for 2013/14 and a total increase of £0.4m or 1.6% in budget allocation against the 2013/14 FLU funding of £24.6m.

## Resources

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

### Estate

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

The College's estate consists of land with a net book value of £5,789k as at 31 July 2014 (31 July 2013 £5,900k), buildings with a net book value of £113,067k as at 31 July 2014 (31 July 2013 £102,581k) and buildings under construction of £3,157k as at 31 July 2014 (31 July 2013 £1,615k).

The estate includes campuses at:

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

### Financial

Net assets at 31 July 2014 were £76,421k (2012/13 £71,658k). This includes a £9,278k pension liability (2012/13 £1,970k).

### People

The College employs 702 people (expressed as full time equivalents), of whom 388 are teaching staff.

In the period August 2013 to July 2014 the sickness absence rate for staff was 4.72%.

## Reputation

SERC continues to build its reputation as a college demonstrated through customer feedback, high levels of enrolments, award and competition successes and results which outperform many comparable UK further education colleges in terms of retention, success and achievement. A reputation quotient was identified amongst part time students in 2014 – 75% were positive about SERC, 15% neutral and 10% negative. Satisfaction levels amongst full time customers are also high at 95%.

### PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

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

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

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

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

As of 12th August 2014 the Risk Register contained 3 Active Risks of Category A status.

The following extract from the Risk Management Report to the Audit Committee dated 16<sup>th</sup> September 2014 outlines the principal risk factors that may impact the College. Not all factors are within the College's control, and other factors may also affect the College.

No.	Unique Ref	Link to Core Goals	Category	Risk Identified	Review Date
1	R074	Resources	A	Managing the financial viability of the College	October 2014
2	R075	Curriculum Resources and Quality	A	Failure to manage the level of sickness absence within the College	October 2014
3	R076	Resources	A	Management of the remainder of the Steps to Work programme	October 2014

## STAKEHOLDER RELATIONSHIPS

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

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

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

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

### **Equality of Opportunity and employment of disabled persons**

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

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

Without prejudice to its obligations above, the College has, in carrying out its functions, had regard to the desirability of promoting good relations between persons of different religious belief, political opinion or racial group. The College has included the promotion of good relations as part of the corporate planning process.

The College is committed to the fulfilment of its Section 75 obligations in all parts of its organisation. The College is committed to allocating necessary resources to ensure that the statutory duties are complied with and that the measures within the Equality Scheme to promote equality of opportunity are implemented effectively and on time.

### **Disability statement**

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

1. A full audit of the College buildings was carried out by Central Procurement Directorate, Building Survey Branch, on behalf of DEL in 2003 and 2004. A number of recommendations were made to ensure the buildings conformed to the Disability Discrimination Legislation. Funding was provided for these works by DEL and the works themselves were executed between 2004 and 2005 in two phases. All subsequent schemes (including the College's PPP building projects) comply with Disability Discrimination and all other relevant legislation.
2. The Learning Support Unit provides an essential component of the College experience for students with physical disabilities, mental disabilities and medical conditions. Funded through the Additional Support Fund formula, students can access:
  - Physical resources such as specialist computers and software, orthopaedic chairs, smart pens, audio note takers etc.
  - Specialist human support through General Studies Support Workers, College Lecturing staff and specialist support for a range of conditions e.g. Dyslexia, Autistic Spectrum Disorders.
  - Administrative adjustments for exams, College access and arrangements in the event of illness or episode such as epilepsy.

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

3. Counselling and Welfare Services within SERC come under the auspice of the Pastoral Care unit of SERC. Pastoral Care is concerned with promoting personal and social development and fostering positive attitudes within the college:

- Through the quality of teaching and learning
- Through arrangements for monitoring students' overall progress, academic, personal and social
- Through the nature of relationships amongst students, lecturers and adults other than lecturers
- Through specific pastoral structures and support systems
- Through the internal and external links the college has in order to ensure the needs of our learners are continually being met; and
- Through extra-curricular activities and the College ethos

Pastoral Care within SERC incorporates Careers, Students' Union, Induction, Tutorial Time, Equality and Diversity and Counselling, and Safeguarding Vulnerable Groups (incorporating Child Protection).

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

The College has 31 Designated Safeguarding Officers looking after the needs of its learners, whether they be designated as Children or Vulnerable Adults. The Safeguarding Officers cover all areas of the College from Senior Management to Support Staff. In addition, we also have 2 members of the Governing Body who are classified as Designated Officers, but do not get involved in the Day-to-Day roles of a Safeguarding Officer. All staff within SERC during the 2014/15 Academic Year will undertake refresher Mandatory Staff Development including Safeguarding, and all Designated Officers will also undertake full retraining on Safeguarding Vulnerable Groups, taking into account new legislation in relation to Safeguarding Vulnerable Groups.

### **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 College's auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

### **Personal data related incidents**

No personal data related incidents occurred during the year.

### **Charitable and Taxation Status**

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

### **Charitable/Political Donations**

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

## Professional Advisers

External Auditors: Comptroller and Auditor General  
Northern Ireland Audit Office  
106 University Street  
Belfast  
BT7 1EU

Internal Auditors: KPMG  
Stokes House  
17 – 25 College Square East  
Belfast  
BT1 6DH

Bankers: Bank of Ireland  
12 Conway Square  
Newtownards  
BT23 4DJ

Solicitors: Carson McDowell  
Murray House  
Murray Street  
Belfast  
BT1 6DN

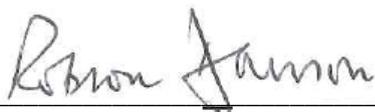
## Members

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

Members	Date of Appointment	Term of Office	Date of Resignation	Status of appointment	Committees Served	Attendance
Dr Robson Davison (Chair)	1 August 2011	4 years	-	Independent Member – Business Category	Education Committee, Staffing Committee, and Finance and General Purpose Committee (ex-officio member)	6 / 6
Mr David Lamb (Vice Chair)	1 August 2011 (Second Term)	4 years	-	Independent Member – Business Category	Audit Committee (Chair)	6 / 6
Mr Neil Bodger	1 August 2011	4 years	-	Independent Member – Business Category	Audit Committee	5 / 6
Prof Heather Farley	18 January 2010	4 years	17 January 2014	Independent Member – Business Category	Staffing Committee (Chair)	0 / 3
Mr Sam Gallaher	1 August 2011 (Second Term)	4 years	-	Independent Member – Business Category	Education Committee and Audit Committee	3 / 6
Mr Mark Graham	1 August 2011	4 years	-	Independent Member – Business Category	Staffing Committee and Finance and General Purpose Committee	5 / 6
Mr Alan Henry	1 December 2011	4 years	-	Independent Member – Business Category	Staffing Committee and Audit Committee	6 / 6
Mrs Alice Lennon	16 August 2012	4 years	17 June 2014	Independent Member – SEELB Nominee	Education Committee	5 / 5
Mr Edward Jackson	1 April 2010  1 April 2014 Second Term	4 years	-	Independent Member – Business Category	Finance and General Purpose Committee (Chair)	5 / 6

Members	Date of Appointment	Term of Office	Date of Resignation	Status of appointment	Committees Served	Attendance
Mr Gareth Hetherington	1 May 2013	4 years	-	Independent Member – Business Category	Audit Committee	6 / 6
Mrs Beth Porter	3 April 2008	4 years	2 April 2012 (Reappointed 20 August 2012) 9 January 2014	Independent Member – SEELB Nominee	Education Committee (Chair) and Staffing Committee	2 / 3
Mrs Heather Reid	1 August 2011	4 years	-	Independent Member – Business Category	Education Committee and Staffing Committee	6 / 6
Mrs Barbara Larkin	1 August 2013	4 years	-	Co-opted	Finance and General Purpose Committee	4 / 6
Mr Glyn Roberts	1 August 2013	4 years	-	Co-opted	Education Committee	6 / 6
Mr Ken Webb	1 July 2008	On-going	-	Principal and Chief Executive	Education Committee, Staffing Committee, and Finance and General Purpose Committee	6 / 6
Ms Linda Martin	26 November 2007 11 April 2012 Second Term	4 years 4 years	25 November 2011	Staff Governor	Audit Committee	6 / 6
Mr Michael Simcock	11 April 2012	4 years	-	Staff Governor	Finance and General Purpose Committee	6 / 6
Mr Andrew McKeag	8 October 2012	1 year	-	Student Governor	-	4 / 6

For and on behalf of the members of the Governing Body



Chairman



Date

## **SOUTH EASTERN REGIONAL COLLEGE REMUNERATION REPORT**

### **Remuneration Policy**

#### **Members of the Governing Body**

Members of the Governing Body and the Chairperson are appointed in accordance with the code of Practice of the Office of the Commissioner for Public Appointments for Northern Ireland.

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

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

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

#### **The Principal/Director and Senior Management Team**

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

The Principal/Director and Senior Management Team hold permanent appointments. The normal retiring age is 65, although staff may retire at any time after age 60 with no diminution of earned pension benefits. The policy relating to notice periods is contained in the College's Staff Handbook.

#### **Minimum Pay Levels**

Minimum pay levels are dependent on college size and vary across the sector.

#### **Progression**

There is no incremental progression for Principals/Directors as they are paid on a one-point scale according to college size. However, if the college size changes they will automatically move to that new salary point.

At initial appointment, Deputy Directors are normally placed on the bottom point of the four-point scale relevant to the size of their college. Thereafter, there is annual incremental progression up the scale until the maximum of the scale is reached. A common incremental date of September is used for all Deputy Directors. If the College increases in size a Deputy Director will automatically move to the new relevant salary scale.

#### **Performance Pay**

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

#### **Total Reward Package**

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

Senior staff posts are based on 36 hours per week and post-holders have access to the College's Maternity Leave Scheme, Paternity Leave Scheme, Adoption Leave Scheme and flexible working arrangements.

All Senior Staff have 35 days holiday entitlement and a further twelve statutory and public holidays as recognised by the sector.

#### **Service Contracts**

College appointments are made on merit on the basis of fair and open competition. Unless otherwise stated, the officials covered by this report hold appointments, which are open ended. Early termination, other than for misconduct, would result in the individual being entitled to receive compensation.

## Salary and pension entitlements

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

### Remuneration (including salary) and pension entitlements (Audited)

Senior Management	2013/14			2012/13		
	Salary £'000	Benefits in kind £	Pension Benefits £'000	Salary £'000	Benefits in kind £	Pension Benefits £'000
Mr K Webb Director (Appointed 1 July 2008)	105-110	0	39	105-110	0	38
Mr T Keating Deputy Director (Appointed 1 June 2009)	80-85	0	25	80-85	0	22
Dr M Malone Deputy Director (Appointed 1 June 2009)	80-85	0	30	80-85	0	22
Mr D Smith Deputy Director (Appointed 1 June 2009)	80-85	0	28	80-85	0	22

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

	2013-14 £'000	2012-13 £'000
Band of highest paid directors total remuneration	105-110	105-110
Median total remuneration	27,645	26,277
Ratio	3.89	4.09

### Salary

'Salary' includes gross salary; performance pay or bonuses; overtime; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

### Benefits in kind

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

## Pension Entitlements (Audited)

Officials	Accrued pension at age 60 as at 31/7/14 and related lump sum £'000	Real increase in pension and related lump sum at age 60 £'000	CETV at 31/7/14 £'000	CETV at 31/7/13 £'000	Real increase in CETV £'000
Mr K Webb Director	35-40 Plus lump sum of 0*	2.5-3.0 0*	689	671	18
Mr T Keating Deputy Director	30-35 Plus lump sum of 90-95	1.0-1.5 Plus lump sum of 4.0-4.5	574	531	43
Dr M Malone Deputy Director	30-35 Plus lump sum of 100-105	1.5-2.0 Plus lump sum of 5.0-5.5	703	649	54
Mr D Smith Deputy Director	25-30 Plus lump sum of 85-90	1.5-2.0 Plus lump sum of 5.5-5.0	551	507	44

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

## Pension arrangements

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

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

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

## Enhanced Pensions

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

## Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NILGOSC pension arrangements and for which the Fund has received a transfer payment commensurate with the additional pension liabilities being assumed. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

#### **Real Increase in CETV**

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

#### **Compensation for loss of office**

There were no compensation payments for loss of office in 2013-14.

**SOUTH EASTERN REGIONAL COLLEGE  
STATEMENT OF THE RESPONSIBILITIES OF THE GOVERNING BODY  
FOR THE YEAR ENDED 31 JULY 2014**

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

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

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

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

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

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

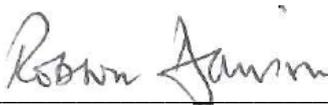
The maintenance and integrity of the College website is the responsibility of the Governing Body of the College; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

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

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

Approved by order of the Governing Body members on 25 November 2014 and signed on its behalf by:



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**Dr Robson Davison**  
**Chairman**

**SOUTH EASTERN REGIONAL COLLEGE  
GOVERNANCE STATEMENT  
FOR THE YEAR ENDED 31 JULY 2014**

**Introduction**

This Governance Statement for South Eastern Regional College (SERC) sets out the governance structures, risk management and internal control procedures that operated within SERC during the 2013-14 financial year and up to the date of approval of the Annual Report and Accounts.

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

**Scope of Responsibility**

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

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

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

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

**Governing Body**

The Governing Body is established in accordance with the Further Education (Northern Ireland) Order 1997 which provides the statutory basis for further education in Northern Ireland. The Governing Body is subject to an Instrument and Articles of Government, the Financial Memorandum, the Audit Code and other regulatory requirements. In terms of governance, all other documents are subordinate to the Order and subject to its provisions.

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

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

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

<b>Governing Body Member</b>	<b>Meetings Attended</b>	<b>Out of a Possible</b>
Robson Davison (Chair)	6	6
David Lamb (Vice Chair)	6	6
Ed Jackson	5	6
Mark Graham	5	6
Heather Farley	0	3
Beth Porter	2	3
Heather Reid	5	6
Alan Henry	6	6
Sam Gallaher	3	6
Neil Bodger	5	6
Gareth Hetherington	6	6
Barbara Larkin	4	6
Glyn Roberts	6	6
Alice Lennon	5	5
Linda Martin	6	6
Michael Simcock	6	6
Andrew McKeag	4	6
Ken Webb	6	6
<i>In attendance:</i>		
Thompson Keating, <i>Director of Corporate and Economic Development</i>	5	5
Tommy Martin, <i>Head of Finance</i>	6	6

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

Information presented to the Governing Body is drafted by the appropriate department and proceeds through the necessary internal clearance procedures before being presented as formal agendas, papers and reports to the Governing Body. This ensures a high quality of reliable and up-to-date information is presented for the Governing Body's consideration. The Governing Body is content with the quality and reliability of the information presented during 2013-14.

In order to fulfil its role the Governing Body met 6 times during 2013-14. There are four established Committees: the Finance and General Purposes Committee, the Audit Committee, the Education Committee, and a Staffing Committee. All of these committees are formally constituted with terms of reference and comprise mainly lay members of the Governing Body.

A minimum of 6 members of the Governing Body must be present for the meeting to be deemed quorate. All Governing Body meetings during the 2013-14 financial year were fully quorate.

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

### **Governing Body Conflicts of Interest**

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

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

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

## Governing Body Performance and Effectiveness

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

This assessment was completed in 2013-14 through a detailed evaluation questionnaire which focused on areas such as:

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

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

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

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

### Audit Committee

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

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

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

<b>Audit Committee Member</b>	<b>Meetings Attended</b>	<b>Out of a Possible</b>
David Lamb (Chair)	5	5
Gareth Hetherington	5	5
Neil Bodger	4	5
Alan Henry	5	5
Linda Martin	5	5
Sam Gallaher	0	5
<i>In attendance:</i>		
Ken Webb, <i>Principal and Chief Executive</i>	5	5
Robson Davison, <i>Chair of the Governing Body</i>	5	5
Thompson Keating, <i>Director of Corporate and Economic Development</i>	3	3
Tommy Martin, <i>Head of Finance</i>	5	5

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

The Articles and Terms of Reference for the Audit Committee state that the Committee should meet at least 4 times a year, and more frequently as circumstances require. During the 2013-14 financial year there were 5 Audit Committee Meetings held. A quorum for any meeting of the Audit Committee is 3 members. All Committee meetings during the 2013-14 financial year were fully quorate.

Information presented to the Audit Committee is drafted by the appropriate department and proceeds through the necessary internal clearance procedures before being presented as formal agendas, papers and reports to the Audit Committee. This ensures a high quality of reliable and up-to-date information is presented for the Committee's consideration. The Audit Committee is content with the quality and reliability of the information presented during 2013-14.

The key issues discussed at the Audit Committee meetings during the 2013-14 financial year were as follows:

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

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

**Finance and General Purposes Committee**

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

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

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

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

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

The Articles and Terms of Reference for the F&GP Committee state that the Committee should meet at least 4 times a year, and more frequently as circumstances require. During the 2013-14 financial year there were 5 F&GP Committee Meetings held. A quorum for any meeting of the F&GP Committee is 3 members. All Committee meetings during the 2013-14 financial year were fully quorate.

Information presented to the F&GP Committee is drafted by the appropriate department and proceeds through the necessary internal clearance procedures before being presented as formal agendas, papers and reports to the F&GP Committee. This ensures a high quality of reliable and up-to-date information is presented for the Committee's consideration. The F&GP Committee is content with the quality and reliability of the information presented during 2013-14.

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

## Education Committee

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

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

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

<b>Education Committee Member</b>	<b>Meetings Attended</b>	<b>Out of a Possible</b>
Beth Porter (Chair)	3	3
Robson Davison (Ex-Officio)	3	6
Sam Gallaher	2	6
Heather Reid	5	6
Alice Lennon	5	6
Glyn Roberts	2	6
Ken Webb	5	5
<i>In attendance:</i>		
David Smith, <i>Director of Learning and Customer Support</i>	5	5
Michael Malone, <i>Director of Curriculum and Information Services</i>	4	4
Heads of Quality, Excellence and Development	5	5

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

The Articles and Terms of Reference for the Education Committee state that the Committee should meet at least 4 times a year, and more frequently as circumstances require. During the 2013-14 financial year there were 6 Education Committee Meetings held. A quorum for any meeting of the Education Committee is 3 members. All Committee meetings during the 2013-14 financial year were fully quorate.

Information presented to the Education Committee is drafted by the appropriate department and proceeds through the necessary internal clearance procedures before being presented as formal agendas, papers and reports to the Education Committee. This ensures a high quality of reliable and up-to-date information is presented for the Committee's consideration. The Education Committee is content with the quality and reliability of the information presented during 2013-14.

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

## Staffing Committee

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

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

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

<b>Staffing Committee Member</b>	<b>Meetings Attended</b>	<b>Out of a Possible</b>
Heather Farley (Chair)	1	3
Robson Davison (Ex-Officio)	4	5
Mark Graham	5	5
Heather Reid	3	5
Beth Porter	2	2
Alan Henry	3	5
Ken Webb	5	5
<i>In attendance:</i>		
Thompson Keating, <i>Director of Corporate and Economic Development</i>	2	2
Paul Smyth, <i>Head of Human Resources</i>	5	5

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

The Articles and Terms of Reference for the Staffing Committee state that the Committee should meet at least 4 times a year, and more frequently as circumstances require. During the 2013-14 financial year there were 5 Staffing Committee Meetings held. A quorum for any meeting of the Staffing Committee is 3 members. All Committee meetings during the 2013-14 financial year were fully quorate.

Information presented to the Staffing Committee is drafted by the appropriate department and proceeds through the necessary internal clearance procedures before being presented as formal agendas, papers and reports to the Staffing Committee. This ensures a high quality of reliable and up-to-date information is presented for the Committee's consideration. The Staffing Committee is content with the quality and reliability of the information presented during 2013-14.

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

## Senior Management Team

The Senior Management Team (SMT) of the College consists of:

- Principal and Chief Executive ('the Director')
- Deputy Directors

The SMT meets both on its own and as part of the College Management Team. Attendance during the year at the SMT meetings was as follows:

Senior Management Team Member	Meetings Attended	Out of a Possible
Ken Webb, <i>Principal and Chief Executive</i>	19	19
Thompson Keating, <i>Director of Corporate and Economic Development</i>	15	19
Michael Malone, <i>Director of Curriculum and Information Services</i>	19	19
David Smith, <i>Director of Learning and Customer Services</i>	19	19

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

- FLU Updates;
- Learning and Customer Support;
- Curriculum and Information Services;
- Corporate and Economic Development;
- Quality, Excellence and Development;
- Communications and Business Services;
- Human Resources; and
- Finance.

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

## Compliance with the Corporate Governance Code

During 2013-14, the College complied with the principles and supporting provisions set out in the Corporate Governance Code.

## Risk Management

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

The robust risk management process is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

Risk management within the College is a dynamic process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

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

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

The College has ensured that staff are trained and equipped to manage risk in a way appropriate to their level of authority and duties, and guidance on the College's risk management process is available to all staff on the intranet. During 2013/14 all new Governors were provided training by the Department for Employment and Learning pertaining to their role on the Governing Body, which included risk management.

### **Risk and Control Framework**

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

There has been a full risk and control assessment before reporting on the year ending 31 July 2014 with all budget holders throughout the College assessing their own departments and submitting a Departmental Statement of Internal Control to the Accounting Officer.

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

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

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

### **Corporate Risks Identified in 2013-14**

The corporate risks identified for the Risk Register as at August 2014 included:

- **Curriculum Resources and Quality** – Failure to manage the level of sickness absence within the College.
- **Resources** – Managing the financial viability of the College.
- **Resources** – Management of the remainder of the Steps to Work contract.

All risks identified throughout 2013-14 have been appropriately managed within the Risk and Control Framework.

## Fraud Reporting

The College has a detailed Anti-Fraud Policy which was revised and updated in 2012. The Anti-Fraud Policy sets out the definition of fraud, details the responsibilities regarding the prevention of fraud and highlights the procedures to be followed in the event of a fraud being detected or suspected.

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

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

During 2013-14 the College had 6 instances of suspected or detected fraud.

The suspected fraud which was reported to the Department in 2011-12 (and which remained under investigation in 2012-13) was finalised in 2013-14 with the conclusion of no fraud being detected.

## Whistleblowing

In 2012-13 the College revised and reissued its Whistleblowing Policy. The Policy provides individuals with a process to facilitate the reporting of concerns and suspected wrongdoing within the College and highlights the protection afforded to those who disclose concerns under the Public Interest Disclosure (NI) Order 1998.

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

During 2013-14 the College had 2 incidents reported under the Whistleblowing Policy.

## Internal Audit

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

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

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

On the basis of the audit work performed during the 2013-14 financial year, the Head of Internal Audit has provided a Substantial Overall Assurance.

A summary of the findings from the reviews completed during 2013-14 is provided below:

Area reviewed	Assurance Rating
Contract Management	Substantial
Core Financial Processes – Bank & Cash/Treasury Management	Substantial
Core Financial Processes – Payments to Creditors	Substantial
Corporate and Strategic Planning	Substantial
Health and Safety	Substantial
IT General Controls	Satisfactory
Procurement	Satisfactory

There were no Priority 1 issues highlighted in the 2013-14 Internal Audit Reviews.

There were 12 internal audit recommendations brought forward from the prior year with 6 new recommendations arising in the current year. All 18 of these recommendations were fully addressed at 31 July 2014.

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

### **Pay Remits**

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

During 2012-13, it was identified that pay progression increments had been made to staff without receiving the required approval from DFP. Despite the payments being made in line with contractual obligations, the absence of DFP approval represented a breach of controls and has resulted in the payments being deemed irregular.

DFP provided approval for the 2011-12 and 2012-13 teaching staff and 2010-11, 2011-12 and 2012-13 non teaching staff pay remits in November 2013. The 2013-14 (April 2013 – March 2014) non-teaching staff pay remit was approved by DFP on 21 February 2014. DFP supply considers a portion of the progression payments for these years, which was paid prior to the submission to DFP, to be irregular spend.

The value of the payments in the current year that were paid before approval was £311,010. This issue affects all six Colleges in the FE Sector.

The College now withholds progression increments until DFP approval is received.

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

### **Information Assurance**

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

In 2013-14 the College expanded and developed the framework of Policies and Standard Operating Procedures surrounding information assurance and records management. The Policies and Procedures provide detailed guidance on information security, the roles and responsibilities, and the monitoring and reporting processes in place regarding information assurance. The framework of documents is regularly reviewed to ensure compliance with best practice.

In 2013-14 there were no instances of access to personal data that did not comply with the Data Protection requirements nor were any issues reported to the Information Commissioners Office. The College did not have any instances of breaches regarding personal data or records.

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

Until October 2010 ONS considered FE colleges across the United Kingdom to be autonomous, independent bodies not controlled by central government. Accordingly, ONS classified colleges as private sector, not for profit institutions serving households. However, on 26 August 2010, ONS wrote to the Treasury advising that they planned to revise that decision and reclassify FE colleges as Non-Departmental Public Bodies (NDPBs).

The main issue in determining that colleges should be reclassified as NDPBs is the degree of control that government has over the College. While this reclassification is the result of control technicalities, it has a number of significant implications for the College. This has a major impact on governance, on financial and accounting issues, on the nature of the relationship between the Department and the College, and on the legislative basis under which the College operates.

South Eastern Regional College continues to work with the Department to ensure that all requirements as a NDPB are incorporated within the governance and operation of the College.



Accounting Officer



Date

## **SOUTH EASTERN REGIONAL COLLEGE**

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

I certify that I have audited the financial statements of the South Eastern Regional College for the year ended 31<sup>st</sup> July 2014 under the Further Education (Northern Ireland) Order 1997 as amended by the Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008. These comprise the Income and Expenditure Account, Balance Sheet, Cash Flow Statement, Statement of Historical Surpluses and Deficits, Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

#### **Respective responsibilities of the Governing Body and auditor**

As explained more fully in the Statement of Responsibilities of the Governing Body, the Governing Body is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

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

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

#### **Opinion on regularity**

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

#### **Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view of the state of South Eastern Regional College's affairs as at 31<sup>st</sup> July 2014 and of its deficit, cash flows and total recognised gains and losses for the year then ended; and
- the financial statements have been properly prepared in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008 and the Department for Employment and Learning directions issued thereunder.

## Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Department for Employment and Learning directions made under the Further Education (Northern Ireland) order 1997 as amended by the Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008; and
- the information given in the Operating and Financial review and the unaudited part of the Remuneration Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

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

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

## Report

### Contractual salary increments paid to staff without prior DFP approval

In 2012-13, I qualified my opinion on regularity of the South Eastern Regional College's financial statements on the basis of contractual salary increments that were paid to staff without having received the required approval from DFP. This issue affected all six colleges in the Further Education sector in Northern Ireland. The appropriate approvals have now been obtained from DFP but a residual irregular amount is included in the 2013-14 financial statements of £311,010. I have not qualified my opinion on regularity in 2013-14 in respect of this residual figure.



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

28 November 2014

**SOUTH EASTERN REGIONAL COLLEGE**  
**INCOME AND EXPENDITURE ACCOUNT**  
for the year ended 31 July 2014

		2014	2013
	<u>Notes</u>	£'000	£'000
<b>INCOME</b>			
Department for Employment and Learning Grants	2	32,176	31,423
Education contracts	3	9,924	9,810
Tuition fees and charges	4	2,377	2,428
Other grant income	5	1,467	513
Other operating income	6	844	719
Investment income	7	<u>11</u>	<u>47</u>
<b>Total income</b>		<b>46,799</b>	44,940
<b>EXPENDITURE</b>			
Staff costs	8	27,021	27,633
Other operating expenses	10	17,935	18,256
Depreciation	13	<u>3,076</u>	<u>2,835</u>
<b>Total expenditure before exceptional items</b>		<b>48,032</b>	48,724
<b>Deficit on continuing operations after depreciation of assets at valuation and before tax and before exceptional items</b>		<b>(1,233)</b>	(3,784)
<b>EXCEPTIONAL ITEMS</b>			
Exceptional costs (staff)	8	1,204	-
Exceptional costs (non-staff)	10	<u>-</u>	<u>-</u>
<b>Deficit on continuing operations after depreciation of assets at valuation and before tax</b>		<b>(2,437)</b>	(3,784)
Profit/(Loss) on disposal of assets		<u>87</u>	<u>(370)</u>
<b>Deficit on continuing operations after depreciation of assets at valuation and disposal of assets but before tax</b>		<b>(2,350)</b>	(4,154)
Taxation	11	-	-
<b>Deficit on continuing operations after depreciation of assets at valuation and tax</b>	12	<b><u>(2,350)</u></b>	<b><u>(4,154)</u></b>

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

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

**SOUTH EASTERN REGIONAL COLLEGE**  
**STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS**  
**for the year ended 31 July 2014**

		<b>2014</b>	2013
	<u>Notes</u>	<b>£'000</b>	£'000
Deficit on continuing operations after depreciation of assets at valuation and tax		<b>(2,350)</b>	(4,154)
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	18	<u>2,286</u>	<u>1,515</u>
<b>Historical cost deficit for the year</b>		<b><u>(64)</u></b>	<b><u>(2,639)</u></b>

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

**SOUTH EASTERN REGIONAL COLLEGE**  
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**for the year ended 31 July 2014**

		<b>2014</b>	2013
	<u>Notes</u>	<b>£'000</b>	£'000
Deficit on continuing operations after depreciation of assets at valuation and tax		<b>(2,350)</b>	(4,154)
Unrealised gain on revaluation of fixed assets	18	<b>12,586</b>	4,245
Actuarial (losses)/gains in respect of pension scheme	20	<b>(7,274)</b>	2,665
<b>Total recognised gains for the year</b>		<b><u>2,962</u></b>	<u>2,756</u>

		<b>2014</b>	2013
		<b>£'000</b>	£'000
<b>Reconciliation of movement in reserves</b>			
<b>Opening reserves</b>		<b>41,256</b>	38,500
Total recognised gains for the year		<b><u>2,962</u></b>	<u>2,756</u>
<b>Closing Reserves</b>		<b><u>44,218</u></b>	<u>41,256</u>

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

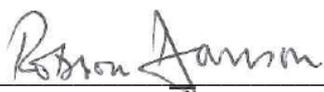
**SOUTH EASTERN REGIONAL COLLEGE**  
**BALANCE SHEET**  
as at 31 July 2014

		<b>2014</b>	2013
	<u>Notes</u>	<b>£'000</b>	£'000
<b>Fixed assets</b>			
Tangible assets	13	<u>123,414</u>	<u>110,846</u>
<b>Total fixed assets</b>		<u>123,414</u>	<u>110,846</u>
<b>Current assets</b>			
Debtors	14	3,881	2,813
Assets held for sale		-	907
Cash at bank and in hand		<u>2,013</u>	<u>1,451</u>
<b>Total current assets</b>		<b>5,894</b>	5,171
Less: Creditors - amounts falling due within one year	15	<b>(4,837)</b>	(2,560)
Less: PPP finance lease creditor - amounts falling due within one year		<u>(970)</u>	<u>(922)</u>
<b>Net current assets</b>		<u>87</u>	<u>1,689</u>
<b>Total assets less current liabilities</b>		<b>123,501</b>	112,535
Less: Provision for liabilities and charges	16	-	(133)
Less: PPP finance leases – amounts falling due after more than one year		<u>(37,802)</u>	<u>(38,774)</u>
<b>Net assets excluding pension liability</b>		<b>85,699</b>	73,628
NILGOSC Pension fund creditor	20	<u>(9,278)</u>	<u>(1,970)</u>
<b>Net assets including pension liability</b>		<u><u>76,421</u></u>	<u><u>71,658</u></u>

**SOUTH EASTERN REGIONAL COLLEGE**  
**BALANCE SHEET (continued)**  
as at 31 July 2014

		2014	2013
	<u>Notes</u>	£'000	£'000
Deferred capital grants	17	<b>32,203</b>	30,402
<b>Reserves</b>			
Revaluation reserve	18	<b>51,593</b>	41,293
Income and expenditure account excluding pension reserve	19	<b>1,903</b>	1,933
Pension reserve	20	<u><b>(9,278)</b></u>	<u>(1,970)</u>
Income and expenditure account including pension reserve	19	<u><b>(7,375)</b></u>	<u>(37)</u>
<b>Total reserves</b>		<u><b>44,218</b></u>	<u>41,256</u>
<b>Total funds</b>		<u><b>76,421</b></u>	<u>71,658</u>

The financial statements on pages 46 to 77 were approved by the Governing Body of South Eastern Regional College on 25 November 2014 and were signed on its behalf on that date by:



\_\_\_\_\_  
**Dr R Davison**  
Chairman of Governing Body  
South Eastern Regional College



\_\_\_\_\_  
**Mr K Webb**  
Accounting Officer  
South Eastern Regional College

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

**SOUTH EASTERN REGIONAL COLLEGE**  
**CASH FLOW STATEMENT**  
**for the year ended 31 July 2014**

	<u>Notes</u>	<b>2014</b> <b>£'000</b>	2013 £'000
<b>Cash (outflow) from operating activities</b>	21	<b>(182)</b>	(2,049)
Returns on investments and servicing of finance	22	<b>11</b>	47
Capital expenditure and financial investment	23	<b>733</b>	390
Financing		<u>-</u>	<u>-</u>
<b>Increase/(Decrease) in cash in the year</b>	24	<u><b>562</b></u>	<u>(1,612)</u>

**Reconciliation of net cash flow to movement in net funds**

	<b>2014</b> <b>£'000</b>	2013 £'000
Increase/(Decrease) in cash in the year	<u><b>562</b></u>	<u>(1,612)</u>
Movement in net funds in the year	<b>562</b>	(1,612)
Net funds at 1 August	<u><b>1,451</b></u>	<u>3,063</u>
<b>Net funds at 31 July</b>	<u><b>2,013</b></u>	<u>1,451</u>

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

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

## **1. ACCOUNTING POLICIES**

### **Statement of Accounting Policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

#### **Basis of Preparation**

These financial statements have been prepared on the going concern basis in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2007 and in accordance with applicable Accounting Standards under the historical cost convention except that certain freehold properties are shown at their revalued amounts. They also conform to the Accounts Direction issued by the Department for Employment and Learning (DEL).

#### **Basis of accounting**

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

#### **Going concern**

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

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

#### **Recognition of Income**

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

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

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

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

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

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

#### **Pension Scheme**

The two principal pension schemes for the College's staff are the Northern Ireland Teacher's Pension Scheme (NITPS) and the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) defined benefit schemes, which are externally funded and contracted out of the State Earnings Related Pension Scheme.

**SOUTH EASTERN REGIONAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 July 2014**

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The NITPS is an unfunded contributory, voluntary membership scheme administered by the Department of Education. The current regulations under which the scheme operates are the *Teachers' Superannuation Regulations (NI) 1998 (as amended)*. The NITPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The NITPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

NILGOSC is a defined benefit scheme which is externally funded and contracted out of the second state Pension Scheme. The Funds are valued every three years by actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. Pension costs are assessed on the basis of the latest actuarial valuations of the schemes and are accounted for on the basis of charging the cost of providing pensions over the period during which the College benefits from the employees' services. Variations from regular cost are spread over the expected average remaining working lifetime of members of the schemes after making allowances for future withdrawals. The College has fully adopted FRS 17 'Retirement Benefits' during the year. The impact of this standard has been reflected throughout the financial statements. Prior year comparatives have been restated where appropriate.

The difference between the fair value of the assets held in the College's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the College's balance sheet as a pension scheme asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the College is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

Changes in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by the College are charged to the income & expenditure account or the statement of total recognised gains and losses, in accordance with FRS 17.

### **Tangible Fixed Assets**

#### **Land and buildings**

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

#### **Assets other than land and buildings**

Assets other than land and buildings costing less than £3,000 per individual item are written off to the income and expenditure account in the period of acquisition. Assets other than land and buildings inherited from the Education & Library Board are included in the balance sheet at valuation. All other assets are capitalised at cost.

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

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

**SOUTH EASTERN REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 July 2014**

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

**Assets under construction**

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July 2014. They are not depreciated until they are brought into use.

**Public Private Partnerships**

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

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

**Leased Assets**

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

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright and are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

**Investments**

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

**Foreign Currency Translation**

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

**Taxation**

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

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

### **Liquid Resources**

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

### **Provisions**

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

### **Agency Arrangements**

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

Hardship Fund payments received from DEL and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 31. £34k was received from DEL which is available to the College to cover administration costs relating to EMA.

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

**SOUTH EASTERN REGIONAL COLLEGE**  
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**2. DEPARTMENT FOR EMPLOYMENT AND LEARNING GRANTS**

	<b>2014</b>	2013
	<b>£'000</b>	£'000
Recurrent grant	<b>24,822</b>	24,182
Release of deferred capital grants	<b>997</b>	909
Educational Maintenance Allowance Administration	<b>34</b>	41
Major Works	<b>-</b>	21
Learner Access and Engagement	<b>22</b>	-
Public Private Partnership (PPP)	<b>5,898</b>	5,854
Additional Support Funds (ASF)	<b>333</b>	313
Care to Learn	<b>46</b>	64
Other	<b>24</b>	39
	<b>32,176</b>	31,423

**3. EDUCATIONAL CONTRACTS**

	<b>2014</b>	2013
	<b>£'000</b>	£'000
Entitlement Framework	<b>1,047</b>	1,034
Training for Success	<b>7,140</b>	7,112
Steps to Work	<b>1,737</b>	1,664
	<b>9,924</b>	9,810

**4. TUITION FEES AND CHARGES**

	<b>2014</b>	2013
	<b>£'000</b>	£'000
Higher Education (HE) income	<b>1,472</b>	1,399
Home and other European Union	<b>865</b>	939
Non-European Union	<b>40</b>	90
	<b>2,377</b>	2,428

**Tuition fees funded by bursaries**

Included within the above amounts are tuition fees funded by bursaries of £40k (2013: £15k)

**SOUTH EASTERN REGIONAL COLLEGE**  
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**5. OTHER GRANT INCOME**

	<b>2014</b>	2013
	<b>£'000</b>	£'000
European funds	<b>342</b>	99
Other funds	<b>1,125</b>	414
	<b>1,467</b>	513

**6. OTHER OPERATING INCOME**

	<b>2014</b>	2013
	<b>£'000</b>	£'000
Catering and residence operations	<b>242</b>	223
Other income generating activities	<b>486</b>	145
Other income	<b>116</b>	351
	<b>844</b>	719

**7. INVESTMENT INCOME**

	<b>2014</b>	2013
	<b>£'000</b>	£'000
Other interest receivable	<b>11</b>	47
	<b>11</b>	47

**SOUTH EASTERN REGIONAL COLLEGE**  
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**8. STAFF COSTS**

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

	<b>2014</b>	2013
	<b>Number</b>	Number
Teaching	<b>388</b>	448
Support	<b>183</b>	168
Administration	<b>120</b>	120
Premises	<b>11</b>	10
<b>Total</b>	<b>702</b>	746

	<b>2014</b>	2013
	<b>£'000</b>	£'000
<b>Staff costs for the above persons</b>		
Teaching	<b>16,295</b>	16,888
Support	<b>3,818</b>	3,780
Administration	<b>6,432</b>	6,338
Premises	<b>442</b>	424
FRS 17 adjustment	<b>34</b>	203
	<b>27,021</b>	27,633
Exceptional staff costs (redundancy)	<b>1,204</b>	-
<b>Total</b>	<b>28,225</b>	27,633

Wages and salaries	<b>22,026</b>	22,930
Social Security costs	<b>1,602</b>	1,710
Other pension costs (including FRS 17 adjustments of £34,000 (2013: (£203,000)))	<b>3,393</b>	2,993
	<b>27,021</b>	27,633
Exceptional staff costs (redundancy)	<b>1,204</b>	-
<b>Total</b>	<b>28,225</b>	27,633

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

	<b>Senior Post Holders</b>		<b>Other Staff</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
£60,001 to £70,000	-	-	<b>8</b>	7
£70,001 to £80,000	-	-	-	-
£80,001 to £90,000	-	-	-	-
£90,001 to £100,000	<b>3</b>	3	-	-
£100,001 to £110,000	-	-	-	-
£110,001 to £120,000	-	-	-	-
£120,001 to £130,000	<b>1</b>	1	-	-
	<b>4</b>	<b>4</b>	<b>8</b>	<b>7</b>

**9. SENIOR POST HOLDERS' EMOLUMENTS**

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

	<b>2014</b>	<b>2013</b>
	<b>Number</b>	<b>Number</b>
The number of senior post-holders including the Chief Executive/Principal was:	<b>4</b>	4

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

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Salaries	<b>357</b>	353
Benefits in kind	-	-
Pension contributions	<b>48</b>	48
<b>Total emoluments</b>	<b>405</b>	401

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

	<b>2014</b>	2013
	<b>£'000</b>	£'000
Salaries	<b>109</b>	108
Benefits in kind	<u>-</u>	<u>-</u>
	<b>109</b>	108
Pension contributions	<u>15</u>	<u>15</u>
	<b>124</b>	123

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

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

**SOUTH EASTERN REGIONAL COLLEGE**  
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**10. OTHER OPERATING EXPENSES**

	<b>2014</b>	2013
	<b>£'000</b>	£'000
Direct teaching	<b>810</b>	849
Direct support	<b>5,063</b>	5,023
Administration	<b>1,612</b>	1,720
Consultancy Fees	-	-
Premises	<b>2,912</b>	2,942
Impairment of Asset Held for Sale	-	257
Unitary payments – PPP operating cost	<b>5,298</b>	5,176
Unitary payments – PPP finance lease interest	<b>2,240</b>	2,289
	<b>17,935</b>	18,256
Exceptional costs (non staff)	-	-
<b>Total</b>	<b>17,935</b>	18,256

**Other operating expenses include:**

	<b>2014</b>	2013
	<b>£'000</b>	£'000
Auditors' remuneration:		
Financial statements audit	<b>23</b>	22
Internal audit	<b>24</b>	14
Other services provided by the financial statements auditor	-	2
Other services provided by the internal auditors	<b>2</b>	18
Hire of other assets – operating leases	<b>35</b>	56

**11. TAXATION**

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

**12. DEFICIT ON CONTINUING OPERATIONS FOR THE YEAR**

	<b>2014</b>	2013
	<b>£'000</b>	£'000
The deficit on continuing operations for the year is made up as follows:		
College's deficit for the year	<b>(2,350)</b>	(4,154)

**SOUTH EASTERN REGIONAL COLLEGE**  
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**13. TANGIBLE FIXED ASSETS**

	Freehold land	Buildings	PFI	Buildings under construction	Plant and equipment	Computers	Fixtures and fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>									
At 1 August 2013	5,900	27,661	77,635	1,615	1,535	717	460	211	115,734
Additions	-	215	419	1,542	481	143	261	108	3,169
Disposals	(111)	-	-	-	-	-	-	-	(111)
Revaluation	-	3,443	9,829	-	-	-	-	-	13,272
<b>At 31 July 2014</b>	<b>5,789</b>	<b>31,319</b>	<b>87,883</b>	<b>3,157</b>	<b>2,016</b>	<b>860</b>	<b>721</b>	<b>319</b>	<b>132,064</b>
<b>Depreciation</b>									
At 1 August 2013	-	882	1,833	-	1,236	514	253	170	4,888
Charge for the year	-	898	1,836	-	144	118	55	25	3,076
Disposals	-	-	-	-	-	-	-	-	-
Revaluation	-	222	464	-	-	-	-	-	686
Reclassified Assets	-	-	-	-	-	-	-	-	-
<b>At 31 July 2014</b>	<b>-</b>	<b>2,002</b>	<b>4,133</b>	<b>-</b>	<b>1,380</b>	<b>632</b>	<b>308</b>	<b>195</b>	<b>8,650</b>
<b>Net book value at 31 July 2014</b>	<b>5,789</b>	<b>29,317</b>	<b>83,750</b>	<b>3,157</b>	<b>636</b>	<b>228</b>	<b>413</b>	<b>124</b>	<b>123,414</b>
Net book value at 31 July 2013	5,900	26,779	75,802	1,615	299	203	207	41	110,846

**SOUTH EASTERN REGIONAL COLLEGE**  
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**Surplus on Revaluation**

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

**Income & Expenditure Account – Depreciation**

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

	<b>2014</b>	2013
	<b>£'000</b>	£'000
Charge for the year on owned assets	<b>1,240</b>	1,090
Accelerated depreciation on buildings	-	-
Charge for the year on PPP assets	<b>1,836</b>	<u>1,745</u>
Charge in the Income & Expenditure Account	<b>3,076</b>	2,835

**SOUTH EASTERN REGIONAL COLLEGE**  
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**14a. DEBTORS**

	<b>2014</b>	2013
	<b>£'000</b>	£'000
Amounts falling due within one year:		
Trade debtors	<b>3,030</b>	1,990
Prepayments and accrued income	<b>851</b>	823
<b>Total Debtors</b>	<b>3,881</b>	2,813

**14b. DEBTORS – INTRA-GOVERNMENT BALANCES**

	<b>2014</b>	2013
	<b>£'000</b>	£'000
Amounts falling due within one year:		
Balances with central government bodies	<b>2,769</b>	1,647
Balances with local authorities	<b>31</b>	12
Balances with NHS bodies	<b>1</b>	1
Subtotal: intra-government balances	<b>2,801</b>	1,660
Balances with bodies external to government	<b>1,080</b>	1,153
<b>Total Debtors</b>	<b>3,881</b>	2,813

**15a. CREDITORS: AMOUNTS FALLING DUE WITHIN 1 YEAR**

	<b>2014</b>	2013
	<b>£'000</b>	£'000
Payments received in advance	<b>453</b>	374
Trade creditors	<b>1,293</b>	944
Taxation and social security	<b>507</b>	585
Trade accruals	<b>605</b>	340
Redundancy Accrual	<b>44</b>	-
Other creditors	<b>1,935</b>	317
<b>Total creditors less than one year</b>	<b>4,837</b>	2,560

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

	<b>2014</b>	2013
	<b>£'000</b>	£'000
Balances with central government departments	<b>2,446</b>	920
Balances with local authorities	<b>3</b>	15
Balances with NHS bodies	<b>6</b>	-
Subtotal: intra-government balances	<b>2,455</b>	935
Balances with bodies external to government	<b>2,382</b>	1,625
<b>Total Creditors less than one year</b>	<b>4,837</b>	2,560

**SOUTH EASTERN REGIONAL COLLEGE**  
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**16. PROVISIONS FOR LIABILITIES AND CHARGES**

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

The brought forward other provision at 1 August relates to a payment for some lecturing staff under the Deane Agreement. In 2013-14 it was established that the Deane payment was no longer necessary and therefore is released to the Income and Expenditure account.

	<b>Litigation</b> <b>£'000</b>	<b>Other</b> <b>£'000</b>	<b>Total</b> <b>£'000</b>
At 1 August 2012	212	99	311
Income and Expenditure account	-	34	34
Expenditure in the period	(212)	-	(212)
	<hr/>	<hr/>	<hr/>
At 31 July 2013	-	133	133

**SOUTH EASTERN REGIONAL COLLEGE**  
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**17. DEFERRED CAPITAL GRANTS**

	DEL grants £'000	<b>Total £'000</b>
At 1 August 2013		
Land and buildings	29,886	<b>29,886</b>
Other assets	<u>516</u>	<u><b>516</b></u>
	30,402	<b>30,402</b>
Cash received		
Land and buildings	1,839	<b>1,839</b>
Other assets	<u>959</u>	<u><b>959</b></u>
	2,798	<b>2,798</b>
Released to Income and Expenditure Account		
Land and buildings	(747)	<b>(747)</b>
Other assets	<u>(250)</u>	<u><b>(250)</b></u>
	(997)	<b>(997)</b>
At 31 July 2014		
Land and buildings	30,978	<b>30,978</b>
Other assets	<u>1,225</u>	<u><b>1,225</b></u>
<b>Total</b>	<u><b>32,203</b></u>	<u><b>32,203</b></u>

**18. REVALUATION RESERVE**

	<b>2014 £'000</b>	2013 £'000
At 1 August 2013	<b>41,293</b>	38,563
Revaluations in the period (as per note 13)	<b>12,586</b>	4,245
Transferred from revaluation reserve to general reserve in respect of:		
Depreciation of Revalued Assets	<b>(1,012)</b>	(882)
Disposals	<u><b>(1,274)</b></u>	<u>(633)</u>
<b>At 31 July 2014</b>	<u><b>51,593</b></u>	<u>41,293</u>

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**19. INCOME AND EXPENDITURE ACCOUNT**

**Income and expenditure account reserve**

	<b>2014</b>	2013
	<b>£'000</b>	£'000
As at 1 August 2013	<b>(37)</b>	(63)
Deficit for the year	<b>(2,350)</b>	(4,154)
Transfer from revaluation reserve	<b>2,286</b>	1,515
Actuarial gains/(losses) in respect of pension scheme	<b>(7,274)</b>	2,665
<b>At 31 July 2014</b>	<b><u>(7,375)</u></b>	<u>(37)</u>
<b>Balance represented by :</b>		
Pension reserve	<b>(9,278)</b>	(1,970)
Income and expenditure account reserve excluding pension reserve	<b>1,903</b>	1,933
<b>At 31 July 2014</b>	<b><u>(7,375)</u></b>	<u>(37)</u>

**SOUTH EASTERN REGIONAL COLLEGE**  
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**20. PENSION AND SIMILAR OBLIGATIONS**

The College's employees belong to two principal pension schemes: the Northern Ireland Teachers' Pension Scheme (NITPS) for academic and related staff; and the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) for non-teaching staff. Both are defined-benefit schemes.

<b>Total pension cost for the year</b>	<b>2014</b>	2013
	<b>£'000</b>	£'000
NITPS: contributions paid	1,825	1,768
NILGOSC: contributions paid	1,357	1,017
NILGOSC: FRS 17 charge	<u>34</u>	<u>203</u>
NILGOSC: charge to the income and expenditure account (staff costs)	1,391	1,220
Enhanced pension charge to the income and expenditure account (staff costs)	<u>0</u>	<u>0</u>
<b>Total pension cost for the year</b>	<b><u>3,216</u></b>	<b><u>2,988</u></b>

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

**NITPS**

The NITPS is an unfunded contributory, voluntary membership scheme administered by the Department of Education. 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.deni.gov.uk](http://www.deni.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.

From 1 April 2012 the employers' contribution rate is 13.6% 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:-

<b>Salary</b>	<b>2013/14</b>	<b>2014/15</b>
Below £15,000	6.4%	6.4%
£15,000 to £25,999	7.0%	7.2%
£26,000 to £31,999	7.9%	8.3%
£32,000 to £39,999	8.8%	9.5%
£40,000 to £44,999	9.2%	9.9%
£45,000 to £74,999	10.1%	11.0%
£75,000 to £99,999	10.6%	11.6%
£100,000 and above	11.2%	12.4%

**FRS 17**

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

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

**SOUTH EASTERN REGIONAL COLLEGE**  
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**NILGOSC**

NILGOSC is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme Regulations (Northern Ireland) 2002, as amended. It is contracted out of the state pension scheme.

**FRS 17**

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

**Principal actuarial assumptions**

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

	<b>2014</b>	2013	2012
	%	%	%
Rate of increase of pensions in payment/inflation	<b>2.7</b>	2.8	2.2
Rate of increase in salaries	<b>4.2</b>	5.1	4.5
Expected return on assets	<b>5.9</b>	5.8	4.9
Discount rate for scheme liabilities	<b>4.0</b>	4.6	4.1

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

	<b>2014</b>	2013
<i>Retiring today</i>		
Males	<b>22.0</b>	22.9
Females	<b>24.5</b>	25.7
<i>Retiring in 20 years</i>		
Males	<b>24.2</b>	24.9
Females	<b>27.7</b>	27.7

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

	<b>Long term rate of return expected at 31 July 2014</b>	<b>Value at 31 July 2014</b>		Long term rate of return expected at 31 July 2013	Value at 31 July 2013		Long term rate of return expected at 31 July 2012	Value at 31 July 2012
		<b>£'000</b>			£'000			£'000
Equities	<b>6.6%</b>	<b>19,402</b>		6.4%	21,004		5.5%	16,265
Bonds	<b>3.3%</b>	<b>3,146</b>		4.0%	3,316		3.5%	2,897
Property	<b>4.7%</b>	<b>3,146</b>		4.6%	2,211		3.7%	2,005
Cash	<b>3.6%</b>	<b>524</b>		3.4%	1,106		2.8%	1,114
<b>Fair value of assets</b>		<b>26,219</b>			27,637			22,281
Present value of liabilities		<b>(35,497)</b>			(29,606)			(26,714)
Deferred tax liability		<b>-</b>			-			-
<b>(Deficit) in the scheme</b>		<b>(9,278)</b>			(1,970)			(4,433)

**SOUTH EASTERN REGIONAL COLLEGE**  
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<b>Recognition in the balance sheet</b>	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Present value of funded liabilities	<b>(35,469)</b>	(29,576)
Fair value of employer assets	<b>26,219</b>	27,637
	<b>(9,250)</b>	(1,940)
Present value of unfunded liabilities	<b>(28)</b>	(30)
<b>Net liability</b>	<b>(9,278)</b>	<b>(1,970)</b>

**Recognition in the Income and Expenditure account**

	<b>£'000</b>	<b>£'000</b>
Current service cost	<b>1,569</b>	1,216
Interest cost on pension liabilities	<b>1,399</b>	1,116
Expected return on pension scheme assets	<b>(1,642)</b>	(1,112)
Past service cost	-	-
Losses on curtailments and settlements	<b>65</b>	-
<b>Total</b>	<b>1,391</b>	<b>1,220</b>

**Analysis of pension finance (cost)/income**

Expected return on pension scheme assets	<b>1,642</b>	1,112
Interest cost on pension liabilities	<b>(1,399)</b>	(1,116)

**Pension finance income/(cost)**

<b>243</b>	<b>(4)</b>
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**Actuarial (Losses)/Gains recognised in STRGL**

<b>(7,274)</b>	<b>2,665</b>
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	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
<b>Movement in (deficit) during year</b>		
As at 1 August as stated	<b>(1,970)</b>	(4,433)
Current service cost	<b>(1,569)</b>	(1,216)
Employer contributions	<b>1,357</b>	1,017
Contributions in respect of unfunded benefits	<b>2</b>	2
Losses on curtailments and settlements	<b>(65)</b>	-
Net Return/Interest on Assets	<b>243</b>	(4)
Past service cost	-	-
Actuarial (Loss)/Gain	<b>(7,274)</b>	2,665
<b>(Deficit) in scheme at 31 July</b>	<b>(9,278)</b>	<b>(1,970)</b>

**SOUTH EASTERN REGIONAL COLLEGE**  
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**Reconciliation of Defined Benefit Obligation**

	<b>2014</b>	2013
	<b>£'000</b>	£'000
<b>Liabilities at 1 August</b>	<b>29,606</b>	26,714
Current service cost	<b>1,569</b>	1,216
Interest cost	<b>1,399</b>	1,116
Employee contributions	<b>405</b>	337
Actuarial losses/(gains)	<b>2,818</b>	751
Past service cost/(gain)	<b>-</b>	-
Estimated unfunded benefits paid	<b>(2)</b>	(2)
Estimated benefits paid	<b>(363)</b>	(526)
Losses on curtailments and settlements	<b>65</b>	-
	<hr/> <b>35,497</b> <hr/>	<hr/> 29,606 <hr/>
<b>Liabilities at 31 July</b>	<b>35,497</b>	29,606

**Reconciliation of Fair Value of Employer Assets**

	<b>2014</b>	2013
	<b>£'000</b>	£'000
<b>Assets at 1 August</b>	<b>27,637</b>	22,281
Expected return on employer assets	<b>1,642</b>	1,112
Actuarial (Losses)/Gains	<b>(4,458)</b>	3,416
Employer contributions	<b>1,357</b>	1,017
Contributions in respect of unfunded benefits	<b>2</b>	2
Employee contributions	<b>405</b>	337
Estimated unfunded benefits paid	<b>(2)</b>	(2)
Estimated benefits paid	<b>(363)</b>	(526)
	<hr/> <b>26,219</b> <hr/>	<hr/> 27,637 <hr/>
<b>Assets at 31 July</b>	<b>26,219</b>	27,637

The estimated value of employer contributions for the year ended 31 July 2015 is £1,277,000.

**History of experience gains and losses**

	<b>2014</b>	2013	2012	2011	2010
	<b>£'000</b>	£'000	£'000	£'000	£'000
Difference between the expected and actual return on employer assets	<b>802</b>	3,421	(757)	1,117	1,552
Fair value of employers assets	<b>26,219</b>	27,637	22,281	20,827	15,409
Experience gains and losses on scheme liabilities	<b>(2,658)</b>	(2)	(214)	3,525	-
Present value of liabilities	<b>35,497</b>	29,606	26,714	21,593	23,037
Actuarial Gains/(Losses) recognised in STRGL	<b>7,274</b>	2,665	(3,774)	7,081	(126)
Present value of liabilities	<b>35,497</b>	29,606	26,714	21,593	23,037

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

	<b>2014</b>	2013
	<b>£'000</b>	£'000
Deficit on continuing operations after depreciation of assets at valuation	<b>(2,350)</b>	(4,154)
Depreciation (note 13)	<b>3,076</b>	2,835
Impairment of Asset Held for Sale	-	257
Deferred capital grants released to income (note 17)	<b>(997)</b>	(1,022)
Interest receivable (note 7)	<b>(11)</b>	(47)
Pension gain/(cost) less contributions payable (note 20)	<b>34</b>	203
(Increase)/Decrease in debtors	<b>(1,068)</b>	13
Increase/(Decrease) in creditors	<b>564</b>	551
(Decrease)/Increase in PPP creditor	<b>(923)</b>	(877)
(Profit)/Loss on sale of tangible assets	<b>(87)</b>	370
Advance of Block Grant	<b>1,713</b>	-
(Decrease)/Increase in provisions	<b>(133)</b>	(178)
<b>Net cash (outflow) from operating activities</b>	<b>(182)</b>	(2,049)

**22. RETURN ON INVESTMENT AND SERVICING OF FINANCE**

	<b>2014</b>	2013
	<b>£'000</b>	£'000
Other interest received	<b>11</b>	47
<b>Net cash inflow from returns on investment and servicing of finance</b>	<b>11</b>	47

**23. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT**

	<b>2014</b>	2013
	<b>£'000</b>	£'000
Purchase of tangible fixed assets	<b>(3,169)</b>	(786)
Deferred capital grants received	<b>2,798</b>	915
Proceeds on sale of fixed assets	<b>1,104</b>	261
<b>Net cash inflow from capital expenditure and financial investment</b>	<b>733</b>	390

**SOUTH EASTERN REGIONAL COLLEGE**  
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**24. ANALYSIS OF CHANGES IN NET FUNDS**

	At 1 Aug 2013 £'000	Cash flows £'000	At 31 July 2014 £'000
Cash in hand and at bank	1,451	562	<b>2,013</b>
	1,451	562	<b>2,013</b>
Financing	-	-	-
<b>Total</b>	<b>1,451</b>	<b>562</b>	<b>2,013</b>

	<b>2014</b> £'000	2013 £'000
<b>25. CASH FLOW RELATING TO AN EXCEPTIONAL ITEM - REDUNDANCY</b>		
Accrual as at 1 August	-	29
Income and expenditure account charge	<b>1,204</b>	-
Operating cash outflow	<b>(1,160)</b>	(29)
Accrual as at 31 July	<b>44</b>	-

**26. POST BALANCE SHEET EVENTS**

There are no post balance sheet events.

	<b>2014</b> £'000	2013 £'000
<b>27. CAPITAL COMMITMENTS</b>		
Contracts placed for future capital expenditure not provided in the financial statements	<b>8,297</b>	-

The contract refers to the construction of the Performing Arts and Technology Innovation Centre in Bangor with an expected completion date of June 2015.

**SOUTH EASTERN REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
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**28. FINANCIAL COMMITMENTS**

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

	<b>2014</b>	2013
	<b>£'000</b>	£'000
<b>Land and buildings</b>		
Expiring within one year	11	14
Expiring within two and five years inclusive	11	17
Expiring in over five years	-	-
	<u>22</u>	<u>31</u>
<b>Plant and Equipment</b>		
Expiring within one year	-	11
Expiring within two and five years inclusive	67	-
Expiring in over five year	-	-
	<u>67</u>	<u>11</u>
<b>Total</b>	<u>89</u>	<u>42</u>

**SOUTH EASTERN REGIONAL COLLEGE**  
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**29. RELATED PARTY TRANSACTIONS AND TRANSACTIONS INVOLVING GOVERNING BODY MEMBERS AND SENIOR MANAGEMENT**

Owing to the nature of the College's operations and the composition of the Governing Body being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Governing Body may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

Organisation	Governor/Director & Position in Organisation	Paid <u>to</u> the	Paid <u>to</u> the	Outstanding	Outstanding	Paid <u>by</u> the	Paid <u>by</u> the	Outstanding	Outstanding
		Company	Company	at 31 July	at 31 July	Company	Company	at 31 July	at 31 July
		2014	2013	2014	2013	2014	2013	2014	2013
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Colleges NI	Ken Webb <i>Chair of Finance &amp; Audit Committee</i> <i>CNI</i>	150	107	-	107	35	3	15	-
Construction Industry Training Board	Michael Malone <i>Standards Committee Member,</i> <i>CITB</i>	25	34	1	34	-	-	-	-
	Thompson Keating <i>Board Member, CITB</i>								
Engineering Training Council	Michael Malone <i>Director, ETC</i>	12	16	1	16	-	-	-	-
University of Ulster	Heather Farley <i>Head of Department, UU</i>	51	27	-	-	140	134	-	16
	Gareth Hetherington <i>Associate Director, NI Centre for Economic Policy, UU</i>								

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Organisation	Governor/Director & Position in Organisation	Paid to the	Paid to the	Outstanding	Outstanding	Paid by the	Paid by the	Outstanding	Outstanding
		Company	Company	at 31 July	at 31 July	Company	Company	at 31 July	at 31 July
		2014	2013	2013	2013	2014	2013	2014	2013
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Lisburn City Centre Management	Michael Malone <i>Member, LCCM</i>	-	-	-	-	3	2	-	-
Southern Education & Library Board	Neil Bodger <i>Appeals Chair, SELB</i>	1	1	-	-	-	1	-	-
Northern Ireland House Executive	David Lamb, <i>Assistant Director of Finance, NIHE</i>	-	-	-	-	16	1	16	-
	Mark Graham, <i>Head of Development, NIHE</i>								

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

**SOUTH EASTERN REGIONAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**30. LOSSES AND SPECIAL PAYMENTS**

	<b>2014</b>	2013
	<b>£'000</b>	£'000
Bad Debt Write Off less than £1k (309 cases)	<b>55</b>	3
Bad Debt Write Off greater than £1k (26 cases)	<b>54</b>	-
	<b>109</b>	3

The bad debt write off refers to outstanding student tuition fees that are considered uncollectable. The College held a bad debt provision as at 31 July 2013 to match the bad debt write off.

**31. HARDSHIP FUNDS**

	<b>2014</b>	2013
	<b>£'000</b>	£'000
Balance at 1 August	<b>151</b>	208
DEL grants	<b>215</b>	86
	<b>366</b>	294
Disbursed to students	<b>(144)</b>	(143)
Balance unspent at 31 July	<b>222</b>	151

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