



INSPIRING. TRANSFORMING. ENRICHING.

**SOUTH EASTERN REGIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2016**

**South Eastern Regional College
Annual Report and Accounts
For the year ended 31 July 2016**

*The Accounting Officer authorised these financial statements for issue on
23 November 2016*

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

on

12 December 2016

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

YEAR ENDED 31 JULY 2016

INDEX

SECTION	PAGE(S)
Strategic Report	1 – 35
Remuneration Report	36 – 40
Statement of the Responsibilities of the Governing Body	41
Statement of Corporate Governance and Internal Control	42 – 53
Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly	54 – 55
Statement of Comprehensive Income and Expenditure	56
Statement of Changes in Reserves	57
Balance Sheet	58 – 59
Cash Flow Statement	60
Statement of Accounting Policies and Estimation Techniques	61 – 64
Notes to the Financial Statements	65 – 90

SOUTH EASTERN REGIONAL COLLEGE STRATEGIC REPORT 2015/16

NATURE, OBJECTIVES AND STRATEGIES

The members present their report and the audited financial statements for the year ended 31 July 2016.

Legal status

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

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

Mission

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

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

College Values

SERC seeks to be:

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

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

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 the Economy (DfE) 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 trade unions, operating through processes such as SERC Extra, and through frequent engagement with councils, businesses, voluntary and community groups and schools.

Strategic Context & Implementation of Strategic Plan

The College Development Plan (CDP) outlines SERC's Strategic and Business plan. The current plan covers the period 2016 – 2019. It was reviewed by the College's Education Committee on 19 October 2016 and was approved by the College's Governing Body on 29 November 2016.

The CDP sets out the College's Vision, Mission, Values, Core Goals and high-level targets and supports and seeks to deliver the vision and themes of the Northern Ireland Strategy for Further Education: Further Education Means Success.

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

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

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

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

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

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

Consequently, the Further Education system has a dual role:

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

To achieve the vision, there are key areas that set the future direction for further education as follows:

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

The nine strategic themes within the Further Education Means Success Strategy are:

Theme 1:	Economic Development
Theme 2:	Social Inclusion
Theme 3:	Curriculum Delivery
Theme 4:	Excellence
Theme 5:	College Partnerships
Theme 6:	Governance
Theme 7:	Funding Model and College Sustainability
Theme 8:	International Dimension
Theme 9:	Promotion of the FE Sector

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

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

The Northern Ireland economy has changed considerably in recent years, with the jobs of tomorrow requiring increasingly high levels of skills and a breadth of knowledge across many occupational areas. Over the next ten years the pace of change will heighten, driven by globalisation, new business models and rapidly changing consumer needs. One of the major results of this will be substantial changes to the world of work.

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

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

Education has become one of the clearest indicators of life outcomes, with participation in further education delivering many benefits, at an individual, economic and societal level. Along with access to employment, education is the best way to social and economic participation and is vital in supporting the achievement of Northern Ireland's economic goals. Increasingly countries are recognising that good initial vocational education and training has a major contribution to make to economic competitiveness.

Strategic Objectives

The College's strategy for 2016 – 2019 is built around four strategic "themes" or goals:

<p>CURRICULUM</p>	<p>To provide a curriculum that will inspire, transform and enrich lives by overcoming educational disadvantage and widening participation; support scientific and technological capabilities; professionalise the workforce; nurture innovation and provide a student entitlement through the Get the Edge toolkit to participate in enterprise and entrepreneurship and support employability through a formalised careers programme; and position the College as a gateway for international partnerships. The Governing Body and College Management Team have set as a priority the development of a strategy for the promotion of enterprise, entrepreneurship and employability and that this should build on existing good practice. The College will enhance the place of enterprise, entrepreneurship and employability within our whole current provision via its support for employers and support for students.</p>
<p>QUALITY</p>	<p>To promote a Culture of Excellence through raising standards and continuous improvement, excellence in teaching and the learning environment and thereby enhance our reputation with our students, businesses and communities.</p>
<p>LISTENING AND INFLUENCING</p>	<p>To raise the profile of SERC and consequently the FE sector by ensuring stakeholders have the opportunity to provide feedback.</p>
<p>DELIVERING VALUE FOR MONEY</p>	<p>To secure the College's on-going financial stability through sound governance and robust, effective and efficient management.</p>

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



Each theme has associated targets for 2016 – 2019 that underpin all individual School or Unit managers' operational plans for the year:

STRATEGIC THEME: CURRICULUM

The targets for 2016/17 are:

2016/17 TARGETS

- › The College will meet the departmental funded allocation FLU target of 1,308 for HE, 5,258 for FE and 428 for Essential Skills
- › Subject to funding and approval, the Colleges will expand the number of Traineeship, Apprenticeships and HLA programmes with the aim to recruit:
 - Six first year Level 2 Traineeship pilots with a target enrolment of 100.
 - Four first year Level 3 Apprenticeship pilots with a target enrolment of 60.
 - Six HLA programmes with a target enrolment of 96.
- › Widening Access and Participation of disadvantaged groups on College courses through delivering the targets set out in the College's Widening Access and Participation Plan. The targets are that from higher education enrolments:
 - 26% are from Multiple Deprivation Measurement Quintile one and two;
 - 42% are adult returners;
 - 0.8% are young males from Quintile one;
 - 9% from the disabled community; and
 - 6 students have been a Looked After Child.

In 2015/16, the College had a number of targets under this strategic theme:

2015/16 TARGETS	2015/16 UPDATE
› Meet the CPD FLU target of 1,308 for HE, 5,218 for FE and 453 for Essential Skills	Not Achieved HE: 1,229 (79 below target) FE: 5,192 (26 below target) Essential Skills: 341 (112 below target)
› Work with DEL/DfE to establish Higher Level Apprenticeships (HLAs) and Youth Training Pilots for 2015/16 academic year.	Achieved The Director of Curriculum and Information Services is continuing to lead the Curriculum Development Specialist Team and the FE colleges in reforming the Level 2 and Level 3 Curriculum. A series of 18, week-long workshops across different professional and technical areas were scheduled between February and April 2016 with the outcome of developing an innovative curriculum in each area at Level 2 and Level 3. SERC's Chief Training and Contracts Officer liaising with DEL/DfE and the FE sector on issues such as the design of employed traineeships and trainee payroll on the new programme. To date SERC's Traineeship and HLA programmes have retention rates of 90% and 98% respectively. The achievement rate on Essential Skills on Traineeships is 92%. The HLA programme has had a very successful evaluation by the DEL/DfE Quality Improvement Team, in January 2016, with 6 Key Strengths and 1 Area for Improvement. Traineeships have had a positive outcome from a longitudinal ETI Evaluation in November 2015 and March 2016.

2015/16 TARGETS	2015/16 UPDATE
<p>› Through focused initiatives meet the targets within the Widening Access and Participation Agreement that 26% of higher education enrolments in 2015/16 will come from quintile 1 and 2.</p>	<p>Achieved</p> <p>29.1% of all higher education enrolments in 2015-16 come from quintile 1 and 2.</p>

STRATEGIC THEME: QUALITY

The targets for 2016/17 are:

2016/17 TARGETS
<p>› To improve the quality of all programmes through a streamlined self-evaluation and improvement planning process. Introduce the on-line SER to all TFS and FE programmes and ensure appropriate arrangements are in place for HE to meet awarding organisation and college requirements.</p>
<p>› To improve the quality of student employability skills through a more comprehensive learning experience by:</p> <ul style="list-style-type: none"> • Establishing a Project Based Learning team on each campus who will have a direct input to the learning on five programmes per campus. • Implementing lesson observations for 70 full and part time staff with 80% of lecturers not requiring further assistance or support. • Students will be surveyed and satisfaction levels with regard to their employability skills will improve by 5%.

In 2015/16, the College had a number of targets under this strategic theme:

2015/16 TARGETS	2015/16 UPDATE
<p>› To identify and implement for all Level 2 programmes and above elements of blended learning.</p>	<p>Achieved</p> <p>Additional programmes were identified and implemented for 2015/16 Semester 2 by each Head of School.</p>
<p>› To implement lesson observations and provide appropriate support for 70 part time staff.</p>	<p>Achieved</p> <p>83 observations have been completed with part time staff since October 2015.</p> <p>74 staff were observed (9 had 2nd observations).</p> <p>51 required no support and 23 required immediate support.</p>
<p>› To introduce the revised SER across all TFS, FE and HE programmes and design and pilot an on-line self-evaluation process across 8 programmes.</p>	<p>Achieved</p> <p>Online SER developed and completed by 8 programmes.</p>

STRATEGIC THEME: DELIVERING VALUE FOR MONEY

The targets for 2016/17 are:

2016/17 TARGETS

- › Ensure financial performance remains within NDPB budget allocation limits.

In 2015/16, the College had a number of targets under this strategic theme:

2015/16 TARGETS	2015/16 UPDATE
› Ensure financial performance remains within NDPB budget allocation limits.	Achieved The 2015/16 financial performance remained within NDPB budget allocation limits.
› Business Services to achieve an income target of £1.4m.	Not Achieved Total income c£585k. Financial impact was mitigated via reduced delivery costs.
› Lead and respond to challenges arising from the reduction in funding and facilitate workforce reconfiguration including implementation of the Voluntary Exit Scheme and associated restructuring of Schools and Units.	Achieved VES has been completed for 2015/16 and Restructuring agreed.
› Assist the FE sector in responding to challenges arising from new FE Strategy including Teacher Education Framework, Shared Services and GTCNI.	Achieved SERC is sector lead on Curriculum Project SERC is sector lead on GTCNI working group;
› Work with the rest of the FE sector in developing and implementing new sector industrial relations framework and manage associated employee relations issues e.g. policies and terms of conditions of employment.	Achieved Issue currently under consideration by College Employers Forum.

STRATEGIC THEME: LISTENING AND INFLUENCING

The targets for 2016/17 are:

2016/17 TARGETS

- › Secure a customer satisfaction rate of 90%.
- › Secure an employee satisfaction rate of 70%.
- › Secure a positive reputation rate of 75%.
- › Maintain an overall quotient rate of 86%

In 2015/16, the College had a number of targets under this strategic theme:

2015/16 TARGETS	2015/16 UPDATE
› Secure a customer satisfaction rate of 90%.	Achieved Customer Satisfaction Rate of 97%.
› Secure an employee satisfaction rate of 65%.	Achieved Employee Satisfaction Rate of 76.7%.
› Secure a positive reputation rate of 75%.	Not Achieved 73% Positive, 19% Neutral, 8% Negative.
› Maintain an overall quotient rate of 86%	Achieved Overall quotient rate is 88%.

Financial Objectives

The College’s financial objectives are:

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

These objectives have remained consistent in recent years: SERC’s on-going financial strategy is to secure the maximum potential funding for its operations and to utilise this funding in the most beneficial way for the benefit of its students.

Financial Performance Indicators

During 2015/16 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 Statement of Financial Position, 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 DfE 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/DfE.

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 Management Team.

FINANCIAL POSITION

Financial Results

The College generated a deficit in the year of £378k (2014/15 deficit of £627k). The result in 2015/16 is stated after accounting for a Pension Charge of £592k (Pension Charge £384k and Net Interest £208k) and a VES/redundancy net cost of £79k.

The College's total income for the year was £47m, a £1m decrease on 2014/15's total of £48m. The bulk of this decrease is attributable to lower levels of Employer Support Programmes, Training for Success, Steps to Success and Commercial Income

2015/16 expenditure before exceptional items was £47.3m, a £700k decrease on 2014/15's expenditure of £48m. The College recognised exceptional costs of £831k and exceptional income of £752k during the financial year for redundancy and the NI FE sector Voluntary Exit Scheme (VES).

The actual result takes account of:

- › Additional £1m working capital investment provided by DfE Finance during the financial year.
- › Lower levels of Employer Engagement activity and income.
- › Lower than planned income from both the Training for Success, Steps to Work, and Steps to Success activity.
- › Increase in the income anticipated under the Traineeship and Higher Level Apprenticeship Pilots;
- › Better than anticipated impact of the 15/16 Voluntary Exit Scheme.

In addition:

- › Total Expenditure was below budget by c£740k or 1.7% due to a £983k underspend in staffing coupled with a £243k overspend in operating expenses in the year. The underspend in staffing reflects the impact of the Northern Ireland Further Education Sector Voluntary Exit Scheme (NIFE VES) and associated restructuring coupled with lower than budgeted activity, particularly in relation to Employer Engagement, Training for Success and Steps to Success; while the overspend in operating expenses is a result of additional investment in estates invest-to-save and refurbishment works, and in ICT hardware.

Income

The College has significant reliance on the Department for the Economy (DfE), and previously the Department for Employment and Learning (DEL), for its principal funding source, largely from recurrent grants. In 2015/16, DfE provided some 50.48% of the College's total income through allocated recurrent grant (2014/15: 52.13%).

This represented 16.8% of the total recurrent grant available to the sector (2014/15: 16.8%).

Reserves

The College has accumulated income and expenditure reserve of £5,124k (2014/15: £3,602k) (excluding the Pension Reserve Deficit of £13,356k) and cash balances of £4,238k (2014/15: £3,727k) as at 31 July 2016.

At approximately 8.8% of prior year income, the College's 2015/16 cash reserves are within DEL's Key Performance Indicator target for the sector of between 5% and 10%. The College is focused on maintaining cash reserves up to the recommended levels over the coming years.

Treasury policies and objectives

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

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

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

Cash Flows

The College had a net cash inflow of £511k during the year as a result of cash inflows from operating activities, investments and capital (2014/15: an inflow of £1,714k).

Liquidity

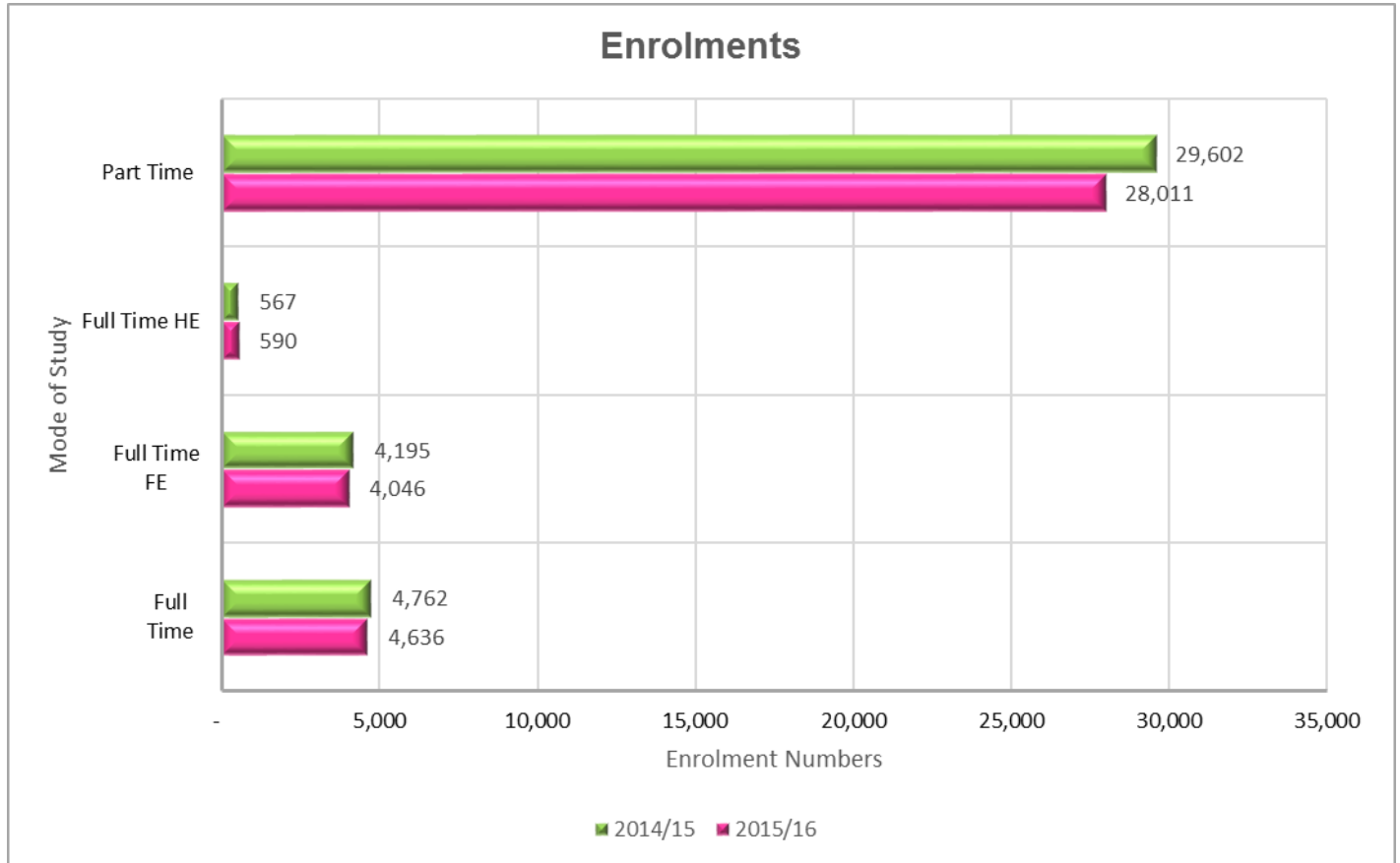
With a cash balance of £4,238k (2014/15 £3,727k), the College's liquidity is within the Department's KPI target for College cash reserves.

DfE'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 1.40 (2014/15 1.31). The College has improved its current ratio in the financial year and will continue to focus on working capital to ensure it is within the target current ratio range.

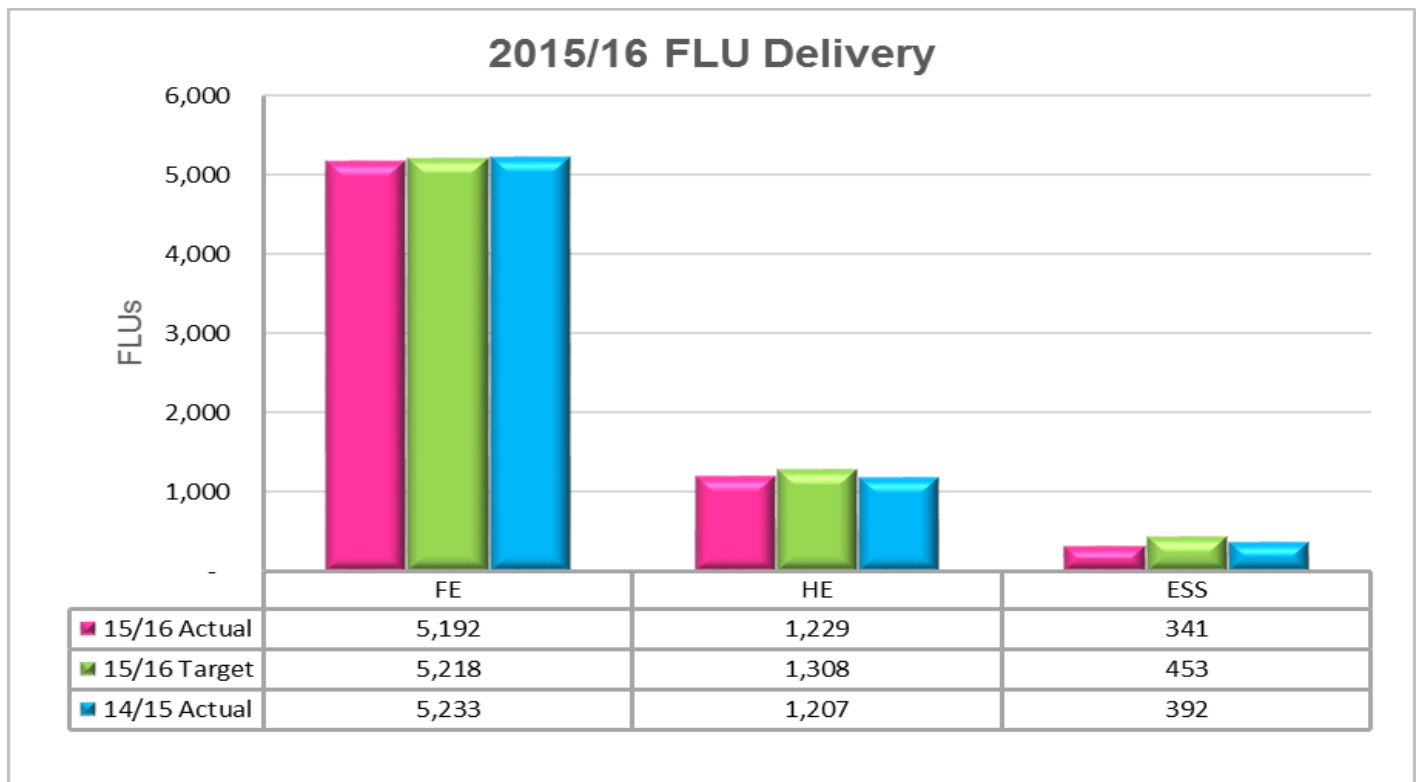
CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student Activities and Achievements

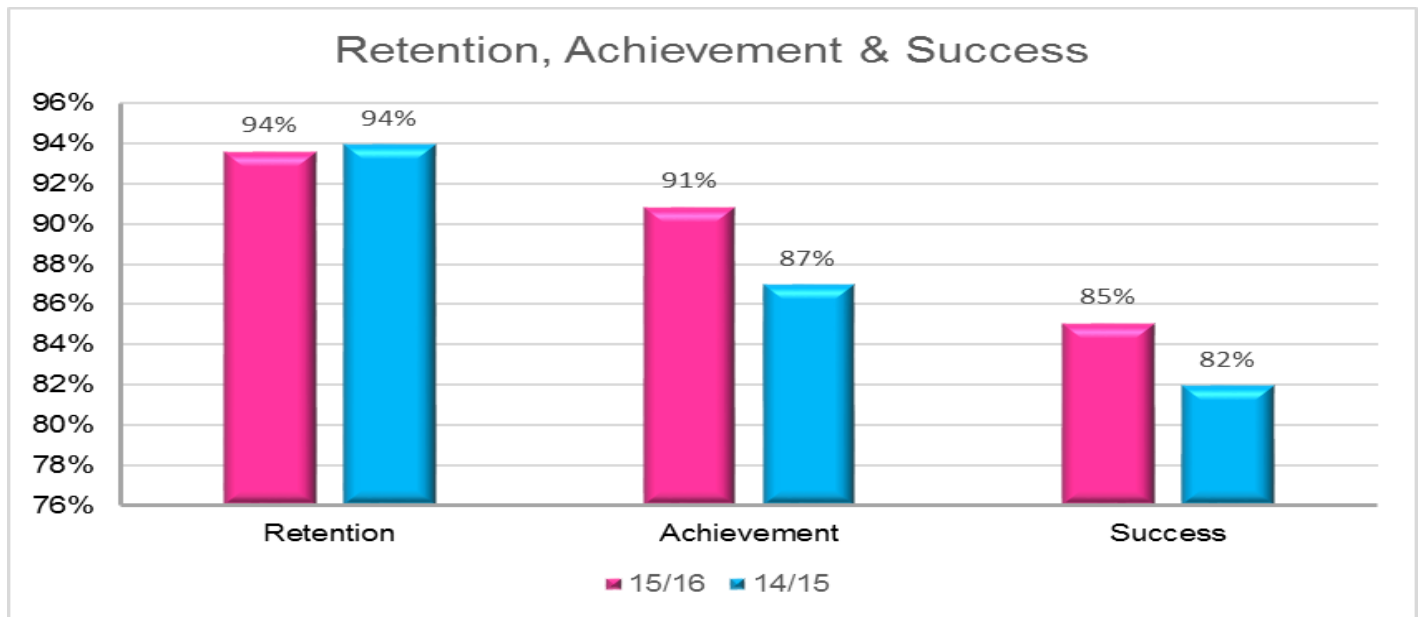
The College's student enrolments decreased by 4.9% during the year, giving a total enrolment of 32,647 in 2015/16 compared to 34,364 in 2014/15:



In terms of FLUs, the College delivered an actual total of 6,762 which represents 97% of the delivery target of 6,979. These were made up of:



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



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

› **Retention Rates by level of study**

Level of Study	SERC		NI Further Education Sector	
	2014/15	2013/14	2014/15	2013/14
Higher Education	98%	97%	98%	96%
Further Education	90%	94%	91%	92%
Essential Skills	81%	79%	93%	83%



› **Achievement rates by level of study**

Level of Study	SERC		NI Further Education Sector	
	2014/15	2013/14	2014/15	2013/14
Higher Education	97%	95%	96%	90%
Further Education	96%	90%	96%	87%
Essential Skills	88%	91%	88%	87%

› **Success rates by level of study**

Level of Study	SERC		NI Further Education Sector	
	2014/15	2013/14	2014/15	2013/14
Higher Education	96%	92%	94%	87%
Further Education	86%	85%	87%	79%
Essential Skills	71%	72%	73%	72%

SERC's success has been recognised in 2015/16:

- › **NI Hairdressing Championships 2015**
SERC women's hairdressing student Nicola Rogan won the Junior Creative Colour category at the NI Hairdressing Championships 2015.
 - › **NI VQ Learner of the Year Award 2015**
Kyle McKee, Harrison Hampton and Tara Hull were shortlisted for the NI VQ Learner of the Year Awards 2015.
 - › **2015 National BTEC Awards**
Construction student Kyle McKee named Outstanding BTEC Construction Student of the Year 2015 at the National BTEC Awards.
 - › **ICE Quest Scholarship**
Construction student Kyle McKee was successful in the ICE QUEST Undergraduate Scholarship and is now studying Civil Engineering at Queen's University Belfast
- 
- › **2015 Idox Innovation Awards**
The SERC Woodland Project, which has transformed a neglected woodland on the College grounds into an outdoor classroom, won £3,000 at the 2015 Idox Innovation Awards for promoting environmental sustainability.
 - › **BT Young Scientist Competition 2016**
Applied science students Jack Bryce, Emilio Torres and Andrew Sturgeon were 'Highly Commended' at the BT Young Scientist Competition 2016. Their investigation into the antibacterial properties of raw honey compared to commercially produced honey wowed judges.
 - › **Future Student of Business Awards**
SERC Business Studies students Chloe McCauley, Nicole Allen and Ciara Connolly, received a cheque for £350 for their business ideas which ranged from online mobile repairs to specialist skin products and a device to track your pets.
 - › **Young Chef Olympiad**
SERC professional cookery student David Haggan travelled to India with his mentor Brian Magill to represent Northern Ireland at the Young Chef Olympiad. He finished 16th place out of 57 competitors.
 - › **Country Range Student Chef Challenge 2016 Competition**
SERC Young Chefs reached the Final of the Country Range Student Chef Challenge 2016 competition.
 - › **Travel and Tourism Student of the Year Award**
Kerri Smyth who studied the Foundation Degree in Hospitality, Tourism and Events course was shortlisted for the prestigious Travel and Tourism Student of the Year Award and won a luxury holiday to Dubai.
 - › **WorldSkills Sao Paulo**
- 
- Refrigeration apprentice Chris Bailie won a Silver Medal at the global WorldSkills competition.
- › **Beacon Awards**
SERC's Pedagogy, Essential Skills and MILT team were awarded a prestigious Beacon award for Effective Use of Technology in Further Education.
 - › **City & Guilds Medal for Excellence Award**
Professional cookery tutor Michael Gillies won the City & Guilds Medal for Excellence Award and the Livery Award from the Worshipful Company of Cooks London for his work in delivering the organisation's cookery programmes at the College.
 - › **BEST Awards**
Jack Bryce, Emilio Torres and Andrew Sturgeon won the Life Sciences Award category with their investigation into the antibacterial properties of raw honey compared to commercially produced honey.

› **Showing World Awards**

Computing student Charles Chadwick was shortlisted for the 'Equestrian Surfaces Show Handler Personality of the Year' at the Showing World Awards

› **Frontier II Programme**

Students Gareth Millen, Bethany Ringland and Eoin Laws-Quinn were selected for a two-week placement in Massachusetts, USA, for the Frontier II Programme which focuses on STEM subjects.

› **Study USA**

SERC Students Samuel George and Hope Bradley were selected to study for a year with the Study USA Programme run by the British Council.

› **Queen's University Scholarship**

SERC Access student Stephanie Hill was awarded a Queen's University scholarship to help with the cost of her History degree.

› **Gold Medal – Student Culinarian Competition at IFEX**

David Magee, NVQ Level 3 Professional Cookery, and Andrew Bradford, App NI Level 3 won a Gold Medal each at the IFEX competition.

› **Northern Ireland Year of Food Awards 2016**

Ruth Doherty, Lecturer, won Merit in the Bridal Bouquet Category of the Cold Display and Edible Art section (Best in Class) and also a Bronze Medal in the Decorated Celebration Cake Sugar Paste or Rolled Fondant section.

› **Buckingham Palace Appointment**



Roisin McKeown secured second place in the Craft Guild of Chefs 50th anniversary Canapé competition which took place in the Palace kitchens where she had to prepare canapés for tasting by HRH The Countess of Wessex, who then selected a winner.

Roisin has subsequently secured a job as Chef de Partie at Buckingham Palace.

› **Times Educational Supplement**

Frank Carter shortlisted for FE Teacher of the Year.

CURRICULUM AND QUALITY DEVELOPMENTS

CURRICULUM

The College has set as a priority the development of a strategy for the promotion of enterprise, entrepreneurship and employability built upon existing good practice. The College will enhance the place of enterprise, entrepreneurship and employability across its whole current provision through the support for employers and students.

› Strategic Context

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

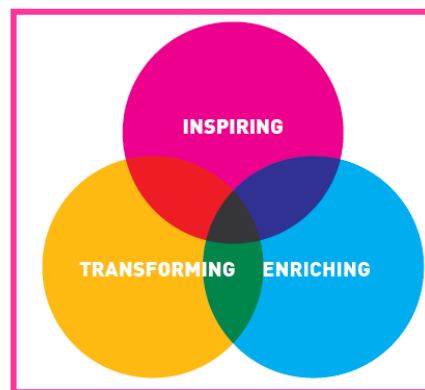
› Purpose

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

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

There are three interrelated objectives to this approach:

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

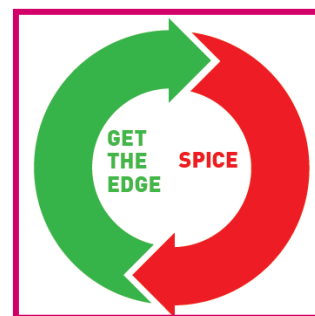


› Strategic Projects

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

Specialist Provision for Industry using College Expertise (SPICE)

Get the Edge (GTE)



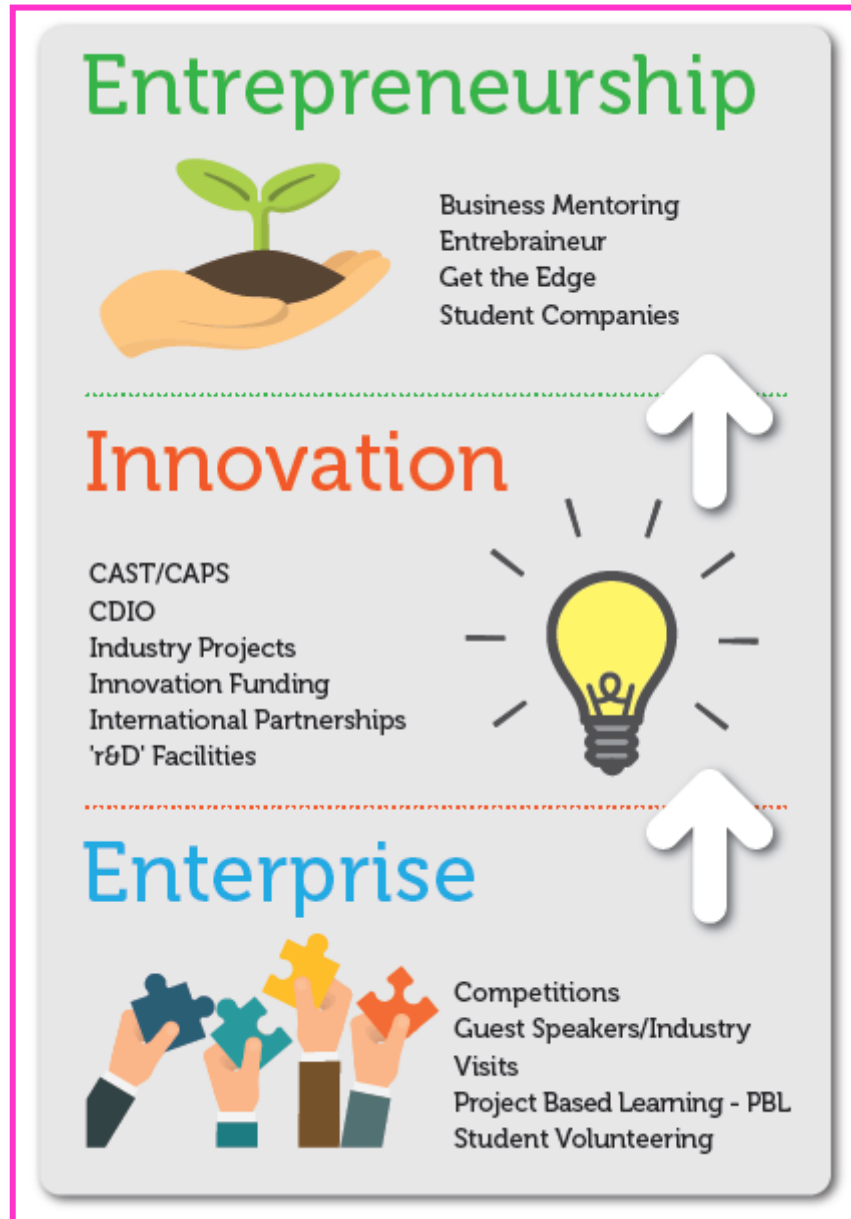
These projects have a wide range of themes to drive activity towards a shared vision and outcome.

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

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

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

The relationship of these is illustrated as follows:



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

ENTREPRENEURSHIP

Entrepreneurship has traditionally been defined as the process of designing, launching, and running a new business, such as a start-up company offering a product, process or service. It has also been defined as the capacity and willingness to develop, organise and manage a business venture along with any of its risks in order to make a profit. The College runs a number of initiative aimed at developing entrepreneurship amongst its students.

Theme	Description	Project
Business Mentoring	The College provides support for student companies and entrepreneurs through a business mentoring programme by using its own internal staff and experts from the world of business and industry.	GTE
'Entrebraineur'	The College has developed an entrepreneurial assessment and tracking app that all staff and students complete. The app enables students to identify and embrace their entrepreneurial strengths and identifies how they can improve new skills over time using 'whole brain learning'.	GTE
Introduction to 'Get the Edge'	The 'Get the Edge' project gets underway each year in the first fortnight in September. All FT students participate in project based learning (PBL) activities that enable them to develop skills through practical projects requiring technical and enterprise skills and identifying those students with entrepreneurial flair.	GTE
Student Companies	The College has a range of student companies in Computing, Construction, Art, Performing Arts, Plumbing, Engineering, Film and Woodwork. These companies are encouraged to increase their commercial income. SERC operates three FM radio stations in Bangor, Lisburn and Downpatrick that provide a real working environment for students and generate some commercial income and sponsorship. The Northern Ireland Film School is based in the Ballynahinch Campus and is the interface for the College and the film industry	SPICE / GTE

INNOVATION

Innovation is defined simply as a 'new idea, device or method'. However, innovation is often also viewed as the application of better solutions that meet new requirements, unarticulated needs or existing market needs. This is accomplished through more-effective products, processes, services, technologies, or business models that are readily available to markets, governments and society. The College seeks to create students who are innovative and solution focused.

Theme	Description	Project
CAST / CAPS	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. The Conference for the Advancement of Professional Studies (CAPS) specifically encourages students studying non STEM subjects to present their research and development to their peers and to a panel of judges.	SPICE
CDIO	The College is a member of the Conceive Design Implement and Operate (CDIO) International Group which focuses on best practice on teaching and operation of engineering and other technical education.	SPICE
Industry Projects	As part of Project Based Learning student development projects are focused on real industry problem solving projects. These enable students to interface with real companies through these projects and develop their technical and enterprise skills.	SPICE / GTE
Innovation Funding	The College helps support local companies to develop new products and services through a range of funded support programmes such as the Innovation Voucher scheme and InnovateUS.	SPICE

Theme	Description	Project
International Partnerships	The College understands the value in sharing best practice with international partners in a range of topics including curriculum strategies. It is selective in the partnerships it develops to ensure that there are tangible benefits for the College. It is an active partner in a range of consortiums such as Trans-Atlantic Technology and Training Alliance (TA3), Toyama College in Japan and with TKNIKA in the Basque Region.	SPICE
Research and Development (r & D)	<p>The College's ethos is that research and development should emphasise the applied facilities research or development aspects of projects. This is characterised by the acronym 'r&D'. This contracts with and complements the remit of universities who focus more on 'blue sky research' or 'R&d'.</p> <p>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.</p> <p>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.</p> <p>The SPACE in the Bangor Campus provides industry standard equipment in engineering, manufacturing, automation and computing in cutting edge surrounds. The Centre also hosts a 200 capacity theatre with the latest sound production and theatre production technology.</p> <p>The Lisburn Campus has a number of facilities that are unique in Northern Ireland including its refrigeration and air conditioning laboratories.</p>	SPICE

ENTERPRISE

Enterprising students possess a set of personal skills, attributes, behavioural and motivational capacities which can be used in any context (social, work, leisure, etc.). These include intuitive decision making, the capacity to make things happen, networking skills, initiative taking, opportunity identification, creative problem solving, strategic thinking. The College seeks to develop the enterprise skills of its students.

Theme	Description	Project
Competitions	Students and staff participate in a range of competitions including Class, Intercampus, Regional and International.	GTE
Guest Speakers / Industry Visits	<p>All FT courses have a range of external guest speakers who provide real life view of work and opportunities in their vocational area.</p> <p>Course tutors arrange a variety of industry visits varying from local companies and sites to international study trips to a range of countries in Europe, Japan and USA.</p>	GTE
Project Based Learning	The roll out of Project Based Learning across all areas of the curriculum.	GTE
Student Volunteering	As part of Project Based Learning, students are encouraged to participate in volunteering projects to support the local community.	GTE

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

Theme	Description	Project
Leadership and Management Programme	The College upskills its own managers with an 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 (SPICE) is the umbrella term for the range of services the College provides to industry and business. This is a collaborative project with DfE 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

Theme	Description	Project
Guest Speakers	Individuals from industry are invited to speak to students to help them understand the sector in which they will work in the future.	GTE/SPICE
European Exchanges	Students can participate in exchanges to develop their technical knowledge but also to develop their awareness of the global workplace.	SPICE
Industry Sponsorship	Industry sponsorship of students through bursaries and resources.	SPICE
Educational Visits	Students visit employers and industry organisations in order to gain insight into the sector they will work in.	GTE
Mentoring	Students can avail of mentoring from industry experts for professional and personal development.	SPICE
Placements	Students can gain a placement with one of over 5,000 employers to gain the experience they need to gain full time employment.	GTE

Theme	Description	Project
School Links	Students from schools are provided with an opportunity to study a vocational curriculum through the Entitlement Framework.	GTE
Careers Guidance	Students can access expert careers advice to ensure they choose the right course for their chosen career, to help them decide on a career and to ensure they are availing of all employability development opportunity SERC offers.	GTE
Apprenticeships	Apprenticeship programmes provide the combination of technical skills and experience which are needed for future employment.	SPICE
Widening Access and Participation	Shaping the curriculum to provide programmes that promote greater engagement with 'hard to reach' learners and provide progression to higher level courses as part of the College's Widening Participating Plan including Learner Access and Engagement.	GTE
Promoting STEM	STEM industries offer future employment opportunities and SERC promotes these.	GTE
Students' Union	The Students' Union offers a volunteering opportunity for students and it is involved in the promotion of the volunteering programme.	GTE
Employer Forum	Employer forums are utilised to inform the curriculum to ensure it is relevant	SPICE
Promoting Priority Skills	Priority Skills Area industries offer future employment opportunities and SERC promotes these.	SPICE
Getting the Edge	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. All higher education students at SERC in 2016/17 who are in receipt of the maximum maintenance grant from Student Finance NI or student support grant will be eligible for a bursary of 10% of the tuition fee.

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

› Deprivation Groups 1 and 2

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

› Adult Returners

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

- › **Disabled and Learning Difficulty**
SERC will continue to screen all students for learning needs. The higher education body will continue to reflect the LGD catchment of 10%.
- › **Young Care Leavers**
SERC will continue to screen on application for Young Care Leavers (YCL) and Looked After Children (LAC). Individual support packages will be provided for YCL.
- › **Young Protestant Males (YPM)**
SERC will continue to attract 25.6% of YPM into higher education programmes.

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

QUALITY

There are a range of activities that support the process of improving the quality of the learning experience for students at SERC in all courses and across all campuses. They are considered under the Education and Training Inspectorates' (ETI) Improving Quality:Raising Standards and the Quality Assurance Agency (QAA) UK Quality Code for Higher Education. It sets out the expectations that all providers of UK higher education are required to meet. These can be summarised under the following headings:

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

Leadership and Management

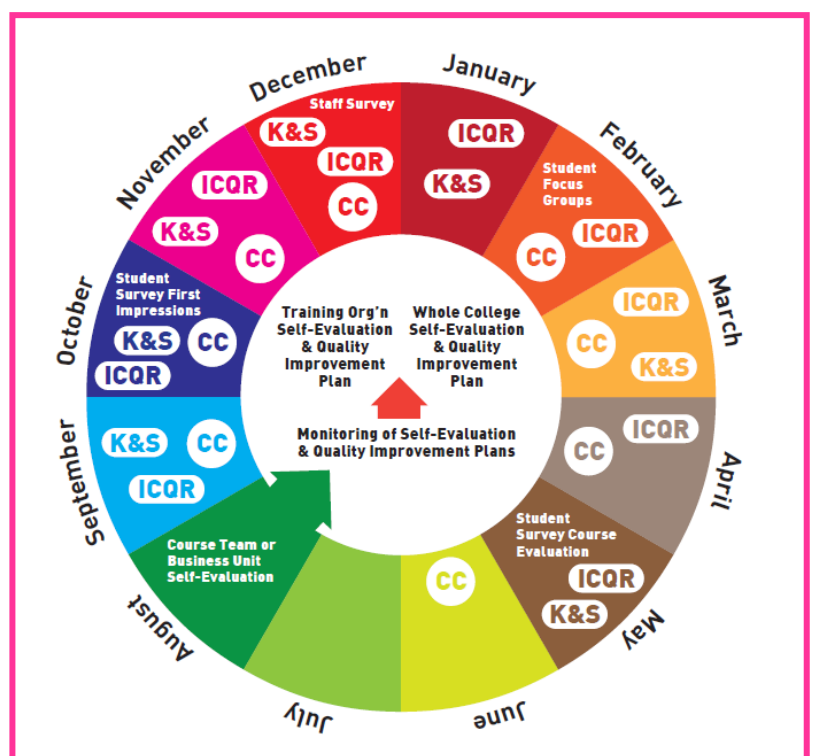
Quality Assurance Cycle

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

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

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

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



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

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

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

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

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

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

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

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

› **Case Conferences (CC)**

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

› **The Course Assist Review**

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

› **K&S (Know and Show)**

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.

The Learning Academy 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;
- CAR 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.

› **Course Assist Review (CAR)**

The Course Assistance Review (CAR) 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. The Course Assist Review 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 review is led by the Quality Improvement Mentor who has experience of evaluating programmes, programme development and staff support.

The Course Assist Review has two elements:

- An open and supportive evidence-based review process to clarify areas of strength and make recommendations for improvements. The review is conducted by the Quality Improvement Mentor following which 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 Heads of School (HOS), the Deputy Heads of School (DHOS) and the QED are provided with same.
- The development of a Quality Improvement Plan (QIP) which is an agreed, resourced action plan, with milestones, monitored regularly at school level and reported at IMPMS. Progress against the QIP is also monitored by the Quality Improvement Mentor over a 12 to 18-month period and comprises of interim visits and a final follow-up visit to the programme to evaluate progress made against the QIP.

› **Pedagogy Support**

ILT Pedagogy Mentoring

The ILT Pedagogy Mentors support lecturers through a six step process where the mentor teaches the mentee's class; team teaches and peer observes them; alongside bespoke training tailored to the pedagogical and technological needs of the lecturer and their students.

The peer mentoring model promotes a collaborative, professional, enquiry based approach, characterised by personalised, adaptive and reflective professional learning. Student feedback is captured at each stage and this feeds forward into agreed targets and training for the next stage of this interactive model. Mentees are nominated by the HOS. A mentee can choose to complete the mentoring on a number of occasions to incrementally improve their technological and pedagogical skills.

Pedagogy Training and Support

As part of the Post Graduate Certificate in Further and Higher Education (PGCFHE) and Certificate in Teaching (CIT) programmes the Teacher Tutor provides a range of support including developmental lesson observations. Specific needs based training is offered and this feeds forward into the continuous professional development of staff. The College provides a range of activities that are aimed at improving the pedagogical skills of lecturers. As part of the early CPD support for new lecturers and part-time lecturers and following a supportive lesson observation, tailored support is offered through workshops, one to one sessions and mentoring.

Lesson observations and supplementary support are given to staff completing CIT and the PGCFHE. Where additional support for an individual or team is identified as an outcome of the College's quality processes, this is agreed, resourced and reviewed. Practice led sharing of good practice is facilitated at a College wide level through Moodle Mondays (focusing on blended learning) and Webinar Wednesdays (sharing good practice in learning and teaching) and Best Practice Videos.

› **Staff Appraisal**

This is an important area for professional self-evaluation and review and contributes to the overall improvement cycle. Separate sector-wide appraisal schemes exist for Academic and Corporate Staff with the Academic scheme incorporating a lesson observation as a key element. The appraisal process is on a continuous two-year cycle following agreed guidelines.

› **Continuing Professional Development**

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

Quality of Provision for Learning

› 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 DHOS/HOS attend a number of course team meetings per year. The course team is responsible for the complete programme of study including all vocational modules and essential skills provision. The team is composed of all module and essential skills tutors, training support and learning support officers (where appropriate).

› Standardisation

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

› Team sites

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

› Developing independent learning using technology

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

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 DfE Health Check is used to analyse performance within the sector. Targets are also set to meet Widening Access and Participation objectives.

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

› **Examination and Progress Boards**

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

OTHER INFORMATION, DEVELOPMENTS AND DISCLOSURES

Payment Performance

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

During the accounting period 1 August 2015 to 31 July 2016, the College paid 85.9% of its invoices within 30 days (2014/15: 86.5%). The College incurred no interest charges in respect of late payment for this period.

The Northern Ireland Executive is committed to paying suppliers as quickly as possible, within 10 working days. During the accounting year 1 August 2015 to 31 July 2016, the college paid 36.47% of its invoices within 10 days (2014/15: 49%).

Post Balance Sheet Events

In the period between the end of the reporting year (31 July 2016) and the date when the financial statements are authorised for issue (23 November 2016) the College has identified a contingent liability. The contingent liability is disclosed in Note 26 and refers to a funding claim made to the European Commission by the Department for the Economy relating to Programme Led Apprenticeships in the years 2009-2014.

The post balance sheet event is a disclosure and has not required an adjustment in the financial statements.

Going Concern

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

Future Developments

The College has been allocated a FLU allocation for 2016/17 of 6,994 FLU's (or £23.78m). The allocation is made up of:

Further Education	Essential Skills	Higher Education
5,318 FLUs	368 FLUs	1,308 FLUs

This represents a 0.2% increase on the 6,979 total FLU target for 2014/15.

Resources

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

Estate

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

The College's estate consists of land with a net book value of £6,060k as at 31 July 2016 (31 July 2015 £6,060k) and buildings with a net book value of £130,412k as at 31 July 2016 (31 July 2015 £124,282k).

The estate includes campuses at:

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

Financial

Net assets at 31 July 2016 were £49,720k (2014/15 £49,914k). This includes a £13,356k pension liability (2014/15 £6,569k).

People

The College employs 582 people (expressed as full time equivalents), of whom 318 are teaching staff.

In the year August 2015 to July 2016 the sickness absence rate for staff was 3.04% (2014/15 4.60%).

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

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

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

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

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

As of August 2016 the Risk Register contained 5 Active Risks: 3 at Category A status and 2 at Category B status.

The following extract from the Risk Management Report to the Audit Committee, dated 15th September 2016, outlines the principal risk factors that may impact the College (Category A: highest priority as a result of either impact or likelihood). Not all factors are within the College's control, and other factors may also affect the College.

Link to Core Goals	Category	Risk Identified	Review Date
Delivering VFM	A	Managing the financial viability of the College.	November 2016
Curriculum, Delivery VFM and Quality	B	Failure to manage the level of sickness absence within the College.	November 2016
Delivering VFM	B	Ability to manage impact of financial cuts.	November 2016
Curriculum, Delivery VFM and Quality	A	Ability to manage enrolments in light of Youth Training Reform	November 2016
Curriculum, Delivery VFM and Quality	A	Managing the competitive risk from demographic change.	November 2016

STAKEHOLDER RELATIONSHIPS

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

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

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

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

Reputation

SERC is committed to listening to key stakeholders, not only students and staff, but others such as politicians, businesses, voluntary and community groups and local Government and take actions to influence their perceptions of FE and promote its value and importance. This engagement process is also used to persuade more businesses, decision makers and influencers, such as school teachers and parents, of the quality of the FE offer in order to develop existing curriculum and seek new entrants.

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

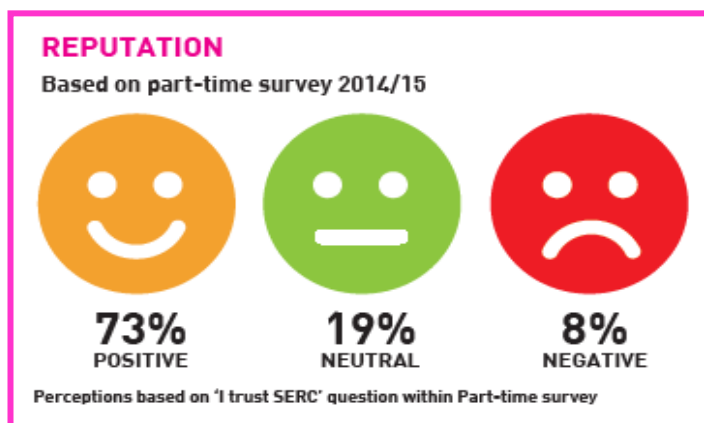
There is no one entity which can provide a single reflection of how SERC is perceived so we use a 'Listening and Influencing' quotient to measure all listening and influencing activity. These reflect customer satisfaction, employee satisfaction and reputation/perceptions of SERC.

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

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

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

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



The latest employee satisfaction results show:



Equality of Opportunity and employment of disabled persons

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

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

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

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

Disability statement

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

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

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

Specific actions measure within the plan are monitored on an annual basis as part of the Annual Equality Progress Report. Progress for the reporting year 15/16 can be viewed at www.serc.ac.uk/PublicInformation/Pages/Equality.aspx.

The College delivers on 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, through a wide range of structures and initiatives aimed at ensuring students with physical disabilities, learning difficulties and long term medical conditions are facilitated in accessing and fully engaging in the breadth of the available learning opportunities. In addition, a range of supports are also in place to help students experiencing difficulties in their personal lives so that the challenges arising from these issues do not become barriers to their ongoing learning. Specific examples of these support structures include:

- › The Learning Support Unit manages the provision of support, help and guidance for students with physical disabilities, learning difficulties and medical conditions. This service is primarily funded through the Department for the Economy's Additional Support Fund and during the year 2015/16 students have accessed:
 - 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 have a wealth of experience in designing and implementing individual support strategies as well as in providing essential information for staff on a wide range of disabilities and conditions so that students are effectively supported.

- › As part of the Quality Management processes a range of student performance monitoring structures are in place to identify and address issues of student under performance, often the first indication of a student disability or learning difficulty to College staff. These arrangements include:
 - Ongoing individual student tutorial support through which issues and concerns can be identified and highlighted, which include regular reviews with Training Support Officers for those completing Training for Success / Apprenticeship / Traineeship programmes;
 - Bi-monthly case conferences which enable the support teams to liaise directly with the teaching staff to identify and put in place actions to address specific student difficulties in a holistic manner;
 - Teaching staff having access to specific knowledge and experience of strategies and approaches from within the Learning Support Team, experience which is augmented through participation in the cross College student support working group.
- › The Student Support and Pastoral care processes within the College focus on promoting the personal and social development of the individual students and trainees through the range of counselling and welfare services that are accessible and fostering positive attitudes within the college:
 - All students have access to, and are provided with details of the tendered student counselling service;
 - The Cause for Concern referral system allows staff to record and forward a concern about the wellbeing of any student to the Pastoral Care team who can implement a range of interventions including engagement with the statutory bodies to ensure that all of the responsibilities regarding the Safeguarding of Children and Vulnerable Adults are addressed. The Pastoral care team also engage with external agencies and support organisations to ensure the college can maintain current best practise approaches to dealing with students experiencing issues relation to mental health and wellbeing;
 - Through the students' union, and class activities the college provides a range of opportunities for students to engage in extra-curricular activities including sports, volunteering and charity fundraising (e.g. Upskilling Uganda) activities which are all aimed at helping students engage fully with their community and develop their skills and abilities.

The College has 18 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 and overview the operation of aspects of the Safeguarding and Pastoral Care systems. Through 2015/16 all staff had the opportunity to complete training in relation to Safeguarding as required.

In partnership with Colleges NI, SERC engaged with Disabled GO to develop good practice guides for the estate to provide students with the opportunity to view our premises on line and get information about accessibility to and within the estate. Regular Campus audits are carried out to ensure that the needs of students with disabilities are met.

Disclosure of Information to Auditors

These financial statements are subject to audit by agreement by the Comptroller and Auditor General for Northern Ireland.

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

Personal data related incidents

No personal data related incidents occurred during the year.

Charitable and Taxation Status

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

Charitable/Political Donations

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

Professional Advisers

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

Members

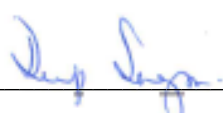
The members who served the Governing Body during the year were as follows:

Name	Date of Appointment	Term of Office	Date of Resignation	Status of appointment	Committees Served	GB Attendance
Dr Robson Davison (Chair)	1 August 2011 1 December 2011 (as Chair)	4 years	30 November 2015	Independent Member – Business Category	Education, Staffing, and Finance and General Purpose Committees (ex-officio member)	2 / 2
Mr Deep Sagar (Chair)	4 April 2016	4 years	-	Independent Member – Business Category	Education, Staffing, and Finance and General Purpose Committees (ex-officio member)	2 / 2
Mr Neil Bodger	1 August 2011 1 August 2015 (Second Term)	4 years	-	Independent Member – Business Category	Audit and Staffing Committees	5 / 6
Mr Andrew Corbett	11 April 2016	4 years	-	Staff Governor	Finance and General Purpose Committee	2 / 2
Mrs Shirleen Corbett	24 November 2014	4 years	-	Independent Member – SEELB Nominee	Audit and Staffing Committees	3 / 6
Mrs Karen Fraser	1 August 2014	4 years	-	Independent Member – Business Category	Education Committee	6 / 6
Mr Mark Graham	1 August 2011	4 years	30 January 2016	Independent Member – Business Category	Staffing Committee (Chair) and Finance and General Purpose Committee	2 / 3
Ms Christine Goodwin	1 August 2015	4 years	-	Independent Member – Business Category	Staffing Committee (Chair) and Finance and General Purpose Committee	6 / 6

Name	Date of Appointment	Term of Office	Date of Resignation	Status of appointment	Committees Served	GB Attendance
Mr Gareth Hetherington (Vice Chair)	1 May 2013	4 years	-	Independent Member – Business Category	Audit Committee (Chair) and Staffing Committee	6 / 6
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
Mrs Carolyn King	11 April 2016	4 years	-	Staff Governor	Audit Committee	1 / 2
Mrs Barbara Larkin	1 August 2013	4 years	-	Co-opted	Finance and General Purpose Committee	6 / 6
Mr John Mackell	1 February 2016	4 years	-	Independent Member – Business Category	Finance and General Purpose Committee	3 / 3
Ms Linda Martin	26 November 2007 11 April 2012 Second Term	4 years 4 years	25 November 2011 11 April 2016	Staff Governor	Audit Committee	3 / 4
Ms Claire Meharg	1 August 2015	4 years	-	Independent Member – Business Category	Audit Committee	5 / 6
Mr Steve Pollard	17 December 2014	4 years	-	Co-opted	Audit Committee and Education Committee	5 / 6
Mrs Heather Reid	1 August 2011 1 August 2015 Second Term	4 years 4 years	-	Independent Member – Business Category	Education Committee (Chair) and Staffing Committee	5 / 6
Mrs Kim Scott	24 November 2014	4 years	-	Independent Member – SEELB Nominee	Education Committee	4 / 6
Mr Michael Simcock	11 April 2012	4 years	-	Staff Governor	Finance and General Purpose Committee	2 / 4
Mr Jack Taylor	1 October 2015	1 year	-	Student Governor	Finance and General Purpose Committee	5 / 5

Name	Date of Appointment	Term of Office	Date of Resignation	Status of appointment	Committees Served	GB Attendance
Mr Ken Webb	1 July 2008	On-going	-	Principal and Chief Executive	Education Committee, Staffing Committee, and Finance and General Purpose Committee	6 / 6
Professor Alan Woodside	19 January 2015	4 years	-	Independent Member – Business Category	Education Committee	5 / 6

For and on behalf of the members of the Governing Body



 Mr Deep Sagar
 Chair

23/11/16.

 Date

**SOUTH EASTERN REGIONAL COLLEGE
REMUNERATION REPORT**

Remuneration Policy

Members of the Governing Body

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

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

The remuneration of the Chair and Governing Body members (for those Governors who have accepted payment) is as follows (Audited):

Name	2015/16				2014/15			
	Re-muneration	Benefits in kind	Pension Benefits	Total	Re-muneration	Benefits in kind	Pension Benefits	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Mr Deep Sagar	5 – 10	-	-	5 – 10	-	-	-	-
Mr Neil Bodger	0 – 5	-	-	0 – 5	-	-	-	-
Mrs Karen Fraser	0 – 5	-	-	0 – 5	-	-	-	-
Ms Christine Goodwin	0 – 5	-	-	0 – 5	-	-	-	-
Mr Gareth Hetherington	0 – 5	-	-	0 – 5	-	-	-	-
Mrs Barbara Larkin	0 – 5	-	-	0 – 5	-	-	-	-
Mr John Mackell	0 – 5	-	-	0 – 5	-	-	-	-
Ms Claire Meharg	0 – 5	-	-	0 – 5	-	-	-	-
Mr Steve Pollard	0 – 5	-	-	0 – 5	-	-	-	-
Mrs Heather Reid	0 – 5	-	-	0 – 5	-	-	-	-
Mrs Kim Scott	0 – 5	-	-	0 – 5	-	-	-	-
Mr Jack Taylor	0 – 5	-	-	0 – 5	-	-	-	-
Professor Alan Woodside	0 – 5	-	-	0 – 5	-	-	-	-

The Principal/Director and Deputy Directors

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

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

Minimum Pay Levels

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

Progression

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

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

Performance Pay

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

Total Reward Package

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

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

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

Service Contracts

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

Salary and pension entitlements

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

Remuneration (including salary) and pension entitlements (Audited)

Name	2015/16				2014/15			
	Salary	Benefits in kind	Pension Benefits*	Total	Salary	Benefits in kind	Pension Benefits	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Mr Ken Webb Director (Appointed 1 July 2008)	110-115	-	30-35	145-150	110-115	-	31-35	145-150
Mr Thompson Keating Deputy Director (Appointed 1 June 2009)	80-85	-	15-20	100-105	80-85	-	20-25	105-110
Dr Michael Malone Deputy Director (Appointed 1 June 2009)	95-100	-	15-20	115-120	80-85	-	25-30	145-150
Mr David Smith Deputy Director (Appointed 1 June 2009 and Retired 31 October 2015)	20-25	-	-	20-25	80-85	-	20-25	105-110

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

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

	2015-16 £'000	2014-15 £'000
Band of highest paid directors total remuneration	110-115	110-115
Median total remuneration	30,515	27,645
Ratio	3.69	4.00

Salary

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

Benefits in kind

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

Pension Entitlements (Audited)

Officials	Accrued pension at pension age as at 31/7/16 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/7/16 £'000	CETV at 31/7/15 £'000	Real increase in CETV £'000
Mr Ken Webb Director	40-45 Plus lump sum of 0*	2.0-2.5 Plus lump sum of 0*	731	661	70
Mr Thompson Keating Deputy Director	30-35 Plus lump sum of 95-100	1.0-1.5 Plus lump sum of 3.5-4.0	675	614	61
Dr Michael Malone Deputy Director	35-40 Plus lump sum of 105-110	1.5-2.0 Plus lump sum of 3.0-3.5	815	752	63

* 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 other comprehensive income.

Enhanced Pensions

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

Cash Equivalent Transfer Values

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

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

Real Increase in CETV

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

Compensation for loss of office

Two Deputy Directors exited under the NI FE Voluntary Exit Scheme.

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

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

**SOUTH EASTERN REGIONAL COLLEGE
STATEMENT OF THE RESPONSIBILITIES OF THE GOVERNING BODY
FOR THE YEAR ENDED 31 JULY 2016**

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

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

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

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

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

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

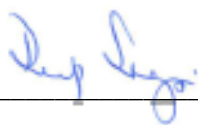
The maintenance and integrity of the College website is the responsibility of the Governing Body of the College; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial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

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

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

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

Approved by order of the Governing Body members on 23 November 2016 and signed on its behalf by:



**Mr Deep Sagar
Chair
South Eastern Regional College**

**SOUTH EASTERN REGIONAL COLLEGE
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL
FOR THE YEAR ENDED 31 JULY 2016**

Introduction

This Statement of Corporate Governance and Internal Control for South Eastern Regional College (SERC) sets out the governance structures, risk management and internal control procedures that operated within SERC during the 2015/16 financial year and up to the date of approval of the Annual Report and Financial Statements.

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

Scope of Responsibility

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

The responsibilities as Chief Executive and Accounting Officer are set out in Managing Public Money Northern Ireland (MPMNI) issued by DoF and in accordance with the Management Statement/Financial Memorandum between the Department for the Economy (DfE) and the Further Education Colleges.

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

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

Governing Body

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

The Governing Body of a college is a body corporate appointed by the Minister to act on behalf of the Department to ensure the efficient and effective management of the college and to ensure it secures the provision of suitable and efficient education to its students in line with statutory obligations in respect of further education. The purpose of corporate governance in further education is to ensure that the systems by which colleges are directed and controlled are operating effectively. The Governing Body has responsibility for setting the strategic direction of the College and for maintaining strategic oversight. It should ensure the demarcation of responsibilities between the Governing Body and the College's 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 the Economy, members nominated by the Education Authority for the area, staff and students who are elected within the College, the Chief Executive/Principal and members co-opted by the Governing Body.

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

Governing Body Member	Meetings Attended	Out of a Possible
Dr Robson Davison (Chair until 30 November 2015)	2	2
Mr Deep Sagar (Chair from 4 April 2016)	2	2
Mrs Heather Reid	5	6
Mr Edward Jackson	5	6
Mr Mark Graham	2	3
Mr Neil Bodger	5	6
Mr Gareth Hetherington	6	6
Mrs Barbara Larkin	6	6
Mrs Karen Fraser	6	6
Mrs Kim Scott	4	6
Ms Shirleen Corbett	3	6
Mr Steve Pollard	5	6
Professor Alan Woodside	5	6
Ms Claire Meharg	5	6
Mr John Mackell	3	3
Ms Christine Goodwin	6	6
Mr Ken Webb	6	6
Mr Jack Taylor	5	6
Ms Linda Martin	3	4
Mr Michael Simcock	2	4
Mrs Carolyn King	1	2
Mr Andrew Corbett	2	2
<i>In attendance:</i>		
Director of Corporate and Economic Development	2	2
Director of Curriculum and Information Services	1	1
Chief Finance Officer	5	6
Chief Human Resources Officer	2	2
Financial Controller	1	1

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 satisfied with the quality and reliability of the information presented during 2015/16.

In order to fulfil its role, the Governing Body met 6 times during 2015/16. 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 2015/16 financial year were fully quorate.

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

Governing Body Conflicts of Interest

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

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

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

Governing Body Performance and Effectiveness

In 2015/16 the Governing Body completed the Department's assessment exercise that focuses upon the performance of the Governing Body, Chairperson and its members. The Governing Body fulfilled the assessment requirements by completing 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 the Department and other key stakeholders.

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

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

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

Audit Committee

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

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

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

Audit Committee Member	Meetings Attended	Out of a Possible
Mr Gareth Hetherington (Chair)	5	5
Mr Neil Bodger	2	5
Ms Linda Martin	2	4
Mr Steve Pollard	5	5
Ms Shirleen Corbett	1	3
Ms Claire Meharg	3	5
Mrs Carolyn King	1	1
<i>In attendance:</i>		
Principal	3	5
Chair of the Governing Body	1	1
Director of Corporate and Economic Development	1	2
Chief Finance Officer	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 2015/16 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 2015/16 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 2015/16.

The key issues discussed at the Audit Committee meetings during the 2015/16 financial year were as follows:

- › Risk Management;
- › DEL/DfE Health Check;
- › Internal Audit Reports – Monitoring of Action Plans;
- › Annual Report and Financial Statements 2014/15;
- › Report to Those Charged with Governance (RTTCWG) 2014/15;
- › NIAO Audit Strategy;
- › Audit Committee Annual Report;
- › Annual Assurance Statement;
- › All external audit reports (for example FAST, DEL/DfE 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/DfE, NIAO, NAO, DFP/DoF, and Treasury minutes.

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

Finance and General Purposes Committee

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

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

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

F&GP Committee Member	Meetings Attended	Out of a Possible
Mr Edward Jackson (Chair)	4	5
Dr Robson Davison (Ex-Officio)	1	2
Mr Deep Sagar (Ex-Officio)	1	1
Mr Mark Graham	0	2
Mr Michael Simcock	2	3
Mrs Barbara Larkin	5	5
Mr Ken Webb	4	5
Mr Jack Taylor	5	5
<i>In attendance:</i>		
Director of Corporate and Economic Development	2	2
Chief Finance Officer	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 2015/16 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 2015/16 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 2015/16.

The key issues discussed at the F&GP Committee meetings during the 2015/16 financial year were as follows:

- › Financial Performance;
- › Financial Framework Analysis;
- › Estates & Land Disposal;
- › Voluntary Exit Scheme;
- › Bank & Debt Updates;
- › Health & Safety Update;
- › DEL/DfE Health Check; and
- › Budget Allocation – 2016/17.

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

Education Committee

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

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

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

Education Committee Member	Meetings Attended	Out of a Possible
Mrs Heather Reid (Chair)	5	5
Dr Robson Davison (Ex-Officio)	1	2
Mr Deep Sagar (Ex-Officio)	1	1
Mrs Karen Fraser	5	5
Mrs Kim Scott	5	5
Mr Steve Pollard	5	5
Professor Alan Woodside	5	5
Mr Ken Webb	5	5
<i>In attendance:</i>		
Director of Learning and Customer Support	1	1
Director of Curriculum and Information Services	4	5
Head of Quality, Excellence and Development	3	3
Chief Training & Contracts Officer	1	1

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

The Articles and Terms of Reference for the Education Committee state that the Committee should meet at least 4 times a year, and more frequently as circumstances require. During the 2015/16 financial year there were 5 Education Committee Meetings held. A quorum for any meeting of the Education Committee is 3 members. All Committee meetings during the 2015/16 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 2015/16.

The key issues discussed at the Education Committee meetings during the 2015/16 financial year were as follows:

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

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

Staffing Committee

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

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

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

Staffing Committee Member	Meetings Attended	Out of a Possible
Mr Mark Graham (Chair)	2	3
Ms Christine Goodwin (Chair)	5	5
Mrs Heather Reid	5	5
Dr Robson Davison (Ex-Officio)	1	2
Ms Shirleen Corbett	2	5
Mr Gareth Hetherington	5	5
Mr Neil Bodger	3	3
Mr Edward Jackson	1	3
Mr Deep Sagar (Ex-Officio)	1	1
Mr Ken Webb	5	5
<i>In attendance:</i>		
Director of Corporate and Economic Development	1	3
Chief HR Officer	4	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 2015/16 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 2015/16 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 2015/16.

The key issues discussed at the Education Committee meetings during the 2015/16 financial year were as follows:

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

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

College Management Team

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

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

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

College Management Team Member	Meetings Attended	Out of a Possible
Mr Ken Webb, <i>Principal and Chief Executive</i>	20	20
Mr Thompson Keating, <i>Director of Corporate and Economic Development</i>	12	13
Dr Michael Malone, <i>Director of Curriculum and Information Services</i>	19	20
Mr David Smith, <i>Director of Learning and Customer Services</i>	6	6
Mr Tommy Martin, <i>Chief Finance Officer</i>	20	20
Mr Paul Smyth, <i>Chief Human Resources Officer</i>	20	20
Mrs Claire Henderson, <i>Head of Quality, Excellence and Development</i>	17	20
Mrs Heather Miller, <i>Head of Quality, Excellence and Development</i>	17	20
Mr William Greer, <i>Chief Training & Contracts Officer</i>	19	20

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

- › Enrolment and FLU Updates;
- › Update from the Director of Curriculum and Information Services;
- › Update from Quality, Excellence and Development;
- › Update from Chief Human Resources Officer;
- › Update from Chief Finance Officer;
- › Update from Chief Training and Contracts Officer
- › Chairman's Business

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

Compliance with the Corporate Governance Code

During 2015/16, the College complied with the principles and supporting provisions set out in the Corporate Governance Code.

Risk Management

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

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

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

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

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

The College has ensured that staff are trained and equipped to manage risk in a way appropriate to their level of authority and duties, and guidance on the College's risk management process is available to all staff on the intranet. During 2015/16 all new Governors were provided training by the Department for the Economy 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 2016 with all budget holders throughout the College assessing their own departments and submitting a Departmental Statement of Internal Control to the Accounting Officer.

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

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

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

Corporate Risks Identified in 2015/16

The corporate risks identified for the Risk Register as at August 2016 included:

- › **Delivering Value for Money** – Managing the financial viability of the College.
- › **Curriculum Delivery, Value for Money and Quality** – Failure to manage the level of sickness absence within the College.
- › **Delivering Value for Money** – Ability to manage impact of financial cuts.
- › **Curriculum Delivery, Value for Money and Quality** – Ability to manage enrolments in light of changes of Youth Training Reform.
- › **Curriculum Delivery, Value for Money and Quality** – Managing the competitive risk due to demographic change.

All risks identified throughout 2015/16 have been appropriately managed within the Risk and Control Framework.

Fraud Reporting

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

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

The College reports all suspected or detected frauds to the Department for the Economy in line with the Management Statement/Financial Memorandum.

During 2015/16 the College had one instance of attempted fraud and one instance of detected actual fraud:

- › Attempted Fraud: Payment Process Related: Opportunistic case where an unknown perpetrator attempted to instruct (via e-mail) payment from the College. Attempted fraud discovered through normal operation of controls and no payments made.
- › Actual Fraud: Theft of Assets: Opportunistic fraud where an unknown perpetrator set up a direct debit from the College's bank account (£39). Fraud discovered through normal operation of the control of the monthly bank reconciliation. The Bank of Ireland's Direct Debit Indemnity refunded the College immediately and thus the College suffered no loss.

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

Whistleblowing

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

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

During 2015/16 the College had no incidents reported under the Whistleblowing Policy.

Education and Training Inspectorate (ETI)

The Education and Training Inspectorate published one inspection report in 2015/16.

In February 2016, ETI published the Scrutiny Inspection of Self-Evaluation and Quality Improvement Planning Processes. The College was awarded the grade "High Degree of Confidence". Sixteen strengths were identified with three areas for improvement.

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

Internal Audit

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

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

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

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

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

On the basis of the audit work performed during the 2015/16 financial year, the Head of Internal Audit has provided a Substantial Overall Assurance.

A summary of the findings from the reviews completed during 2015/16 is provided below:

Area reviewed	Assurance Rating
Complaints Handling	Satisfactory
Core Financial Review	Substantial
Financial Planning & Budgetary Control	Substantial
Monitoring of Performance against Budget	Substantial
Monitoring of Voluntary Exit Scheme	Substantial
Procurement	Substantial
Strategic & Corporate Planning	Substantial

There were no Priority 1 issues highlighted in the 2015/16 Internal Audit Reviews.

There was one internal audit recommendations in progress brought forward from the 2014/15. There were 8 new recommendations arising in the current year with each recommendation being achieved in 2015/16. All recommendations were achieved in 2015/16.

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

Pay Remits

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

The College withholds progression increments until DoF approval is received.

Information Assurance

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

In 2015/16 the College continued to develop the framework of Policies and Standard Operating Procedures surrounding information assurance and records management. The Policies and Procedures provide detailed guidance on information security, the roles and responsibilities, and the monitoring and reporting processes in place regarding information assurance. The framework of documents is regularly reviewed to ensure compliance with best practice.

In 2015/16 there were no instances of access to personal data that did not comply with the Data Protection requirements nor were any issues reported to the Information Commissioners Office. The College did not have any instances of breaches regarding personal data or records.

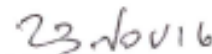
Office for National Statistics (ONS) Reclassification of Further Education Colleges

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

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



Accounting Officer



Date

I certify that I have audited the financial statements of South Eastern Regional College for the year ended 31 July 2016 under the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008. The financial statements comprise: the Statement of Comprehensive Income and Expenditure, Statement of Changes in Reserves, Balance Sheet, Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Governing Body and auditor

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

Scope of the audit of the financial statements

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

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of South Eastern Regional College's affairs as at 31 July 2016 and of its deficit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008 and the Department for the Economy (formerly 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 the Economy directions made under the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008; and
- the information given in the Strategic Report and the unaudited part of the Remuneration Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

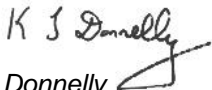
Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.



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

25 November 2016

**SOUTH EASTERN REGIONAL COLLEGE
STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 JULY 2016**

		2016	2015 Restated
	Note	£'000	£'000
INCOME			
Department for the Economy / Employment and Learning Grants	1	35,701	34,856
Education contracts	2	7,671	8,964
Tuition fees and charges	3	2,669	2,501
Other grant income	4	335	824
Other operating income	5	604	859
Investment income	6	19	14
Donations and endowments	7	4	-
Total Income		47,003	48,018
EXPENDITURE			
Staff costs	8	25,577	27,027
Other operating expenses	10	17,399	17,083
Depreciation	13	4,118	3,638
Interest and other finance costs	11	208	346
Total expenditure before exceptional items		47,302	48,094
(Deficit) before exceptional items		(299)	(76)
EXCEPTIONAL ITEMS			
Exceptional costs (staff)	8	831	4,052
Exceptional costs (non-staff)	10	-	-
Exceptional income (VES)		752	3,643
(Deficit) before other gains/losses		(378)	(485)
(Loss) on disposal of assets		-	(142)
(Deficit) before tax		(378)	(627)
Taxation	12	-	-
(Deficit) for the year		(378)	(627)
Unrealised surplus on revaluation of land and buildings	13	6,379	2,814
Actuarial (loss)/gain in respect of pension scheme	22	(6,195)	3,761
Total comprehensive (deficit)/income for the year		(194)	5,948
Represented by:			
Endowment comprehensive income for the year		4	-
Restricted comprehensive income for the year		-	-
Unrestricted comprehensive income for the year		(198)	5,948
		(194)	5,948

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

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

**SOUTH EASTERN REGIONAL COLLEGE
STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 JULY 2016**

	Income and Expenditure Account						Total Reserves £'000
	Endowment: Permanent Restricted £'000	Endowment: Temporary Restricted £'000	Restricted Reserve £'000	Pension Reserve £'000	Unrestricted Reserve £'000	Revaluation Reserve £'000	
	Balance at 1 August 2014	-	-	-	(9,278)	1,651	
(Deficit) from income and expenditure statement	-	-	-	(1,052)	425	-	(627)
Other comprehensive income	-	-	-	3,761	-	2,814	6,575
Transfers between revaluation reserve and income and expenditure account	-	-	-	-	1,526	(1,526)	-
Release of restricted funds spend in year	-	-	-	-	-	-	-
Balance at 1 August 2015 and 31 July 2015	-	-	-	(6,569)	3,602	52,881	49,914
(Deficit) from income and expenditure statement	-	-	-	(592)	214	-	(378)
Other comprehensive (deficit)/income	-	-	-	(6,195)	-	6,379	184
Transfers between revaluation and income and expenditure account	-	-	-	-	1,313	(1,313)	-
Transfers between income and expenditure account and endowment reserves	3	1	-	-	(4)	-	-
Release of restricted funds spend in year	-	-	-	-	-	-	-
Total comprehensive income for the year	3	1	-	(6,787)	1,523	5,066	(194)
Balance as at 31 July 2016	3	1	-	(13,356)	5,125	57,947	49,720

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

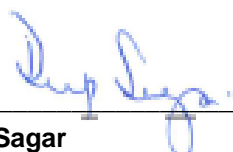
SOUTH EASTERN REGIONAL COLLEGE
BALANCE SHEET
AS AT 31 JULY 2016

		2016	2015 Restated
	Note	£'000	£'000
Fixed assets			
Tangible assets	13	139,765	134,022
Investments	15	<u>3</u>	<u>-</u>
Total fixed assets		<u>139,768</u>	<u>134,022</u>
Current assets			
Trade and other receivables	16	3,799	7,274
Cash and cash equivalents	21	<u>4,238</u>	<u>3,727</u>
Total current assets		8,037	11,001
Less: Creditors - amounts falling due within one year	17	(5,327)	(9,597)
Less: PPP finance lease creditor - amounts falling due within one year	14	<u>(1,075)</u>	<u>(1,022)</u>
Net current assets		<u>1,635</u>	<u>382</u>
Total assets less current liabilities		141,403	134,404
Less: Creditors – amounts falling due after more than one year	18	(42,621)	(41,120)
Less: PPP finance leases – amounts falling due after more than one year	14	(35,706)	(36,781)
Provisions (including pension liability):			
Pension provisions	22	(13,356)	(6,569)
Other provisions	19	-	(20)
Net assets including pension liability		<u>49,720</u>	<u>49,914</u>

SOUTH EASTERN REGIONAL COLLEGE
BALANCE SHEET (continued)
AS AT 31 JULY 2016

		2016	2015 Restated
	Note	£'000	£'000
Restricted Reserves			
Income and expenditure account – restricted reserve		-	-
Income and expenditure account - endowment	20	4	-
Unrestricted Reserves			
Income and expenditure account – unrestricted reserve		5,125	3,602
Income and expenditure account – pension reserve		(13,356)	(6,569)
Revaluation reserve		57,947	52,881
		<hr/>	<hr/>
Total reserves		<u>49,720</u>	<u>49,914</u>

The financial statements on pages 56 to 90 were approved by the Governing Body of South Eastern Regional College on 23 November 2016 and were signed on its behalf on that date by:



Mr Deep Sagar
Chair of Governing Body
South Eastern Regional College



Mr Ken Webb
Accounting Officer
South Eastern Regional College

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

SOUTH EASTERN REGIONAL COLLEGE
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2016

	Note	2016 £'000	2015 Restated £'000
Cash inflow/(outflow) from operating activities			
Surplus / (Deficit) for the year		(378)	(627)
Depreciation	13	4,118	3,638
Deferred capital grants released to income	1	(1,850)	(1,238)
Interest and investment income receivable	6/7	(23)	(14)
NILGOSC FRS 102 (28) Pension Adjustment	22	592	1,052
Decrease/(Increase) in trade and other receivables	16	3,476	(3,393)
(Decrease)/Increase in creditors	17/18	(920)	14,663
Loss/(Profit) on sale of tangible assets	13	-	142
(Decrease)/Increase in provisions	19	(20)	20
Adjustment for investing or financing activities (Service Concession Interest)	14	2,133	2,188
Net cash inflow from operating activities		7,128	16,431
Cash flows from investing activities			
Investment income		20	14
Payments made to acquire fixed assets	13	(3,482)	(11,603)
Proceeds from sale of fixed assets		-	29
Cash (outflow) from investing activities		(3,462)	(11,560)
Cash flows from financing activities			
Interest element of finance lease and service concession payments	14	(2,133)	(2,188)
Capital payment of service concession payments	14	(1,022)	(969)
Cash (outflow) from financing activities		(3,155)	(3,157)
Increase in cash and cash equivalents in the years		511	1,714
Net funds at 1 August		3,727	2,013
Net funds at 31 July		4,238	3,727

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

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

**SOUTH EASTERN REGIONAL COLLEGE
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 JULY 2016**

Statement of Accounting Policies

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

Basis of Preparation

These financial statements have been prepared on the going concern basis in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standard (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit entity requirements of FRS 102.

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

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

Transition to the 2015 FE HE SORP

This is the first year that the financial statements have been prepared under the 2015 SORP and FRS 102. Some of the FRS 102 recognition, management, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the College has amended certain accounting policies to comply with FRS 102 and the 2015 FE HE SORP. Details of changes arising due to transition are included at note 30.

The 2015 FE HE SORP requires colleges to prepare a single statement of comprehensive income, and not the alternative presentation of a separate income statement and a statement of other comprehensive income. This represents a change in accounting policy from the previous period where separate statements of the Income and Expenditure account and for the Statement of Total Recognised Gains and Losses were presented.

Basis of accounting

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

Going concern

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

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

Government Grants (Accruals Model)

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

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

**SOUTH EASTERN REGIONAL COLLEGE
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 JULY 2016**

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

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

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

Capital Grants (Non Land Grants) (Accruals Model)

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

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

Capital Grants (Land Grants)

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

Donations and Endowments

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

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

Pension Scheme

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

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

NILGOSC is a defined benefit scheme which is externally funded and contracted out of the second state Pension Scheme. The Funds are valued every three years by actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. Pension costs are assessed on the basis of the latest actuarial valuations of the schemes and are accounted for on the basis of charging the cost of providing pensions over the period during which the College benefits from the employees' services. Variations from regular cost are spread over the expected average remaining working lifetime of members of the schemes after making allowances for future withdrawals.

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

Changes in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by the College are charged to the Statement of Comprehensive Income.

**SOUTH EASTERN REGIONAL COLLEGE
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 JULY 2016**

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, these are accounted for in accordance with the revenue recognition policies above.

› Assets other than land and buildings

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

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

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

› Assets under construction

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July 2016. They are not depreciated until they are brought into use.

› Jointly Controlled Assets (Northern Ireland FE Sector)

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

Public Private Partnerships

Where it is concluded that the College has an asset of the property and therefore a liability to pay for it, these are recorded on the balance sheet. The initial amount recorded for each is the fair value of the property. Subsequently, the asset is depreciated over its useful economic life. Payments are allocated between service costs, finance charges and financial liability repayments to reduce the financial liability to nil over the life of the arrangement.

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

Leased Assets

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

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

**SOUTH EASTERN REGIONAL COLLEGE
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 JULY 2016**

Intangible Assets

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

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 Care to Learn Scheme.

Hardship Fund payments and Care to Learn received from DEL/DfE and subsequent disbursements to students and child minding facilities are excluded from the Income and Expenditure account and are shown separately in Note 29.

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

1. DEPARTMENT FOR THE ECONOMY (DEPARTMENT FOR EMPLOYMENT AND LEARNING) INCOME

	2016 £'000	2015 Restated £'000
Department for the Economy / Employment and Learning Grants		
Recurrent grant	25,828	26,032
Release of deferred capital grants	1,850	1,238
Learner Access and Engagement	-	17
Public Private Partnership (PPP)	5,944	5,926
Additional Support Funds (ASF)	434	529
Employer Support Program	8	296
Students with Learning Difficulties and/or Disabilities (SLDD)	199	170
Higher Level Apprenticeships	259	-
Skills Focus	344	56
Traineeships	492	-
Into Work Training	79	-
Other	238	563
Grant in Aid Received from DfE/ DEL	<u>35,675</u>	<u>34,827</u>
Non-Grant in Aid Received from DfE / DEL		
Educational Maintenance Allowance Administration	<u>26</u>	<u>29</u>
Total DfE / DEL Income	<u>35,701</u>	<u>34,856</u>

2. EDUCATIONAL CONTRACTS

	2016 £'000	2015 Restated £'000
Entitlement Framework	893	1,000
Training for Success	6,211	6,472
Steps to Work	75	972
Steps to Success	492	520
	<u>7,671</u>	<u>8,964</u>

3. TUITION FEES AND CHARGES

	2016 £'000	2015 Restated £'000
Higher Education (HE) income	1,717	1,542
Home and other European Union	935	928
Non-European Union	17	31
	<u>2,669</u>	<u>2,501</u>

Tuition fees funded by bursaries

Included within the above amounts are tuition fees funded by bursaries of £50k (2015: £42k)

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

4. OTHER GRANT INCOME

	2016	2015
	£'000	Restated £'000
European funds	108	243
Other funds	227	581
	335	824

5. OTHER OPERATING INCOME

	2016	2015
	£'000	Restated £'000
Catering and residence operations	206	227
Other income generating activities	327	468
Other income	71	164
	604	859

6. INVESTMENT INCOME

	2016	2015
	£'000	Restated £'000
Other interest receivable	19	14
	19	14

7. DONATIONS AND ENDOWMENTS

	2016	2015
	£'000	Restated £'000
New endowments	4	-
	4	-

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

8. STAFF COSTS

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

	2016	2015
	Number	Restated Number
Governing Body	17	-
Teaching	318	386
Support	139	147
Administration	113	126
Premises	12	14
Total	599	673

	2016	2015
	£'000	Restated £'000
Staff costs for the above persons		
Governing Body	31	-
Teaching	15,263	15,785
Support	3,563	3,661
Administration	5,912	6,450
Premises	424	425
Pension Cost	384	706
	25,577	27,027
Exceptional staff costs – Voluntary Exit Scheme	802	3,904
Exceptional staff costs - Redundancy	29	148
Total	26,408	31,079

Wages and salaries	20,137	21,432
Social Security costs	1,595	1,561
Other pension costs (including Pension adjustments of £384,000 (2015: (£706,000)))	3,845	4,034
	25,577	27,027
Exceptional staff costs – Voluntary Exit Scheme	802	3,904
Exceptional staff costs - Redundancy	29	148
Total	26,408	31,079

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

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

	Senior Post Holders		Other Staff	
	2016	2015	2016	2015
	Number	Number	Number	Number
£60,001 to £70,000	-	-	13	6
£70,001 to £80,000	-	-	3	1
£80,001 to £90,000	-	-	-	-
£90,001 to £100,000	1	3	-	-
£100,001 to £110,000	1	-	-	-
£110,001 to £120,000	-	-	-	-
£120,001 to £130,000	-	1	-	-
£130,001 to £140,000	1	-	-	-
	3	4	16	7

9. KEY MANAGEMENT PERSONNEL

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

	2016 Number	2015 Restated Number
The number of senior post-holders including the Chief Executive/Principal was:	4	4
Governors	17	-

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

	2016 £'000	2015 Restated £'000
Governing Body Remuneration	31	-
Salaries	293	360
Benefits in kind	-	-
Pension contributions	51	54
Total emoluments	375	414

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

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

	2016 £'000	2015 Restated £'000
Salaries	111	110
Benefits in kind	<u>-</u>	<u>-</u>
	111	110
Pension contributions	<u>20</u>	<u>16</u>
	131	126

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

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

10. OTHER OPERATING EXPENSES

	2016	2015
	£'000	Restated £'000
Direct teaching	665	774
Direct support	3,954	4,434
Administration	1,555	1,605
Consultancy Fees	9	-
Premises	3,700	2,702
Unitary payments – PPP operating cost	5,383	5,380
Unitary payments – PPP finance lease interest	2,133	2,188
	17,399	17,083
Exceptional costs (non staff)	-	-
Total	17,399	17,083

Other operating expenses include:

	2016	2015
	£'000	Restated £'000
Auditors' remuneration:		
Financial statements audit	20	23
Internal audit	21	19
Other services provided by the financial statements auditors	-	-
Other services provided by the internal auditors	-	-
Hire of other assets – operating leases	19	19
Hire of other assets – premises	21	21

11. INTEREST AND OTHER FINANCE COSTS

	2016	2015
	£'000	Restated £'000
Net charge on pension scheme	208	346

12. TAXATION

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

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

13. TANGIBLE FIXED ASSETS

	Freehold land	Buildings	PFI	Buildings under construction	Plant and equipment	Computers	Fixtures and fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation									
At 1 August 2015	6,060	33,525	89,801	10,414	3,822	1,025	1,562	319	146,528
Additions	-	2,932	12	-	45	169	324	-	3,482
Disposals	-	-	-	-	(112)	-	(33)	(40)	(185)
Revaluation	-	1,928	5,164	-	-	-	-	-	7,092
Reclassified Assets	-	10,414	-	(10,414)	24	-	-	(24)	-
At 31 July 2016	6,060	48,799	94,977	-	3,779	1,194	1,853	255	156,917
Accumulated Depreciation									
At 1 August 2015	-	3,146	6,312	-	1,619	777	414	238	12,506
Charge for the year	-	1,234	1,959	-	519	136	234	36	4,118
Disposals	-	-	-	-	(112)	-	(33)	(40)	(185)
Revaluation	-	238	475	-	-	-	-	-	713
Reclassified Assets	-	-	-	-	24	-	-	(24)	-
At 31 July 2016	-	4,618	8,746	-	2,050	913	615	210	17,152
Net book value at 31 July 2016	6,060	44,181	86,231	-	1,729	281	1,238	45	139,765
Net book value at 31 July 2015	6,060	30,379	83,489	10,414	2,203	248	1,148	81	134,022

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

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. An interim revaluation was carried out by Land and Property Services in August 2015 providing the valuation as at 31 July 2015. Subsequently that revaluation was updated using indices supplied by Land and Property Service to provide valuations as at 31 July 2016.

These revaluations have been incorporated into the financial statements and the resulting revaluation adjustments have been taken to the revaluation reserve.

Jointly Controlled Asset

The net book value of computers includes £14k of computer hardware that is a jointly owned and controlled asset amongst the six college of the Northern Ireland Further Education Sector. The hardware is used to support the sector's Management Information Systems and Information Technology services and is operated centrally on behalf of the sector.

Depreciation Charge

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

	2016	2015
	£'000	Restated £'000
Charge for the year on owned assets	2,159	1,559
Charge for the year on PPP assets	1,959	2,079
Charge in the Income & Expenditure Account	4,118	3,638

14. SERVICE CONCESSION ARRANGEMENTS

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

Movement in service concession arrangement assets

The asset value of the service concession included in the balance sheet as at 31 July 2016 is £86,231k (2015: £83,489k). The increase of £2,742 is due to revaluation on the depreciated assets.

Movement in service concession liabilities

The total liabilities relating to the service concession included in the balance sheet as at 31 July 2016 was £36,781k (2015: £37,803k). The sum of £1,022k was repaid during the year.

Future Commitments

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

	Payable in	Payable	Payable	Total
	1 year	2–5 years	6–10 years	Total
	£'000	£'000	£'000	£'000
Liability repayments	1,075	4,897	30,809	36,781
Finance charge	2,076	7,665	15,607	25,348
Service charge (excluding inflationary increases)	5,335	21,379	80,863	107,577
	8,486	33,941	127,279	169,706

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

15. INVESTMENTS

	Other fixed asset investments £'000	Total £'000
At 1 August 2015	-	-
Additions	3	3
Disposals	-	-
Impairment	-	-
	<hr/>	<hr/>
At 31 July 2016	3	3

16. TRADE AND OTHER RECEIVABLES

	2016 £'000	2015 Restated £'000
Amounts falling due within one year:		
Trade receivables	854	3,280
Other receivables (VES)	600	3,643
Prepayments and accrued income	2,345	351
	<hr/>	<hr/>
Total Debtors	3,799	7,274

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £'000	2015 Restated £'000
Payments received in advance	204	349
Trade creditors	1,167	2,421
Taxation and social security	48	566
Accruals and deferred income	3,152	2,297
VES Accrual	748	3,904
Other payables	8	60
	<hr/>	<hr/>
Total creditors within one year	5,327	9,597

Deferred Income

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

	2016 £'000	2015 Restated £'000
Grant income	1,907	1,758
	<hr/>	<hr/>
Total	1,907	1,758

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

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

	2016	2015
	£'000	Restated £'000
Deferred income	<u>42,621</u>	41,120
Total creditors falling due after more than one year	<u>42,621</u>	<u>41,120</u>

19. PROVISIONS FOR LIABILITIES AND CHARGES

	Litigation	Other	Total
	£'000	£'000	£'000
At 1 August 2015	-	20	20
Income and Expenditure account	-	-	-
Expenditure in the period	-	(20)	(20)
At 31 July 2016	-	-	-

The opening provision related to a possible obligation of a clawback on three ESF projects following the vouching of the claim. The provision was not required in 2015/16 and was therefore released.

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

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

20. ENDOWMENT RESERVES

	Restricted permanent £'000	Unrestricted permanent £'000	Expendable endowments £'000	2016 Total £'000	2015 Restated Total £'000
At 1 August					
Capital	-	-	-	-	-
Accumulated Income	-	-	-	-	-
	-	-	-	-	-
New endowments	4	-	-	4	-
Income for year	-	-	-	-	-
Expenditure for year	-	-	-	-	-
(Decrease)/Increase in market value of investments	-	-	-	-	-
As at 31 July	4	-	-	4	-

21. CASH AND CASH EQUIVALENTS

	At 1 Aug 2015 (Restated) £'000	Cash flows £'000	At 31 July 2016 £'000
Cash and Cash Equivalents	3,727	511	4,238
	3,727	511	4,238
Total	3,727	511	4,238

22. PENSION PROVISIONS

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

Total pension cost for the year

	2016	2015
	£'000	Restated £'000
NITPS: contributions paid	2,211	1,889
NILGOSC: contributions paid	1,568	1,271
NILGOSC: FRS 102 (28) adjustments	592	1,052
NILGOSC: charge to the Statement of Comprehensive Income (Staff Costs / Interest Paid)	2,160	2,323
Enhanced pension charge to the Statement of Comprehensive Income (staff costs)	0	0
Total pension cost for the year	4,371	4,212

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

NITPS

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

Until 1 April 2015 the scheme operated under the Teachers' Superannuation Regulations (NI) 1998 (as amended). Further information about the scheme is given in the explanatory booklet dated November 2007, and on the Department of Education's website at www.deni.gov.uk.

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

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

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

Salary* Based on FTE Pay Level	Contribution Rate 2014/15
Below £15,000	6.4%
£15,000 to £25,999	7.2%
£26,000 to £31,999	8.3%
£32,000 to £39,999	9.5%
£40,000 to £44,999	9.9%
£45,000 to £74,999	11.0%
£75,000 to £99,999	11.6%
£100,000 and above	12.4%

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

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

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

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

The NITPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme, and therefore, as required by FRS 102 (28), accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income represents the contributions payable to the scheme in respect of the accounting year. The College has set out above the information available on the scheme and the implications for the College in terms of the anticipated contribution rates.

NILGOSC

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

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

	2016	2015
	%	%
Discount Rate	2.4%	3.6%
RPI Inflation	2.9%	3.2%
CPI Inflation	1.8%	2.1%
Pension Increases	1.8%	2.1%
Pension Accounts Revaluation Rate	1.8%	2.1%
Salary Increases	3.3%	3.6%

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

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

	2016	2015
<u>Males</u>		
Member aged 65 at 31 July 2016	22.3	22.2
Member aged 45 at 31 July 2016	24.5	24.4
<u>Females</u>		
Member aged 65 at 31 July 2016	24.8	24.7
Member aged 45 at 31 July 2016	27.2	27.0

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

	Value at 31 July 2016 £'000	Value at 31 July 2015 Restated £'000
Equities	25,914	22,606
Bonds	4,242	3,478
Property	4,421	3,722
Cash	1,150	610
Other	215	92
Fair value of assets	35,942	30,508
Present value of liabilities	(49,298)	(37,077)
Deferred tax liability	-	-
Deficit in the scheme	(13,356)	(6,569)

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

Amounts recognised in the balance sheet:	2016	2015
	£'000	Restated £'000
Present value of funded liabilities	(49,271)	(37,051)
Fair value of employer assets	35,942	30,508
	(13,329)	(6,543)
Present value of unfunded liabilities	(27)	(26)
Net liability	(13,356)	(6,569)
Amounts recognised in the Statement of Comprehensive Income in respect of the plan are as follows	2016	2015
	£'000	Restated £'000
Amounts included in staff costs:		
Employer service cost (net of employee contributions)	65	706
Past Service Cost	319	-
Total	384	706
Net Interest Cost	208	346
Net charge to Statement of Comprehensive Income	592	1,052
Analysis of Other Comprehensive Income for Pensions		
Asset gains arising during the year	2,745	1,947
Liability (losses)/gains arising during the year	(8,940)	1,814
Total amount recognised in other comprehensive income	(6,195)	3,761
Movement in surplus/ (deficit) during the year	2016	2015
	£'000	Restated £'000
As at 1 August as stated	(6,569)	(9,278)
Employer Service Cost	(1,635)	(1,977)
Employer contributions	1,568	1,269
Past service cost	(319)	-
Contributions in respect of unfunded benefits	2	2
Losses on curtailments and settlements	-	-
Net Interest Cost	(208)	(346)
Actuarial (Losses)/Gains on liabilities	(8,940)	1,814
Remeasurement Gains/(Losses) on assets	2,745	1,947
Deficit in scheme at 31 July	(13,356)	(6,569)

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

Reconciliation of Defined Benefit Obligation

	2016	2015 Restated
	£'000	£'000
Liabilities at 1 August	37,077	35,497
Current service cost	1,635	1,977
Interest cost	1,335	1,420
Employee contributions	399	405
Actuarial losses/(gains)	8,940	(1,814)
Past service cost/(gain)	319	-
Unfunded Net benefits paid	(2)	(2)
Net benefits paid	(405)	(406)
Losses on curtailments and settlements	-	-
Liabilities at 31 July	49,298	37,077

Reconciliation of Fair Value of Employer Assets

	2016	2015 Restated
	£'000	£'000
Assets at 1 August	30,508	26,219
Interest income on assets	1,127	1,074
Remeasurement gains/(losses) on assets	2,745	1,947
Employer contributions	1,568	1,269
Employer contributions in respect of unfunded benefits	2	2
Employee contributions	399	405
Unfunded benefits paid	(2)	(2)
Net benefits paid	(405)	(406)
Assets at 31 July	35,942	30,508

The estimated value of employer contributions for the year ended 31 July 2017 is £1,292k

History of actuarial gains/(losses) recognised in OCI

	2016	2015	2014	2013	2012
	£'000	£'000	£'000	£'000	£'000
Total Actuarial gains/(losses) recognised in OCI	6,195	3,761	(7,274)	2,665	(3,774)
Present value of liabilities	49,298	37,077	35,497	29,606	26,714

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

23. POST BALANCE SHEET EVENTS

In the period between the end of the reporting year (31 July 2016) and the date when the financial statements are authorised for issue (23 November 2016) the College has identified a contingent liability. The contingent liability is disclosed in Note 26 and refers to a funding claim made to the European Commission by the Department for the Economy relating to Programme Led Apprenticeships in the years 2009-2014.

The post balance sheet event is a disclosure and has not required an adjustment in the financial statements.

	2016	2015
	£'000	Restated £'000
Contracts placed for future capital expenditure not provided in the financial statements	-	1,173

The capital commitment in 2015 referred to the construction of The SPACE in Bangor which had a completion date of September 2015.

25. FINANCIAL COMMITMENTS

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

	2016	2015
	£'000	Restated £'000
Land and buildings		
Expiring within one year	29	29
Expiring within two and five years inclusive	24	24
Expiring in over five years	-	6
	<u>53</u>	<u>59</u>
Plant and Equipment		
Expiring within one year	16	16
Expiring within two and five years inclusive	5	21
Expiring in over five year	-	-
	<u>21</u>	<u>37</u>
Total	74	96

26. CONTINGENT LIABILITY

The Department for Employment and Learning (now the Department for the Economy) competitively awarded the College a contract to deliver Programme Led Apprenticeships (PLA) in the years 2009-2014. The contract was one of a number of PLA contracts with contractors being other Colleges within the Northern Ireland Further Education sector and private training providers.

The Department for the Economy has now included the funding, that was provided to contractors (for delivery of the PLA's), within a funding claim made by the Department to the European Commission. A resultant Article 16 inspection from the European Commission is in progress with the Department.

Information to date indicates that, as a result of the initial findings of the inspection, the College may have a possible obligation that may result in an outflow of economic benefits. The inspection is not complete; therefore, the transfer of economic benefits is not settled nor can a value of the obligation be estimated reliably.

SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016

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

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

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

Related Organisation	Governor (G) / Director (D)	Position in Related Organisation	2016 Trans Paid £'000	2015 Trans Paid £'000	Outstanding at 31 July 2016 £'000	Outstanding at 31 July 2015 £'000
University of Ulster	Gareth Hetherington (G)	Associate Director				
	Steve Pollard (G)	Lecturer	22	33	-	-
	Alan Woodside (G)	Emeritus Professor				
Colleges NI	Ken Webb (D)	Chair of Finance & Audit Committee	107	9	-	-
Department of Justice	John Mackell (G)	Chairman of Legal Aid Panel	21	-	-	-
BT	Christine Goodwin (G)	Senior Business Insight Manager	272	-	-	-
Construction Industry Training Board	Michael Malone (D)	Standards Committee Member	8	11	-	1
Engineering Training Council	Michael Malone (D)	Director	7	8	-	-

SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016

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

Related Organisation	Governor (G) / Director (D)	Position in Related Organisation	2015 Trans Paid £'000	2014 Trans Paid £'000	Outstanding at 31 July 2015 £'000	Outstanding at 31 July 2014 £'000
Department for Social Development	Deep Sagar (G)	Independent Board Member	17	-	-	-
Colleges NI	Ken Webb (D)	Chair of Finance & Audit Committee	1	28	1	-
Education Authority	Kim Scott (G)	Assistant Senior Education Officer	12	-	-	-
University of Ulster	Gareth Hetherington (G)	Associate Director	145	153	-	11
	Steve Pollard (G)	Lecturer				
	Alan Woodside (G)	Emeritus Professor				
Lisburn City Centre Management	Michael Malone (D)	Member	-	3	1	-
Friends School	Alan Woodside (G)	Ministerial Appointed Governor	21	22	-	-

The transactions with CNI mainly relate to the annual membership fee. All other transactions are related to general operations.

28. LOSSES AND SPECIAL PAYMENTS

	2016 £'000	2015 Restated £'000
Bad Debt Write Off less than £1k (81 cases)	12	28
Bad Debt Write Off greater than £1k (1 case)	8	36
	20	64

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 2016 to match the bad debt write off.

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

29. AMOUNTS DISBURSED AS AGENT

	2016	2015
	£'000	Restated £'000
<u>Hardship Fund</u>		
Balance at 1 August	60	222
DEL Allocation	176	176
DEL Adjustment to B/Fwd balance	-	(155)
	236	243
Disbursed to students	(204)	(183)
Balance unspent at 31 July	32	60

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.

	2016	2015
	£'000	Restated £'000
<u>Care to Learn</u>		
DEL Allocation	44	63
Disbursements	(44)	(63)
Balance unspent at 31 July	-	-

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

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

30. TRANSITION TO FRS 102 AND THE 2015 SORP

As explained in the accounting policies, this set of financial statement is the College's first financial statements prepared in accordance with FRS 102 and the SORP. The accounting policies set out in Statement of Accounting Policies have been applied in preparing the financial statements for the year ended 2016, the comparative information presented in these financial statements for the year ended 2015 and in the preparation of an opening FRS 102 Statement of Financial Position at 1 August 2014. In preparing its FRS 102 SORP based Statement of Financial Position, the College has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (2007 SORP). An explanation of how the transition to FRS 102 and the SORP has affected the College's financial position, financial performance and cash flows is set out in the following tables:

Financial Position

	1 August 2014 £'000	31 July 2015 £'000
Total Funds & Reserves under 2007 SORP as at 1 August as previously reported	76,421	92,951
Reallocation of Deferred Capital Grants to Creditors	(32,203)	(42,878)
Holiday Pay Accrual – 31 July 2014	(252)	-
Holiday Pay Accrual – 31 July 2015	-	(159)
	<hr/>	<hr/>
Total effect of transition to FRS 102	(32,455)	(43,037)
	<hr/>	<hr/>
Total Funds & Reserves under 2015 SORP	43,966	49,914

**SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

Financial Performance

	31 July 2015 £'000
Deficit for the year under 2007 SORP	(210)
Holiday Pay Accrual – 31 July 2015	(159)
Holiday Pay Accrual Release – 31 July 2014	252
Pension Charge – Service Charge	(164)
Pension Charge – Interest Cost	(346)
Agency Income – Care to Learn Scheme	(63)
Agency Expenditure – Care to Learn Scheme	63
Unrealised surplus on revaluation of land and buildings	2,814
Actuarial gain in respect of pension scheme	3,761
	<hr/>
Total effect of transition to FRS 102	6,158
	<hr/>
Total comprehensive income for the year under 2015 SORP	5,948

The following were the changes in accounting policies arising from the transition to SORP 2015 / FRS 102:

› **Deferred Capital Grants**

Under SORP 2007/previous UK GAAP deferred capital grants were recognised within Total Funds/Reserves section of the balance sheet. Under SORP 2007, where part of a government grant is deferred it shall be recognised as deferred income within creditors and not deducted from the carrying amount of the asset. The deferred income must be allocated between creditors due within one year and due after more than one year.

The impact is to decrease total funds/reserves as at 1 August 2014 by £32,203k with a corresponding increase in creditors (<1 year / > 1 year).

› **Holiday Pay Accrual**

Under SORP 2007/previous UK GAAP the College did not accrue for holiday pay that was earned and expected to be taken in the next financial year. Under SORP 2015/FRS 102, the College is required to accrue for all short-term compensated absences including holiday entitlement earned but not taken at the date of the statement of financial position.

The impact is to create a holiday pay accrual for the College of £252k as at 1 August 2014 and £159k as at 31 July 2015 (and associated cost in the Statement of Comprehensive Income).

› **Pension Charge**

Under SORP 2007 the College accounted for Pensions under FRS 17 (Retirement Benefits). Under SORP 2015 the College now accounts for Pensions under FRS 102 section 28. The main difference between reporting under FRS 17 and FRS 102 relates to the calculation of the pensions financing cost. The financing cost is significantly higher under FRS 102 than FRS 17 because the expected return on assets item is effectively calculated using the discount rate so that no credit is taken for the expected outperformance of the Fund's assets.

The impact is an additional pension charge of £510k in the Statement of Comprehensive Income for the year ended 31 July 2015.

› **Agency Arrangements**

Under SORP 2007/previous UK GAAP the College recognised the Department's Care to Learn Scheme as revenue and expenditure in the Income and Expenditure statement. Under SORP 2015/FRS 102, the College now recognises the Care to Learn Scheme as an agency arrangement where the College is not exposed to the majority of the benefits and risks associated with the exchange transaction in that it disburses funds received as paying agent on behalf of the Department for the Economy.

The impact is to exclude these funds and expenditure from the Statement of Comprehensive Income (£63k) for the year ended 31 July 2015. This agency arrangement is disclosed in Note 29.

› **Statement of Total Recognised Gains and Losses**

The 2015 FE HE SORP requires colleges to prepare a single statement of comprehensive income, and not the alternative presentation of a separate income statement and a statement of other comprehensive income. This represents a change in accounting policy from the previous year where separate statements of the Income and Expenditure account and for the Statement of Total Recognised Gains and Losses were presented.

The impact for year ended 31 July 2015 is to recognise the unrealised surplus on revaluation of land and buildings of £2,814k and Actuarial gain in respect of pension scheme of £3,761k in the Statement of Comprehensive Income.

› **Statement of Comprehensive Income**

The 2015 FE HE SORP requires Colleges to disclose Government Grant income streams by funding bodies. The impact is to represent £352k of income, which was originally presented as Other Grant Income, as Department for the Economy/Employment and Learning Grants to recognise the income by the funding body.

SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016

	As at 1 August 2014			As at 31 July 2015		
	2007 SORP £'000	Effect of Transition £'000	2015 SORP £'000	2007 SORP £'000	Effect of Transition £'000	2015 SORP £'000
Fixed assets						
Tangible assets	123,414	-	123,414	134,022	-	134,022
Investments	-	-	-	-	-	-
Total fixed assets	123,414	-	123,414	134,022	-	134,022
Current assets						
Trade and other receivables	3,881	-	3,881	7,274	-	7,274
Cash and cash equivalents	2,013	-	2,013	3,727	-	3,727
Total current assets	5,894	-	5,894	11,001	-	11,001
Less: Creditors - amounts falling due within one year	(4,837)	(1,356)	(6,193)	(7,680)	(1,917)	(9,597)
Less: PPP finance lease creditor - amounts falling due within one year	(970)	-	(970)	(1,022)	-	(1,022)
Net current assets	87	(1,356)	(1,269)	2,299	(1,917)	382
Total assets less current liabilities	123,501	(1,356)	122,145	136,321	(1,917)	134,404
Less: Creditors – amounts falling due after more than one year	-	(31,099)	(31,099)	-	(41,120)	(41,120)
Less: PPP finance leases – amounts falling due after more than one year	(37,802)	-	(37,802)	(36,781)	-	(36,781)
Provisions (including pension liability):						
Pension provisions	(9,278)	-	(9,278)	(6,569)	-	(6,569)
Other provisions	-	-	-	(20)	-	(20)
Net assets	76,421	(32,455)	43,966	92,951	(43,037)	49,914
Deferred Capital Grants	32,203	(32,203)	-	42,878	(42,878)	-
Restricted Reserves						
Income and expenditure account – restricted reserve	-	-	-	-	-	-
Income and expenditure account - endowment	-	-	-	-	-	-
Unrestricted Reserves						
Income and expenditure account – unrestricted reserve	1,903	(252)	1,651	3,761	(159)	3,602
Pension reserve	(9,278)	-	(9,278)	(6,569)	-	(6,569)
Revaluation reserve	51,593	-	51,593	52,881	-	52,881
Total Reserves	44,218	(252)	43,966	50,073	(159)	49,914
Total Funds and Reserves	76,421	(32,455)	43,966	92,951	(43,037)	49,914

SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016

	2007 SORP	STRGL Items	Effect of Transition	2015 SORP
	£'000	£'000	£'000	£'000
FOR THE YEAR ENDED 31 JULY 2015				
INCOME				
Department for the Economy/Employment and Learning Grants	34,567	-	289	34,856
Education contracts	8,964	-	-	8,964
Tuition fees and charges	2,501	-	-	2,501
Other grant income	1,176	-	(352)	824
Other operating income	859	-	-	859
Investment income	14	-	-	14
Donations and endowments	-	-	-	-
Total income	48,081	-	(63)	48,018
EXPENDITURE				
Staff costs	26,956	-	71	27,027
Other operating expenses	17,146	-	(63)	17,083
Depreciation	3,638	-	-	3,638
Interest and other finance costs	-	-	346	346
Total expenditure before exceptional items	47,740	-	354	48,094
Surplus/(Deficit) before exceptional items	341	-	(417)	(76)
EXCEPTIONAL ITEMS				
Exceptional costs (staff)	4,052	-	-	4,052
Exceptional costs (non-staff)	-	-	-	-
Exceptional income (VES)	3,643	-	-	3,643
Deficit before other gains/losses	(68)	-	-	(485)
Loss on disposal of assets	(142)	-	-	(142)
Deficit before tax	(210)	-	(417)	(627)
Taxation	-	-	-	-
Deficit for the year	(210)	-	(417)	(627)
Unrealised surplus on revaluation of land and buildings	-	2,814	-	2,814
Actuarial gain in respect of pension scheme	-	3,251	510	3,761
Total comprehensive (deficit)/income for the year	(210)	6,065	93	5,948

SOUTH EASTERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016

31. ADDITIONAL DISCLOSURES TO COMPLY WITH FINANCIAL REPORTING MANUAL

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

	<u>Notes</u>	2016 £'000	2015 £'000
INCOME			
Department for the Economy (previously DEL) (non-grant-in-aid items)	1	26	29
Education contracts	2	7,671	8,964
Tuition fees and charges	3	2,669	2,501
Other grant income	4	335	824
Other operating income	5	604	859
Investment income	6	19	14
Donations and endowments	7	4	-
Total incoming resources		11,328	13,191
EXPENDITURE			
Staff costs	8	25,577	27,027
Other operating expenses	10	17,399	17,083
Depreciation	13	4,118	3,638
Interest and other finance costs	11	208	346
Exceptional costs (staff)	8	831	4,052
Exceptional costs (non-staff)	10	-	-
(Loss) on disposal of assets	13	-	142
Total resources expended		48,133	52,288
Net deficit for the year		(36,805)	(39,097)
Unrealised surplus on revaluation of land and buildings	13	6,379	2,814
Actuarial (loss)/gain in respect of pension scheme	22	(6,195)	3,761
Amount transferred to reserve		(36,621)	(32,522)
Analysis of reserves prepared under FReM			
Balance as at 1 August		49,914	43,966
Grant-in-aid received in year	1	36,427	38,470
Net operating cost for year		(36,621)	(32,522)
Balance as at 31 July		49,720	49,914