



**Southern Regional College Annual Report and Accounts
for the year ended 31 July 2015**

The Accounting Officer authorised these financial
statements for issue on 18th November 2015

Laid before the Northern Ireland Assembly under the Institutions of Further
Education (Public Sector Audit) Order (Northern Ireland) 2008 by the
Department for Employment and Learning on 9th December 2015

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NATURE, OBJECTIVES AND STRATEGIES

The members of the Governing Body of the Southern Regional College present their report and the audited financial statements for the year ended 31 July 2015.

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

Vision Statement

The Further Education sector is the main provider of professional and technical education and training in Northern Ireland and has a key role to play in raising the skill levels in the region. The Southern Regional College is well placed to provide learners, employers and the local community with a world class facility to satisfy all their educational needs and to realise its aim in establishing a reputation for outstanding quality in teaching, training and business support, not just within Northern Ireland but nationally and internationally.

The long term vision of the College is based on the desire to provide relevant and meaningful vocational learning opportunities delivered through quality and innovative teaching, which is informed by effective quality improvement planning. The vision of the College is:

“To be the leading provider of professional and technical training – prized by individuals and employers in the local community and beyond”.

Mission Statement

This vision complements the strategic aim for the sector as laid down in “Further Education Means Business” and is further amplified through the mission statement, which articulates what this will mean to individual learners.

“To transform lives through meaningful and enjoyable learning experiences”.

College Values

The College seeks to help establish a context of progressive and effective management and help build an appropriate working and learning environment for the community that we serve. Students are treated as mature individuals and are encouraged to take responsibility for their learning experience and to play an active role in decisions that affect them. In addition to being provided with the best possible learning experiences, students are given every opportunity to develop personal and social skills so they can derive the maximum benefit from their College experience. This includes access to skills competitions, employability, work experience, participation in European mobility programmes and an increasingly effective students’ union.

A series of underpinning core values have been agreed with the Governing Body which help define the culture of the College and are used as the final arbiter in our internal processes and external relationships, as well as the interaction between staff and learners.

The College Core Values are:

1. Putting learners first

We believe that:

- teaching and learning is our first priority;
- it is important to recognise the success of our learners and staff;
- all staff are here to serve the needs of our learners;
- we strive to remove barriers to learner success; and
- information, advice and guidance provided to learners should be impartial, accessible and informative.

2. Working together to achieve more

We believe that:

- we can achieve more through co-operation and partnership with others;
- staff and learners have an important role to play in the future development of the College;
- it is important to foster a culture that values innovation, professionalism and accountability;
- it is important to develop effective working relationships within our teams;
- every individual is valued and respected; and
- effective communication is important.

3. Striving for excellence

We believe that:

- we should strive for excellence in all that we do;
- all staff should be focused on improving the quality of learning and the wider learner experience;
- staff should have access to high quality and relevant development opportunities to assist them in carrying out their role in the College;
- all staff should have the opportunity to contribute to College improvement; and
- it is important to recognise and celebrate excellence and success.

STRATEGIC AIMS

The Governing Body has overarching responsibility for setting the strategic direction of the College and this is set out in the College Development Plan. The Governing Body leads the annual development planning process through a planning event within which Governors review the mission, vision, strategic aims and objectives in the context of future priorities, challenges and changes.

The College's strategic aims and objectives are set in the context of the wider policy environment and relevant priorities. These strategic aims and objectives are therefore closely aligned to our sponsor, the Department for Employment and Learning (DEL), whose Public Service Agreement targets and commitments are aligned to the Executive's Programme for Government and the Economic Strategy. In summary, the College aims to address three important areas through its curriculum offering and business support activities:

- economic development through the provision of courses designed to meet the needs of the local and regional economy;
- personal development through opportunities for further study and learning at all levels in preparation for working life and into retirement; and
- social development, allowing people from different community backgrounds to participate on a wide range of courses at all levels.

The strategic aims of the College reflect the wider strategic role of the Further Education sector as contained in 'Further Education Means Business'. In meeting the educational needs of the region and within the context of the College's vision and mission, the strategic aims for the planning period to which this report relates are set out below:

The seven key strategic aims of the College for the planning period 2014-2017 are:

- **PROVISION OF A RELEVANT AND MEANINGFUL CURRICULUM PORTFOLIO**
To place the College at the heart of lifelong learning within the region in order to strengthen economic and workforce development, to enhance social cohesion and to advance individuals' skills and learning.
- **EXCELLENT LEARNING EXPERIENCES FOR ALL**
To provide an excellent experience for all current and prospective learners supported through high quality and effective learner support services.
- **FLEXIBLE BUSINESS SOLUTIONS THAT IMPROVE COMPETITIVENESS AND PRODUCTIVITY**
To support local and regional economic development through the provision of flexible business services and training solutions aimed at improving the competitiveness and productivity of new and existing businesses.
- **COMMITTED PEOPLE AND ORGANISATION**
To be a high performing College through the recruitment, development and deployment of a highly skilled and well motivated staff.
- **EFFECTIVE GOVERNANCE AND FINANCIAL MANAGEMENT**
To provide effective corporate Governance and ensure that the College operates within a robust system of internal financial management and control.
- **MODERN FIT FOR PURPOSE COLLEGE ESTATE**
To provide a modern fit for purpose College estate for the southern region.
- **INTERNATIONAL LINKS**
To promote an outward and forward looking College through the development of international links supporting staff, students and knowledge exchange.

IMPLEMENTATION OF THE STRATEGIC PLAN

The College's strategic aims are underpinned by a series of strategic objectives, actions and targets that were set out in the College Development Plan 2014-17. The underpinning strategic objectives and supporting actions take account of the wider policy decisions, changing Government priorities and anticipated pressures on public finances. These objectives are reviewed and updated annually to reflect changing priorities.

The following section provides a summary of progress against each strategic aim and underpinning objectives for the period 1 August 2014 – 31 July 2015 together with an update on progress and refinements against longer term objectives.

1. Strategic Aim: Provision of a Relevant and Meaningful Curriculum Portfolio

To place the College at the heart of lifelong learning within the region in order to strengthen economic and workforce development, to enhance social cohesion and to advance individuals' skills and learning.

Learner Recruitment and Performance – Overview

Skills development has been identified as a key element in the delivery of Northern Ireland's Economic Vision and remains at the heart of the DEL's strategic priorities. Consequently, the College curriculum offer and targets are aligned to the Department's Public Service Agreement targets.

Our annual enrolment targets are agreed with the DEL in advance through a bilateral Funded Learning Unit (FLU) planning process. These targets continue to focus on increasing the number of people who achieve an Essential Skills qualification, increasing the number of people qualified to Level 2 and above, increasing participation in priority skill areas, and ensuring that 95% of all funded provision leads to qualifications that are on the regulated qualifications framework. The College's curriculum portfolio provides learners with the opportunity to undertake a wide range of professional technical and academic qualifications ranging from entry level to degree level.

The changing economic situation and pressures in public sector funding continued to impact directly on the level of intake across the majority of areas of the curriculum during 2014-15. Despite these pressures this did not distract the College from its mission to 'transform lives through meaningful and enjoyable learning experiences'. The continuing high level demand for full time Further Education experienced in previous years continued in 2014-15 in the majority of areas, with the exception being in retail and commercial enterprises including hairdressing and beauty therapy. The College prioritised resources to ensure that it responded to the full time education and training needs of young people across the region.

The curriculum offered by the College is targeted to meet the current and future needs of the local and regional economy and we believe the outreach to the employers in the region is unsurpassed in any other area in Northern Ireland. The College is one of the largest skills training providers in Northern Ireland with vocational training provided in more than 25 areas to over 700 trainees/apprentices delivered in skills training centres in Armagh, Newry and Portadown.

The College's performance over the course of the 2014-15 academic year can best be viewed in the context of the level of participation in the main areas of our core business, namely:

- Further and Higher Education (including Essential Skills);
- Skills training through the Training for Success and Apprenticeships NI contracts;
- Schools' Partnership Provision; and
- Community engagement.

The total College enrolment (including training and cost recovery provision) for the academic year 2014-15 was 29,671, compared to an enrolment of 32,848 in 2013-14. The drop in enrolment was particularly noticeable across part time Further Education. The College's enrolment on full time provision increased by 3% from the previous year. **Figure 1.**

The profile of full time students has changed with Level 3 full time students accounting for the significant element of the increase. However, whilst the overall number of students undertaking Higher Education remains similar, if we examine the full time FLU funded element the College experienced a reduction in the number of students undertaking full time study for the first time.

SOUTHERN REGIONAL COLLEGE
 OPERATING AND FINANCIAL REVIEW 2014-15 (Continued)

The demand for adult access courses (both full time and part time) continues to fall from its previous peak of over 565 in 2010 with 415 enrolled in 2014-15. Despite this decrease adult access courses continue to provide an appropriate programme of study for adult returners as a progression pathway to Higher Education.

The overall enrolment for part time provision was down by 3,336 enrolments with the College restricting its part time intake during the year to ensure that it operated within available resources. The College’s community outreach team continued to provide a wide range of accredited and recreational courses in 80 outreach centres across the four district council areas of Armagh, Banbridge, Craigavon and Newry and Mourne **Figure 2**. The level of engagement in Further Education and hobby and leisure was similar to that experienced in the previous year however uptake in Essential Skills was significantly reduced as a direct result of reduced funding for Essential Skills.

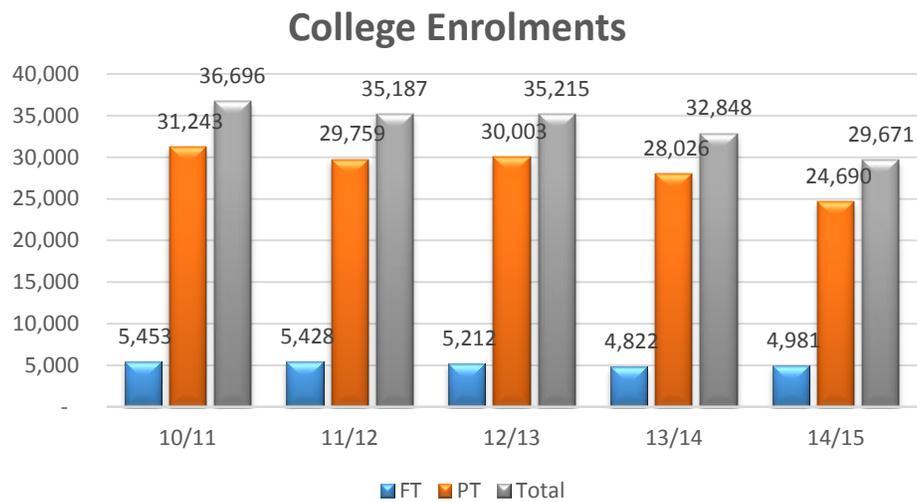


Figure 1

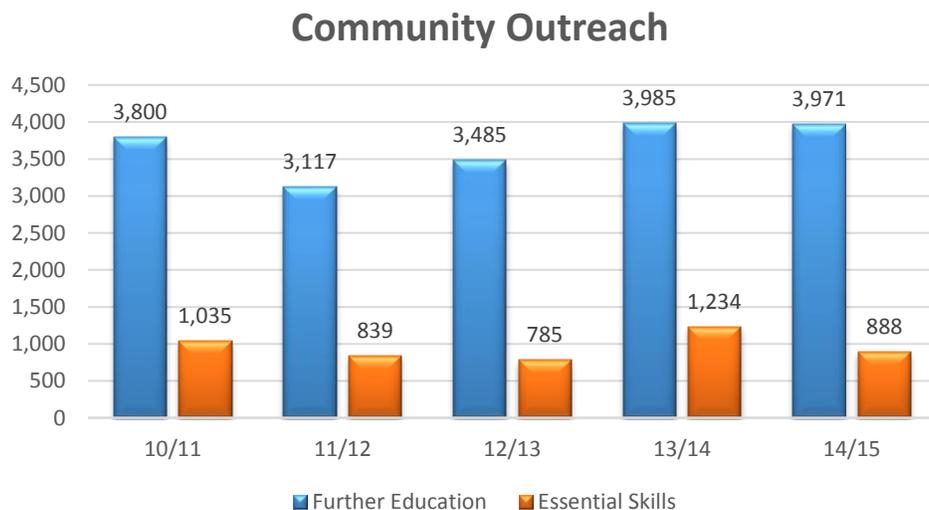


Figure 2

Funded Learning Unit (FLU) Targets

The recurrent grant budget allocation to the College for 2014-15 to support Essential Skills, Further and Higher Education was £26.41m. This represents a reduction of £0.21m from that received in the 2013-14 academic year. However the level of recurrent grant received in 2014-15 was £668k less than that received in 2010-11, **see Table 1**. The resource allocated for the six year period 2010-16 is summarised in **Table 1**.

Academic Year	Resource Allocation (FLU)	Funding	Shift (£m)
		£	£
2010-11	7,966	27,084,400	
2011-12	7,721	26,096,041	(988,359)
2012-13	7,685	26,129,000	32,959
2013-14	7,831	26,625,174	496,174
2014-15	7,770	26,416,525	(208,649)
2015-16	7,630	25,940,812	(475,713)

Table 1

The actual FLU delivery target agreed with DEL for 2014-15 was 7,898 compared to a target of 8,150 in 2013-14. The College received a resource allocation equating to 7,770 FLU and was thus set a delivery target in 2014-15 of 128 FLU above that funded by DEL.

The over delivery target of 128 FLU represented 17% of the total over delivery targets for the Further Education sector. The College delivered a total of 7,953 FLU thus exceeding the resource allocation by 183 FLU (£622k) and the overall delivery target by 55 FLU, **Table 2**.

2014-15	Further Education	Essential Skills	Higher Education	Total
FLU Target	6,127	422	1,349	7,898
Actual delivery	6,218	530	1,205	7,953
Level of over/under delivery against target	91	108	(144)	55
Resource allocation				7,770
Level of over/under delivery against resource allocated				183

Table 2

Despite the difficult financial position faced during the 2014-15 academic year the College exceeded the overall FLU target set by DEL. When viewed over the six year period between 2009-15 the College has delivered 2,811 FLU (£9.6m) above that funded by DEL. This represents over 30% of the total over delivery within the Further Education sector in Northern Ireland. The level of over delivery for the period 2009-15 is shown in **Figure 3**.

FLU Funding Analysis

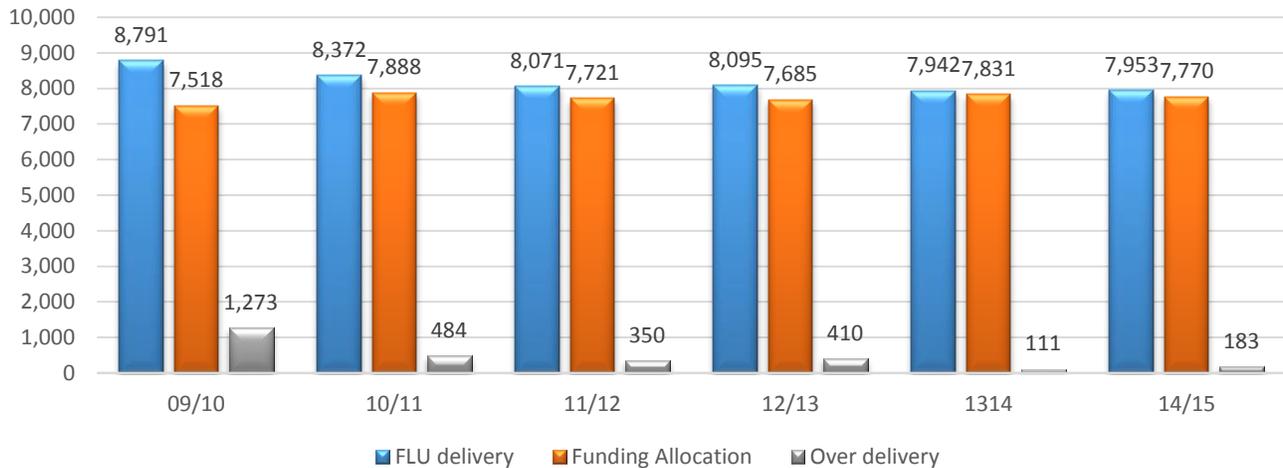


Figure 3

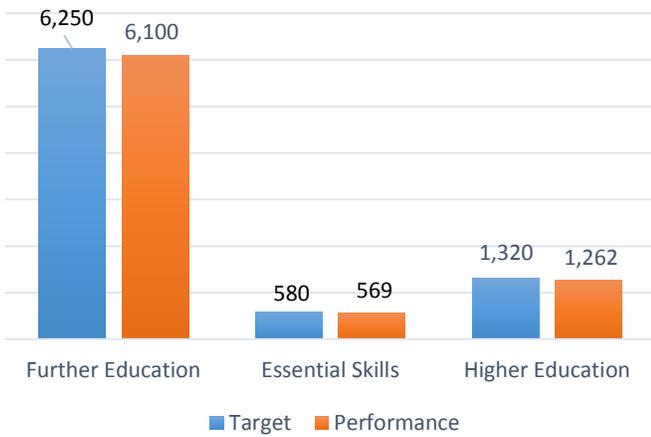
Figures 4a and 4b illustrate the FLU and enrolment performance for Essential Skills and Further and Higher Education against the agreed targets for 2014-15 compared to that for 2013-14.

Whilst enrolments in Essential Skills reduced by over 400 over the period 2013-15 this should be set in the context of a reduction in Essential Skills targets and funding over the same period. Essential Skills targets reduced from 580 FLU in 2013-14 to 422 in 2014-15 representing a reduction in the overall enrolment target of over 1,200 learners.

The College under recruited in full-time Higher Education resulting in an in year decision to re-prioritise resources to support an over delivery in Essential Skills. This resulted in the College enrolling 4,109 Essential Skills learners against a target of 3,418. This readjustment of resources ensured that the College delivered against its overall FLU targets for the year.

The FLU target agreed with DEL for 2015-16 has been further reduced to 7,501 FLU from a target of 7,898 FLU in 2014-15 reflecting the increasing pressures on public sector funding and the recognition that the level of over delivery in recent years is no longer sustainable. The recurrent grant allocation has been reduced by £475k (1.8%). The College’s Governing Body remains concerned that the continued pressures on resources over the next few years will result in a significant reduction in the provision offered across campuses including that served through the community outreach programme.

FLU Performance 2013-14



FLU Performance 2014-15

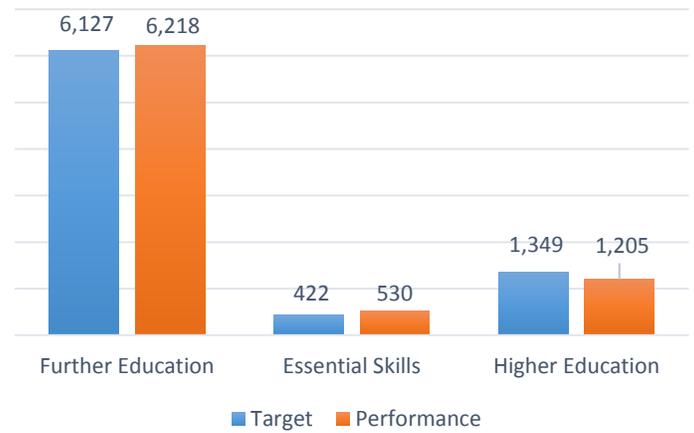
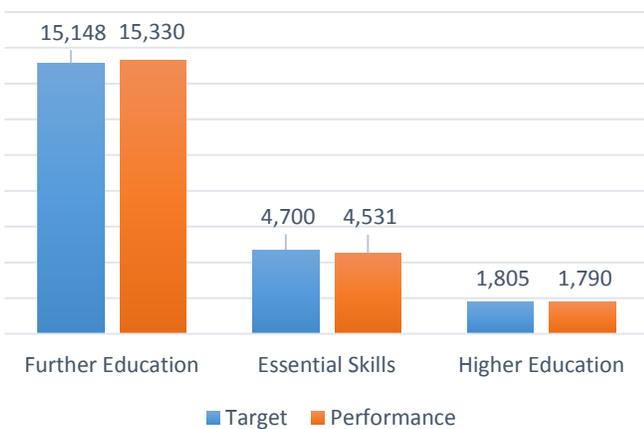


Figure 4a

Enrolments 2013-14



Enrolments 2014-15

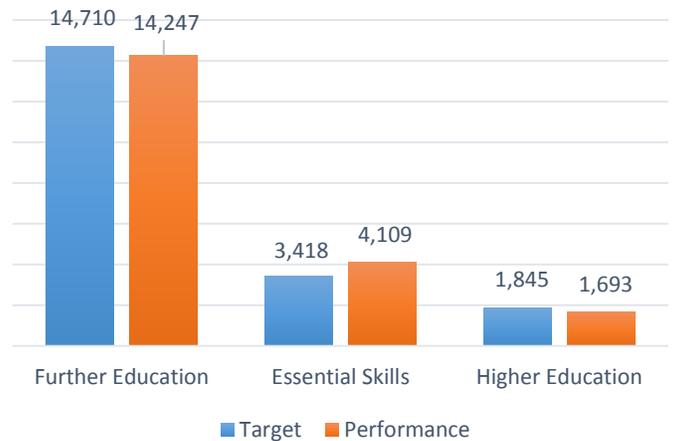


Figure 4b

The following section provides a more detailed analysis of enrolments contributing to the overall FLU position for 2014-15. Readers should note the FLU and enrolment figures presented for 2014-15 are those at 1 August 2015 and are not final validated figures presented to DEL for the year end position.

Full Time Study (including training)

The total number enrolled in fulltime Further Education, Higher Education, Training and Apprenticeships has increased for the first time in 5 years, **see Figure 5.**

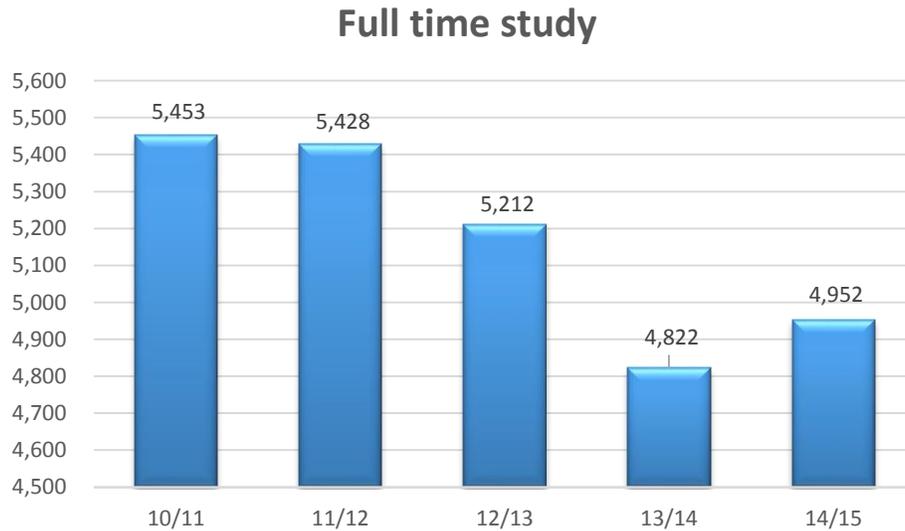


Figure 5

Training and Apprenticeships

The total numbers enrolled on Training for Success and Apprenticeships also increased as a result of new intake on pilot Higher Apprenticeships in accounting and applied industrial science as well as in new apprenticeships in food and butchery, **see Figure 6.**



Figure 6

Further Education

The total number of full time Further Education students enrolled increased for the first time in 5 years, **see Figure 7**. The increase in enrolments in full time Further Education was most notable in areas including ICT, sciences and healthcare.

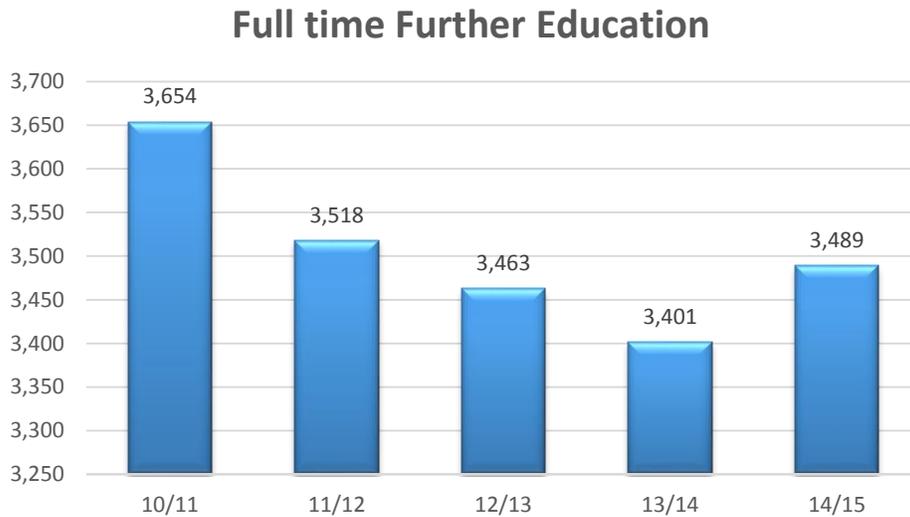


Figure 7

Figures 8-10 illustrate the changes in full time Further Education enrolments by level over the last five years.

The demand for provision at Level 1 was similar to that experienced in 2013-14, **Figure 8**. This provision includes the College’s Fresh Start programme aimed at young people not in education, employment or training (NEETS) together with provision for those with specific learning difficulties or disabilities.

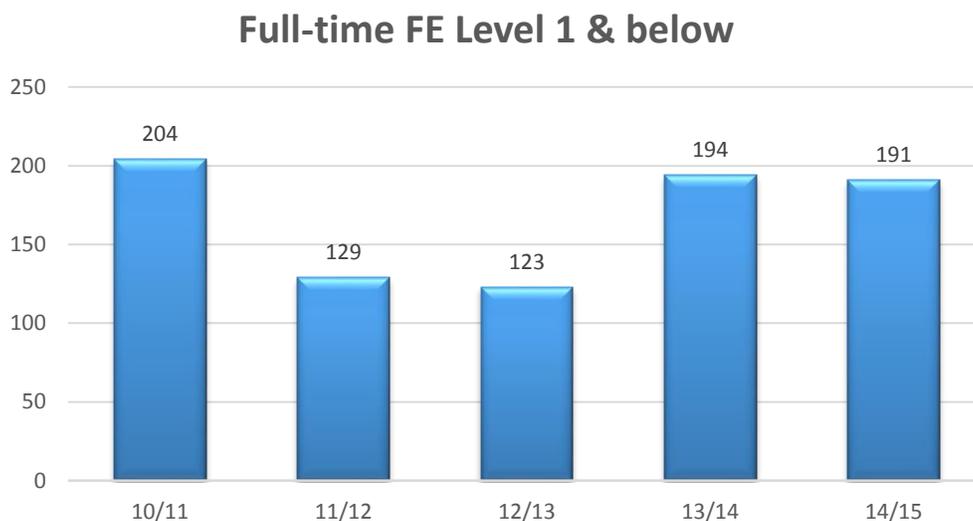


Figure 8

Whilst the number of young people undertaking full time programmes at Level 2 decreased for the third year, **Figure 9**, there was a significant increase in the number enrolling for full time Further Education at Level 3, **Figure 10**.

Full-time FE Level 2 Enrolments

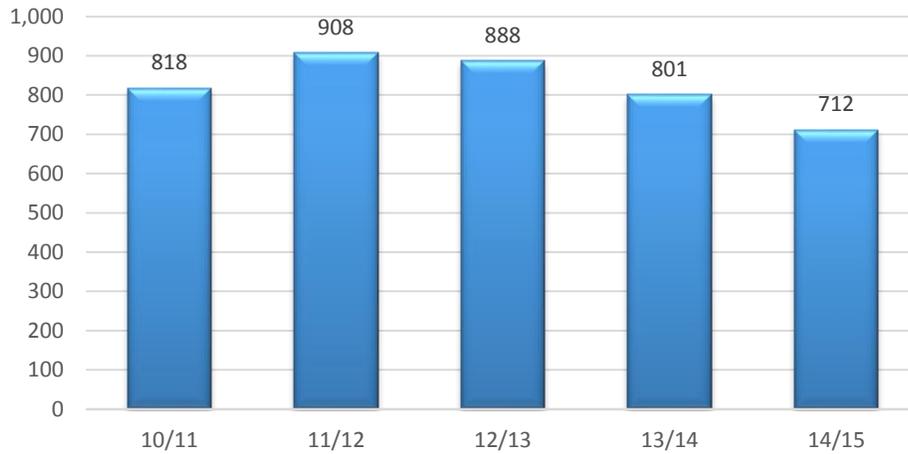


Figure 9

Full-time FE Level 3 Enrolments

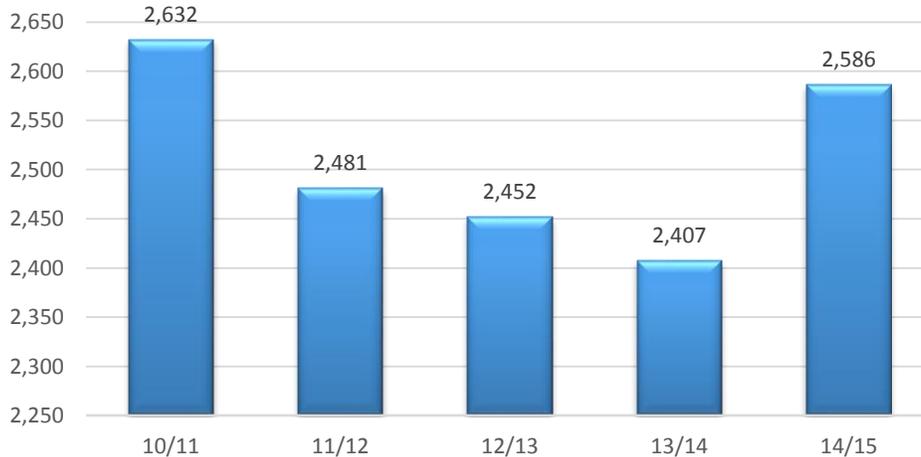


Figure 10

Part time Further Education

The total FLU funded evening enrolment (Further Education) dropped to 3,871 compared to 5,057 in 2013-14. This decrease should be viewed in the context of reduced resources and targets with reduced enrolments in accredited provision at Level 3 and below, **Figure 11**.

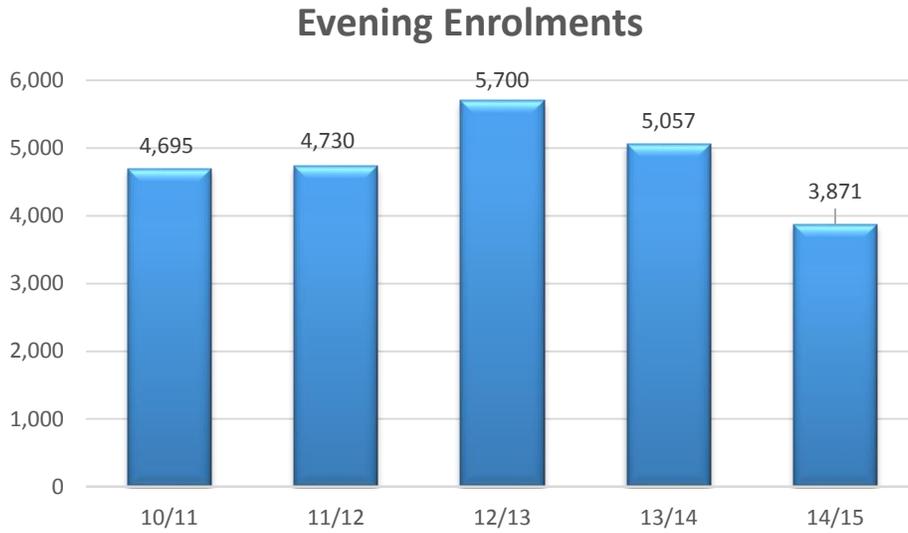


Figure 11

Recreational enrolments remain at a similar level to that in 2013-14, **Figure 12**.



Figure 12

Part time accredited evening provision decreased across all levels, **Figure 13**.

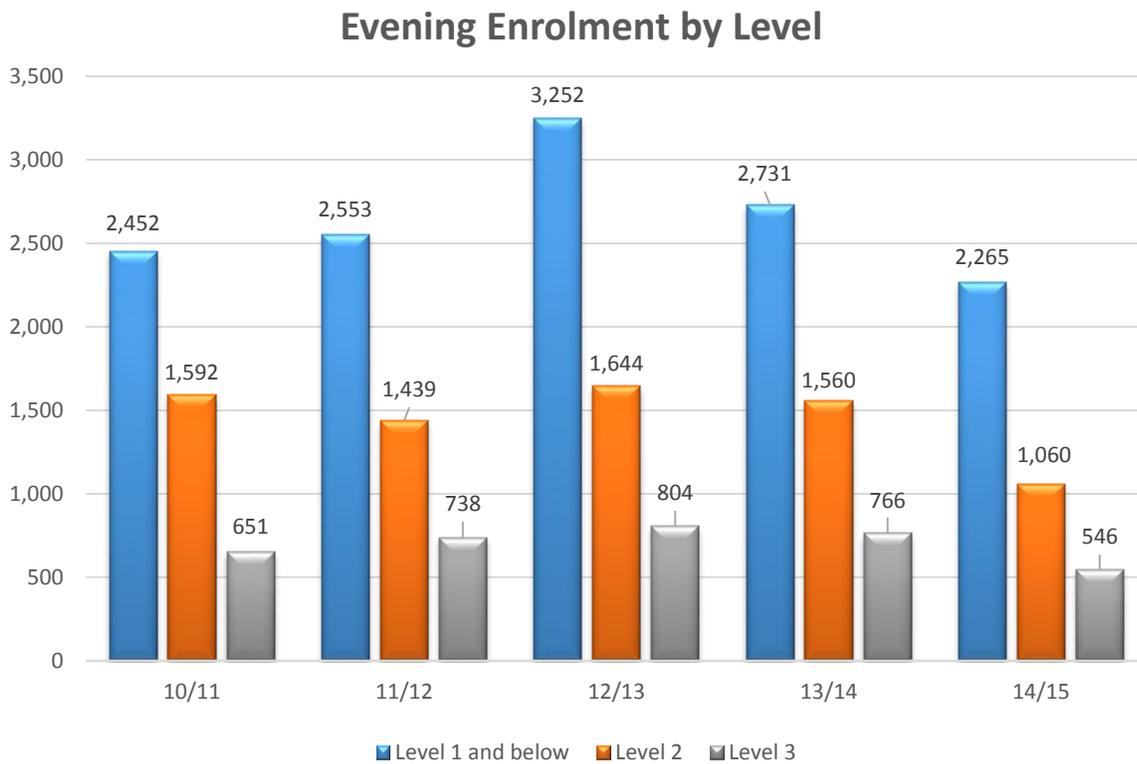


Figure 13

Externally Accredited Provision

Externally accredited provision accounted for 98.2% of the total FLU provision with over 11,000 enrolments against a target of 97.9% of total FLU delivery. Full time Further Education accounted for 78.0% and part time 19.9% of total externally regulated FLU funded provision. The College delivered 4,908 externally regulated full time FLU against a target of 4,782 FLU. The College delivered 1,197 externally regulated part time FLU against a target of 1,218 FLU.

Vocational Provision

Vocational provision accounted for 91.9% of the total FLU delivery compared to a target of 92.9%. The College delivered 4,601 vocational full time FLU against a target of 4,479 FLU. The College delivered 1,116 vocational part time FLU against a target of 1,210 FLU.

Essential Skills

The College enrolled a total of 4,065 learners against a target enrolment of 3,418, **Figure 14**. The reduction in funding provided to support Essential Skills has resulted in a continued reduction in enrolments across the three Essential Skills areas compared to the peak enrolment in 2010-11.

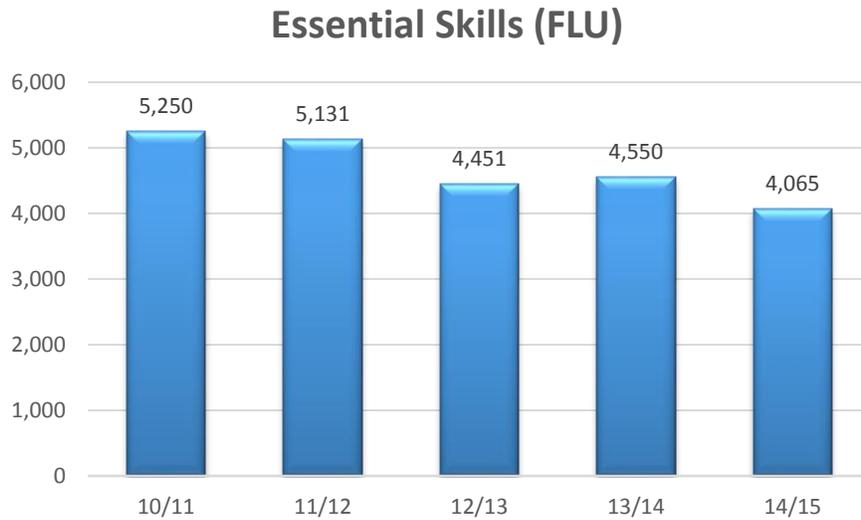


Figure 14

The reduced enrolment was more significant in numeracy and literacy, **Figure 15**. ICT remains the most popular of the three Essential Skills.

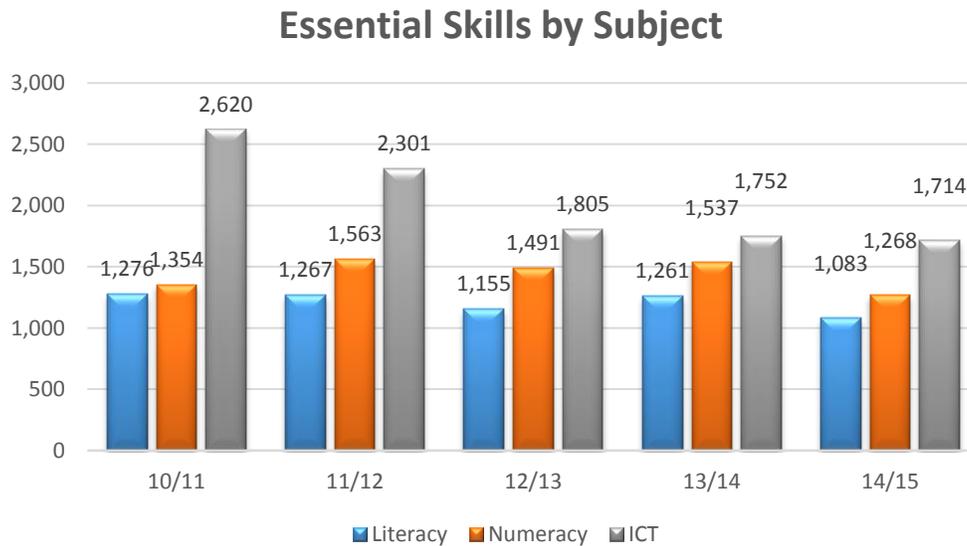


Figure 15

Priority Skills

The total enrolment for full time Priority Skills areas dropped by nearly 500, **Figure 16**. The reduction mirrored the overall drop in part time evening provision. The numbers enrolling on full time provision continued to increase. This was particularly significant in the area of IT and Computing. The number of full time students enrolling in IT related programmes continues to rise year on year with 677 full time IT enrolments in 2014-15 compared to 548 in 2011-12.

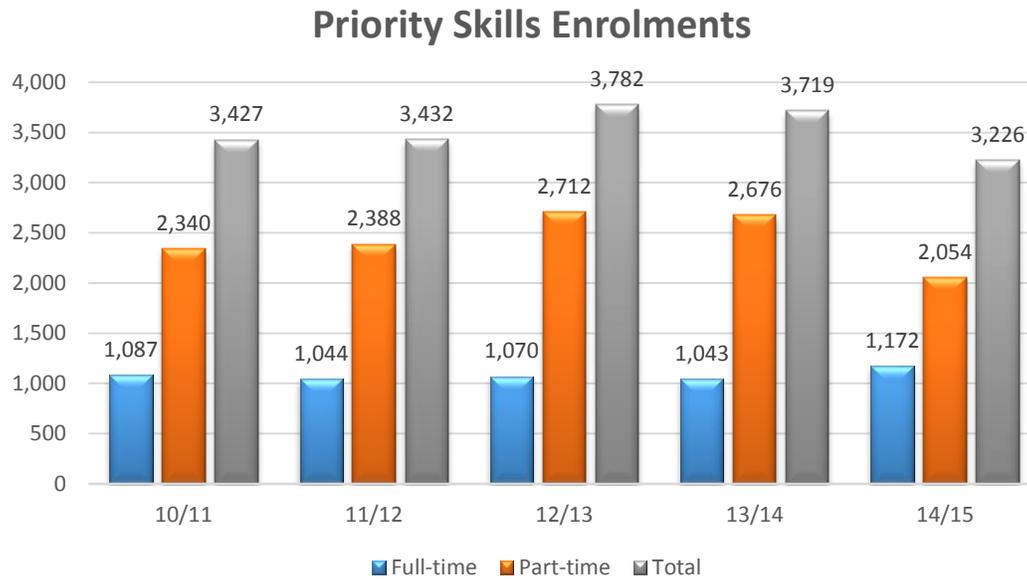


Figure 16

Higher Education

The College’s portfolio of university validated courses aims to provide students with the opportunity to further their education by developing higher level skills as well as improving their career prospects. With over 1,700 Higher Education enrolments annually this is an increasingly important area for the College. Many students are finding that choosing to study locally can significantly help reduce the costs of Higher Education study and the demand for part time study continues to increase. The Foundation Degree remains the primary intermediary higher level qualification for full time provision. However, the Edexcel Higher National award remains popular for re-skilling through part time modes of study.

The College is committed to replacing Higher National awards with Foundation Degrees where this is deemed appropriate and relevant to the needs of the local economy. The College offers a number of Foundation Degree, Associate Bachelor Degree and Honours Degree courses validated by the Ulster University, Queen’s University Belfast and John Moore’s University Liverpool.

DEL has set a cap on the total number of student enrolments for full time Higher Education (MaSN). The College was allocated a total MaSN cap of 565 places in 2014-15. The College did not recruit against its MASN target of 565 with only 528 students enrolled, **see Figure 17**. The reduction in new intake to full time provision was evident across the majority of areas. The total part time Higher Education enrolment was also down from that recorded in previous years.

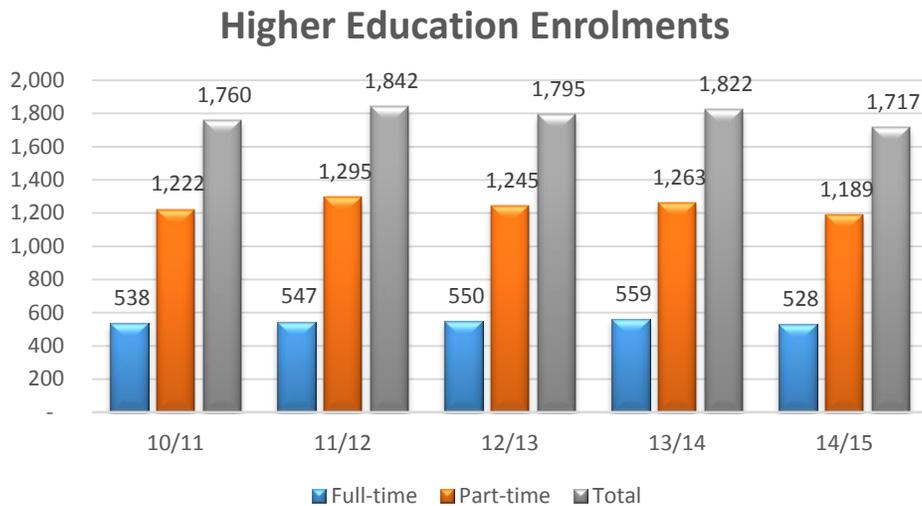


Figure 17

Skills Training - Training for Success and Apprenticeship Training

This was the second year of operation of the ‘new’ Training for Success and Apprenticeships NI contracts in which we experienced an increase in the number of entrants to training and apprenticeships, **Table 3**. The number of new entrants to strands of Training for Success was significantly reduced on the previous year resulting in a rationalisation of provision across the three main skills centres.

	2010-11	2011-12	2012-13	2013-14	2014-15
TFS	643	689	578	406	280
AppNI	377	423	276	242	432
Total	1,020	1,112	854	648	712

Table 3

The increase in the number of apprentices can be attributed to a focused engagement with local employers in areas including electrotechnical commissioning and food processing together with the introduction of pilot Higher Apprenticeships in accountancy and applied industrial science.

Schools’ Partnership Programmes (SPP)

The College remains committed to supporting local post-primary schools in the delivery of the Entitlement Framework at Key Stage 4 and Post-16. The Entitlement Framework aims to guarantee all school pupils greater choice and flexibility by providing them with access to a wide range of learning opportunities suited to their needs, aptitudes and interests, irrespective of where they live or the school they attend. The College recognises the important role it plays in providing access to a wide range of vocational learning opportunities that would not otherwise be available to pupils in local schools.

In spite of the successes of the partnership, recognised as ‘outstanding’ by ETI in our most recent inspection, the number of enrolments continues to decrease, **see Figure 18**. The removal of ‘earmarked’ funding to schools by the Department of Education and decreasing school budgets has continued to impact on our level of activity with local

schools and we expect this trend to continue in the future. Given the continued financial challenges and lack of long term commitment from schools, the College must keep its commitments to schools under review.

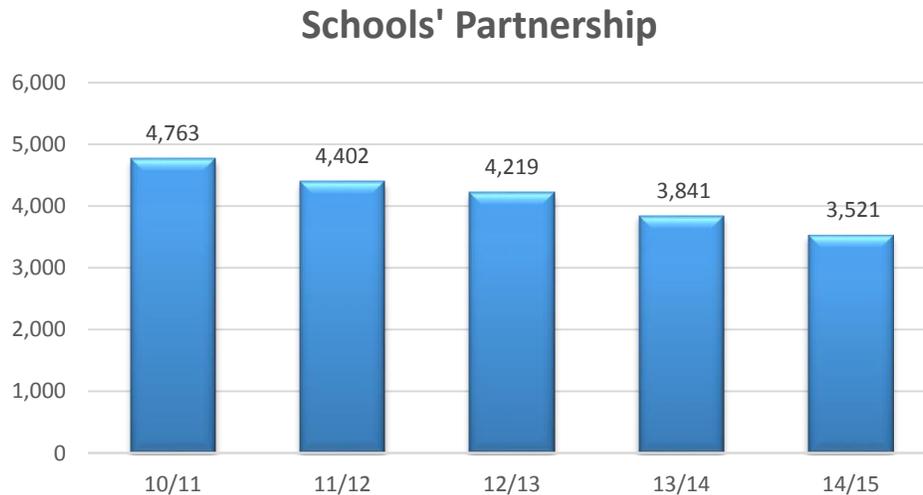


Figure 18

Community Engagement

The College's strategy for community learning places an increased focus on areas of deprivation and social disadvantage and, in particular, on the five Neighbourhood Renewal Areas within our region. Despite the difficult fiscal position, the College remains committed to providing education and training opportunities to those who are disengaged and economically inactive by offering a wide-ranging and diverse portfolio of courses to level 2.

The College continues to be a leading player in the delivery of the regional Neighbourhood Renewal (NR) strategy and has been instrumental in the development of targeted projects to tackle the perennial challenges of lack of participation and achievement in education and employment of those living within the five NR areas in Armagh, Brownlow, Lurgan, Newry and Portadown. In the most recent inspection, ETI recognised the work of the Community Learning Team as 'outstanding'.

The delay in transferring Neighbourhood Renewal responsibility from the Department for Social Development (DSD) to the new councils has resulted in a continuation of funding enabling the College to continue delivery of a range of projects until March 2016:

- **Care 4U:** participants work towards a City and Guilds Level 2 qualification 'Induction into Adult Social Care' and have opportunities to achieve other recognised qualifications in First Aid and Moving and Handling Awareness.
- **Training and Employment Opportunities Programme (TOPs):** consists of three strands:
 - mentoring to pupils from local schools engaged in our SPP;
 - additional targeted mentoring to young people progressing from SPP to full time Further Education and Training courses; and
 - accredited training programmes to adults.

- **Oceans 15:** provides accredited training in Essential Skills as well as basic offshore safety induction and emergency training (BOSIET) enabling participants to secure employment in the emerging offshore oil and gas industry.
- **Enterprise Programme:** continues to be a success with participants taking part in an entrepreneurial training programme leading to the achievement of nationally recognised qualifications.
- **GROW:** participants learn how to grow and care for plants, design and plan horticultural activities whilst undertaking a Level 2 accredited programme in Horticulture.

In addition to the neighbourhood renewal projects, the College also delivered a number of other projects aimed at improving social inclusion through education and training:

- **Transforming Learning Communities Programme:** The College’s Beacon Award winning Big Lottery programme continued to recruit significant number of participants from the hard-to-reach traveler and migrant communities. The College is currently seeking additional funding to support a continuation of this highly successful project with migrant workers and the traveller community.
- **Prince’s Countryside Fund (PCF):** The PCF project has led to a significant engagement with young members of the farming community to deliver a range of accredited and non-accredited programmes tailored to their needs.

The level of engagement in Further Education across the community outreach centres was similar to that experienced in 2013-14 with nearly 4,000 enrolments across the region. The reduction in the overall FLU target for the College resulted in a significant drop in community Essential Skills provision. Despite the reallocation of additional resources to support an expansion of essential provision in year, the total Essential Skills enrolment was nearly 350 lower than that delivered in 2013-14, **Figure 19**.

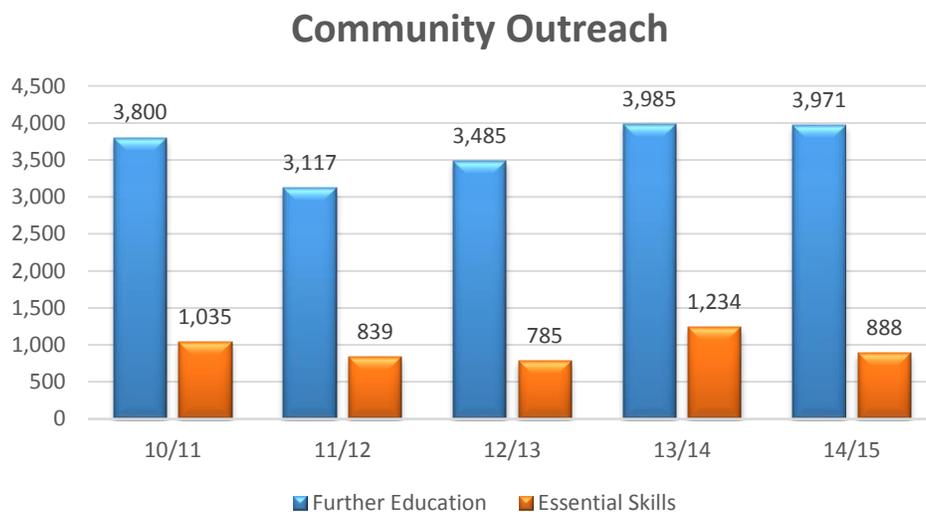


Figure 19

2. Strategic Aim: An Excellent Learning Experience for All

To provide an excellent experience for all current and prospective learners supported through high quality and effective learner support services.

Quality and Pedagogy

The College is committed to providing the highest quality learning experience for our students, using the most up-to-date teaching methods, technologies and Student Support systems. This is achieved through continuous professional development and enhanced through supportive interventions from the Quality Improvement Unit.

The College continues to have Organisation, Learning and Growth at the centre of our business planning process and places significant importance in the development of our staff. The use of the Investors in People framework is a significant driver of the strategic and operational direction of Continuous Professional Development (CPD) within the College. The relevance and impact of CPD is regularly reviewed with regard to the developing needs of staff, learners, and industry partners to provide a “relevant and meaningful curriculum portfolio”. During 2014/15 staff had the opportunity to undertake professional development in a number of areas including:

- Teaching Thinking Certificate
- Industry placements to align curriculum development to employer requirements
- Colleges into Industry
- International best practice study visits
- Technology Enhanced Learning

The College continued its participation in the Technology in Learning Delivery (TLD) programme during 2014-15. All twelve staff successfully completed the qualification. In addition, a cohort of lecturing staff has commenced an innovative Ulster University level 7 Certificate in Digital Learning with the aim of further embedding technology enhanced learning.

As part of the College’s commitment to widening participation, the College’s curriculum and student services teams further embedded elements of the Inclusive Curriculum Strategy to meet the diverse needs of those learners who experience barriers to learning. This included the introduction of the Fresh Start programme in the Portadown campus. The ongoing refinement of the curriculum for students from under represented groups including; care leavers, minority groups, students with learning difficulties and/or disability (SLDD) and those not in education, employment or training (NEETS) has been underpinned by extensive research on best practice internationally and was highlighted in recent ETI inspections as best practice and sector leading.

Work was completed on the College’s open access Science, Technology, Engineering and Mathematics (STEM) ‘Project Hub’. This innovative space supports students engaged in skills competitions, enterprise activity and cross curricular project work.

The College further embedded the Performance Enhancement Programme (PEP) during the academic year to introduce the strand of ‘Peer Learning’, with 24 lecturers participating. This strand supports professional discussion and development by lecturers from and across different curricular areas. During 2014-15 the ‘Course Support Strand’ was further embedded with 128 classroom observations completed and a 10% increase in lessons graded as “Very Good” or “Outstanding” compared to those observed in 2013-14.

The annual Teaching, Learning, Technology Conference in August 2014 majored on two key themes: (i) achieving outstanding teaching and learning through the medium of technology and (ii) exploration of strategies for 21st

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century learning. Some 325 full and part time staff attended the conference. Staff feedback indicated that 97% of attendees agreed that the conference was beneficial and relevant to their professional development.

Student Feedback

The annual QDP learner survey was used to capture learner feedback across all full time and substantive part time courses.

Area	Number of respondent's	% respondents
Further Education	4,958	74% (up 4% from 2013-14)
Apprenticeships NI	909	78%;
Higher Education	1,274	76% (up 14% on 2013-14)

91% of learners surveyed, stated that their course was good or better and would recommend it to family and friends, whilst 93% agreed that their teachers were making effective use of technology in the learning environment.

Quality Assurance

During 2014-15, College processes were subject to a number of surveys, reviews and scrutiny inspections carried out by external bodies including the Education and Training Inspectorate (ETI), the DEL FAST audit team, Quality Assurance Agency for Higher Education (QAA) and awarding organisations. The outcomes reflected the College's established culture of innovation in teaching and learning excellence driven by high expectations across the six academic schools, support services and programme management.

Three inspections were carried out by ETI during the 2014/15 academic year summarized as follows:

1. A follow up inspection from the Whole College Inspection of 2013/14, was carried out in September 2014, on Training for Success and Apprenticeships NI provision in Transportation Operations and Maintenance. This follow up inspection resulted in a Grade 2, 'very good'.

ETI noted important strengths in most of the training and pastoral provision in this area including:

- the notable increase in the overall learner achievement rate during the last year, to 98%;
- the implementation of comprehensive health safety protocols for workshop training, leading to safer working practices and a safer overall practical learning environment;
- the effective use of a broader and more relevant range of ILT resources to improve the quality of the teaching, training and learning; and
- the revised self-evaluation and quality improvement planning processes which are inclusive and used well to bring about sustained improvement.

As a result of the follow up inspection, the grades for the 'Whole College Inspection' are summarised in **Table 4**.

	Further Education and Work-Based Learning Provision	Further Education	Work-Based Learning
Overall Effectiveness	Very Good	Very Good	Very Good
Contributory Performance Levels:			
• Leadership and Management	Very Good	Very Good	Very Good
• Quality of Provision for Learning	Very Good	Very Good	Very Good
• Achievement and Standards	Very Good	Very Good	Very Good

Table 4

- In January 2015, ETI carried out a scrutiny inspection to assess the effectiveness of the new reporting system for self-evaluation and quality improvement planning processes of Further Education and work based learning. This resulted in the College being awarded a 'Confident' rating.

From the Scrutiny Inspection, ETI highlighted important key strengths including:

- The senior management team and the Governors know the College well and have identified appropriately the main areas for development;
- The strong vision, commitment and ambition for continuous improvement at all levels across the College; and
- The self-evaluation and quality improvement planning processes are well-embedded into the strategic and business planning processes for the College.

- The Department for Employment and Learning (DEL) requested the Quality Assurance Agency for Higher Education (QAA) to review the Northern Ireland Further Education colleges' Whole College Self Evaluation Reports (WCSEs) and Quality Improvement Plans (WCQIPs) for Higher Education. QAA highlighted that the College has made significant progress in developing an awareness of what is needed to improve the Higher Education provision for the benefit of all students.
- In March 2015, ETI carried out an inspection of the College's arrangements for the continuing professional development (CPD) of its full-time and part-time staff, including the development of pedagogical and specialist skills in line with the needs of industry. ETI awarded the College a performance level of 'Very Good'.

In particular the College was commended for:

- the commitment and high priority the governing body and the senior management team give to providing CPD for all staff, including the development of the full-time and part-time lecturers' pedagogical knowledge and skills to improve further the quality of teaching, training and learning;
- the well-established appraisal system that is valued by the staff and which is used to good effect to inform individual lecturer's CPD;
- the good opportunities for lecturers to participate in industry placements with an appropriate focus on key priority areas such as STEM, financial services, and food and drink manufacturing; and
- the breadth of international study visits by staff across a wide range of curriculum areas that has impacted positively on the curriculum and classroom practice.

STUDENT SERVICES

Quality Marks

The redesigned College website received the internationally renowned A' Design Award. The A' Design Award is awarded by the International Council for Communication Design.

In May 2015 the College's Careers Service successfully completed the comprehensive reassessment and achievement for the Matrix Quality Award for Information Advice and Guidance. Following the reassessment the College will progress its application for the Matrix Quality Award for Student Services.

The College retained the 'Louder Than Words' Charter mark from Action on Hearing Loss as part of our ongoing sensory engagement work.

Care Guidance and Support

Arrangements for the care, guidance and support of learners, including the provision for pastoral care and additional learning support was graded as 'outstanding' following the ETI Survey inspection carried out in 2014. The inspection process highlighted the comprehensive safeguarding arrangements that are in place.

The Personal Tutorial system remains a key tool in the provision of pastoral care to learners. This includes target setting and monitoring of progress against agreed learner plans as well as signposting and directing learners to the wider range of student services within the College.

Learning Resources

The quality of support services provided to learners through the Campus based Learning Resource Centres (LRC) has been improved further following an upgrade to the Library Management System with electronic resources now available to learners at all times. The College was in the top 5 ranked institutions for the use of e books in the Further and Higher Education sector in the United Kingdom.

Student Engagement and Activities

The importance placed on student voice and learner experience was further enhanced through the operation of Student Councils and Curriculum Focus Groups. This engagement has informed the customer relationship improvement plan including revised pre-entry advice and student application processes.

The College continued to promote health and wellbeing across the student body by hosting a variety of events for over 1,200 students across campuses. The College has worked closely with local Health Promotion Teams to provide Mental Health Workshops for targeted groups including students, staff and members of the general public.

Learning Support

Learning Support staff provided a wide range of academic, pastoral and technical support and assistance to students with learning difficulties and disabilities. A College representative was appointed to the Autism Task Force Implementation Team and assisted with the promotion of the Autism Awareness Fact Sheet to the other 5 Regional Colleges.

Links with external stakeholders were further strengthened through regular meetings of the Transition Working Group hosted by the College. Learning Support Staff engaged with the local SENDO working groups to further improve the transition for SLDD Learners attending the College from local Post Primary Schools.

Marketing Activities

During the 2014-15 academic year the Marketing & Communications team was proactive on a number of fronts in promoting and informing the wider community of education and training opportunities available at the College. The increasing importance of communications played a major part in the development of service and included the redesign of the College website to ensure compatibility with mobile technologies.

The use of social media continues to grow where the number of active followers on the College's Facebook with 5,909 likes recorded at the end of July 2015. (45% increase from 2013-14) There was also a 10% increase in the number of people using tablet devices to view the website and a 69% increase in the number of visitors using the site with mobiles.

A number of high profile events were hosted throughout the year. These included the Higher Education Graduation, the SPP awards and numerous other celebratory ceremonies to mark the achievements of student and staff. The Marketing Team promoted the College's curriculum offer at over 93 external events including schools careers talks, information evenings and at new Saturday Open Days across the Southern Region.

The Marketing Team played a significant role in promoting pilot Higher Apprenticeships in applied science and accountancy. A 'Construction is Back' campaign was launched with local media outlets, supported by the College publications and communication platforms to highlight the increased apprenticeship opportunities in construction trades.

Campus Services

Following a comprehensive Customer Relations and Admissions Review a number of service improvements were implemented. These changes were introduced both to offer a better customer experience and contribute to the College's programme of cost-savings. These included:

- Increased use of emails and text messages to prospective applicants with less reliance on post;
- Improved access to course information through College website and publications; and
- Introduction of a dedicated call centre team to respond to student enquiries at pre-enrolment stages.

Information Learning Technology

The College moved to a hosted virtual learning environment (VLE) and deployed Moodle version 2.8 across all Schools.

The College also initiated the use of Sharepoint 2013 as part of the wider strategy to develop communications and collaborative working and to create an effective staff and student intranet. A pilot project was used to inform the next steps in the deployment of Sharepoint and a high level team has been convened with a view to moving the Sharepoint project through the next phase of development during 2015-16. The Sharepoint project is part of a wider unified communications strategy including an update to the existing telephony system and deployment of Microsoft Lync as the primary communication tool across College campuses. Microsoft Lync is now well embedded across all areas of the College but processes continue to be reviewed in order to maximise return on investment.

The ratio of networked PC's to student/staff was maintained through continued investment in ILT technology:

- PC : Learner FTE ratio of 1:4 across all campuses; and
- PC: Lecturer FTE ratio of 1:1 across all campuses.

A programme of work was completed to refresh core network infrastructure and expand the WIFI network with a view to increasing the use of mobile devices for learning and administration.

3. Strategic Aim: Flexible Business Solutions that Improve Competitiveness and Productivity

To support local and regional economic development through the provision of flexible business services and training solutions aimed at improving the competitiveness and productivity of new and existing businesses

i3 Business Engagement

i3 is the College's business support unit. The i3 unit aims to build better business by promoting and supporting Industry, Innovation and Incubation. The team of 15 staff is focused on supporting local business and industry through the delivery of a range of services to industry clients. i3 aims to bring the latest research and development from the classroom to commerce, while feeding business insights back into the curriculum. The i3 team works with companies from across Northern Ireland, particularly in the southern region. i3 has strengthened the College's position as a primary provider of business support and knowledge transfer activity to local and regional business and industry.

Knowledge Transfer Activity

i3 continued to build on the quality services offered to industry through knowledge transfer activities both at a local level and on a cross border basis. The key programmes delivered during 2014-15 include:

- **Employer Support Programme:** 97 projects were completed by 31st July 2015. Over 50% of the companies engaged were new clients and a number of these engagements led to other areas of support including Invest NI's Innovation Voucher Scheme and the iOTA Programme (Innovation, Opportunity, Training and Advice). Some examples of projects include Digital Collaboration in Construction, 3D Design using Solidworks, Manufacturing Process Improvement, Advanced Welding, Specialist Stonemasonry Skills, and Digital Marketing including Web Development, Digital Tourism Tools, Green Tourism, Food Product Development, Allergens and Food Labeling.
- **Intertrade Ireland's Fusion scheme:** The College's engagement with Intertrade Ireland's FUSION programme continues to increase year on year. i3 commenced the academic year with 7 Fusion projects – 3 supporting delivery and 4 leading to the recruitment and mentoring of FUSION graduates. Two of these projects were completed during 2014-15. The i3 team submitted a further 14 applications during 2014-15, of which 8 were approved with a further 4 awaiting approval.
- **Innovation Voucher Scheme:** 12 innovation vouchers have been secured and delivered during 2014-15; a further 4 vouchers are in the process of being approved following a call from InvestNI in April 2015 and a further 7 vouchers were submitted following a further call in June 2015. It is anticipated that the number of vouchers issued will be greatly reduced due to budget constraints within Invest NI.
- **Digital SEED:** SRC as lead partner alongside South Eastern Regional College (SERC), delivered 'Pre-start' and 'Grow' support to digital businesses. The form of support enabled companies to better integrate with customers, to access new markets and to operate more efficiently with the use of digital resources. The College met the project targets by delivering Pre-start mentoring to 5 clients and Grow mentoring to 12 clients as well as facilitating 7 workshops and 2 cluster events.
- **iOTA:** (Innovation, Opportunity, Training and Advice) is a programme being delivered in conjunction with a consortium of partners located in the East Border Region. The programme offers a wide range of support available including innovation clinics, master classes, mentoring and an Innovator Business Training Programme. i3 successfully delivered Strand A (Pre-start support) in 2013-14 and successfully achieved the targets set out in Strand B (Grow support) during 2014-15.

Training

Although i3 has secured and delivered a number of training contracts in 2014-15, this area of business remained a challenge as a result of the current economic climate. The Customised Training Programme (CTP) concluded in spring 2015 and has been replaced with a new programme – Skills Focus. This new programme was under development in the latter part of 2014-15, with i3 commencing delivery of 3 programmes in July 2015. The main areas of activity will take place during the 2015-16 academic year.

Some examples of i3 training provision include:

- **Customised Training:** 27 projects were delivered in 2014-15 to companies including Hill Engineering, G&H Autos, McMullen Facades, Interface Flor, and Ann's Homecare. Qualifications delivered included Fabrication and Welding, L3 Diploma in Accident Body Repair, ILM L2 Team Leading and L3 First Line Management, L2 Health & Social Care, L5 Diploma in Childcare, City and Guilds 17th Edition, L2 Food Safety;
- **Full Cost Recovery:** i3 provided nearly 100 full cost recovery training projects to 32 companies. Clients included Moy Park, Norbrook, McGees, Autoline Insurance, Cubis Industries, Linden Foods, Mindwise, R A Irwin and NACCO Handling. A significant element of this provision was bespoke with some qualifications delivered in Vehicle Maintenance and Repair, Engineering Operations, Business Administration and Leadership & Management;
- **Apprenticeships:** the i3 team was instrumental in working with a number of local and regional employers to progress pilot Higher Level Apprenticeships in accountancy and life and industrial science. This work led to initial pilots in applied industrial science with Norbrook Laboratories Ltd. in January 2015. Further development work took place with Radox Laboratories Ltd. leading to approval for a further pilot programme being introduced from September 2015. The team also supported submissions for additional pilot Higher Apprenticeships in Digital Marketing, Insurance, Care and Childcare. The College launched its job hub to promote employment and placement opportunities.
- **Assured Skills:** i3 secured its first Assured Skills project during 2014-15. i3 partnered with DEL to design and deliver a Level 2 training academy in Contact Centre Operations for an Irish registered company Eishtec which aims to create 320 jobs in a new call centre operation in Lurgan.

External Engagements

i3 continued to build its external profile by delivering a number of topical industry events. The events were attended by employers across a number of industry sectors as well as funding bodies and other stakeholders. Some of the events included:

- An innovation event held in Banbridge in September 2014 to raise awareness of i3's Knowledge Transfer and Innovation services. Attended by employers across a number of industry sectors;
- Renewables event delivered to local businesses in GreenTEC in October 2014;
- Launch of Digital SEED programme in Banbridge in October 2014;
- Presentation on i3 at iOTA event in CIDO Portadown, January 2015;
- Sector information event to Invest NI and DEL Assured Skills in Portadown, Jan 2015;
- TechStart NI event in Greenshoots in February 2015;
- IP Event for small businesses in Portadown, April 2015;

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- Newry, Mourne and Down and Louth Innovation Alliance inaugural meeting April 2015;
- Delivered a talk “Podcasting an emerging channel for tourism businesses” at the Cross Border Tourism Conference in Dundalk on 15th April with over 200 tourism businesses attending;
- FE Showcase in Stormont, May 2015;
- Apprenticeship Employer events hosted across the region in May and June 2015;
- Hosted a delegation from TA3 conference at Norbrook and Newry Campus, June 2015;
- Digital Cluster event in Newry, June 2015;
- Launch of Eishtec Academy in Portadown, July 2015; and
- Regular Tourism clusters throughout 2014-15;

The team also maintained strong links with relevant agencies and stakeholders throughout the year including Invest NI, InterTradeIreland, local Councils, Sector Skills Councils, DEL Assured Skills, Craigavon Agri-Food Forum, Royal Society of Ulster Architects (RSUA), East Border Region funding workshops and Interreg funding workshops.

i3 Business Support Engagement 2009-15						
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
No. companies	950	672	645	927	580	523
Full cost recovery income	£177k	£188k	£186k	£215k	£182k	£118k
Other income	£2,270k	£2,543k	£1,278k	£720k*	£884k*	£900k*

Table 5

* excluding i3 Apprenticeship and associated income

4. Strategic Aim: Committed People and Organisation

To be a high performing College with a highly skilled and well motivated staff and effective management and organisation structures to support the achievement of the College’s strategic aims.

Over the course of the year, the College continued to support staff through a range of continuous professional development (CPD) activity. An annual Employee Development Plan was approved by the College’s Staffing Committee. This plan was informed from a variety of sources including the self evaluation processes, staff appraisal and school reviews. A series of mandatory and optional development activities were planned for the designated Employee Development days set out in the academic calendar. The College continued to promote the use of its portfolio of on-line employee development courses which provide a flexible and innovative form of learning for all staff.

The College also supported individual requests for professional development including supporting staff through teacher training (PGCFE and PGDFE), professional and higher level courses as well as job related training. The College also promoted Ulster University’s Part Time Tutor Education Pilot Programme to all part time lecturing staff. A total of 12 part time lecturers participated in the programme during the 2014-15 academic year.

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The College attained Investors in People accreditation in March 2012 and rather than wait for a 3-year review the College adopted a two phased approach to Investors in People, with the first phase review conducted in October 2013. Following the second phase of the review, carried out in April 2015, the College was confirmed as fully meeting all criteria within the Standard and in May 2015 was confirmed as having been reaccredited with the Investors in People award.

The Education and Training Inspectorate (ETI) carried out an inspection of the Continuous Development Process operating within Southern Regional College during March 2015. The Inspectorate found that the Continuous Development Process within the College was 'very good'.

The College Human Resources department continues to support the wider staff complement in managing and supporting staff in accordance with the College's staff absence management policy. The staff attendance rate for 2014-15 was 96.21%.

5. Strategic Aim: Effective Governance and Strategic Management

To provide effective corporate Governance and ensure that the College operates within a robust system of internal financial management and control.

During 2014-15 the Executive Team led by the Chief Executive monitored and reviewed financial performance on an ongoing basis through detailed monthly operational reports and adjusted the operating strategy and budget as required throughout the academic year. The Finance and General Purposes Committee of the Governing Body received regular financial reports detailing actual and budgeted figures together with variance analysis and commentary. In addition the Finance and General Purposes Committee received other reports on governance and financial management matters including procurement activity, business cases, updates on policies and progress against efficiency delivery targets. In addition the Governing Body received a full update on the College's financial position at each meeting throughout the academic year.

The Senior Management Team (SMT) in conjunction with curriculum managers monitored performance through an agreed set of Key Performance Indicators (KPIs) including student recruitment, retention and achievement targets as well as delegated budgets. Practical support and advice was provided by the Finance Department throughout the financial year, including procurement support and all DEL financial monitoring returns were completed to schedule.

Risk management processes continued to operate and formal risk management principles are well embedded into existing management structures. All functional area risk registers were reviewed with relevant managers and the Corporate Risk Register was reviewed and updated against an agreed annual schedule and presented at each Audit Committee meeting.

6. Strategic Aim: Modern Fit for Purpose College Estate

To provide a modern fit for purpose College stated for the southern region

The Southern Regional College's desire to progress the development and implementation of its estates strategy remains a key priority. A significant element of the estates strategy is the approved business case for the delivery of three new build projects in Armagh, Banbridge and Craigavon.

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The estates project governance structures are now well established with the Project Board meeting eleven times over the course of the 2014-15 financial year and the inaugural meeting of the Capital Projects Steering Group taking place on 3rd June 2015. Key areas where progress has been made include:

- The procurement process for the appointment of the Integrated Consultants Team (ICT) is progressing in line with the revised timescales and was concluded at the end of August 2015;
- The recruitment process for a Projects Director, facilitated through the Strategic Investment Board, has been successfully completed and an offer of appointment has been made to the successful candidate. The Projects Director took up post in September 2015; and
- A site has been identified at the South Lake for the new Craigavon campus.

The College's programme of refurbishment and enhancements across campuses was scaled back in comparison to previous years and was largely restricted to sites that are not identified within the main outline business case for new build projects. This included refurbishment of existing teaching spaces at the Newry West Campus as a STEM project centre, the 'HUB'. A more strategic approach to maintenance and refurbishment will be applied in future years as the new build projects gather pace.

7. Strategic Aim: International Links

To promote an outward and forward looking College through the development of international links supporting staff, students and knowledge exchange.

The College is committed to the provision of relevant and meaningful vocational learning opportunities delivered through quality and innovative teaching that aims to transform the lives of students. Internationalisation and European mobilities are important strands of work that contribute to the achievement of these.

In 2014-15, 27 students and 15 staff participated in a number of projects in a variety of countries within the European Union. The College was successful in securing over €266,000 in ERASMUS + funding under Key Action 1 which will enable a further 120 students and 27 staff to undertake mobility placements across Europe over the next 2 years.

Over the course of 2014-15, the international team completed final reports and organised a number of dissemination events for six Leonardo Mobility Projects:

- Childcare and Health Vocational Initiative in Lifelong Learning;
- LETS BE (Leonardo in Europe through Sports and Beauty);
- Mechatronics and Automation Training for Technician Engineers (2);
- LET'S GO (Learning Experiences Through Sports' Guidance and Opportunities);
- Sustainable Construction in Europe; and
- Retail in Europe.

The team also completed 'Be Inspired', an EU Transfer of Innovation project with partners from Spain, Portugal, Finland, Italy and the Republic of Ireland. The aim of the project was to develop and pilot interactive materials on Business Enterprise suitable for adults with learning disabilities. This resulted in the production of interactive materials mapped to the European Qualification Framework that can be used in the delivery of the CCEA Level 1

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Business Enterprise qualification. These materials were translated and produced in a number of languages to facilitate their use in our partner countries.

The THANKS (Think Family: Empowerment of Families at Risk to Practice Active Citizenship) project also concluded during 2014-15. The project involved exploring different approaches to active citizenship in each of the 12 EU partner countries. The main benefits from the project have been the exchange of good practice in relation to active citizenship, capacity building and networking. The outcomes include a collection of case studies on active citizenship from across Europe and an active citizenship course outline and resources. As part of the project, we organised partnership meetings in: Granada, Spain; Gondomar, Portugal; Vicenza, Italy; Riga, Latvia; Bologna, Italy; and, Santander, Spain.

The College was selected by ECORYS to apply for the VET Mobility Charter. The Charter aims to reward and promote quality in mobility enabling sending organisations to further develop their international strategies. Charter holders benefit from streamlined procedures, including a less rigorous application process, the organisation of mobility projects, and reporting activities.

As a result of our increasing profile, the College will host a number of visits from European partners, including:

- Erasmus students from De Croly in Spain;
- Staff from EUC Syd College in Sønderborg Denmark;
- Staff from CPNV (Centre Professionnel du Nord Vaudios) Switzerland; and
- CPNV Erasmus student internship at SRC Portadown campus.

FINANCIAL OBJECTIVES

The primary College financial objectives flow from the overarching strategic aim of effective governance and financial management which states our intention to strengthen governance and financial management, maximise funding and ensure the deployment of financial resources in the most efficient and effective way to support the College's strategic direction. The more detailed financial objectives are articulated in the College Development Plan and the Balanced Scorecards used at College, Directorate and operational levels.

The College's key financial objectives are:

- maximise funding and income generation opportunities and to ensure the efficient and effective deployment of resources;
- ensure that an effective system of risk management, governance and financial control operates at all levels within the college; and
- progress towards the provision of a modern fit for purpose estate.

The financial objectives are concerned with ensuring the College continues to be financially viable and sustainable and that it operates high standards of corporate governance in the conduct of its business. The College is entering a challenging financial period with continued constraints on funding across the public sector. The most significant element of the College budget is the recurrent grant and for the 2015-16 year the allocation was £1,267k less than the 2014-15 year's allocation. Other key sources of funding for the College are Education Contracts which include income from Apprenticeships, Training for Success (TFS) and the Schools Partnership Program (SPP) and these income streams are also coming under pressure. At the same time costs associated with staff salary increments, the 1% pay award, pension's auto enrolment and inflation in areas such as rates and utilities have all contributed to pressures on expenditure lines.

The College budget for 2015-16 has been developed taking account of this challenging backdrop and will support the delivery of the College's strategic aims as well as a wide range of more detailed objectives that have been developed around a number of themes, including curriculum planning, economic engagement, community

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engagement, school partnership, additional learning needs, information and learning technology and a number of corporate support functions. A continued focus over the strategic timeframe 2015-18 will be to develop contingency arrangements should further reductions in funding occur.

Performance Indicators

The key targets and measures aligned to the College financial objectives for the incoming year include:

- achieving income targets and managing expenditure within the annual College budget plan;
- directing resources in support of a range of functions and services to facilitate delivery of courses and programmes to learners;
- overall satisfactory assurance on internal control framework and risk management process; and
- continuing to progress the Estates new build projects.

FINANCIAL POSITION

Financial Results

The College consolidates the results of Greenshoots–Newry Limited, a company limited by guarantee, as the College exercises dominant influence over the company. Greenshoots-Newry Limited provides a supportive environment for pre-start, start up and existing businesses to reside and grow. The Southern Regional College's Annual Report and Financial Statements incorporate the activities of Greenshoots-Newry Limited and show the consolidated position of the College.

The consolidated operating deficit for the year was £1.29m (2013-14 – deficit of £2.30m).

Total income decreased on the previous year by £1.53m. Total expenditure decreased by £2.20m.

Total historic cost outturn was a surplus of £0.70m (2013-14 – deficit of £0.56m) compared with the College's original estimate as per the College Development Plan of £0.58m deficit. Overall the financial performance reflects an improved position against the College Development Plan and reflects a number of revisions to income and expenditure lines effected through the quarterly monitoring process.

An interim revaluation was undertaken by Land and Property Services and this was applied to the Group's Land and Buildings to provide valuations at 31 July 2015. This resulted in a decrease in net book value on 31 July 2015 of £6.15m. The total net book value of Land and Buildings, excluding work in progress at 31 July 2015 is £51.30m, in addition work in progress totaled £0.70m.

The College has significant reliance on the Department for Employment and Learning (DEL) as its principal funding source, largely from recurrent grants. In 2014-15, DEL provided 66.29% of the College's total income through allocated recurrent grant. This represented 17.69% of the total recurrent grant available to the sector.

Reserves

The effective management of reserves is crucial to maintaining the solvency of the College, the development of longer term investment plans and ultimately to efficiency, effectiveness and long-term financial viability and stability. FE College income is subject to a degree of volatility and reserves play an important role in helping to manage the financial risks associated with the peaks and troughs that inevitably occur and ensuring there is adequate working capital to fund normal activities.

In addition, reserves form an important source of funding for investment in the College infrastructure necessary to support teaching and learning. The College with the agreement of the Department has committed £8m of reserves

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to the delivery of the new build estates projects. In this regard College reserves will form a crucial element of the funding stream that will enable the delivery of the estates strategy and help contribute towards the level of investment that is required in the Southern Regional College infrastructure.

The Group has total net assets of £64.38m and cash balances of £14.46m as at 31st July 2015. A relatively high level of reserves was inherited from the legacy colleges but this fall back to normal levels following the investment in the estates projects.

TREASURY POLICIES AND OBJECTIVES

Treasury Management

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 (NI) Order 1997 gives the College power to invest surplus funds. The College has effective controls in place to manage cash flow and investments. In particular at this time the College continues to monitor developments in the banking and financial sectors. The College has a treasury policy in place, which is followed by College management and the Governing Body when investing surplus funds and cash flow. The policy is reviewed regularly, with cash flow and investments reported at every Finance and General Purposes Committee meeting. The application of the College's Treasury Policy ensures that:

- all investments are held with major financial institutions operating in the UK banking sector which are regulated by the Financial Conduct Authority and Prudential Regulation Authority. At the balance sheet date the College had the following investments:-

Bank of Ireland -	£2.53m
Santander -	£3.02m
Danske Bank -	£3.55m
Ulster Bank -	£3.71m

- all bank accounts operated by the College are approved by the Finance and General Purposes Committee;
- all College cash and deposits received are lodged and held in the approved bank accounts;
- the Assistant Director of Finance is responsible for arranging and operating a group bank account structure and ensuring all balances held earn investment interest;
- the Assistant Director of Finance maximises investment income by undertaking cash flow forecasts and placing the maximum amount of cash balances on deposit whilst maintaining a prudent balance to meet creditors and other short term liabilities;
- investments are placed with the College's bankers or other approved Investment Bank for periods recommended by the Assistant Director of Finance (but no longer than one year) in conjunction with the Chief Executive following approval from the Chair of the Finance and General Purposes Committee and Vice Chair of the Governing Body; and
- before making recommendations the Assistant Director of Finance carries out an appropriate exercise which will seek to minimise risk and optimise return.

Cash Flows and Liquidity

Cash inflow was £3.06m (2013-14 £0.36m outflow). The net cash inflow was largely due to the repayment of the investment in Belfast Metropolitan College and the capital investment during 2014-15 being funded by additional DEL capital grants.

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OPERATING AND FINANCIAL REVIEW 2014-15 (Continued)

The level of reserves has contributed to a strong liquidity position for the College. Consequently, the College does not have any borrowings, long term loans or financing.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

The College development plan for the three year period 2014–17 sets out the strategic priorities for Southern Regional College together with the actions that will be taken to support the achievement of the underpinning business objectives. The plan sets out the main areas of work to be undertaken over the next three years in supporting economic development, enhancing social cohesion and advancing the individual skills and learning of the local community. Progress against each of the strategic objectives was set out previously.

The strategic plan for the next three years is predicated on the basis of an appropriate level of recurrent grant funding being received from the Department for Employment and Learning. The uncertainty that has emerged with regard to funding has potential implications for current and future developments and on our ability to deliver against the College Development Plan. The College will closely monitor developments in this regard and will review and revise plans and priorities as necessary.

This section of the Annual Report provides a synopsis of some of the key developments planned by the College over the next three years as well as information on performance against targets in 2014-15.

Student numbers

A summary of performance in respect of student enrolment and Funding Learning Unit (FLU) targets for 2014-15 is shown in **Table 5**.

2014-15		Targets		Performance	
		Enrols	FLUs:	Enrols	FLUs:
Further Education	Full Time	3,310	4,782	3,416	4,908
	Part Time	11,400	1,345	10,831	1,310
	Total	14,710	6,127	14,247	6,218
Essential Skills	<20	2,438	301	2,273	310
	>20	980	121	1,836	220
	Total	3,418	422	4,109	530
Higher Education	Full Time	565	858	516	806
	Part Time	1,280	491	1,177	399
	Total	1,845	1,349	1,693	1,205

Table 5

The actual FLU delivery target agreed with DEL for 2014-15 was 7,898 compared to a target of 8,150 in 2013-14. The College received a resource allocation equating to 7,770 FLU and was thus set a delivery target in 2014-15 of 128 FLU above that funded by DEL. The level of over delivery for the period 2009-15 is shown in **Table 6**.

FLU Delivery	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Actual delivery	8,791	8,372	8,071	8,095	7,942	7,953
Resource allocation	7,518	7,799	7,721	7,685	7,831	7,770
Over delivery	1,273	406	350	410	111	183
Over delivery as % of resource allocation	17%	5%	5%	5%	1%	2%
£ block grant	£25,561,200	£27,084,400	£26,096,041	£26,129,000	£26,624,174	£26,416,525
Over delivery (£)	£4,328,200	£1,380,400	£1,190,000	£1,394,000	£377,400	£622,200

Table 6

Learner Retention and Achievement 2014-15

A summary of the College's performance for the 2014-15 academic year is shown in Table 7.

Overall retention rates for Further and Higher Education either met or exceeded target. Retention on Essential Skills provision was below target at 87.9%, although the overall success rate exceeded target at 74.4%.

The most significant levels of full time student drop out as a percentage of intake was at Level 2 or below – 11% of total student intake at Level 1 or below and 17% of total student intake at Level 2.

The overall success rates across all areas of course provision exceeded target with the exception of part time Further Education.

Whilst retention rates on Essential Skills provision was below prior year performance at 87.9%, achievement rates were higher at 84.7%. The retention across each of the three Essential Skills areas varies with 15% of students dropping out of ICT classes compared to 10.5% drop out in Literacy and 7% in Numeracy.

Further and Higher Education							
		Targets 2014-15			Performance 2014-15		
	Mode	Ret.	Ach.	Success	Ret.	Ach.	Success
Higher Education	Full-time	95.0%	93.0%	90.0%	96.1%	97.3%	93.6%
	Part time	95.0%	90.0%	90.0%	94.7%	95.7%	89.4%
Further Education	Full-time	90.0%	94.0%	87.0%	90.6%	97.6%	88.4%
	Part time	90.0%	92.0%	88.0%	93.2%	89.9%	83.8%
Essential Skills	Part time	90.0%	82.0%	72.0%	87.9%	84.7%	74.4%

Table 7 (Source NICIS)

Schools' Partnership Programme

The total enrolment for the SPP dropped to 3,521 compared to 3,841 in 2013-14. The performance across all areas and all levels of the SPP was excellent with retention figures in excess of 98% and an overall achievement rate of 95.7%, (See Table 8).

Schools' Partnership Provision				
	Enrolment	Retention	Achievement	Success
2011-12	4,146	99.1%	96.7%	95.8%
2012-13	4,194	99.2%	95.1%	94.4%
2013-14	3,841	99.5%	94.0%	93.6%
2014-15	3,521	99.1%	95.3%	94.5%

Table 8

Student Achievements

The College places great importance on the use of skills competitions to:

- raise standards;
- promote excellence in skills;
- inject ambition and aspiration;
- build confidence and self esteem; and
- provide meaningful and enjoyable learning experiences.

Competitions are used across the College to raise standards in training to world class levels. This begins through the use of local inter-campus based competitions leading to selection for regional and national competitions. Our local inter-campus competitions were also extended to students from the Schools' Partnership Programme thus reinforcing our aim of achieving excellence in all areas of skills training.

Our commitment to skills competitions is demonstrated through our participation in local, regional, national and international competitions across many vocational areas. College students also engage in a number of other activities including enterprise, sporting, voluntary work and fund raising events.

During the 2014-15 academic year:

- Gary Doyle won a gold medal for Plumbing in the WorldSkills competition for Plumbing in São Paulo having won gold in the UK Skills competition. Brendan Magee won a silver medal for Plumbing in the UK Skills competition for Plumbing;
- Julia Clements was awarded the VQ Learner of the Year 2015 at the Northern Ireland Vocational Qualification Learner of the Year Awards;
- Jordan Jeffers was 1st place winner at the 2015 NI Dulux Painting competition who went on to be awarded the overall UK winner at the final of Dulux Decorator Centre Student Decorator of the Year competition in Edinburgh;
- HND Business Student Ellen Kells was the recipient of the inaugural LaGrange Scholarship. She will spend one academic year studying Business Management in LaGrange College in America;

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- The Southern Regional College's Rooney Fellowship Award 2015-16 was recently presented to Amy Richardson, a HND in Business and Finance student from Newry;
- Jill Connery won a silver medal in Golf at the Special Olympic World Games in Los Angeles after winning a Gold medal for 9 Hole Golf at the Special Olympics Ireland. Rebecca Devlin from Banbridge Campus took away a Gold, Silver and Bronze medal at the Special Olympics for Swimming and Denise Fegan received a Silver Medal in the Special Olympics for Bocce;
- Shaun Keegan, a level 3 Science Student, Armagh Campus won the Life Science Award, Aaron Eccles who is studying in the Portadown Campus won the Creative Studies Award and John Kerr, an HND Graphic Design student from the Lurgan Campus took home the Visual Design Award at the BEST Awards. Julie-Anne Glass from the Lurgan Campus was the BEST Awards Runner up in the 19+ category;
- Armondi Tamulis was awarded the Tilers and Bricklaying Montgomery Award;
- The Winners of the NI Money For Life Challenge are Andrew McGuire, Aurimas Eidejus, Daniel Steele, Dean Lawrence and Tom Smith from the Armagh Campus;
- The Rotary Club of Portadown presented awards to five students from Southern Regional College for their outstanding education achievements in a variety of vocational areas. Amy Adair (Computing), Rolandas Laurinavicius (Construction), Michael Fonceca (Engineering), Diane Watt (Hospitality) and Ryan Vennard (Business);
- Three Hospitality Students achieved success at the Bunzl McLaughlin Student Chef of the Year Awards. Jenny Gordon (1st Place), Ryan Toal (2nd Place) and Rachel Robb (3rd Place);
- The Bunzl McLaughlin Student of the Year Awards awarded 1st place for the Food Service Student of the Year to Anita Rush. Glen Traynor and Seamus Morgan both came joint 2nd;
- Hazel Woods, a hospitality student from Newry took away a Gold medal in Hot/Cold Desserts and the Best in Class Award at the CATEX Awards;
- Shane Neary and Patricia Cunningham both received Credit Union Awards for the most prestigious exemplar teaching materials and success in their exams;
- Jennifer Gracey from the Lurgan Campus was the Trade Union Winner at the Essential Skills Awards;
- Matthew Cunningham who is studying in the Newry Campus was the Essential Skills Learner of the Year in Co. Down;
- The Future Students of Business Awards had 3 winning Students across three campuses. David Zych (Armagh), Melissa Leeper (Portadown) and Aaron Grant (Newry);
- Two students were awarded a gold and silver medal at the London Chamber of Commerce in the English for Business exam. Barbara McCartney received a world gold medal for the highest possible score, and Ruth Beattie won a silver medal for achieving the joint second highest score internationally;
- Aaron Gardiner, Jordan Elliot, Tom Holland, Aaron Todd and Peter Close, five students from Armagh won in the Cover Band Category at the NI Music Skills Competition;

SOUTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2014-15 (Continued)

- At the N.I InterCollege Painting and Drawing Competition Owen Mackle received 1st place in Foundation Tonal Ink still life. It also seen Craig Anderson achieve 1st place of Extended Diploma Chalk Studies;
- James Mullen, a student on the Foundation Degree in Travel and Tourism at SRC, has won the NI Travel News Travel Student of the Year award at the NI Travel & Tourism Awards 2014;
- Lauren Johnston from Newry campus was invited to attend a Royal Garden Party at Buckingham Palace to recognise and reward Lauren's Youth Work;
- 8 Students were successful at the Skillbuild NI Awards 2015. Gary Knight (Gold in Industrial Heating), Gavin Rice (Gold in Plumbing Pipework), Kieran Magee (Gold in Wall and Floor Tiling), Christopher Jeffrey (Silver in cabinet making), Shaun Thornton (Silver in Wall and Floor Tiling), Thomas Fegan (Bronze in Brickwork), Richard Shannon (Bronze in Cabinet Making) and Curtis Jackson (Bronze in Industrial Heating);
- Amy Anderson from Armagh was the winner of the NASA Space School Competition and was selected for an intensive two week placement in the United Space School in Houston;
- A total of 11 students took awards away from the Stem Awards. The Creative Industries 19+ Award was won by Anna Rogers, Caoimhe Mulgrew, Chelsea Cully and Paulina Lisek and The Creative Industries 16-18 Award was won by Andrew McGuire, Aurimas Eidejus, Daniel Steele, Dean Lawrence & Tom Smith. The Engineering 19+ Award was awarded to James Hanna and the Innovation Award was awarded to Brendan Nutley;
- The student Photographer of the Year 2015 InterCollege Competition saw 2 of our students take away 1st place. Christian O'Neill from Banbridge Campus took away 1st place in Further Education Scapes Section, and Adam Thompson took away 1st place in Higher Education People Category; and
- At the VTCT All Ireland Make Up Competition Kirsten Hughes was awarded Champion in Bridal Make up. The VTCT Competition also saw Julia Clements Awarded winner of the Steam Punk Competition.

Curriculum Developments

The Southern Regional College is a main provider of professional and technical education and training and plays a primary role in raising the skill levels across the region it serves. The College has a strong reputation within Northern Ireland for curriculum innovation and delivery. The College provides a range of courses spanning Essential Skills, professional, technical and academic programs from entry-level through to level six and also hobby and leisure provision. Despite the continuing financial challenges ahead, the College will prioritise resources to deliver the following:

- The College will seek to ensure that the education and training portfolio it offers remains relevant and meaningful to the future workforce and that the supply of skills is aligned with market demand. There will be a particular emphasis on upskilling and reskilling at level 2 and above, on delivery of the youth training system at level 2 and new apprenticeships at level 3 and above;
- The College will continue to strengthen business engagement through the i3 initiative and the Business Support Unit and will further develop the range of services and interventions for local SMEs and micro businesses with a view to improving business productivity, growth and competitiveness in the regional and Northern Ireland economy;
- The College will continue to prioritise resources to support science, technology, engineering and mathematics and creative design as part of the wider curriculum offer;

SOUTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2014-15 (Continued)

- New and flexible delivery strategies will be developed for Essential Skills with the aim of enabling adults to improve their overall quality of life, their personal development and employment opportunities;
- The new curriculum delivery structures put in place during 2013-14 will be embedded over the next three years to better position the College to respond to the challenges of the new youth training and apprenticeship strategies;
- The development of a pilot Higher Education Centre in partnership with the Ulster University will be an important strand aimed at widening participation in Higher Education;
- Community engagements promoting community cohesion and enhancing social inclusion through relevant education and training and strengthening partnership arrangements with schools based on longer term commitments across the four Area Learning Communities will be a key priority over the next three years for the College; and
- The physical environment through which curriculum and training is delivered will be greatly enhanced through the provision of new campus facilities planned for Armagh, Banbridge and Craigavon.

Future Developments

The College recognises the challenging nature of the prevailing economic environment and takes this into account when projecting its future student intake and budget planning. The College relies heavily on recurrent grant and contracts from the Department for Employment and Learning and continues to diversify the range of income generating activities and cost recovery activity. The current uncertainties and constraints on public sector funding including the potential for future budget reductions will place significant pressure on the College's capacity to maintain its regional presence and the current range of provision.

Work based training and apprenticeship delivery represents another important source of income. The current contracts to support the delivery of apprenticeships and training for success are due to end in March 2016 to be replaced by a new system of youth training at level 2 and apprenticeships at level 3. It is anticipated that the College will continue to be a primary player in supporting the delivery of the new system of learning from September 2016. College development plans reflect the significance of the transition required to meet the challenges in introducing the new system.

The implementation of the Estates Strategy remains a major priority and indeed a challenge for the College moving forward over the coming years. The outline business case for investment in new campus buildings in the Armagh, Banbridge and Craigavon areas was approved in 2013-14. The integrated consultant design team has now been appointed. In addition, a Projects Director has been seconded from the Strategic Investment Board to progress the next phase of the project.

In October 2010, the Office of National Statistics reclassified Further Education Colleges from Non-Profit Institutions Serving Households to the General Government sector. From 1 April 2012 it was confirmed that for Northern Ireland, the Further Education colleges would be brought within the budgetary responsibility of the Department for Employment and Learning (and required to accord with the same budgeting and reporting disciplines as other Non-Departmental Public Bodies). The College continues to work with the Department for Employment and Learning to determine the future impacts and implications of the change.

There is a need to secure funding arrangements, in the longer term, for the Entitlement Framework and to ensure commitment so that partnerships with schools in the Southern Area Learning Communities are underpinned by appropriate resources.

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The College is committed to working with the Department for Employment and Learning and other colleges in continuing to improve efficiency and effectiveness through collaboration ventures across the sector.

Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1988, which came into force on 1 November 1998, requires the College, 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 2014 to 31 July 2015, the College paid 92% (89%, 2013-14) of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

The Northern Ireland Executive is committed to paying suppliers as quickly as possible, within 10 working days. During the accounting period 1 August 2014 to 31 July 2015, the College paid 66% (57%, 2013-14) of its invoices within 10 days.

Post Balance Sheet Events

Confirmation of funding from the Public Sector Transformation Fund to meet the costs of staff leaving under the Voluntary Exit Scheme (VES) and approval for Tranche 2 leavers was received on 9th September 2015. This has been treated as an exceptional item in the Financial Statements.

RESOURCES

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

Estate

The Group estate includes the following campus buildings and land:

Campus	Net Book Value at 31 st July 2015
	£000
Armagh College Hill and Lonsdale Campus	6,348
Armagh, Station Rd Complex	300
Armagh, Lisanally Campus	4,498
Banbridge Campus	3,638
Banbridge Factory Site	275
Lurgan Campus	5,140
Newry East Campus	8,954
Newry West Campus	8,001
Newry Corry Square Campus	125
Newry Model Campus	1,105
Newry Greenbank Campus	2,564
Greenshoots (Newry) Ltd	678
Kilkeel Campus	657
Portadown Campus	9,013

Table 9

SOUTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2014-15 (Continued)

Financial

The consolidated net assets at 31 July 2015 were £64.38m (including £4.14m pension liability). There was no long term debt at 31 July 2015.

People

The average number of people employed by the College during 2014-15 was 956 (equating to FTE 692 staff) of whom 359 were teaching staff. The College undertakes active management of sickness absence through a number of established processes including sickness absence monitoring, review meetings and occupational health referrals. Sickness absence for the College was recorded at 3.79% or 10.30 days per FTE (based on FTE and work pattern analysis) for 2014-15.

Southern Regional College has participated in the Voluntary Exit Scheme (VES) that was approved for colleges of Further and Higher Education in Northern Ireland. This will result in 65 staff (59 FTE) leaving the College and will be reflected in future year's FTE figures.

Reputation

The College has a strong reputation locally and nationally and maintaining a quality brand is essential for the College's success in attracting students and positively developing external relationships.

PRINCIPAL RISKS AND UNCERTAINTIES

The College continues to operate and embed systems of internal control, including financial, operational and risk management which are designed to protect the College's assets and reputation.

Risk management practice and process is well established across the various business and operational areas within the College. It forms part of the College's internal control and corporate governance arrangements and the process followed is set out in the College's Risk Management Policy which describes the underlying approach and documents the roles and responsibilities of the Governing Body, Audit Committee, Senior Management, and other key parties.

The College has established a Risk Management Group with overall responsibility for the administration and implementation of the risk management process. Directors within Southern Regional College have responsibility for a number of functional areas and departments. Each Department Head or Section Manager maintains a separate risk register for their specific area of responsibility. These risk registers are, in effect, sub registers of the Corporate Risk Register and throughout the year the Directors conducted reviews with Department Heads and identified risks for inclusion in the Corporate Risk Register.

The Risk Management Group met regularly throughout the year to review functional area risk registers and to update the Corporate Risk Register as appropriate. The corporate plan and balanced scorecards that have been cascaded through the different levels in the College are used to inform the identification of risks and risk factors. The Corporate Risk Register facilitates the identification and assessment of those significant risks to the College and emerging risks were added as required during the year and improvement actions and risk indicators monitored on a regular basis. In addition the Corporate Risk Register is presented at each meeting of the Audit Committee for review.

The principal risk facing the College, as it moves into a new financial year, relates to the uncertainty that has emerged with regard to funding and the potential for significant budget reductions. This matter has been escalated to the Corporate Risk Register and the College will work closely with the Department for Employment and Learning to develop mitigating actions and strategies and to assess the impacts and implications.

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A summary of the risks on the Corporate Risk Register, including a commentary on each is set out in the table below:

Summary of Corporate Risks:	Commentary:
Financial viability and optimisation of College resources:	Management of delegated budgets and regular financial reporting to the Chief Executive, Finance and General Purposes Committee and DEL took place in-year. During the year there was significant focus on reductions to recurrent grant, the College budget, implementation of the Voluntary Exit Scheme (VES) and falling numbers in respect of Training for success programmes.
Positive Reputation of the College:	The school review process, course folder audit process, the Performance Enhancement Programme (PEP), established governance and management structures, union and staff consultation and a pro-active approach to marketing activities all contributed to managing and mitigating this risk. During the course of 2014/15 particular attention was paid to ensuring effective communication with regard to the impact of reduced resources on the curriculum.
Non Compliance with Policies, Procedures and Statutory Requirements, Safe working environment and Health and Safety Legislation:	The Health and Safety Committee met regularly and reviewed the quarterly Health and Safety Report. Health and safety processes and procedures in workshop areas were reviewed and refresher training delivered to staff in those areas. The policy review schedule, established processes and procedures, audit reports, inspections, quality assurance processes and management checks and reviews are key aspects of managing this risk.
Effectiveness of the Delivery of Education and Training:	External quality assurance (ETI, QAA, and Awarding Bodies) and Internal Teaching Controls (Internal Verification, Course Folder Review, KPIs and School Reviews, Student Surveys) remain key to managing this risk. School Balanced Scorecards and an Employee Development Programme is in place and supported through the College VLE and MIS. In addition the Performance Enhancement Programme continued to operate across the College, Self Evaluation Reviews were completed and the Whole College Quality Improvement plan was updated.
Effectiveness of Core ICT Infrastructure and Related Services:	Core ICT systems continued to be delivered through the Northern Ireland College Information System (NICIS) and Northern Ireland Regional Area Network (NIRAN) contracts. NIRAN was replaced by JISC during 2014/15. Other key controls operating in this area include regular monitoring of network performance, firewalls and antivirus counter measures, established back-up processes and procedures and ongoing training and development of staff. Business Continuity and Disaster Recovery arrangements are also in place. One area of particular focus during 2014/15 concerned preparations for changes linked to the extension of the NICIS contract.
Integrity of College Information:	Key data and information policies are in place (Data Protection, FOI, and Network Security) and are reviewed in line with the policy review schedule. There are well established processes for capturing, recording and managing information (students, staff, Management) with extensive use of ICT systems. User id and user access controls, firewalls, backup procedures, contingency arrangements are in place as well as physical security – (locked cabinets, store rooms).
Impacts and Implications of Reclassification of FE Sector:	The College continued to engage with the Department regarding the impacts and implications of operating as a Non Departmental Public Body (NDPB) following ONS reclassification. A revised Management Statement and Financial Memorandum has been issued and will be effective from 1 August 2015.

Summary of Corporate Risks:	Commentary:
Long Term Strategic Planning to Support Engagement between Schools and Colleges:	The College engages proactively with the Department for Employment and Learning, local political representatives and parties, local councils and other key stakeholders to help inform strategic direction and planning. The College actively promotes engagement with schools through the Schools partnership Programme and the Area Learning Communities. Departmental and College strategies and the College Development Planning process are crucial to mitigating and managing this risk. An updated curriculum strategy was developed during 2014/15 and progress continues to be made in respect of the new build estates projects.
Effectiveness of Quality Assurance and Improvement Processes:	The College operates well established quality assurance and improvement processes including Internal Verification, Course Folder Review, KPIs and School Reviews, Student Surveys. In addition external review through ETI, QAA, Awarding Bodies, Internal Audit and External Audit all contribute to managing and mitigating risk in this area. During 2014/15 the Education and Training Inspectorate (ETI) carried out an inspection of the Continuous Development Process operating within Southern Regional College and reported that it was 'very good'.
Effectiveness of Governance and Risk Management Processes:	The College has a risk management policy and procedure which was reviewed and updated during the year. The Committee structure, Articles and Instruments of Government, an effective system of risk registers, healthcheck reporting and internal and external audit reporting are some of the factors that contribute to the effectiveness of the governance and risk management process operating in the College.

Table 10

STAKEHOLDER RELATIONSHIPS

The College has a number of important stakeholders including:

- Students
- The Department for Employment and Learning
- Staff
- Local employers (with specific links)
- Workforce Development Forum
- Sector Skills Councils
- Local schools / councils
- Elected representatives
- Local Enterprise Agencies
- Government offices / Regional Development Agencies
- Local community
- Other FE Institutions
- Universities
- Trade Unions
- Professional bodies

The College recognises the importance of these relationships and engages in regular communication with stakeholders through the College's website, by meetings and participation on a number of external bodies.

The College considers good communication with its staff to be very important and regular meetings are held at campus level. The College uses electronic communication, web conferencing, its intranet, Microsoft Lync and Virtual Learning Environment as the main tools for communicating with all staff. A College electronic newsletter, 'SRCZine', is published monthly and informs staff and students on all College issues including student success stories and activities taking place across all campuses. The Chief Executive updates staff regularly on key developments and initiatives through the use of video blogs. In addition, the College operates a senior management core briefing process through which teams are informed by managers on key developments and performance matters. The College has a Students' Union including campus based student councils through which student issues are raised and addressed with College management. The College also encourages staff and student involvement through membership of the Governing Body.

Equal opportunities and employment of disabled persons

By virtue of Section 75 of the Northern Ireland Act 1998 the Southern Regional College in carrying out all its functions, powers and duties as required having 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;
- men and women generally;
- persons with a disability and persons without; and
- persons with dependents 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 fulfillment 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 Disability Discrimination Act 1995 (the DDA) as amended by the Disability Discrimination Act 1995 (Amendment) Regulations (Northern Ireland) 2004, the Disability Discrimination (Transport Vehicles) Regulations 2005, the Disability Discrimination (Northern Ireland) Order 2006, the Special Educational Needs and Disability (Northern Ireland) Order 2005 (SENDO) and the Special Educational Needs and Disability (Northern Ireland) Order 2005 (Amendment) (Further and Higher Education) Regulations (Northern Ireland) 2006 provides protection for disabled persons against discrimination on the grounds of disability. The College is committed to meeting its obligations as set down in the legislation. The College's Learning Support Policy sets out the commitment to learners with a learning difficulty and/or disability. The College seeks to encourage learners to disclose a learning difficulty and/or disability and to ensure that such learners are protected from discrimination and have equal access, where reasonable, to the full range of College facilities and services.

The College's disability action plan outlines measures to promote positive attitudes towards disabled people and to encourage the participation of disabled people in College life. Specific activities in 2014-15 included:

- re-assessment and achievement of the Action On Hearing Loss (RNID) Louder Than Words Charter mark which was awarded in Recognition of the College's commitment to working with people with hearing loss;
- launch of the new SRC Website. Our website has been designed and developed to adhere to the Web Content Accessibility Guidelines (WCAG) 2.0. All new content added to the Southern Regional College Website has been designed to meet Level AA of the Web Content Accessibility Guidelines 2.0. We worked to ensure that any older content, in addition to new content, conforms to Level AA. We aim to achieve Level AAA conformance wherever possible;
- review of Pre Enrolment Advice Support for students with a disability;
- initial pre-entry assessments by the College's Team of Learning Support Coordinators (LSC) are carried out following disclosure by the student prior to commencing their course to ensure that support measures are in place in advance of a learner beginning his/her programme of study;
- an Individual Support Plan, outlining human and technical support was drawn up for each student by the LSC and forwarded to course co-ordinators following individual needs assessment and receipt of documentary evidence;
- an Individual Support Plan, outlining human and technical support was drawn up for each student by the LSC and implemented on commencement of course and receipt of documentary evidence;
- continuous review of the College's estate and engagement with students, staff and external agencies to identify and resolve any issues of accessibility;
- publication of an accessibility guide for potential users of our buildings;

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 OPERATING AND FINANCIAL REVIEW 2014-15 (Continued)

- access by the Learning Support Team to a range of assistive technology that is deployed to learners as required;
- publication of the College Admissions Policy for all students on the College website and in all prospectuses;
- use of the DEL Additional Support Funding to provide direct learning support to over 1,700 students during 2014-15; and
- counselling and welfare services were described in the Student Diary, and issued to students together with the Complaints and Disciplinary Procedure information at induction.

The College continues to hold the following charter marks:

- RNIB Model of Excellence Charter Mark, recognising the College as a Model of Excellence in relation to how the College supports blind and partially sighted people; and
- Action On Hearing Loss (RNID) Louder Than Words Charter mark which was awarded in Recognition of the College’s commitment to working with people with hearing loss.

Disclosure of Information to Auditors

These accounts are subject to statutory audit by the Comptroller and Auditor General for Northern Ireland.

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

Personal Data Related Incidents

No personal data related incidents occurred during the year.

Charitable and Taxation Status

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

Charitable/Political Donations

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

PROFESSIONAL ADVISERS	
External Auditors	Northern Ireland Audit Office, 106 University Street, Belfast, BT7 1EU
Internal Auditors	KPMG, 17 College Square East, Belfast, BT1 6DH
Bankers	Bank of Ireland, 4-8 High Street, Belfast, BT1 2BA Danske Bank, 58 Hill Street, Newry, BT34 1BD Ulster Bank, Lisburn Business Centre, 18 Bow Street, Lisburn, BT28 1YZ First Trust, 92 Anne’s Street, Belfast, BT1 3AY Santander UK plc, 301 St Vincent Street, Glasgow, G2 5HN
Solicitors	Carson McDowell, Murray House, Murray Street, Belfast, BT1 6DN J Blair Employment Solicitors, 46 Hill Street, Belfast, BT1 2LB Jones Cassidy Solicitors, 220 Ormeau Road, Belfast Arthur Cox Associates, Capital House, 3 Upper Queen Street, Belfast BT1 6PU

Table 11

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OPERATING AND FINANCIAL REVIEW 2014-15 (Continued)

Governing Body Membership for 2014-Year						
Name	Date of Appointment	Term of Office	Date Resigned	Status of Appointment	Committees served	Attendance
Teresa Campbell	20/02/2013	19/02/2017		Member (co-optee)	Finance Gov Body	5 3
Arder Carson	20/02/2013	19/02/2017		Member (co-optee)	Audit Gov Body	4 3
Sinead Challinor	01/08/2011	31/07/2015		Member	Education Gov Body	3 3
Maureen Clark(2)	01/08/2011	31/07/2015	31/07/15	Chair Member	Education Audit Staffing Gov Body	1 1 1 5
Angela Coffey(2)	01/08/2011	31/07/2015	31/07/15	Vice Chair Member	Gov Body Audit Finance Staffing	6 3 6 3
Hugh Cox(2)	01/08/2011	31/07/2015	31/07/15	Chair Member	Audit Education Staffing Gov Body	4 4 1 4
Brian Doran	28/01/2008			Accounting Officer & Chief Executive	Education Finance Staffing Gov Body	4 6 2 6
Eric Ferguson(1)	01/08/2011	31/07/2015		Chair Member	Finance Gov Body	3 1
Gordon Gough	01/08/2011	31/07/2015		Member	Finance Gov Body	3 5
Donald Mackay	01/08/2011	31/07/2015	31/07/15	Member	Audit Staffing Gov Body	3 3 2
Henry McCloy(3)	27/02/2012	26/02/2016	30/06/15	Staff Governor	Audit Gov Body	0 0
Sylvia McRoberts (4)	03/04/2012	02/04/2016		Member	Staffing Gov Body	0 5
Conor Patterson (2)	01/08/2011	31/07/2015	31/07/15	Member	Finance Gov Body	3 2
Michael Purcell (3)	27/02/2012	26/02/2016	31/08/15	Staff Governor Member	Gov Body Finance Education	2 2 2
Andrew Saunders	01/08/2011	31/07/2015		Chair Member	Gov Body Education	5 1
Brigita Margyte	01/09/2015	01/09/2015		Student Governor Member	Gov Body	0
Eileen Wright, OBE (4)	03/04/2012	02/04/2016		Chair Member	Staffing Audit Education Gov Body	3 3 1 4
Nicola Wilson	01/08/2012	31/07/2016		Member	Education Gov Body	1 3

Table 12

SOUTHERN REGIONAL COLLEGE REMUNERATION REPORT

Remuneration Policy

Members of the Governing Body

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

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

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

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

The Chief Executive and Second Tier Officers (Senior Staff)

The Chief Executive and Second Tier Officer appointments are made in accordance with the College's Recruitment and Selection Policy. The policy requires appointments to be made on merit on the basis of fair and open competition.

The Chief Executive and Second Tier Officers hold permanent appointments. The notice period for these post holders is in accordance with their contracts.

Minimum Pay Levels

Minimum pay levels for senior staff on academic salary scales are dependent on College size and vary across the sector.

Progression

There is no incremental progression for the Chief Executive as the post is paid on a one-point scale according to College size. However, if the College size changes the Chief Executive will automatically move to that new salary point.

At initial appointment, the Second Tier Officers are normally placed on the bottom point of the four-point scale relevant to the size of the 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 the Second Tier Officers. If the College increases in size a Second Tier Officer will automatically move to the new relevant salary scale.

Performance Pay

There is no performance pay or related scheme for the Chief Executive or Second Tier Officers.

Total Reward Package

Senior staff within the College have access to the Northern Ireland Teachers' Pension Scheme (NITPS).

Senior staff posts are based on 36 hours per week and post holders have access to the College employment related policies including, Maternity Leave Scheme, Paternity Leave Scheme and 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.

Employment 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 would result in the individual being entitled to receive compensation.

SOUTHERN REGIONAL COLLEGE
REMUNERATION REPORT (Continued)

Salary and Pension Entitlements (Audited)

The following section provides details of the remuneration and pension interests of the most senior management of the College.

Name	Salary 2014-15	Benefits in kind 2014-15	Pension Benefits 2014-15*	Total 2014-15	Salary 2013-14	Benefits in kind 2013-14	Pension Benefits 2013-14*	Total 2013-14
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Brian Doran Chief Executive	£110k- £115k	£0	£26k- £30k	£140k- £145k	£106k- £110k	£0	£16k- £20k	£126k- £130k
John Quinn Director	£80k- £85k	£0	£21k- £25k	£106k- £110k	£76k- £80k	£0	£16-£20k	£96k- £100k
Jim O'Hagan Director	£80k- £85k	£0	£16k- £20k	£100k- £105k	£76k- £80k	£0	£16k- £20k	£96k- £100k
Gerard Devlin Director	£80k- £85k	£0	£16k- £20k	£96k- £100k	£76k- £80k	£0	£11k- £15k	£90k- £95k

Table 13

	2014-15	2013-14
	£'000	£'000
Band of highest paid directors total remuneration	£110k-£115k	£106k-£110k
Median total remuneration	£25,940	24,921
Ratio*	4.5	4.3

Table 14

*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).

- Brian Doran was appointed as Chief Executive on 1 January 2008. Prior to this, he was Deputy Director from 01/08/07 until 31/12/07. Pre merger Mr Doran held the position of Acting Director for Newry and Kilkeel Institute.
- John Quinn was appointed as Director of Business Engagement and External Relations on 2 July 2008.
- Jim O'Hagan was appointed as Director of Finance and Corporate Services on 16 April 2009.
- Gerard Devlin took up the post of Director of Curriculum on 16 September 2011.

Salary

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

Benefits in kind

Senior post holders receive no non-cash benefits (benefits in kind).

Pension Entitlements (Table 15)

Name	Accrued pension at pension age as at 31/7/15 and related lump sum	Real increase in pension and related lump sum at pension age	Value of CETV at 31/07/15	Value of CETV at 31/07/14	Real increase in CETV during year
	£'000	£'000	£'000	£'000	£'000
Brian Doran (Chief Executive)	£35k-£40k plus lump sum of £120k-£125k	£1.5k-£2k plus lump sum of £5.5k-£6k	£790k	£735k	£55k
John Quinn (Director)	£35k-£40k plus lump sum of £110k-£115k	£1k-£1.5k plus lump sum of £4k-£4.5k	£870k	£811k	£58k
Jim O'Hagan (Director)	£5k-£10k plus lump sum of £0	£1k-£1.5k plus lump sum of £0	£109k	£86k	£23k
Gerald Devlin (Director)	£25k-£30k plus lump sum of £75k-£80k	£1k-£1.5k plus lump sum of £3.5k-£4k	£557k	£516k	£41k

SOUTHERN REGIONAL COLLEGE REMUNERATION REPORT (Continued)

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 deficit. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the College annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the college's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the LSC (or equivalent tool).

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NILGOSC pension arrangements and for which the Fund has received a transfer payment commensurate with the additional pension liabilities being assumed. CETV's 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 valuations factors for the start and end of the period.

Compensation for loss of office

John Quinn, Director, has accepted an offer to leave under the Voluntary Exit Scheme terms in March 2016, the compensation payment will be £142k.

SOUTHERN REGIONAL COLLEGE

STATEMENT OF THE RESPONSIBILITIES OF THE GOVERNING BODY FOR THE YEAR ENDED 31 JULY 2015

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

In addition the Governing Body within the terms and conditions of the Financial Memorandum agreed between the Department for Employment and Learning (the Department) and the Governing Body of the College, the Governing Body through its chairman, 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 judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation.

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

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

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

The Governing Body is responsible for ensuring that funds from the Department are used only in accordance with the Financial Memorandum agreed with the Department and other conditions which the Department may from time to time prescribe. The Governing Body must ensure that there are appropriate financial and management controls in place sufficient to safeguard public funds and ensure that they are used only in accordance with the conditions under which they have been made available. In addition, the Governing Body is responsible for securing the economic, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds by the Department are not put at risk.

Approved by order of the Governing Body members on 18th November 2015 and signed on its behalf by:



Chairman
Mr Andrew Saunders

18/11/15
Date

SOUTHERN REGIONAL COLLEGE GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 JULY 2015

Introduction

The Southern Regional College is committed to exhibiting best practice in all aspects of corporate governance. This Governance Statement describes the manner in which the College has complied with guidance from the Department of Finance and Personnel, (DFP) and the Department for Employment and Learning, (DEL) and is aimed at supporting better governance and driving more consistent, coherent and transparent reporting. It sets out the governance structures, risk management and internal control procedures that operated within SRC during the 2014-15 financial year and up to the date of approval of the Annual Report and Accounts.

Governance Framework

The Southern Regional College is a non departmental public body within the budget responsibility and ambit of the Department for Employment and Learning and is an incorporated body whose legal status derives from the Further Education (Northern Ireland) Order 1997. The College operates within a strong framework of regulation, including an instrument of government, articles of government and a financial memorandum issued by the Department for Employment and Learning. In terms of governance, all other documents are subordinate to the Further Education (Northern Ireland) Order 1997 and subject to its provisions.

Not only does the College comply with all mandatory requirements but it also strives to operate that guidance which represents best practice. The purpose of this Statement is to help the reader of the Annual Report and Accounts to obtain an understanding of the governance principles and how they have been applied within the College. The key elements of the governance framework, structures, roles and responsibilities which operates within the College are summarized below.

Governing Body

The College's Governing Body comprises members appointed by the Minister for Employment and Learning, members nominated by the Education and Library Board for the area, staff and students of the College, the Chief Executive Officer (CEO) and members co-opted by the Governing Body. The role of the Chairman of the Governing Body is separate and distinct from the role of the Chief Executive who is the designated Accounting Officer of the College. The Governing Body is responsible for the ongoing strategic direction of the College whilst the Chief Executive and the Executive Team are responsible for the operational management of the College. The Governing Body approves all major developments and receives regular reports on the activities of the College and its subsidiary company. The Governing Body met six times during the 2014-15 year and is supported by a number of committees, including the Staffing Committee, Finance and General Purposes Committee, Education Committee and the Audit Committee. All of these committees are formally constituted with terms of reference and comprise mainly members of the Governing Body.

Minutes of Governing Body meetings are available from the secretary of the Governing Body or on the College website. The secretary to the Governing Body maintains a register of financial and personal interests for the Governing Body members and this is also available for inspection. The business of the Governing Body is formally planned and agendas, papers and reports are supplied to members in a timely manner. None of the members receive any payment for the work they do for the College apart from the reimbursement of expenses.

The Governing Body and each Committee individually and collectively undertakes an annual process of self evaluation and a review of performance and effectiveness, including the quality of information and reports presented to them. In addition minutes and reports of all Committees are presented at Governing Body meetings.

Audit Committee

The Audit Committee operates as an advisory body to the Governing Body and the Accounting Officer and is responsible for reviewing the effectiveness of the College's accounting procedures and systems of internal control. It provides a channel of communication for the College's auditors, which is independent of College management. It has a responsibility to ensure that adequate arrangements are in place to promote economy, efficiency and effectiveness.

SOUTHERN REGIONAL COLLEGE GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 JULY 2015 (Continued)

The Audit Committee promotes high standards of propriety, accountability and financial management within the College and ensures that effective risk management processes are embedded and operating.

The Committee met four times during the 2014-15 year to discuss reports from the External and Internal Auditors and the relevant responses. The College's Internal Auditors and External Auditors were represented at all Audit Committee meetings. The Committee also receives and considers any reports from the Department for Employment and Learning and reviews the College's annual financial statements to ensure compliance with legislation and accounting standards. Whilst Executive Officers and other officials attend meetings of the Audit Committee as necessary, they are not members of the Committee. The Committee can meet with both the internal and external auditors on their own for independent discussions.

Finance and General Purposes Committee

The Finance and General Purposes Committee inter alia has oversight of all matters relating to the finance and accounts of the College and the receipt of its income and expenditure. The main business of the Finance and General Purposes Committee is to monitor, determine and advise the Governing Body on the College's solvency, recommend for approval the annual estimate of income and expenditure, and monitor performance in relation to the approved budget. During 2014-15 the Committee also considered updates on the efficiency Delivery Plan, business cases for approval and reviewed a number of policies including the fees policy and the annual schedule of fees. The Committee also considers other matters as the Governing Body may from time to time remit to it. The Committee met six times during the 2014-15 year.

Staffing Committee

The Staffing Committee is responsible for dealing with issues in relation to the recruitment, appointment, promotion and grading of all staff, other than senior management. Over the course of the year the work of the Committee also included receiving the annual key performance indicator report, monitoring the delivery of the Employee Development plan and approving a new plan for the following year and receiving an update on the Investors in People rolling review. The Committee met three times during the 2014-15.

Education Committee

The Education Committee is responsible for overseeing the curricular provision of the College, especially the nature, quality and performance of the provision and the extent to which it meets the needs of the community the College seeks to serve. In particular it considers the impact of strategic proposals, the broader educational environment and current and topical issues that have the potential to impact on educational, vocational and curricular provision. The Committee met four times during the 2014-15 year.

Governing Body Performance and Effectiveness

It is a requirement of the Department for Employment and Learning to assess the performance of each member of the Governing Body on an annual basis and this process is ongoing for the 2014-15 financial year. In addition each Committee of the Governing Body undertakes an annual process of self evaluation and a review of performance and effectiveness, including the quality of information received and presents a report to the Governing Body for consideration.

A schedule of membership and attendance at Governing Body and Committee meetings for the 2014-15 year is shown in the table below. In total there were twenty three meetings of the Governing Body and its various sub committees during 2014-15. Average attendance recorded at Governing Body meetings during 2014-15, excluding staff and student representatives was 63.3%.

SOUTHERN REGIONAL COLLEGE
GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 JULY 2015 (Continued)

Name	Office	Governing Body	Audit Comm	Education Comm	Staffing Comm	Finance & General Purposes Comm
Number of meetings held during 2014-15		6	4	4	3	6
Mr Andrew Saunders	Chair	5		1		
Mrs Maureen Clark		5	1	1	1	
Mr Hugh Cox		4	4	4	1	
Mr Eric Ferguson		1				3
Mrs Eileen Wright		4	3	1	3	
Mr Brian Doran	Chief Executive	6		4	2	6
Mrs Teresa Campbell		3				5
Mr Arder Carson		3	4			
Mrs Sinead Challinor		3		3		
Mrs Angela Coffey		6	3		3	6
Mr Gordon Gough		5				3
Mr Henry McCloy	Staff representative	0	0			
Mr Donald McKay		2	3		3	
Mrs Sylvia McRoberts		5			0	
Dr Conor Patterson		2				3
Mr Michael Purcell	Staff representative	2		2		2
Mrs Nicola Wilson		3		1		
Ms Brigita Margyte	Student Representative	0				

Table 16

In conclusion the Governing Body and Committees of the Southern Regional College met regularly and conducted business effectively during 2014-15.

Chief Executive and Accounting Officer and the Senior Management Team

The Chief Executive exercises considerable influence upon the development of strategy, the identification and planning of new developments and the shaping of the College ethos. The Chief Executive is supported in this role by an Executive Team comprising the Director of Curriculum, the Director of Business Engagement and External Relations and the Director of Finance and Corporate Services all of whom contribute in various ways to these aspects of the work, but the ultimate responsibility for what is done rests with the Chief Executive and Accounting Officer. In addition to the Executive Team there is a Senior Management Team (SMT) which comprises the Chief Executive, the three Executive Directors and eight Assistant Directors. The Executive Team and the Senior Management Team meet on a monthly basis to discuss, review and progress a range of strategic and operational matters.

The Chief Executive is the designated Accounting Officer of the College and has responsibility for maintaining a sound system of internal control and risk management that supports 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, in accordance with the responsibilities assigned to him in Managing Public Money Northern Ireland. In his capacity as Accounting Officer he can be summoned to appear before the Public Accounts Committee of the Northern Ireland Assembly.

Risk Management and the System of Internal Control

There is an ongoing process for identifying the principal risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. This process has been in place and has operated for the year ended 31 July 2015.

The following actions are taken in relation to the operation of risk management and reviewing the effectiveness of the systems of internal control:

- The Governing Body and its supporting Committees met on a regular basis to provide strategic oversight and to monitor performance and achievement against plans, targets and budgets;
- There is clear definition of the responsibilities and authority of the Governing Body, Committees and the Executive;
- A Corporate Risk Register which incorporates the key risks at College level is maintained;
- The Executive Team, acting as the College's designated Risk Management Committee, formally reviews and assesses corporate risks on a regular basis;
- Functional Risk Registers are maintained and reviewed on a regular basis by College managers and are subject to scrutiny by the Risk Management Committee;
- Management is proactive in implementing internal and external audit recommendations and operates a system to monitor and report progress;
- The Chief Executive provides update reports to the Governing Body on progress in respect of the implementation of the College Development Plan and corporate balanced scorecard and key targets and performance indicators;
- A report on risk management is submitted to the Governing Body through the Audit Committee annually in September;
- The Audit Committee receives reports from the independent Internal Auditors on the adequacy and effectiveness of the College's system of internal control with recommendations, as appropriate, for improvements;
- The College Development Plan (CDP), Corporate Plan and Balanced Scorecard sets the framework of strategic aims and objectives against which risks are assessed and performance is monitored and reported; and
- The College has a Risk Management policy that is reviewed and updated on a regular basis.

The key risks monitored and managed through the Corporate Risk Register during 2014-15 included:

- Financial Viability and Optimisation of College Resources
- Positive Reputation of the College
- Non Compliance with Policies, Procedures and Statutory Requirements, Safe working environment and Health & Safety Legislation
- Effectiveness of the Delivery of Education and Training
- Effectiveness of Core ILT Infrastructure and Related Services
- Integrity of College Information
- Impacts and Implications of Reclassification of FE Sector
- Long Term Strategic Planning to Support Engagement between Schools and Colleges
- Effectiveness of Quality Assurance and Improvement Processes
- Effectiveness of Governance and Risk Management Processes

The most significant emerging risk relates to the impact of potential future budget reductions.

SOUTHERN REGIONAL COLLEGE
GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 JULY 2015 (Continued)

Internal Audit is a key element that contributes to the effectiveness of risk management, control and governance processes within the College. In line with Public Sector Internal Audit Standards (PSIAS) a three year Internal Audit Strategy is in place and flowing from this the Internal Audit Operational Plan for 2014-15 saw the completion of a programme of work that provided positive assurance in nine areas. A summary of the internal audit work and the assurance ratings for each is included below:

Internal Audit Operational Plan and Assurance Ratings 2014-15	
Area Reviewed:	Assurance Rating:
Information Technology General Control Environment (including overview of Business Continuity and Disaster Recovery Arrangements)	Substantial
Administration and Management of Examinations	Substantial
Curriculum Planning / School management, including Quality Assurance processes	Substantial
Data Protection	Substantial
Core Financial Processes - Payments to Creditors - Month-end Close Procedures	Substantial Substantial
Procurement	Substantial
Strategic and Corporate Planning	Substantial
Human Resources	Substantial

Table 17

Internal Audit assurance rating “Substantial” indicates their opinion that there is a robust system of governance, risk management and control which should ensure that objectives are fully achieved.

Follow-up reviews conducted during 2014-15 indicated good progress with regard to implementing outstanding recommendations. The status of Internal Audit recommendations is set out in the table below and shows that out of a total of 21 recommendations 19 have been addressed, including all priority 1 issues, with 2 remaining to be addressed.

Progress in Respect of Internal Audit Recommendations 2014-15				
	Priority 1	Priority 2	Priority 3	Total
Recommendations brought forward from prior year reviews	-	5	11	16
Prior year recommendations addresses / superseded as at 10 Sept 2015	-	(5)	(10)	(15)
Total prior year issues requiring further attention	-	-	1	1
New recommendations raised in 2014-15 as at 10 Sept 2015	-	3	2	5
Current year issues which have already been addressed	-	(3)	(1)	(4)
Recommendation carried forward to be addressed as at 10 Sept 2015	-	-	2	2

Table 18

Based on the work performed during 2014-15 Internal Audit has provided a substantial assurance over the internal control environment at Southern Regional College as at the year end.

SOUTHERN REGIONAL COLLEGE
GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 JULY 2015 (Continued)

Information Assurance

Effective information security is a key priority for the College and it recognises that appropriate principles of information security must be applied to the information it holds. A framework has been established including policies and procedures which identify key roles and responsibilities and the monitoring and reporting processes to be followed. Processes and controls over information are regularly reviewed to ensure compliance with best practice. There were no incidents reported during 2014-15 where access to personal data did not comply with Data Protection requirements.

Fraud Reporting

The College has a detailed Anti-Fraud Policy and Fraud Response Plan which is revised and updated on a regular basis. The Anti-Fraud Policy and Fraud Response Plan sets out the definition of fraud, details the responsibilities regarding the prevention of fraud and highlights the procedures to be followed in the event of a fraud being detected or suspected. The Anti-Fraud Policy is included as mandatory training for all staff.

The College reports all suspected or detected frauds to the Department for Employment and Learning in line with Appendix D (Section 3) of the 'Financial Memorandum between the Department for Employment and Learning and the Further Education Colleges'. During 2014-15 the College had one instance of a suspected or detected fraud.

The College participates in the National Fraud Initiative (NFI). This is a major data matching exercise undertaken every two years which enables public audit agencies in the UK to participate in cross-jurisdictional data matching for the purposes of identifying fraud, error and overpayment.

Whistleblowing

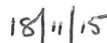
The College has a Whistleblowing Policy which is revised and updated on a regular basis. The Policy provides individuals with a process to facilitate the reporting of concerns and suspected wrongdoing within the College and highlights the protection afforded to those who disclose concerns under the Public Interest Disclosure (NI) Order 1998. The Whistleblowing Policy is included as mandatory training for all staff. During 2014-15 the College had no incidents reported under the Whistleblowing Policy. The College did however receive two anonymous external disclosures referred to it by the Department for Employment and Learning. These were considered in line with the College Whistleblowing Policy and a response was provided back to the Department. Neither incident merited any further action.

Significant Governance Issues

The review of the effectiveness of the systems and processes that comprise the governance framework demonstrates that governance arrangements within Southern Regional College are operating effectively. There are no significant internal control or non compliance issues to report in respect of the 2014-15 financial year.



Accounting Officer



Date

I certify that I have audited the financial statements of the Southern Regional College for the year ended 31 July 2015 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. These comprise the Income and Expenditure Account, Balance Sheet, Cash Flow Statement, Statement of Historical Surpluses and Deficits, Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Governing Body and auditor

As explained more fully in the Statement of Responsibilities of the Governing Body, the Governing Body is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the 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 Southern Regional College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Southern 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 Southern Regional College's affairs as at 31 July 2015 and of its deficit, cash flows and total recognised gains and losses for the year then ended; and
- the financial statements have been properly prepared in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008 and the Department for Employment and Learning directions issued thereunder.

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.



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

26 November 2015

SOUTHERN REGIONAL COLLEGE
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 JULY 2015

	Notes	2015 £'000	2014 £'000
INCOME			
Department for Employment and Learning grants	2	29,140	28,521
Education contracts	3	6,604	8,062
Tuition fees and charges	4	2,157	2,268
Other grant income	5	858	1,105
Other operating Income	6	727	1,029
Investment income	7	359	392
Total income		39,845	41,377
EXPENDITURE			
Staff costs	8	(25,934)	(26,821)
Other operating expenses	10	(12,342)	(14,150)
Interest Payable	11	-	-
Depreciation	14	(2,852)	(2,362)
Total expenditure before exceptional items		(41,128)	(43,333)
Deficit on continuing operations after depreciation of assets at valuation and before tax and before exceptional items		(1,283)	(1,956)
Exceptional items			
Exceptional Income – DEL Grant	2	2,689	-
Exceptional costs - staff	8	(2,695)	(346)
		(6)	(346)
Deficit on continuing operations after depreciation of assets at valuation and before tax		(1,289)	(2,302)
Taxation	12	(3)	(2)
Deficit on continuing operations after depreciation of assets at valuation and tax	13	(1,292)	(2,304)

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.

SOUTHERN REGIONAL COLLEGE
CONSOLIDATED STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS FOR THE YEAR ENDED
31 JULY 2015

	Notes	2015	2014
		£'000	£'000
Deficit on continuing operations after depreciation of assets at valuation and tax		(1,292)	(2,304)
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	20	1,991	1,744
Realisation of property revaluation gains of previous years		-	-
		-----	-----
Historical cost surplus/(deficit) for the year		699	(560)
		=====	=====

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

SOUTHERN REGIONAL COLLEGE
CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED
31 JULY 2015

	Notes	2015 £'000	2014 £'000
Deficit on continuing operations after depreciation of assets at valuation and tax		(1,292)	(2,304)
Unrealised (loss)/surplus on revaluation of fixed assets	20	(6,149)	4,697
Actuarial gain/(loss) in respect of pension scheme	22	3,377	(4,047)
		<hr/>	<hr/>
Total recognised losses since last report		<u>(4,064)</u>	<u>(1,654)</u>
Reconciliation			
Opening reserves		65,938	67,592
Total recognised losses for the year		(4,064)	(1,654)
		<hr/>	<hr/>
Closing reserves		<u>61,874</u>	<u>65,938</u>

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

SOUTHERN REGIONAL COLLEGE
BALANCE SHEET AS AT 31 JULY 2015

	Notes	Group 2015 £'000	College 2015 £'000	Group 2014 £'000	College 2014 £'000
Fixed assets					
Tangible assets	14	53,500	52,823	60,914	60,241
Investments	15	-	-	2,000	2,000
Total Fixed Assets		53,500	52,823	62,914	62,241
Debtors – Amounts falling due after more than one year	16	-	180	-	180
Current assets					
Debtors	17	5,244	5,226	2,612	2,603
Cash at bank and in hand		14,456	14,378	11,398	11,322
Total current assets		19,700	19,604	14,010	14,105
Less: Creditors – amounts falling due within one year	18	(4,684)	(4,670)	(2,442)	(2,432)
Net current assets		15,016	14,934	11,568	11,673
Total assets less current liabilities		68,516	67,937	74,482	73,914
Net assets excluding pension liability		68,516	67,937	74,482	73,914
Net pension liability	22	(4,139)	(4,139)	(7,136)	(7,136)
Net assets including pension liability		64,377	63,798	67,346	66,778
Deferred capital grants	19	2,503	1,930	1,408	822
Reserves					
Income and expenditure account excluding pension reserve	21	19,154	19,188	18,075	18,113
Pension reserve	22	(4,139)	(4,139)	(7,136)	(7,136)
Income and expenditure account including pension reserve	21	15,015	15,049	10,939	10,977
Revaluation reserve	20	46,859	46,819	54,999	54,979
Total reserves		61,874	61,868	65,938	65,956
Total		64,377	63,798	67,346	66,778

The financial statements on pages 60-93 were approved by the Governing Body of Southern Regional College on 18th November 2015 and were signed on its behalf on that date by:

Mr A Saunders 

Mr B Doran 

Chair of Governing Body

Accounting Officer

Southern Regional College

Southern Regional College

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

SOUTHERN REGIONAL COLLEGE
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2015

	Notes	2015 £'000	2014 £'000
Cash inflow/(outflow) from operating activities	23	1,111	(55)
Returns on investments and servicing of finance	24	123	213
Taxation	12	(3)	(2)
Capital expenditure and financial investment	25	1,827	(515)
		<hr/>	<hr/>
Increase/(decrease) in cash in the year		<u>3,058</u>	<u>(359)</u>
 Reconciliation of net cash flow to movement in net funds			
Increase/(decrease) in cash in the period		3,058	(359)
Net funds at 1 August		<hr/> 11,398	<hr/> 11,757
Net funds at 31 July		<u>14,456</u>	<u>11,398</u>

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

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

1. ACCOUNTING POLICIES

Statement of accounting policies

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

Basis of preparation

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

Basis of accounting

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

Going Concern

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

The College currently has no borrowings. The College's forecasts and financial projections indicate that it will not require any borrowings for the foreseeable future.

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

Basis of consolidation

In accordance with Financial Reporting Standard (FRS) 2 (amended), the consolidated financial statements of Southern Regional College include the College and its subsidiary, Greenshoots-Newry Limited. Intra-group sales and profits are eliminated fully on consolidation. All financial statements are made up to 31 July 2015.

Recognition of income

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

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

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

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

1. ACCOUNTING POLICIES (continued)

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 schemes 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 income and expenditure account or the statement of total recognised gains and losses, in accordance with FRS 17.

Tangible Fixed Assets

- **Land and buildings**

Land and buildings (including those inherited from the Education and Library Board) are stated in the balance sheet at valuation on the basis of depreciated replacement cost (inclusive of non-recoverable 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. Properties which are surplus to requirements are valued on the basis of market value. 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 Land and Property Services. Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis which is consistent with the depreciation policy.

- **Assets Under Construction**

Assets under construction were accounted for at costs incurred to 31 July 2015. They are not depreciated until they are brought into use.

1. ACCOUNTING POLICIES (continued)

Tangible Fixed Assets (continued)

- **Assets other than land and buildings**

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

These assets are depreciated as follows:

Computers	-	three years straight line or over their useful economic lives
Fixtures and Fittings	-	five years straight line or over their useful economic lives
Motor vehicles	-	four years straight line or over their useful economic lives
Plant and equipment	-	five years straight line or over their useful economic lives

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

Leased Assets

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

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 generally unable to recover input VAT it suffers on goods and services provided.

Liquid Resources

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

Agency Arrangements

The College acts as an agent in the collection and payment of Hardship Funds. Related payments received from DEL and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 33. The College administers the Learner Support Fund applications and payments through a Student Hardship Committee in line with the recommendations from DEL.

2. DEPARTMENT FOR EMPLOYMENT AND LEARNING GRANTS

	2015	2014
	£'000	£'000
Recurrent grant	26,770	26,943
Release of deferred capital grants	306	80
Additional support funds	655	627
Education maintenance allowance administration (EMA)	41	44
Learner access and engagement	24	3
Care to learn	84	140
Innovation fund	285	304
Students with learning difficulties and/or disabilities (SLDD)	-	-
Other	975	380
	<u>29,140</u>	<u>28,521</u>
Exceptional Grant – Voluntary Exit Scheme	2,689	-
Total	<u>31,829</u>	<u>28,521</u>

3. EDUCATION CONTRACTS

	2015	2014
	£'000	£'000
Entitlement framework	1,585	1,700
Training for success	4,993	6,106
Steps to work	26	101
Training - other	-	155
Total	<u>6,604</u>	<u>8,062</u>

4. TUITION FEES AND CHARGES

	2015	2014
	£'000	£'000
Higher Education (HE)	1,093	1,155
Home and other European Union	1,063	1,111
Non-European Union	1	2
Total	2,157	2,268

Tuition fees funded by bursaries

The College has no tuition fees funded by bursaries.

5. OTHER GRANT INCOME

	2015	2014
	£'000	£'000
European funds	225	420
Other funds	633	685
Total	858	1,105

6. OTHER OPERATING INCOME

	2015	2014
	£'000	£'000
Catering and residence operations	33	69
Other income generating activities	452	460
Other income	242	500
Total	727	1,029

7. INVESTMENT INCOME

	2015	2014
	£'000	£'000
Other investment income	5	63
Other interest receivable	118	150
FRS17 pension finance income (Note 22)	236	179
Total	359	392

8. STAFF COSTS

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

	2015	2014
	No.	No.
Teaching	359	380
Support	140	140
Administration	171	191
Premises	22	24
Total	692	735

	2015	2014
	£'000	£'000
Teaching	15,658	16,337
Support	3,301	3,354
Administration	5,757	6,254
Premises	602	634
FRS 17 adjustment (note 22)	616	242
	25,934	26,821
Exceptional staff costs	2,695	346
Total	28,629	27,167

8. STAFF COSTS (continued)

	2015	2014
	£'000	£'000
Wages and salaries	20,837	22,148
Social security costs	1,290	1,398
Other pension costs (including FRS 17 adjustments)	3,807	3,275
	<u>25,934</u>	<u>26,821</u>
Exceptional staff costs – redundancy cost	2,695	346
Total	<u>28,629</u>	<u>27,167</u>

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

	Senior post-holders		Other staff	
	2015	2014	2015	2014
	No.	No.	No.	No.
£60,001 to £70,000	-	-	7	7
£70,001 to £80,000	-	-	3	2
£80,001 to £90,000	-	1	-	-
£90,001 to £100,000	3	2	-	-
£100,001 to £110,000	-	-	-	-
£110,001 to £120,000	-	-	-	-
£120,001 to £130,000	1	1	-	-
Total	<u>4</u>	<u>4</u>	<u>10</u>	<u>9</u>

9. SENIOR POST HOLDERS EMOLUMENTS

Senior post-holders are defined as the Chief Executive and holders of the other senior posts whom the Governing Body has selected for the purposes of the articles of government of the College relating to the appointment and promotion of staff who are appointed by the Governing Body.

	2015	2014
	No.	No.
The number of senior post-holders including the Chief Executive was:	4	4
	<u> </u>	<u> </u>

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

	2015	2014
	£'000	£'000
Salaries	357	346
Benefits in kind	-	-
Pension contributions	53	47
Total emoluments	410	393
	<u> </u>	<u> </u>

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

	2015	2014
	£'000	£'000
Salaries	111	108
Benefits in kind	-	-
	<u> </u>	<u> </u>
	111	108
Pension contributions	17	15
Total	128	123
	<u> </u>	<u> </u>

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

9. SENIOR POST HOLDER EMOLUMENTS (continued)

Compensation for loss of office to a senior post-holder

	2015	2014
	£'000	£'000
Compensation to be paid to the post-holder	142	-
Estimated value of other benefits, including pension benefits	-	-
Total emoluments	142	-

The severance payment was approved by the college's Governing Body under the Voluntary Exit Scheme.

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

10. OTHER OPERATING EXPENSES

	2015	2014
	£'000	£'000
Direct teaching	1,520	1,790
Direct support	3,562	4,481
Administration	1,952	2,211
Consultancy Fees	-	46
Premises	5,308	5,622
Total	12,342	14,150

Other operating expenses include:	2015	2014
	£'000	£'000

Auditors' remuneration:

Financial statements audit	22	22
Internal audit	21	26
Other services provided by the Financial Statements auditors	2	-
Other services provided by the internal auditors	4	5
Hire of other assets – operating leases	86	86

11. INTEREST PAYABLE

	2015	2014
	£'000	£'000
Pension finance costs (note 22)	-	-
Total	<u>-</u>	<u>-</u>

12. TAXATION

The corporation tax payable was in respect of the activities of Greenshoots-Newry Limited. The members do not believe the College was liable for any corporation tax arising out of its activities during this period.

	2015	2014
	£'000	£'000
Tax Payable	<u>3</u>	<u>2</u>

13. DEFICIT ON CONTINUING OPERATIONS FOR THE YEAR

	2015	2014
	£'000	£'000
The deficit on continuing operations for the year is made up as follows:		
College's deficit for the year	(1,295)	(2,311)
Retained by subsidiary undertaking	3	7
Total	<u>(1,292)</u>	<u>(2,304)</u>

14. TANGIBLE FIXED ASSETS

GROUP

	Freehold land & buildings	Assets under construction	Plant & equipment	Computers	Fixtures & fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation							
At 1 August 2014	63,594	79	2,776	2,523	2,062	260	71,294
Additions	-	612	683	204	16	72	1,587
Disposals	-	-	(61)	(1,576)	-	(136)	(1,773)
Deficit on Revaluation	(12,298)	-	-	-	-	-	(12,298)
At 31 July 2015	51,296	691	3,398	1,151	2,078	196	58,810
Depreciation							
At 1 August 2014	3,940	-	2,397	2,288	1,536	219	10,380
Charge for the year	2,209	-	270	150	182	41	2,852
Elimination in respect of disposals	-	-	(61)	(1,576)	-	(136)	(1,773)
Revaluation at July 2015	(6,149)	-	-	-	-	-	(6,149)
At 31 July 2015	0	0	2,606	862	1,718	124	5,310
Net book value							
at 31 July 2015	51,296	691	792	289	360	72	53,500
Net book value at 31 July 2014	59,654	79	379	235	526	41	60,914

14. TANGIBLE FIXED ASSETS (continued)**COLLEGE**

	Freehold land & buildings	Assets under construction	Plant & equipment	Computers	Fixtures & fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation							
At 1 August 2014	62,777	79	2,776	2,520	2,055	260	70,467
Additions	-	612	683	204	16	72	1,587
Disposals	-	-	(61)	(1,573)	-	(136)	(1,770)
Deficit on revaluation	(12,159)	-	-	-	-	-	(12,159)
At 31 July 2015	50,618	691	3,398	1,151	2,071	196	58,125
Depreciation							
At 1 August 2014	3,797	-	2,398	2,283	1,529	219	10,226
Charge for the year	2,192	-	270	150	182	41	2,835
Elimination in respect of disposals	-	-	(61)	(1,573)	-	(136)	(1,770)
Revaluation at July 2015	(5,989)	-	-	-	-	-	(5,989)
At 31 July 2015	0	0	2,607	860	1,711	124	5,302
Net book value							
at 31 July 2015	50,618	691	791	291	360	72	52,823
Net book value at							
31 July 2014	58,980	79	378	237	526	41	60,241

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 Service, in accordance with Department specifications. Subsequently that revaluation was updated using indices supplied by the Land and Property Service to provide a valuation as at 31 July 2013 and 31 July 2014. An interim revaluation has been carried out by Land and Property Service in August 2015 providing the valuation as at 31 July 2015. These revaluations have been incorporated into the financial statements and the resulting revaluation adjustments have been taken to the revaluation reserve.

14. TANGIBLE FIXED ASSETS (continued)

There are four surplus assets have been valued as follows:– premises at Lisanally Lane, Armagh valued at £100k, premises at Station Road, Armagh valued at £300k, premises at Corry Square, Newry valued at £125k and premises at Scarva Road, Banbridge valued at £275k.

If land and buildings (including those that were inherited) had not been revalued they would have been included at the following amounts:

	2015	2014
	£'000	£'000
If land and buildings (including those that were inherited) had not been revalued they would have been included at the following amounts:		
Cost	8,683	8,062
Aggregate depreciation based on cost	(4,197)	(3,995)
Net book value based on cost	<u>4,486</u>	<u>4,067</u>

15. INVESTMENTS

	2015	2014
	£'000	£'000
Investment	<u>-</u>	<u>2,000</u>

This loan plus accumulated interest was repaid in full by Belfast Metropolitan College on 28th August 2014.

16. DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	College	Group	College
	2015	2015	2014	2014
	£'000	£'000	£'000	£'000
Long term debtors				
Amounts due from subsidiary	<u>-</u>	<u>180</u>	<u>-</u>	<u>180</u>

The £180k due relates to a loan to Greenshoots-Newry Limited. The loan of £180k will be repaid on the winding up of the company Greenshoots-Newry Limited or at the request of the College after giving twelve months notice. No interest is charged on this loan. If the loan has not been repaid after 15 years then repayment terms will be agreed.

17a. DEBTORS

	Group	College	Group	College
	2015	2015	2014	2014
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	228	221	363	356
Amounts owed by group undertakings:				
Subsidiary undertakings	-	3	-	-
Prepayments and accrued income:	5,016	5,001	2,249	2,247
Total debtors	5,244	5,226	2,612	2,603

17b. DEBTORS: INTRA-GOVERNMENT BALANCES

	Group	College	Group	College
	2015	2015	2014	2014
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Balances with central government bodies	4,467	4,467	1,441	1,437
Balances with local authorities	1	1	7	7
Subtotal: intra-government balances	4,468	4,468	1,448	1,444
Balances with bodies external to government	776	758	1,164	1,159
Total debtors	5,244	5,226	2,612	2,603

18a. CREDITORS: AMOUNTS FALLING DUE IN LESS THAN 1 YEAR

	Group	College	Group	College
	2015	2015	2014	2014
	£'000	£'000	£'000	£'000
Trade creditors	965	960	960	954
Taxation and social security	4	3	33	32
Payments received in advance:	476	476	528	528
Accruals and deferred income:	3,238	3,231	921	918
Total	4,684	4,670	2,442	2,432

18b. CREDITORS: AMOUNTS FALLING DUE IN LESS THAN 1 YEAR – INTRA-GOVERNMENT BALANCES

	Group	College	Group	College
	2015	2015	2014	2014
	£'000	£'000	£'000	£'000
Balances with central government bodies	241	241	481	481
Balances with local authorities	2	2	12	12
Subtotal: intra-government balances	<u>243</u>	<u>243</u>	<u>493</u>	<u>493</u>
Balances with bodies external to government	4,441	4,427	1,949	1,939
Total	<u>4,684</u>	<u>4,670</u>	<u>2,442</u>	<u>2,432</u>

19. DEFERRED CAPITAL GRANTS**GROUP**

	DEL	Other	
	Grants	Grants	Total
	£'000	£'000	£'000
At 1 August 2014			
Land and buildings	725	586	1,311
Other assets	97	-	97
Cash received			
Land and buildings	472	-	472
Other assets	942	-	942
Released to income and expenditure account			
Land and buildings	(40)	(13)	(53)
Other assets	(266)	-	(266)
Total	<u>1,930</u>	<u>573</u>	<u>2,503</u>
At 31 July 2015			
Land and buildings	1,157	573	1,730
Other assets	773	-	773
Total	<u>1,930</u>	<u>573</u>	<u>2,503</u>

19. DEFERRED CAPITAL GRANTS (continued)

COLLEGE

	DEL Grants £'000	Other Grants £'000	Total £'000
At 1 August 2014			
Land and buildings	725	-	725
Other assets	97	-	97
Cash received			
Land and buildings	472	-	472
Other assets	942	-	942
Released to income and expenditure account			
Land and buildings	(40)	-	(40)
Other assets	(266)	-	(266)
Total	1,930	-	1,930
At 31 July 2015			
Land and buildings	1,157	-	1,157
Other assets	773	-	773
Total	1,930	-	1,930

20. REVALUATION RESERVE

	Group	College	Group	College
	2015	2015	2014	2014
	£'000	£'000	£'000	£'000
At 1 August 2014	54,999	54,979	52,046	52,046
Revaluations in the period (as per note 14)	(6,149)	(6,170)	4,697	4,677
Transfer from revaluation reserve to general reserve in respect of:				
Depreciation on revalued assets	(1,991)	(1,990)	(1,744)	(1,744)
At 31 July 2015	46,859	46,819	54,999	54,979

21. MOVEMENT ON GENERAL RESERVE

	Group	College	Group	College
	2015	2015	2014	2014
	£'000	£'000	£'000	£'000
At 1 August 2014	10,939	10,977	15,546	15,591
Deficit retained for the year	(1,292)	(1,295)	(2,304)	(2,311)
Transfer from revaluation reserve				
Relating to current year	1,991	1,990	1,744	1,744
Actuarial (loss)/gain in respect of pension scheme	3,377	3,377	(4,047)	(4,047)
At 31 July 2015	15,015	15,049	10,939	10,977
Balance represented by:				
Pension reserve	(4,139)	(4,139)	(7,136)	(7,136)
Income and expenditure account reserve excluding pension reserve	19,154	19,188	18,075	18,113
At 31 July 2015	15,015	15,049	10,939	10,977

22. PENSIONS AND SIMILAR OBLIGATIONS

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

Total pension cost for the year charged to staff costs

	2015	2014
	£'000	£'000
NITPS: contributions paid	2,013	1,878
NILGOSC: Contributions paid	1,178	1,155
NILGOSC: FRS 17 charge	616	242
NILGOSC: charge to the income and expenditure account (staff costs)	1,794	1,397
Total pension cost for year charged to staff costs (note 8)	3,807	3,275

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 section pension schemes (including the NITPS) from 31st March 2015 and the establishment of new schemes based on a career average re-valued earning 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.

22. PENSIONS AND SIMILAR OBLIGATIONS (continued)

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

Salary*	August 2014– March 2015
Below £15,000	6.4%
£15,001 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%

*contributions are based on full-time equivalent (FTE) pay levels.

The employer contribution rates increased to 17.7% from 1 April 2015. On 1st April 2015 the salary bands applicable to member contribution 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 salary.

Salary	April 2015- July 15
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%

FRS 17

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

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

22. PENSIONS AND SIMILAR OBLIGATIONS (continued)

NILGOSC

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

FRS 17

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 July 2015 by a qualified actuary.

Principal actuarial assumptions

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

	At 31 July 2015	At 31 July 2014
	%	%
Pension increase rate	2.1	2.7
Salary increase rate	3.6	4.2
Expected return on assets	n/a*	5.9
Discount rates for liabilities	3.6	4.0

**The adoption of FRS102 in the next accounting period removes the requirement to recognise an expected return on assets item in the profit and loss charge. This item will be replaced with a net financing charge which is based on the discount rate assumption. As the expected return on assets is based on the assumption at the start of the accounting period, assumptions for the expected return on assets are not required at 31 July 2015.*

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

	At 31 July 2015	At 31 July 2014
Retiring today		
Males	22.2	22.0
Females	24.7	24.5
Retiring in 20 years		
Males	24.4	24.2
Females	27.0	27.7

22. PENSIONS AND SIMILAR OBLIGATIONS (continued)

The assets and liabilities in the scheme and the expected rates of return were:

	Value at 31 July 2015	Long-term rate of return expected at 31 July 2014	Value at 31 July 2014
	£'000		£'000
Equities	24,427	6.6%	21,032
Bonds	3,758	3.3%	3,411
Property	4,022	4.7%	3,411
Cash	758	3.6%	568
	<u>32,965</u>		<u>28,422</u>
Total market value of assets			
Present value of scheme liabilities	<u>(37,104)</u>		<u>(35,558)</u>
Deficit in the scheme	<u>(4,139)</u>		<u>(7,136)</u>

The amounts recognised in the balance sheet are as follows:

	2015	2014
	£'000	£'000
Present value of funded obligations	(37,097)	(35,551)
Fair value of plan assets	32,965	28,422
	<u>(4,132)</u>	<u>(7,129)</u>
Present value of unfunded obligations	(7)	(7)
Net Liability	<u>(4,139)</u>	<u>(7,136)</u>

Analysis of the amount (credited)/charged to income and expenditure account

	2015	2014
	£'000	£'000
Employer service cost (net of employee contributions)	1,815	1,397
Past Service Cost	-	-
Total operating charge	<u>1,815</u>	<u>1,397</u>

22. PENSIONS AND SIMILAR OBLIGATIONS (continued)**Analysis of pension finance income**

	2015	2014
	£'000	£'000
Expected return on pension scheme assets	1,696	1,565
Interest on pension liabilities	(1,460)	(1,386)
Pension finance income	236	179
Actual return on plan assets	3,252	2,330

Amount recognised in the statement of total recognised gains and losses (STRGL)

	2015	2014
	£'000	£'000
Actual return less expected return on pension scheme assets	1,556	(783)
Experience gains and losses arising on the scheme liabilities	-	-
Change in financial and demographic assumptions underlying the scheme liabilities	1,821	(3,264)
Actuarial gain/(loss) recognised in STRGL	3,377	(4,047)

Movement in (deficit) during the year

	2015	2014
	£'000	£'000
Surplus/(Deficit) in scheme at 1 August	(7,136)	(3,026)
Employer service cost (net of employee contributions)	(1,815)	(1,397)
Employer contributions	1,204	1,155
Past service cost	-	-
Curtailment	(5)	-
Net Interest/return on assets	236	179
Actuarial gains/(loss) recognized in STRGL	3,377	(4,047)
Deficit in scheme at 31 July	(4,139)	(7,136)

22. PENSIONS AND SIMILAR OBLIGATIONS (continued)**Asset and liability reconciliation**

	2015	2014
	£'000	£'000
Reconciliation of present value of scheme liabilities		
Liabilities at start of period	35,558	29,419
Service cost	1,815	1,397
Interest cost	1,460	1,386
Employee contributions	376	361
Experience gains and losses on scheme liabilities	-	-
Actuarial loss/(gain)	(1,821)	3,264
Benefits paid	(289)	(269)
Past service cost	-	-
Curtailments	5	-
Liabilities at end of period	37,104	35,558

	2015	2014
	£'000	£'000
Reconciliation of fair value of scheme assets		
Assets at start of period	28,422	26,393
Expected return on assets	1,696	1,565
Actuarial (loss)/gain	1,556	(783)
Employer contributions	1,204	1,155
Employee contributions	376	361
Benefits paid	(289)	(269)
Assets at end of period	32,965	28,422

The estimated value of employer contributions for the year ended 31 July 2016 is £1,242k.

22. PENSIONS AND SIMILAR OBLIGATIONS (continued)

Amounts for the current and previous four periods are as follows:

	2015	2014	2013	2012	2011
	£'000	£'000	£'000	£'000	£'000
Fair value of plan assets	32,965	28,422	26,393	21,143	19,774
Present value of defined benefit obligation	(37,104)	(35,558)	(29,419)	(26,441)	(21,468)
Deficit	(4,139)	(7,136)	(3,026)	(5,298)	(1,694)

History of experience gains and losses

	2015	2014	2013	2012	2011
	£'000	£'000	£'000	£'000	£'000
Difference between the expected and actual return on assets	1,556	(783)	3,252	(724)	1,193
Experience (losses)/gains on liabilities	128	(3,201)	-	(152)	2,941
Total Amount recognised in STRGL	3,377	(4,048)	2,473	(3,694)	4,026

23. RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	2015	2014
	£'000	£'000
Deficit on continuing operations after depreciation of assets at valuation and before tax	(1,289)	(2,302)
Depreciation (note 14)	2,852	2,418
Impairment – Greenshoots building (note 14)	-	(56)
Deferred capital grants released to income (note 19)	(319)	(45)
Deferred capital grant transferred to income (note 19)	-	(376)
Pension cost less contributions payable (notes 8 and 22)	616	242
(Increase)/decrease in debtors	(2,632)	(178)
Increase/(decrease) in creditors	2,242	634
FRS 17 net interest (receivable)/payable (notes 7 and 11)	(236)	(179)
Investment income receivable (note 7)	(123)	(213)
Net cash inflow/(outflow) from operating activities	1,111	(55)

24. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2015	2014
	£'000	£'000
Interest received (note 7)	123	213
Net cash inflow from returns on investment and servicing of finance	123	213

25. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2015	2014
	£'000	£'000
Purchase of tangible fixed assets (note 14)	(1,587)	(515)
Repayment of Investment in Belfast Metropolitan College (note 15)	2,000	-
Deferred capital grants received (note 19)	1,414	-
Net cash inflow/(outflow) from capital expenditure and financial investment	1,827	(515)

26. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 August 2014	Cash flows	Non cash movements	At 31 July 2015
	£'000	£'000	£'000	£'000
Cash in hand, and at bank	11,398	3,058	-	14,456
	11,398	3,058	-	14,456

27. MAJOR NON-CASH TRANSACTIONS

There were no major non-cash transactions during the year.

28. CONTINGENT LIABILITY

There are no outstanding cases of litigation.

29. POST BALANCE SHEET NON-ADJUSTING EVENT

There are no post balance sheet non adjusting events.

30. 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

Table showing transactions where goods or services are provided to the College by the related organisation.

Governor / Senior Manager of Southern Regional College	Related Organisation	Transactions 2015 £'000	Transactions 2014 £'000	Amount outstanding at 31 July 2015 £'000	Amount outstanding at 31 July 2014 £'000
Mrs E Wright	Southern Education and Library Board	163	160	-	-
	Southern Area Hospice Services	1	-	-	-
	Banbridge District Enterprises	1	-	-	-
Mr B Doran Mr J O'Hagan Mr J Quinn	Greenshoots , Newry	12	9	-	-
Mrs M Clarke	University of Ulster	253	223	-	-
Mrs N Wilson	Armagh City, Banbridge and Craigavon Borough Council	1	-	1	-
	Craigavon Borough Council	4	4	-	-
Dr C Patterson	Newry Confederation of Community Groups	1	1	-	-
	Newry Chamber of Trade	1	-	-	-
Mr B Doran Mr A Saunders	Colleges NI	82	79	-	-
Mrs A Coffey	Translink	-	1	-	-
Mrs T Campbell	Society of St Vincent De Paul, Armagh	1	3	-	-

30. RELATED PARTY TRANSACTIONS AND TRANSACTIONS INVOLVING GOVERNING BODY MEMBERS AND SENIOR MANAGEMENT (CONTINUED)

Table showing transactions where goods or services are provided by the College to the related organisation.

Governor / Senior Manager of Southern Regional College	Related Organisation	Transactions 2015 £'000	Transactions 2014 £'000	Amount outstanding at 31 July 2015 £'000	Amount outstanding at 31 July 2014 £'000
Mrs E Wright	Southern Education & Library Board	197	200	14	6
	Southern Health and Social Care Trust	1	1	1	-
Mr B Doran Mr J O'Hagan Mr J Quinn	Greenshoots-Newry Ltd	28	35	2	-
Mr A Saunders	Ulster Bank Ltd*	28	71	12	11
Mr A Carson	Bank of Ireland*	23	16	17	14
Mrs M Clarke	University of Ulster	95	76	17	4
Mrs S McRoberts	Armagh City & District Council	-	4	-	-
	Lisanally Special School	20	29	-	-
	City of Armagh High School	42	46	-	-
	Newtownhamilton High School	15	18	-	-
Mrs S McRoberts Mrs N Wilson	Armagh City, Banbridge and Craigavon Borough Council	16	-	1	-
Mr R Sloan	St Louis Grammar School	22	17	-	-
Mrs T Campbell	St Catherine's College	84	72	-	-
Mr D McKay	Ulster Supported Employment	6	4	1	-
Mr B Doran Mr A Saunders	Colleges NI	4	3	-	-
Mrs N Wilson	Craigavon Borough Council	-	1	-	-

*The College places funds with Ulster Bank and Bank of Ireland, the figures quoted relates to interest earned on these deposits.

31. CAPITAL COMMITMENTS

	Group and College	
	2015	2014
	£'000	£'000
Commitments contracted for at 31 July	-	-
Authorised but not contracted at 31 July	2,643	-
Total	2,643	-

32. FINANCIAL COMMITMENTS

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

	Group and College	
	2015	2014
	£'000	£'000
Land and Buildings		
Expiring within 12 months	21	-
Expiring within two and five years inclusive	-	86
Total	21	86

33. HARDSHIP FUNDS

	2015	2014
	£'000	£'000
DEL Grants	529	709
Disbursed to students	(417)	(459)
Balance unspent at 31 July	112	250

Student 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.

34. LOSSES AND SPECIAL PAYMENTS

There were no losses nor special payments exceeding £100 for the year, all instances of losses or suspected losses have been formally reported.

Total claims abandoned for the year related to bad debt written off totaling £43k:

- | | |
|---|------|
| • Bad debts written off less than £1k (92 cases) | £24k |
| • Bad debts written off greater than £1k (1 case) | £19k |

