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**Southern Regional College Annual Report and Accounts  
for the year ended 31 July 2014**

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The Accounting Officer authorised these financial  
statements for issue on 19<sup>th</sup> November 2014

Laid before the Northern Ireland Assembly under the Institutions of Further Education  
(Public Sector Audit) Order (Northern Ireland) 2008 by the  
Department for Employment and Learning on 11<sup>th</sup> December 2014

**SOUTHERN REGIONAL COLLEGES**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 2014**

**SOUTHERN REGIONAL COLLEGE**

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014**

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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 2014.

### **Legal Status**

The current arrangements for Further Education in Northern Ireland were established by the Further Education (Northern Ireland) Order 1997 with colleges being self-governing incorporated bodies with effect from 1 April 1998. Colleges have been granted charitable status by the UK HM Revenue and Customs. The Office for National Statistics, in 2010, reclassified colleges as part of Central Government and 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 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'.

## **SOUTHERN REGIONAL COLLEGE**

### **OPERATING AND FINANCIAL REVIEW 2013-14 (continued)**

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 2013-2016 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 2013-16. 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 2013 – 31 July 2014 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 continued to impact directly on the level of intake across the majority of areas of the curriculum during 2013-14. Despite the economic difficulties and continuing financial 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 2013-14 in the majority of areas, with the exception being in areas of construction, civil engineering and manufacturing engineering. The College once again prioritised resources to ensure that it responded to the 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 Further Education 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 650 trainees/apprentices delivered in skills training centres in Armagh, Newry and Portadown. These centres were the main focus of sub-contracting and partnership arrangements with other delivery agents.

The College's performance over the course of the 2013-14 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.

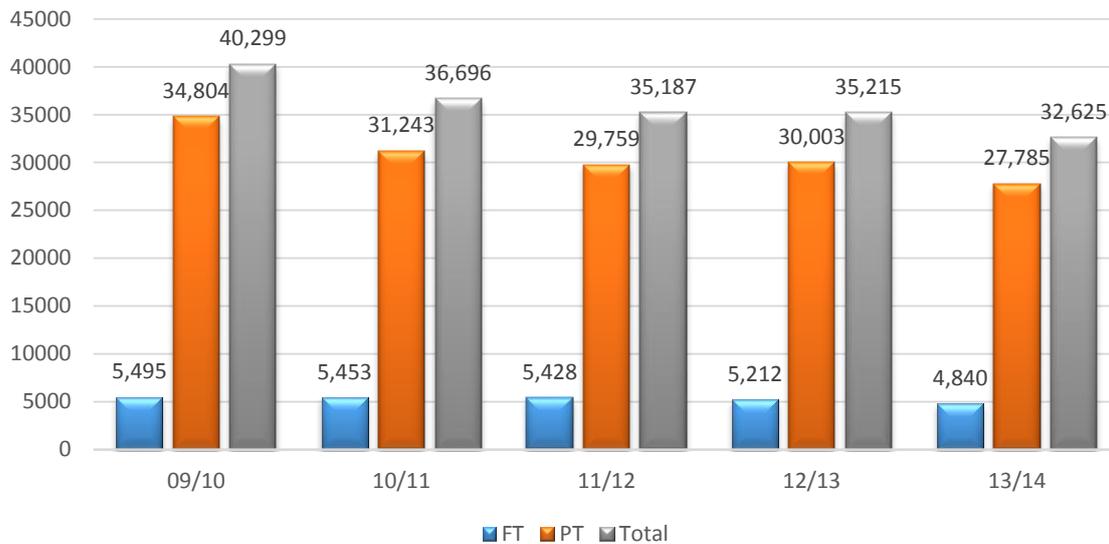
The total College enrolment (including training and cost recovery provision) for the academic year 2013-14 was 32,625, compared to an enrolment of 35,215 in 2012-13. The drop in enrolment was particularly noticeable across part time Further Education. The College's enrolment on full time provision was also down by 372 from the previous year. Skills training and apprenticeships in construction, engineering related trade areas accounted for over 58% (218) of the reduction **Figure 1**.

The drop in full time education and training is consistent with the demographic profile for school leavers across the area. However, the relative higher demand for programmes at Level 2 and below is a concern and highlights the growing number of young people who are leaving education at 16 years of age who do not possess a minimum of 4 GCSEs at grade C or better and who are unable to progress to level 3 programmes of study on completion of post primary education.

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 439 enrolled in 2013-14. Despite this decrease adult access courses continue to provide an appropriate programme of study for adult returners as a progression pathway to Higher Education study.

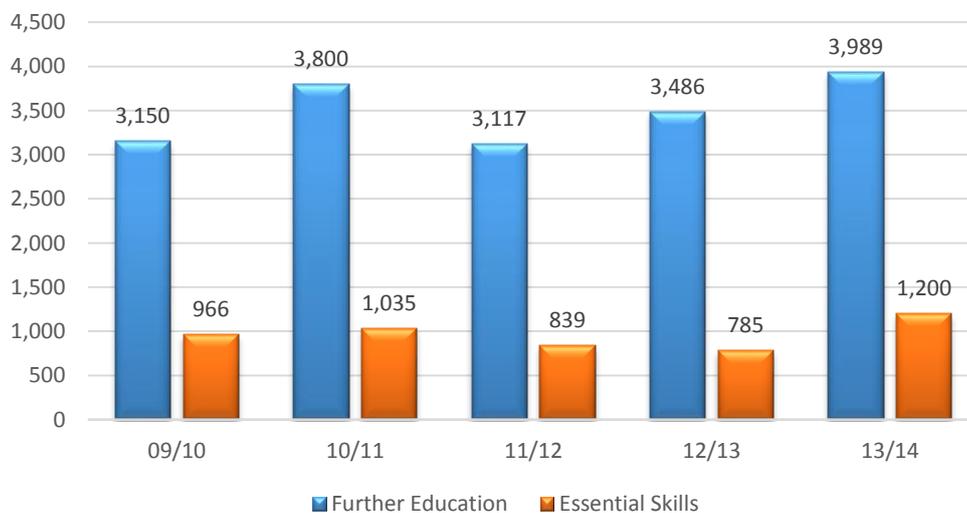
While the overall enrolment for part time provision was down by 2,218 enrolments, the College's community outreach provision increased for both Further Education and Essential Skills, **Figure 2**. The College's community outreach team continued to provide a wide range of accredited and recreational courses in 80 outreach centres across the four district council areas of Armagh, Banbridge, Craigavon and Newry and Mourne. There was a significant increase in uptake for Essential Skills classes with demand at its highest level since 2008.

### College Enrolments



*Figure 1*

### Community Enrolment



*Figure 2*

#### Funded Learning Unit (FLU) Targets

The recurrent grant budget allocation to the College for 2013-14 to support Essential Skills, Further and Higher Education was £26.63m. This represents an actual increase of £0.50m from that received in the 2012-13 academic year. However the level of recurrent grant received in 2013-14 was still £0.45m less than that received in 2010-11, **see Table 1**.

**SOUTHERN REGIONAL COLLEGE**  
**OPERATING AND FINANCIAL REVIEW 2013-14 (continued)**

The resource allocated for the five year period 2010-15 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)

*Table 1*

The actual FLU delivery target agreed with DEL for 2013-14 was 8,150 compared to a target of 8,504 in 2012-13. The College received a resource allocation equating to 7,831 FLU and was thus set a delivery target in 2013-14 of 319 FLU above that funded by DEL compared to an over delivery target of 819 FLU in 2012-13.

The over delivery target of 319 FLU represented 17% of the total over delivery targets for the Further Education sector. This over delivery target had two elements;

- efficiency target of 195 FLU (College contribution to an overall sector efficiency target of £4m); and
- additional over delivery target of 124 FLU to be funded directly by the College.

The College delivered a total of 7,942 FLU, exceeding the resource allocation by only 111 FLU (£0.38m), **Table 2**, thus falling short of the efficiency target of 195 FLU as well as the additional over delivery target.

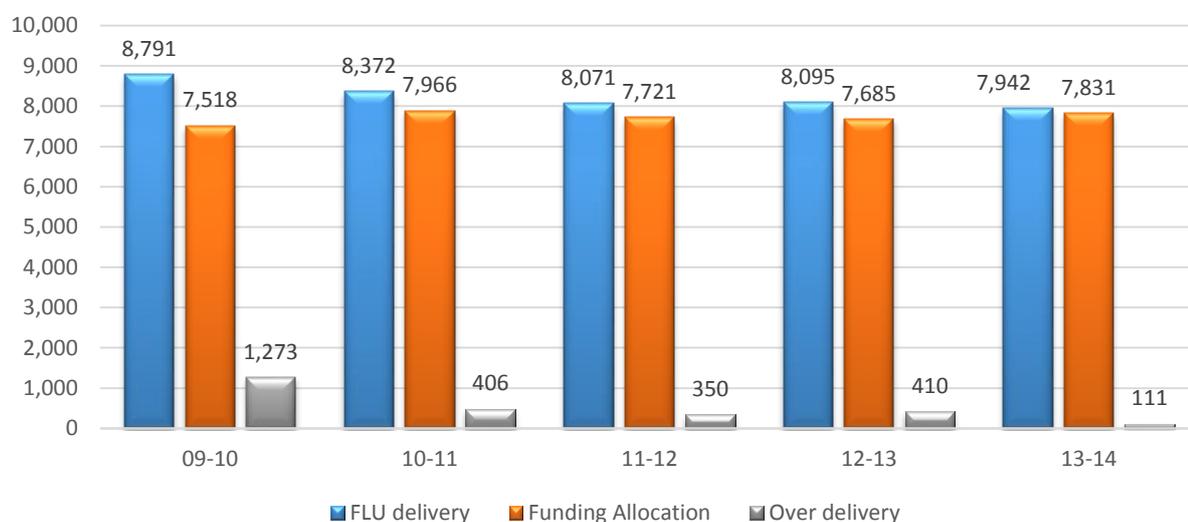
2013-14	Further Education	Essential Skills	Higher Education	Total
FLU Target	6,250	580	1,320	8,150
Actual delivery	6,116	564	1,262	7,942
Level of over/under delivery against target	-134	-16	-58	-208
Resource allocation				7,831
Level of over/under delivery against resource allocated				111

*Table 2*

Although falling short of the overall target in 2013-14, when viewed over the four year period between 2010-14 the College has delivered 1,355 FLU 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 2009-14 is shown in Figure 3. The College over delivery performance as a percentage of the total resource allocation for 2013-14 was 1% compared to 5% in the previous two years, **Table 3**.

**SOUTHERN REGIONAL COLLEGE  
OPERATING AND FINANCIAL REVIEW 2013-14 (continued)**

**FLU Funding Analysis**



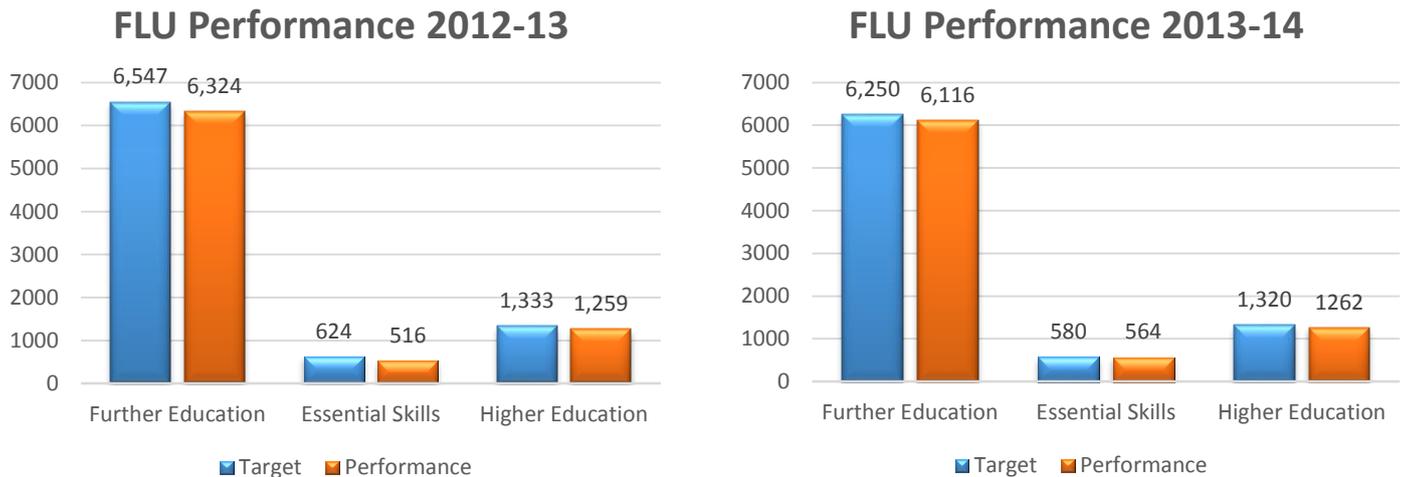
**Figure 3**

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

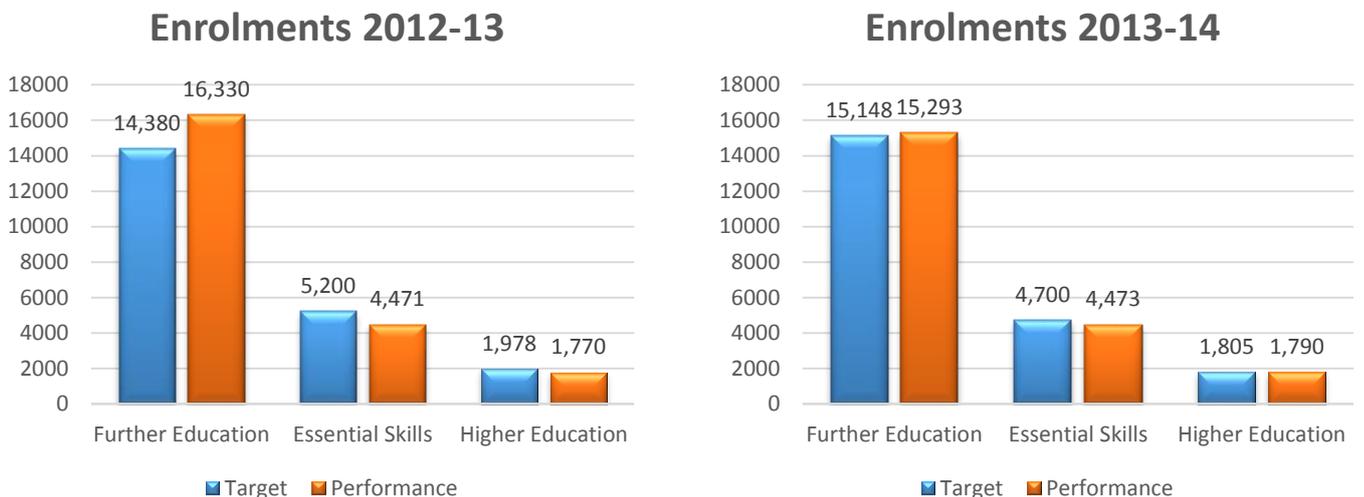
**Table 3**

**Figures 4a** and **4b** illustrate the FLU and enrolment performance for Essential Skills and Further and Higher Education against the agreed targets for 2013-14 compared to that for 2012-13.

**SOUTHERN REGIONAL COLLEGE  
OPERATING AND FINANCIAL REVIEW 2013-14 (continued)**



*Figure 4a*



*Figure 4b*

Whilst the total enrolment for Further Education dropped significantly from 16,330 in 2012-13 to 15,293 in 2013-14, enrolments for both Essential Skills and Higher Education were similar to that in 2012-13.

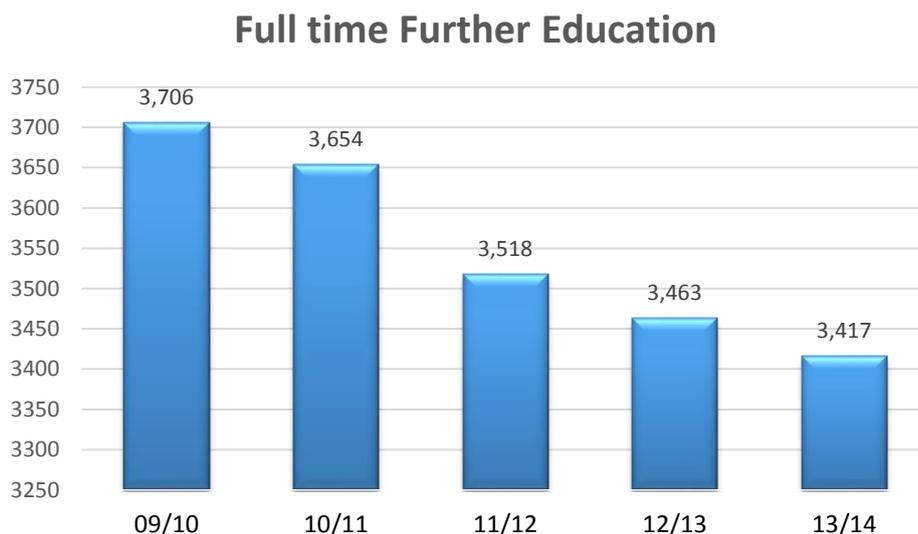
The FLU target agreed with DEL for 2014-15 has been reduced to 7,898 FLU from a target of 8,150 FLU in 2013-14. The resource allocation for 2014-15 equates to 7,770 FLU. This represents a reduction in funding of over £200k for the 2014-15 year. The College's Governing Body remains concerned that the current level of under funding combined with the level of over delivery required is not sustainable long term. Whilst the College remains focused on increasing efficiencies the level of resource is insufficient to enable the College to meet the targets set. Discussions have taken place with DEL on the long term resource implications and financial stability of the College.

The following section provides a more detailed analysis of enrolments contributing to the overall FLU position for 2013-14. Readers should note the figures presented for 2013-14 are those at 4 August 2014 and are not final validated figures presented to DEL for the year end position.

**Full Time Further Education**

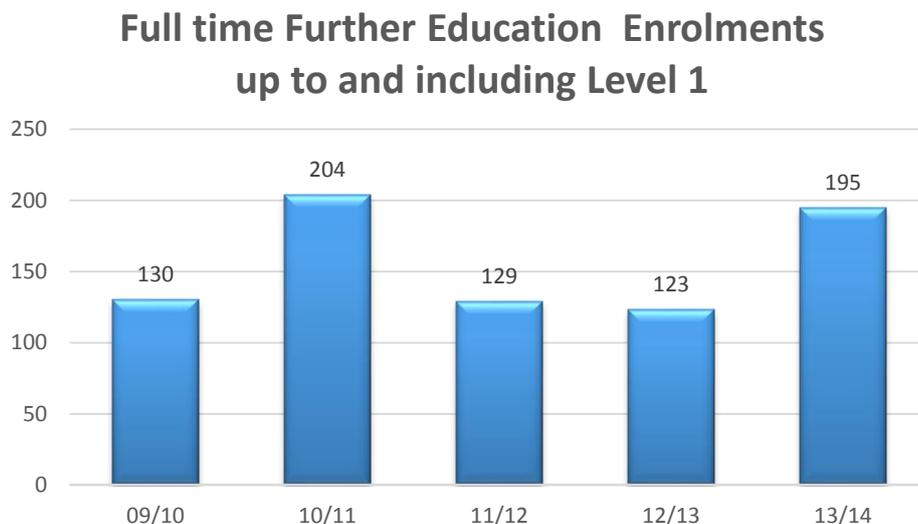
The total number of full time Further Education students enrolled has fallen year on year since 2009-10, **see Figure 5**. The decrease in enrolments in full time Further Education is consistent with the demographic profile for young people in full time education at 16. The profile for young people in post primary education at 16 years of age shows a continuing decline and this trend will remain until 2015-16. Despite the demographic profile it is evident that fewer young people on completion of key stage 4 are entering Further Education.

**Figures 6-8** below illustrate the actual shift in full time enrolments by level since 2009-10.



*Figure 5*

The demand for provision at Level 1 increased to over 190 enrolments, **Figure 6**. This increase is largely due to the College’s Fresh Start programme aimed at young people not in education, employment or training (NEETS). However, the number of young people undertaking full time programmes at both Level 2 and 3 decreased for the third year, **Figure 7-8**.



*Figure 6*

### Fulltime Further Education Level 2 Enrolments

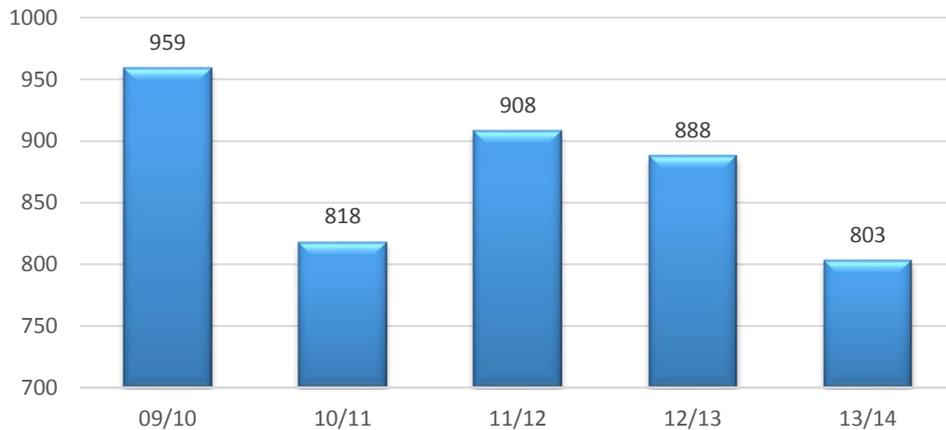


Figure 7

### Full time Further Education Level 3 Enrolments

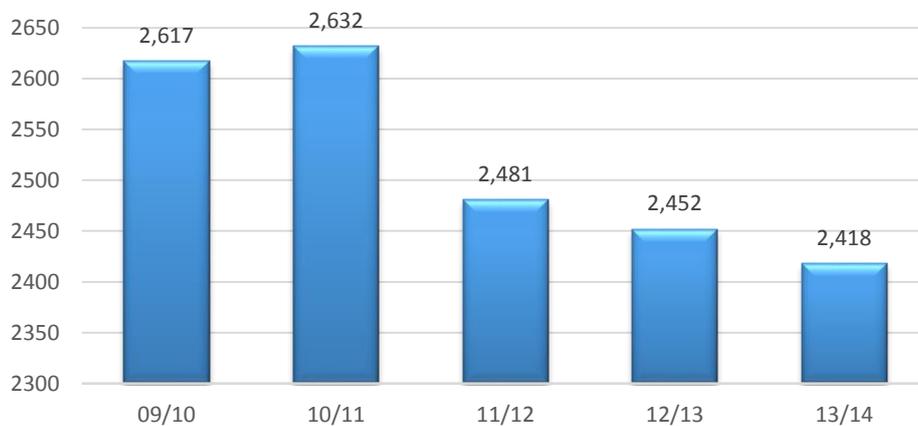


Figure 8

#### Part time Further Education

The College launched its 'free short course' initiative in January 2013. This initiative aimed to trial the use of smaller 'bite sized' units of learning to help inform the re-design of the College's course enquiry system. The short course initiative resulted in over 700 additional enrolments for the period between January - June 2013.

The total evening enrolment in 2013-14 dropped to 5,059 compared to 5,700 in 2012-13. This decrease should be viewed in the context of the 'short course initiative' introduced in January 2013 which led to a surge in recreational based enrolments in the second semester of that year. Allowing for the impact of the short course initiative in 2012-13 the evening enrolment figure for 2013-14 was at its highest since 2009-10, **Figure 9**.

### Evening Enrolments

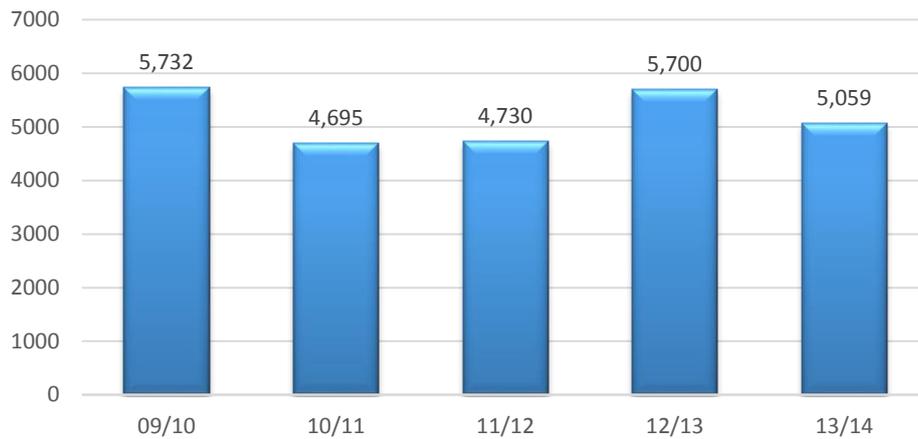


Figure 9

The reduction in the overall evening provision is attributed to the reduction in the number of recreational enrolments for the period. The reduction of 575 recreational enrolments between 2012-13 and 2013-14 accounts for 90% of the total reduction in evening enrolments, **Figure 10**.

### Recreational Enrolments

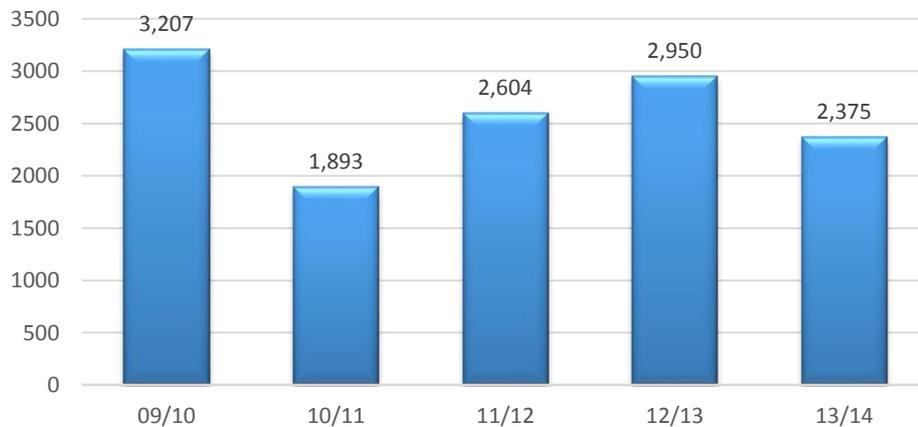
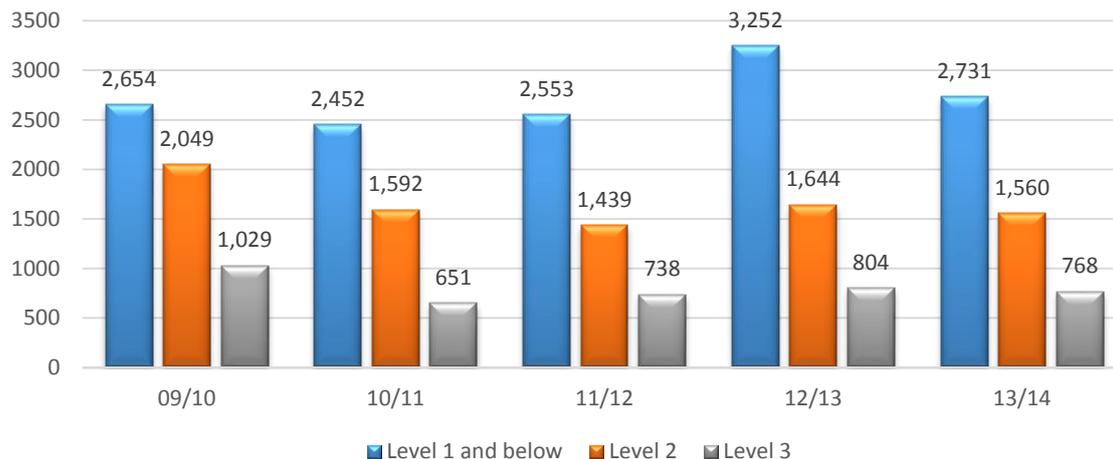


Figure 10

Part time evening accredited provision at Levels 2/3 was broadly similar to that experienced in 2012-13, **Figure 11**.

### Evening Enrolment by Level



*Figure 11*

#### Externally Accredited Provision

Externally accredited provision accounted for 98.1% of the total FLU provision with over 11,897 enrolments against a target of 98% of total FLU delivery. Full time Further Education accounted for 77.8% and part time 20.3% of total FLU funded provision. The College delivered 4,756 externally regulated full time FLU against a target of 4,780 FLU. The College delivered 1,243 externally regulated part time FLU against a target of 1,345 FLU.

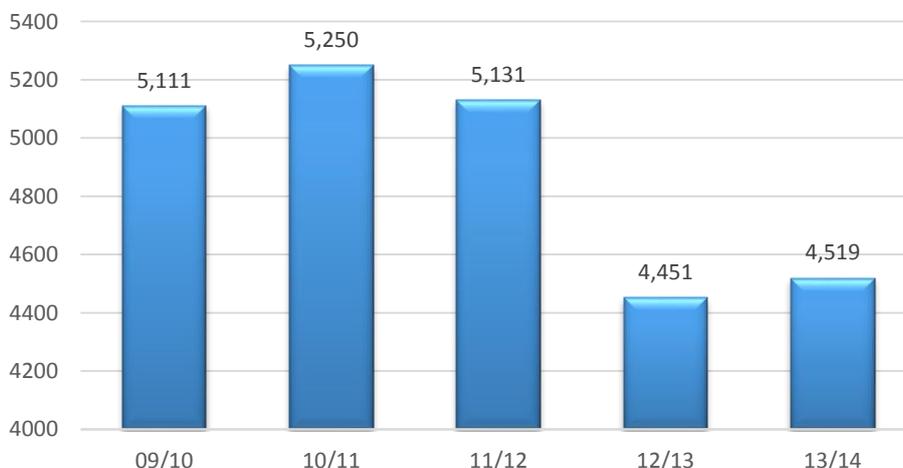
#### Vocational Provision

Vocational provision accounted for 92.3% of the total FLU delivery compared to a target of 91.8%. The College delivered 4,475 vocational full time FLU against a target of 4,452 FLU. The College delivered 1,171 vocational part time FLU against a target of 1,283 FLU.

#### Essential Skills

The College enrolled a total of 4,519 learners against a target enrolment of 4,700, **Figure 12**. The level of participation in Essential Skills is still significantly below that experienced in the three year period between 2009-12.

### Essential Skills (FLU)

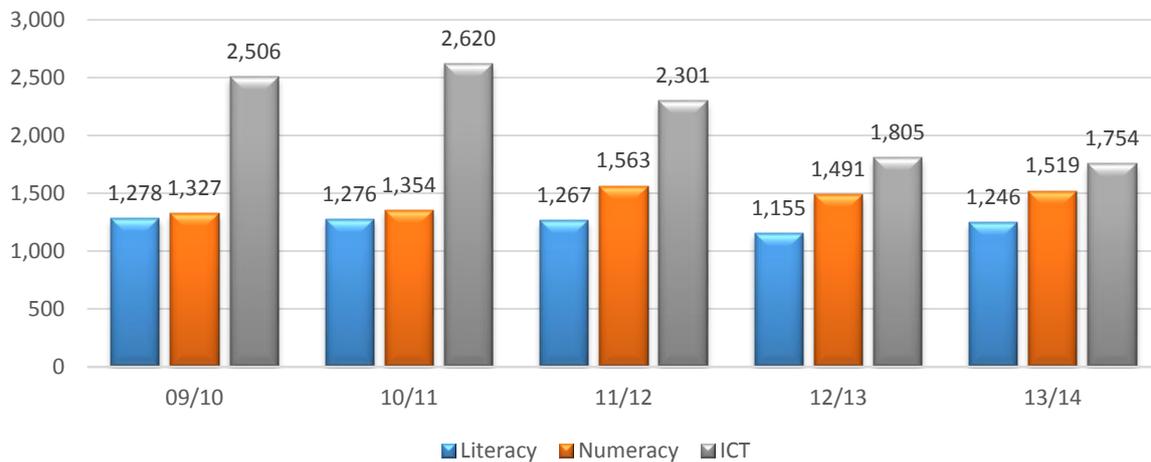


*Figure 12*

**SOUTHERN REGIONAL COLLEGE  
OPERATING AND FINANCIAL REVIEW 2013-14 (continued)**

During the academic year the College experienced a small increase in the number enrolling for literacy and numeracy whereas there was a small decrease in the number of ICT enrolments, **Figure 13**. This can partially be attributed to a greater number of new full time students having already obtained an equivalent Level 2 qualification in ICT prior to joining the College. Despite this decrease, ICT remains the most popular of the three Essential Skills.

**Essential Skills by Subject**



**Figure 13**

**Priority Skills**

The total enrolment for full time Priority Skills areas dropped slightly, **Figure 14**. The number of full time students enrolling in ICT related programmes continued to rise with 594 full time ICT enrolments in 2013-14 compared to 522 in 2012-13.

**Priority Skills Enrolments**



**Figure 14**

**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 1,800 Higher Education enrolments annually this is an increasingly important element of work 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.

SOUTHERN REGIONAL COLLEGE  
 OPERATING AND FINANCIAL REVIEW 2013-14 (continued)

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 University of Ulster, 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 . The College received an increase of 10 MaSN places for the Foundation Degree in Computing and managed its overall full time intake in line with the total MaSN cap of 555 places in 2013-14.

The total part time Higher Education enrolment was similar to that in previous years, Figure 15. It is anticipated that the demand for both full time and part time Higher Education will remain high for the foreseeable future.

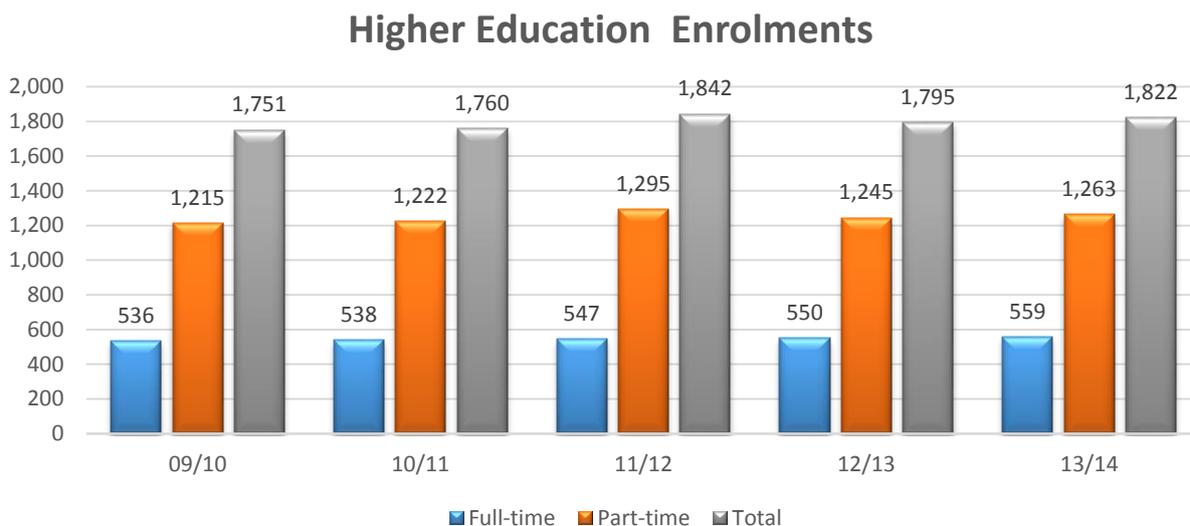


Figure 15

### Skills Training - Training for Success and Apprenticeship Training

The College provides skills training through two DEL contracted programmes: Training for Success and Apprenticeship NI. The College was issued with contracts to deliver the new programmes in June 2013 and August 2013 for Training for Success (TFS) and ApprenticeshipsNI (AppNI) respectively. These new contracts applied to new participants starting in September 2013, participants previously recruited were still managed under the previous contracting arrangements. The College delivers all elements of the TFS contract with a sub-contracted provider Step by Step delivering a specific element of training for young people with disability or learning difficulties in Portadown. Similarly in regard to AppNI the College delivered apprenticeships and discontinued sub-contracting and in-fill arrangements with a number of organisations including Linkworks, Riverpark, ETT and PMST.

The strands of TFS delivered during 2013-14 are outlined below:

- Skills for Work Level 1 - This strand is designed to help young people gain skills and qualifications at Level 1, to be able to gain employment, to progress to Skills for Work Level 2 or AppNI
- Skills for Work Level 2 - This strand is designed to ensure that those participants who have been assessed as capable of achieving at Level 2, but who have not yet secured employment, are prepared for future progression to an apprenticeship

The numbers of ‘new starts’ on TFS strands decreased by 172 students compared to the previous year, **Table 4**. Whilst there has been a general reduction in the number of trainees in the trade areas, this can be attributed in part to the termination of the Clanrye partnership under the new contract. Numbers recruited to the Skills for Work strand also reduced as a direct result of the entry requirements for Level 2 training being reduced resulting in school leavers who in the past would have commenced training at Level 1 were eligible for the Level 2 provision. In 2013-2014 the total number of new starts was 406 with 231 (57%) registered on the new Skills for Work Level 2 programme.

**SOUTHERN REGIONAL COLLEGE  
OPERATING AND FINANCIAL REVIEW 2013-14 (continued)**

In the case of Apprenticeships, the reduction in numbers can be attributed partly to the termination of partnership with The Linkworks resulting in the recruitment of no Childcare apprentices and the decision by DEL to end all age Apprenticeships.

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
<b>TFS</b>	564	622	643	689	578	406
<b>AppNI</b>	323	437	377	423	276	242

*Table 4*

The delay in awarding the contract for Apprenticeships impacted on the College's ability to market and engage with employers. Despite this the College was able to secure a number of Apprenticeship places in new contracted areas including Electrotechnical Commissioning and Plumbing. In September 10 apprentices were recruited for the Level 3 Electrotechnical framework and 21 school leavers started a Plumbing Apprenticeship at Level 3. The College has made significant progress in promoting apprenticeships with local employers and young people culminating in the creation of an on line Jobs Hub promoting apprenticeship positions available during 2014-15.

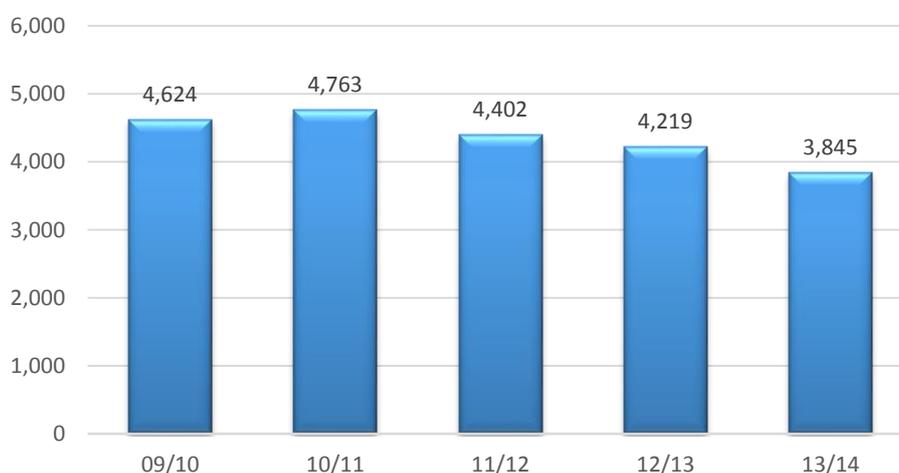
The College has also been selected to pilot two new higher level Apprenticeships in Finance and Accounting and Chemical and Life Sciences as part of DEL's new apprenticeship strategy for Northern Ireland, 'Securing Our Success'. This development has helped to create over 32 new Apprenticeship opportunities for school leavers in local accountancy practices and in the case of Chemical and Life Science with Norbrook Laboratories in Newry.

**Schools' Partnership Programmes (SPP)**

The College remains committed to supporting the school sector in meeting the requirements of the Entitlement Framework through the delivery of vocational courses 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 schools. The College hosted four SPP award ceremonies to celebrate the successes of pupils from our 38 partner schools who gained qualifications at Levels 2 and 3.

In spite of the successes of the SPP, recognised as 'outstanding' by ETI, the number of enrolments continues to decrease, **Figure 18**. The removal of 'earmarked' funding to schools by the Department of Education will continue to impact on the level of partnership activity between local schools and the College in the future. The recent uncertainty on future funding has contributed to the drop in enrolments over the last two years, **Figure 18**

**Schools' Partnership Programme**



*Figure 18*

## SOUTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2013-14 (continued)

### 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 as identified by the Department for Social Development (DSD). Despite the difficult fiscal position, the College remains committed to providing opportunities for education and training to those who are disengaged and economically inactive offering a wide-ranging and diverse portfolio of courses.

The College continues to be a leading player in the delivery of the regional Neighbourhood Renewal 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 Neighbourhood Renewal Areas (NRAs) in Armagh, Brownlow, Lurgan, Newry and Portadown. In our recent inspection ETI recognised the work of the Community Learning Team as 'outstanding' which was a real morale booster for the staff who are totally committed to this challenging area of work.

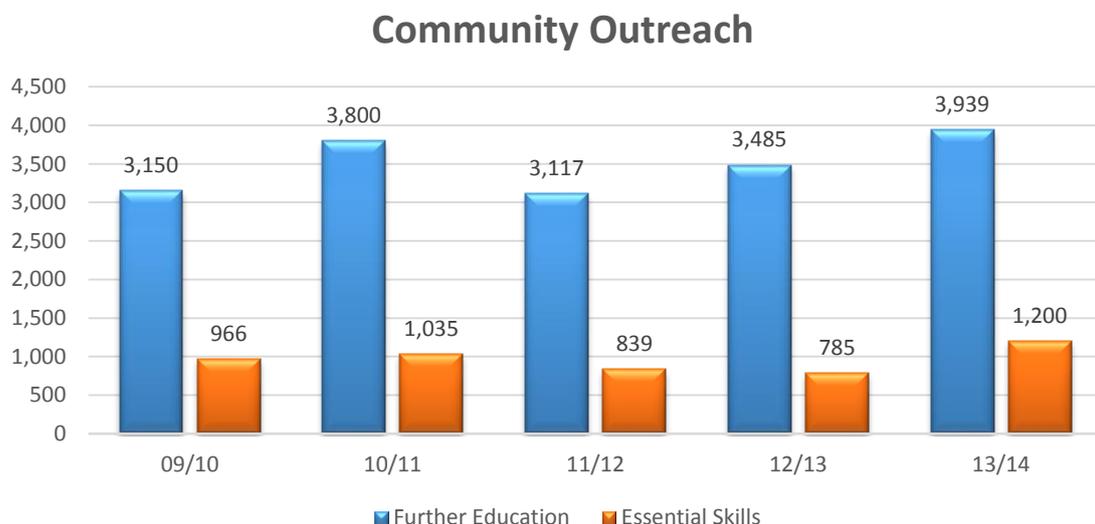
During 2013-14 the College's Community Learning Team promoted and delivered a number of innovative programmes including:

- **Care 4U:** Given the success of the earlier Cancer Wise project Care 4U provided accredited training in Domiciliary Care. Through Cancer Wise an effective working relationship was established with the Southern Area Hospice. This partnership has been widened to include Domiciliary Care homes that have had previous engagement with our School of Early Years and Healthcare. These organisations have committed to offering employment opportunities to participants who successfully complete Care 4U. Participants worked towards a City and Guilds Level 2 Certificate in Induction into Adult Social Care and had opportunities to achieve other recognised qualifications in First Aid and Moving and Handling Awareness.
- **Training and Employment Opportunities Programme (TOPs):** 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 14:** This programme provided accredited training in Essential Skills as well as basic offshore safety induction and emergency training (BOSIET) thus enabling participants to seek employment in the emerging offshore oil and gas industry. To date there has been a 100% pass rate amongst participating residents.
- **Ready to Roll on the Road:** This programme provided accredited training to residents within the NRAs of Newry and Armagh to help them gain driving licences for light and heavy vehicles. Residents also completed training programmes in Customer Care and Health and Safety resulting in seven participants securing employment in the haulage / transport industry.
- **Enterprise Programme:** The programme continued to be a success with participants taking part in an entrepreneurial training programme leading to the achievement of a nationally recognised qualification.
- **The GROW programme:** This programme provided horticultural training for 60 participants who reside in Neighbourhood Renewal Areas (NRAs) in Lurgan, Portadown and Brownlow. Participants learned how to grow and care for plants, design and plan horticultural activities whilst undertaking a Level 2 accredited programme in Horticulture. 65 residents enrolled and 41 achieved a BTEC Level 2 Certificate. All DSD targets were exceeded.
- **The Big Lottery funded Transforming Learning Communities Programme:** The programme continued to recruit significant numbers from the traveller and migrant-worker communities. A major success of the programme has been the progression of participants onto mainstream courses. The success of the programme was recognised nationally when the College won the prestigious UK Association of Colleges Beacon Award for Widening Participation in Adult Education for 2014.
- **Specialist Provision for Industry using College Expertise (SPICE):** This innovative programme is part of DEL's 'Pathways to Success' initiative that targets young people who are classified as NEETS. SPICE provided mentoring and a wide range of tailor-made courses to meet the individual needs of participants. Over 230 young people classified as NEETS engaged in SPICE and 131 completed accredited training during the year. The first NEETS awards ceremony was held in November 2013 in the Belmont Hotel, Banbridge which was attended by Minister, Dr Stephen Farry.

**SOUTHERN REGIONAL COLLEGE  
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- **Prince’s Countryside Fund (PCF):** The programme helped young farmers develop business and management skills via a range of courses covering topics including:
  - Developing Business Plans
  - Industry Best Practice
  - Future Farming Needs
  - Identifying sources of funding
  - Understanding agri-business legislation, policy and record keeping.
  
- **Employ Me:** A European Social Fund programme that provides opportunities to unemployed and economically inactive residents in the southern region to engage in learning, develop skills and achieve qualifications that will improve their prospects of getting jobs. Now in its final year, the first three years of the programme from 2011 to 2014 has seen 326 people complete training, gaining recognised qualifications in the fields of Computer Aided Design, Construction, Finance, Hospitality, Information Technology, Retail and Welding. To date 51 people have gained employment as a direct result of participating in Employ Me.

The academic year was a very successful one for the College’s community education programme with an unprecedented number of enrolments recorded. Through a sustained and innovative approach to promotion and marketing, the team enrolled over 5,139 learners across the 80 community outreach centres, **Figure 19**. Out of a total of 5,139 enrolments, 1,200 were in Essential Skills where the demand for ‘Fast Track’, courses was significant.



*Figure 19*

**Marketing Activities**

During the 2013-14 academic year the marketing 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 team produced a smaller ‘pocket size’ prospectus, reducing the number of copies printed leading to a substantial saving on print costs. A process improvement plan was put in place to streamline and improve the information provided to potential students at the pre-entry stage. This included linking live course content from the College Management Information System to the College’s website. The team also produced two College newspapers (distributed to over 140,000 homes in January and August), an in-house magazine for staff ‘SRCzine’ and an external magazine for stakeholders ‘Source’ which was published monthly. The team engaged with the services of Kantar media to monitor press coverage with the local and national press.

A number of high profile events were hosted throughout the year including the Higher Education Graduation, the SPP awards and numerous other celebratory awards ceremonies to mark student and staff achievements. The team promoted the College’s curriculum offer at over 103 external events including schools careers talks, information evenings and a new Saturday Open Day across the Southern Region.

**SOUTHERN REGIONAL COLLEGE  
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The team worked with Senior Management to ensure there was an increase in entries from all schools in skills competitions. The team continued to make more effective use of e-marketing. The team revised the College website resulting in increased activity with over 153,000 hits per month. The use of social media continued to grow and last year the number of active followers who registered on the College’s Facebook page was up 27% on the previous year with 4,062 likes recorded at the end of July 2014. There was also a 15% increase in the number of people using mobiles and tablets to view the website.

**Learner Retention and Achievement 2013-14**

Further and Higher Education							
	Mode	Targets 2013-14			Performance 2013-14		
		Ret.	Ach.	Success	Ret.	Ach.	Success
Higher Education	Full-time	95.0%	93.0%	88.0%	91.0%	97.6%	89.0%
	Part time	95.0%	90.0%	86.0%	92.0%	90.5%	82.9%
Further Education	Full-time	90.0%	94.0%	85.0%	91.0%	96.2%	88.0%
	Part time	90.0%	92.0%	83.0%	95.0%	90.1%	85.0%
Essential Skills	Part time	90.0%	82.0%	74.0%	90.0%	82.9%	75.0%

*Table 5 Source NICIS*

Readers should note the figures presented for 2013-14 (**See Table 5**) are those reported at 17 September 2014 and are not final validated figures presented to DEL for the College’s year end position.

Overall success rates for both full time Further and Higher Education provision exceeded target. Despite the retention for full time Higher Education programme falling below target achievement rates were significantly above target thus contributing to a success rate of 89%.

With the exception of part time Higher Education success rates across all other areas of provision were above target. In the case of part time Higher Education success rates dropped from 83.7% in 2012-13 to 82.9% in 2013-14. This can be attributed to poorer performance for both retention and achievement across a minority of programmes.

Performance across Essential Skills provision continued to improve with 82.9% of students achieving compared to 78.8% in 2012-13. The College has delivered year on year improvements in student retention and achievement across Essential Skills for the last four years with achievement rates increasing from 65% in 2009-10 to their highest level of 82.9% in 2013-14.

Retention targets were met in the majority of areas with the exception of Further Education. Despite this, performance across both full time and part time modes of study is excellent. The most significant levels of student drop out as a percentage of intake remain at Level 2 or below – 16% of total student intake at Level 1 or below and 11% of total student intake at Level 2.

The retention across each of the three Essential Skills areas varies with 11.6% of students dropping out of ICT classes compared to 10.6% drop out in Literacy and 7.3% in Numeracy.

**Schools’ Partnership Programme**

The total enrolment for the SPP dropped to 3,841 compared to 4,194 in 2012-13. The performance across all areas and all levels of the SPP was excellent with retention figures in excess of 99% and an overall achievement rate of 94%, (**See Table 6**).

**SOUTHERN REGIONAL COLLEGE  
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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%

Table 6

**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 Management Systems**

During 2013-14, the work of the College was the subject of a number of surveys, reviews and scrutiny inspections carried out by the Education and Training Inspectorate (ETI), the DEL FAST audit team and the Quality Assurance Agency for Higher Education. The outcomes were consistently positive and reflected the quality of teaching and learning, support services and programme management.

The most significant inspection carried out during the academic year was the 'Whole College Inspection' undertaken by ETI. A team of 30 ETI Inspectors and Associate Assessors carried out a 'Whole College Inspection' over a two week period in November 2013. The College achieved an overall grade 2 (very good) for the inspection. A total of 284 classroom observations were completed by ETI, graded as follows: - 18% outstanding; 34% very good; 33% good; 12% satisfactory and 3% inadequate. The Inspectorate reported that "outcomes in Further Education have increased year on year and are consistently above the sector average, furthermore, the College is the highest performing in Northern Ireland".

A summary of the top level 'Whole College Inspection' grades achieved is shown below. The detailed inspection report can be accessed at the Inspectorate website: [www.etini.gov.uk](http://www.etini.gov.uk).

	Further Education and Work-Based Learning Provision	Further Education	Work-Based Learning
Overall Effectiveness	Very Good	Very Good	Good

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

The College's Quality Improvement Unit continued to promote and develop self assessment and reflective practice across all curricular and functional areas. The annual Self Evaluation Review process is recognised as important in helping teams to critically review their areas of responsibility whilst encouraging and supporting self improvement. For the third consecutive year, the ETI awarded the College the highest level rating of 'high confidence' for its Whole College Self Evaluation and Quality Improvement Plan in March 2014. The Inspectorate reported that it has a 'high degree of confidence' in the College self evaluation and quality improvement planning processes which have demonstrated the capacity to address the areas for improvement identified.

## **SOUTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2013-14 (continued)**

The Lead Internal Verifier role, supported by the Quality Improvement Unit, has been instrumental in driving robust assessment and internal verification strategies across the Schools. This has been evidenced during the year by External Examiner/Verifier reports received where specific reference was made to the range of assessment modes and the marking procedures adopted across College programmes. Many teams successfully demonstrated an imaginative approach to assessment, with good use of observation and group performance to supplement the assessment evidence. Assessment modes are extensive, diverse, appropriate and effectively challenge our learners.

In June 2014, the Quality Assurance Agency for Higher Education (QAA) launched the Higher Education Review (HER) process as a replacement to the Integrated Quality and Enhancement Review, Northern Ireland. The overall aim of the HER is to inform students and the wider public whether a provider meets the expectations of the Higher Education sector for the setting and/or maintenance of academic standards, the provision of learning opportunities, the provision of information, and the enhancement of the quality of students' learning opportunities.

The College has made significant progress in preparing for the HER Review to be undertaken in the 2015-16 academic year through the continuous development of staff delivering on Higher Education programmes and the implementation of the 2013-14 QAA Action Plan. Furthermore, six Higher Education programmes of study have been revalidated by the University of Ulster during 2013-14. In addition the College has been selected to pilot two Higher Level Apprenticeship programmes in Chemical and Life Science in conjunction with Norbrook Laboratories and in Finance and Accounting in conjunction with Accounting Technician Ireland and the Chartered Accountants Ireland.

### **Teaching and Learning**

The College continued its participation in the Technology in Learning Delivery (TLD) programme during 2013-14. The TLD programme will become the professional development standard in ILT for all lecturing staff and is now a mandatory requirement for lecturers delivering blended learning programmes within the College.

The College approach to TLD was reviewed as part of a DEL Blended Learning stock take visit which took place in June 2014. Outcomes from the stock take visit will be used to inform DEL future strategies for Blended Learning. The format for the visit allowed the DEL review team to experience different approaches used in the deployment of eLearning. Some key examples shared with the DEL review team included:-

- Use of Blended Learning Courses to provide more flexible delivery of Higher Education Software Engineering;
- Online units in Anatomy and Physiology to reduce attendance time for employed Hair and Beauty adult students;
- Part time HND Photography use of podcast and online assessment to create flexibility of attendance mode from eight to four hours (two to one evening), with very positive learner evaluation. Summer course in up-skilling learners on the use of learning technology was offered prior to commencement of the course;
- Level 3 Childcare students use of Learning Assist for e-portfolio; and
- Use of a reflective blog for assessment evidence for Management students.

In September 2013 the College launched its "GreenTEC" centre at the Newry Greenbank Campus. GreenTEC is the College's new Centre of Excellence for the Construction Industry. The centre has enabled the College to consolidate its construction curriculum onto a single site in Newry as well as offering industry professional, technical and accredited training, seminars and demonstrations in sustainable construction practices.

The College has further developed its Inclusive Curriculum Strategy to meet the diverse needs of those learners who experience barriers to learning. The ongoing refinement of the curriculum for 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 the ETI inspection in November 2013 as best practice.

"The College provides a very good, innovative range of Further Education and work-based learning courses to meet the diverse needs of those learners who experience barriers to learning. As a result, learners follow a curriculum plan matched well to their specific needs and career aspirations. In 2013, for example, the College introduced a bespoke 'Fresh Start' cross-campus programme for 27 learners with histories of high levels of disengagement from education and training."

## **SOUTHERN REGIONAL COLLEGE**

### **OPERATING AND FINANCIAL REVIEW 2013-14 (continued)**

Work is nearing completion on the College's open access Science, Technology, Engineering and Mathematics (STEM) 'Project Hub' that aims to support students engaged in skills competitions, enterprise activity and cross curricular project work. This innovative concept will be used to inform the design of facilities within new campus buildings in Armagh, Banbridge and Craigavon.

The College further embedded the Performance Enhancement Programme (PEP) during the academic year. This has led to further improvements in pedagogic support, peer lesson observations and training for lecturing staff. The College's team of Teaching and Learning Advisers (TLAs) continue to play a key role in the implementation of the lesson observation element of the Performance Enhancement Programme. This was further evidenced through the preparation work undertaken with course teams for the Whole College Inspection.

The College held a Teaching and Learning Conference in August 2013 following feedback from the PEP process. The conference majored on two key themes (i) achieving outstanding teaching and learning, and (ii) preparation for inspection. Some 350 full and part time staff attended the conference. Furthermore, the College has embarked upon a 5 year plan which will require all full time and associate lecturing staff of the College to have completed the Teaching Thinking Certificate.

During the academic year significant Continuous Professional Development (CPD) activity took place to enhance the College's teaching and learning capacity and capability;

- 42 full time staff completed the Teaching Thinking Certificate;
- 127 part time staff completed the Introduction to Teaching Thinking Certificate;
- part time staff undertook University of Ulster Pilot Module 'Introduction to Teaching'; and
- staff have completed the Technology in Learning Delivery (TLD) programme.

An evaluation of the Introduction to Teaching Thinking Certificate undertaken by part time lecturers showed the following results:-

- 92% undertook the programme to learn new teaching strategies;
- 84% undertook the programme to improve the quality of teaching and learning for the learners;
- 100% found the programme very informative;
- 96% have used teaching strategies in their delivery; and
- 93% would be interested in undertaking the Teaching Thinking Certificate.

## **STUDENT SERVICES**

### **Care Guidance and Support**

Arrangements for the care, guidance and support of the learners, including the provision for pastoral care and additional learning support was graded as 'outstanding' following the ETI inspection carried out in November 2013. The learner support teams, along with curriculum staff, worked tirelessly to support and promote the care, welfare and academic progress of all learners. The inspection process also highlighted the comprehensive safeguarding arrangements that are in place. The College was recognised for its pastoral support for Looked after Children and Care Leavers on receiving the Buttle UK Quality Mark. The work of the Student Services team was further recognised when the team was invited to present at the ETI Training Conference June 2014.

### **Careers Education Information Advice and Guidance**

The College's Careers Service has achieved the Matrix Quality Award for Information Advice and Guidance. The College is well supported by business, industry, community and statutory agencies. College staff endeavour to meet learners' needs through the provision of quality careers learning opportunities linked with employability and individual career planning. The Disability Employment Service (DES) Pilot at the College has been extremely successful with 10 learners progressing to permanent employment in DES supported employment in 2013-14.

### **Learning Resources**

The quality of support services provided to learners through the Campus Learning Resource Centres was improved following an upgrade to the Library Management System. The College retained its position as one of the top users for e books in the Further and Higher Education sector in the United Kingdom.

## **SOUTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2013-14 (continued)**

### **Student Engagement and Activities**

Throughout the year the College focused on continued improvement in the learner experience through more innovative and responsive services including increased engagement through Student Councils and Curriculum Focus Groups and enhanced Pre-entry Advice and guidance (PEAs) processes. This engagement has informed revisions to the admissions and enrolment procedures and improvements in the physical infrastructure across College campuses.

The College continued to promote health and wellbeing amongst students and staff by hosting over 100 events across campuses. The College has worked closely with local Health Trusts to establish partnerships and programmes that benefit students.

### **Personal Tutor**

The College further embedded a common Personal Tutorial system across all full time and substantive part time courses. The Personal Tutorial system provides a level of pastoral care to learners including target setting and monitoring of progress against an agreed learner plan as well as signposting and directing learners to the wider range of student services within the College.

### **Learning Support**

Learning Support staff have provided a wide range of academic, pastoral and technical support and assistance to students with learning difficulties and disabilities through a well-organised system of learning support informed by engagement with a wide range of stakeholders. During the year over 747 mainstream enrolments and 1,022 learners on discrete programmes of study were provided with direct support to meet their learning needs. The Learning Support Staff work in partnership effectively with curriculum staff to support and promote the care, welfare and academic progress of all learners.

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.

### **Student Feedback**

The College continues to seek feedback from learners and to use this to develop and embed a culture of self improvement. To this end the College engaged the services of an independent company QDP Services to provide learner feedback through two online learner surveys. This information was benchmarked across Schools within the College and against similar surveys undertaken by Colleges in England and Wales. Learner responses have helped to inform improvement plans across schools and functional areas.

### **Information Learning Technology**

The College devised plans to move its Virtual Learning Environment to a hosted Moodle solution. The School of Early Years and Healthcare has been selected to pilot implementation prior to wider roll out across all schools during 2014-15.

The College also plans to launch a new intranet service as part of our strategy to further develop communications and collaborative working and to take advantage of modern information systems technology. A pilot project involving Human Resources, the Quality Assurance Unit and the School of Computing and Business will be used to inform a much bigger deployment across the whole College during 2014-15. This development 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.

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.

### 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
- Incubation

The team of 20 plus staff are 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 work with companies from across Northern Ireland, particularly in the south-eastern region.

i3 has proven its ability to strengthen the College's position as a primary provider of business support and knowledge transfer activity to local and regional business and industry. In 2013-14, i3 enjoyed its first full year in operation following its launch in January 2013. It is now well embedded within the College with a significant increase in Innovation and Knowledge Transfer activities over the last year.

#### Knowledge Transfer Activity

i3 continued to build on the top class service offered to industry through Knowledge Transfer provision both at a local level and cross border basis. The key programmes delivered in 2013-14 include:

- **Employer Support programme:** 95 projects were completed by 31<sup>st</sup> July 2014 with a further 10 projects ongoing. Over 50% of the companies engaged were new clients and over 20 engagements led to other areas of support including Innovation Voucher and Customised Training. Some examples of projects include Building Information Modelling (BIM), Renewable Energy Products Installation, Product Design Skills and Associated Software, Digital Marketing including Video Production and Editing Skills, Cloud Computing, Database Development, Near Field Communication, Allergens, Nutrition and Food Labelling;
- **Fusion:** activity increased from 3 projects at the beginning of 2013-14 to 8 projects secured/delivered by the end of the academic year. Through continued engagement with IntertradeIreland, the College's reputation as a key deliverer of innovation support has strengthened significantly with a number of Engineering and ICT projects ongoing in Dundalk, Dublin, Cavan and Tipperary;
- **Innovation Voucher Scheme:** A total of 25 vouchers were secured in 2013-14 in Engineering, Hospitality and Tourism, Computing, Construction and Creative. This compares to 17 vouchers secured in 2012-13; and
- **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. In 2013-14, the College successfully delivered the Strand A of the iOTA programme which was targeted at pre-start and business start-ups. Outputs include:
  - Successful delivery of an Innovation/Enterprise Roadshow in Portadown campus in November 2013 with 69 attendees
  - 11 Action plans delivered
  - Innovation Clinic delivered with 15 attendees
  - Enterprise training programme delivered to 9 participants as per iOTA target

Strand B which is targeted at established businesses, will be delivered by March 2015.

## SOUTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2013-14 (continued)

### Training

Although i3 has secured and delivered a number of training contracts in 2013-14, this side of the business remains a challenge. The College received departmental approval to pilot two new Higher Level Apprenticeship (HLA) programmes during 2014-15 in Finance and Accounting and Chemical and Life Sciences. Further apprenticeships were secured with a number of employers in the Electrical and Specialist Joinery fields. This work will come to fruition in the next academic year.

Some examples of i3 training provision are listed below:

- **Customised Training:** 32 projects were delivered in 2013-14. Some of the companies involved included Auto line Insurance, National Windscreen, O'Hanlon and Farrell, Cubis Industries, ABP and Norlect Engineering to name a few. Some of the qualifications included ILM L3 and L5 Leadership and Management qualifications, L5 Diploma in Childcare, City and Guilds 17<sup>th</sup> Edition, L2 Food Safety;
- **Full Cost Recovery:** i3 provided full cost recovery training to 88 companies. Clients included Moy Park, Kingspan, Haldane Fisher, BE Aerospace, Avondale Foods and NACCO Handling. A significant element of this provision was bespoke with some qualifications delivered in L2 Award in Business Administration, L2 Performing Engineering Operations, L2 Food Safety, L3 Leadership qualifications;
- **Apprenticeships:** Nine companies provided employment opportunities for 53 apprentices in subject areas including Food Engineering, Butchery, Retail and Laboratory Skills. Further time was invested in the new HLA programmes with 20 enrolments secured for Accountancy and 14 enrolments secured with Norbrook for Life and Chemical Science for 2014-15.

### 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 include:

- An innovation event held in Newry campus in August 2013 to raise awareness of i3's Knowledge Transfer and Innovation services. Attended by employers across a number of industry sectors;
- e-Academy Leadership and Management event in November 2013 which launched the new online modules for ILM courses;
- Childcare Cluster in Banbridge campus in January 2014. Very well attended by childcare providers;
- Innovation events held for employers in Newry, Portadown and Banbridge in January 2014 to raise awareness of ESP and Innovation Vouchers. A number of projects were secured as a result of these sessions;
- Meeting with InvestNI (International Investment Team) in February 2014;
- Research Lecturer in Tourism, Kieran Swail, spoke to an audience of over 200 business representatives on 'The use of apps, maps and trails to enhance the tourism experience' at the Cross Border Tourism Conference - The Green Way Forward for Tourism, Health and Sport on 9<sup>th</sup> April 2014 at The Ballymascanlon Hotel, Dundalk.
- i3 Hospitality and Tourism Industry Event, Newry campus May 2014. Attended by a number of local businesses from the sector, this event informed local industry of the training and knowledge transfer services delivered by the College;
- Food Allergens Workshop delivered by Food Technology Research Lecturer, Brenda Kelleghan;
- Business Breakfast Event for Accountants to promote higher apprenticeship opportunities in Newry in June 2014;
- Rooney Fish Apprenticeship Launch, June 2014;
- Food Manufacturing and Butchery Events in conjunction with Environmental Health, June 2014.

**SOUTHERN REGIONAL COLLEGE**  
**OPERATING AND FINANCIAL REVIEW 2013-14 (continued)**

<b>i3 Business Support Engagement 2008-14</b>						
	200809	200910	201011	201112	201213	201314
No. companies	255	950	672	645	927	580
Full cost recovery income	£157k	£177k	£188k	£186k	£215k	£182k
Other income	£814k	£2,270k	£2,543k	£1,278k	£720k*	£884k*

*Table 7*

\* excluding i3 Apprenticeship activity 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 continuing professional development (CPD) activity. An annual Employee Development Plan was approved by the College's Staffing Committee and agreed actions were based on an analysis of information 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 College's academic calendar. The College also increased its portfolio of on- line employee development courses thus providing a more 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 the University of Ulster'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 2013-14 academic year.

Following the achievement of Investors in People in 2012, the College continued to use the standard as an improvement tool. The College used the rolling review approach to assess our progress against the standard. An interim review in the early part of the 2013-14 academic year found that progress was on track.

The College continued to embed the Technology in Learning Delivery (TLD) qualification to support lecturing staff engaged in blended learning delivery. Future ILT employee development will be aligned to support this aim. The qualification is now a mandatory DEL requirement for any staff delivering on designated blended learning courses.

The College's Process Improvement Project made significant progress in bringing about improvements across a number of key business process areas. More specifically this piece of work helped to develop a shared understanding of individual and team responsibilities, better customer service, more efficient operations and more effective use of technology to support business process areas.

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 2013-14 was 94.6%.

## **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 2013-14 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. The Governing Body also received a full update on the College's financial position at each meeting throughout the academic year.

The Senior Management Team 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.

Maximising College income continues to present challenges and in particular there has been a significant drop in training income and this trend is likely to continue with the implementation of the new DEL training contract. In order to counter this the College took forward a number of actions aimed at increasing income through apprenticeships and continued to apply downward pressure on expenditure lines through effective management of College budgets.

## **6. Strategic Aim: Modern Fit for Purpose College Estate**

➤ **To provide a modern fit for purpose College estate for the southern region.**

The College's desire to progress the development and implementation of an estates strategy remains a key priority. Deloitte as technical advisers completed the outline business case and economic appraisal to support the College's estates plans. The outline business case was approved by DEL and the Department of Finance and Personnel (DFP) and notification of the approval was conveyed to the College on 1<sup>st</sup> August 2014. In addition the College received confirmation that funding had been secured under the United Community Strategy to take forward the new build campus in Craigavon. The new campus will replace existing campuses in Portadown and Lurgan and is one of a number of projects approved as part of £100m additional funding to Northern Ireland from Westminster to support shared education, improving community relations and building a united and shared society.

The selection of the College is very much a recognition of the role the College plays in supporting shared education and developing communities. This announcement will enable the College to expand its provision, to increase its work with local business and industry and to further support the work that we do with local schools by providing all our young people with the same opportunity to experience vocational education and training. The initial investment of £22.5m together with the approval for new campus buildings in Armagh and Banbridge will allow the College to take forward the three new campus build projects concurrently. The College has established a Project Board to take forward the design and procurement phases during the 2014-15 academic year.

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. This included refurbishment of existing teaching spaces at the Newry West Campus as a STEM project centre. A more strategic approach to maintenance and refurbishment will be applied in future years as these new build projects gather pace.

## SOUTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2013-14 (continued)

### 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 Colleges' internationalisation plan aims to 'promote an outward and forward looking College through the development of international links supporting staff, students and knowledge exchange'. During the academic year the College was engaged in a range of international projects that enabled 113 students and 29 staff to avail of education and training opportunities in other European countries or share best practice within a global context.

During the year the International team managed five 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)
- LETS GO (Learning Experiences Through Sports Guidance and Opportunities)
- Sustainable Construction in Europe Project

The International team also managed a Leonardo Transfer of Innovation (TOI) Project 'Be Inspired, Business enterprise for adults with learning disabilities' and an EU Partnership Project 'THANKS' (Think Family: Empowerment of Families at Risk to Practice Active Citizenship).

The International team secured funding for a total of 12 Transversal Study Visits during 2013-14. These visits included:

- Sustainability and user-driven innovation in building and construction –Denmark
- Sustainability in education from curriculum to reality – Croatia
- Energy efficiency and renewable energy – Germany
- Promoting design education for developing industries – Slovenia
- Digital technology in tertiary education governance - Aims, tools and monitoring – France
- Improving quality management systems at educational centres – Turkey
- Strengthening and encouraging VET: Malta as a case study – Malta

The successful delivery of EU-funded projects not only involves the rigorous completion of interim and final reports and the hosting of monitoring visits but also the dissemination of experiences and successes. A valuable output of EU engagement is the development of learning materials and during 2013-14 materials were developed to support teaching in the following areas:

- English as Second Other Language (ESOL);
- Cultural Diversity;
- Business Enterprise for Adults with Intellectual Difficulties.

In December 2013 Southern Regional College was awarded the Erasmus Extended University Charter for the whole period of the Erasmus+ programme to 2020. The new Charter is now called: Erasmus Charter for Higher Education and enables the College to extend its EU engagement to Higher Education students and make a more significant contribution to delivering on the new DEL Graduating to Success Strategy.

During the year, the International team successfully hosted a number of incoming visits of students and staff from a range of other countries including:

- two groups of staff from Helsinki Diakonia College in Finland;
- two groups of students and staff from Maison Familiale Rurale (MFR) College in France;
- a group of 12 students and one staff member from the University of Debrecen in Hungary;
- an Erasmus student from De Croly in Spain completed Internship training at SRC;
- two staff from Decroly in Spain;
- a group of staff from Technika in Spain;
- a group of four students from CPNV (Centre Professionnel duNord Vaudios) Switzerland;
- a group of 12 partners from 11 countries visited the College as part of the Thanks Project meeting; and
- two students from Sweden doing a work placement with MJM Marine.

This work is crucial in helping the College to build partnerships internationally and maximise opportunities for international collaboration. The College has over 70 international partners to call upon for various funding and mobility initiatives.

## **SOUTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2013-14 (continued)**

### **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 2014-15 year the allocation was £240k less than the 2013-14 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, pensions auto enrolment and inflation in areas such as rates and utilities have all contributed to pressures on expenditure lines.

Against this challenging backdrop the College has presented a budget for 2014-15 with a planned historic cost deficit of £578k. This financial plan will support the delivery of the College's seven 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 engagement, school partnership, additional learning needs, information and learning technology and a number of corporate support functions. A continued focus over the strategic timeframe 2014-17 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
- appointing the design team and commencing the design phase for 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 £2.30m (2012-13 – deficit of £1.06m).

Total income decreased on the previous year by £0.50m. Total expenditure increased by £0.42m.

## **SOUTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2013-14 (continued)**

Total historic cost outturn was a deficit of £0.56m (2012-13 – surplus of £0.59m) compared with the College's original estimate as per the College Development Plan of £0.43m deficit. Overall the financial performance was very much in line with the College Development Plan and reflects a number of revisions to income and expenditure lines effected through the quarterly monitoring process. The reported deficit was in line with the planned position approved by DEL in accordance with the Financial Memorandum.

Asset Indices provided by Land and Property Services were applied to the Group's Land and Buildings to provide valuations at 31 July 2014. This resulted in an increase in net book value on 31<sup>st</sup> July 2014 of £4.7m. The total net book value of Land and Buildings at 31 July 2014 is £59.06m.

The College has significant reliance on the Department for Employment and Learning (DEL) as its principal funding source, largely from recurrent grants. In 2013-14, DEL provided 64.35% of the College's total income through allocated recurrent grant. This represented 18.1% 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 ear-marked reserves during 2013-14 to support a number of planned estates related projects and refurbishments and the agreed level of over delivery in Further Education. Financial performance during the year resulted in a decrease of £359k in cash reserves. The College plans to use its reserves to address a number of short and medium term projects and accommodation issues. Current levels of reserves exceed the amount normally permissible in the Financial Memorandum and with agreement from the Department, the College has committed £8m to the delivery of the new build estates project. 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. Any sudden or unplanned diminution in reserves has the potential to adversely impact on the College's ability to respond to financial uncertainty and to take forward investment plans in respect of estates.

The Group has total net assets of £67.35m and cash balances of £11.40m as at 31<sup>st</sup> July 2014. A relatively high level of reserves was inherited from the legacy colleges but this continues to fall reflecting the more challenging financial climate the College is operating within.

### **Finances and Going Concern**

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

## **TREASURY POLICIES AND OBJECTIVES**

### **Treasury Management**

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:

## **SOUTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2013-14 (continued)**

- all investments are held with major financial institutions operating in the UK banking sector which are regulated by the Financial Services Authority (FSA). At the balance sheet date the College had the following investments:-

Bank of Ireland	-	£3.05m
Santander	-	£3.02m
Danske Bank	-	£1.53m
Ulster Bank	-	£3.67m

- 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**

Cash outflow was £0.36m (2012-13 £0.18m outflow). The net cash outflow was largely due to a decrease in income from Education Contracts and an increase in Other Operating Expenses.

### **Liquidity**

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.

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 2013-14.

### **Student numbers**

A summary of performance in respect of student enrolment targets for 2013-14 is set out below. Further information and analysis in respect of student enrolments is set out earlier in this Annual Report.

**SOUTHERN REGIONAL COLLEGE  
OPERATING AND FINANCIAL REVIEW 2013-14 (continued)**

<b>Enrolments 2013-14:</b>			
	<i>Target:</i>	<i>Actual Performance -</i>	
		<i>Numbers:</i>	<i>Percentage:</i>
Further Education	15,148	15,293	101.0%
Essential Skills	4,700	4,473	95.2%
Higher Education	1,805	1,790	99.2%
<b>Total:</b>	<b>21,653</b>	<b>21,556</b>	<b>99.6%</b>

A summary of the College performance in respect of Funded Learning Unit (FLU) targets is set out in the table below. In summary the College performance was 97.4% against the FLU target and exceeded resource allocation by 1.5% (actual performance 101.5%).

<b>Funded Learning Units (FLU) 2013-14</b>			
	<i>Target / Resource Allocation</i>	<i>Actual Performance -</i>	
		<i>Numbers:</i>	<i>Percentage:</i>
Performance versus target	8,150	7,942	97.4%
Performance versus resource allocation	7,822	7,942	101.5%

### **Student Achievements and Activities**

Information on student achievement is set out earlier in this Annual Report and is summarized in **Table 4** at page 15. Additional information on student achievements and activities is included below.

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 and national competitions across many vocational areas. College students also engage in a number of other activities including enterprise, sporting and fund raising events.

During the 2013-14 academic year:

- Stephen Rooney from Kilkeel studied on the Level 3 Extended Diploma in Art and Design in Newry Campus received the Prestigious SAA (Society for All Artists), 'UK Best Young Landscape Artist of the Year' award.
- Students from Southern Regional College dazzled judges at The UK Skills Competition held recently in the NEC, in Birmingham sweeping the table and earning Gold, Silver and Bronze medals in a number of areas. The UK Skills competition showcases the UK's most talented apprentices and trainees in areas as diverse as engineering, construction, health care and digital media. Shane Branagan from Rathfriland won the UK Skills gold medal for plumbing with Gary Doyle from Katesbridge picking up the silver medal. The College narrowly missed out on an unprecedented first, second and third in plumbing when Alan McCombe from Newtownhamilton narrowly missed out on the bronze medal in plumbing. The College success continued with

## SOUTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2013-14 (continued)

- Nikita Harron from Dromore winning the UK Skills bronze award for Health Care and William Megaw from Hilltown was 'highly commended' for his skill in joinery.
- The College received the Gold Centre Award from the International Association of Book-Keepers (IAB) in recognition of the College's high standards and the learners' achievements, striking the Gold standard as part of IAB's 40th Anniversary celebrations. The award was presented at the prestigious Top UK and International Centre Awards reception held at the House of Commons, London.
- Graphic Design Student, Jowita Rogalska, designed the perpetual trophy which will be presented to the 50th winner of the BT Young Scientist and Technology Exhibition.
- Declan Brennan from Newry along with Conor Stevenson and Jessica Beacom both from Portadown excelled at the Future Students of Business Awards. All three students demonstrated outstanding business acumen making them worthy winners.
- The College was awarded the prestigious Association of Colleges (AoC) Beacon Award for Widening Participation to Lifelong Learning. The College was presented with the award, sponsored by Pearson, by Lord Willis, President of the AoC Charitable Trust, at the AoC Beacon Awards National Presentation Ceremony in London on Wednesday 5 February 2014.
- Local butchery student Christopher Hoey picked up the award for UK Outstanding Meat Learner of the Year and Enniskillen Student Dean McAloon won the Lord Graham Endeavour Award.
- Two students recently scooped the titles of Essential Skills Learner of the Year at a recent ceremony held in the Dunadry Hotel, Antrim. Alison Rodgers was awarded the title for Co. Down and Cal Morgan for Co. Armagh.
- Southern Regional College competitors swept the tables at the Skillbuild 2014 finals held recently at Greenbank Campus. The competition saw one hundred competitors from across Northern Ireland put their skills to the test in 11 different construction trade areas. These students won an outstanding 5 Gold, 5 Silver and 3 Bronze. Gary Doyle was crowned Young Apprentice of the Year and the College also retained the DEL Cup awarded to the most successful skills team in the Skillbuild competition. The College excelled in six categories including Cabinet Making, Industrial Heating, Joinery, Painting and Decorating, Plumbing Pipework and Wall and Floor Tiling, bringing home the gold, silver and bronze awards in this category thanks to Tiling students Armondas Tamulis, Shaun Thornton and Jonathan Burrows. The Cabinet Making team who won Silver and Bronze were Nathan Wilson and Christopher Jeffery. The Industrial Heating competitors who achieved Gold and Bronze awards were John Herron and Deividas Neimontas. Joinery had the top two students with Jordan Jeffers being awarded Gold and the Silver medal went to Brendan Magee. The Plumbing Pipework competition saw Gary Doyle, last year's silver medal winner in the UK Skills Show competition coming out on top with Gavin Rice awarded the Silver medal.
- The Rotary Club of Portadown presented its annual awards to five College students for outstanding work in each of their vocational areas. The students, all studying on the Portadown campus of the College, were presented with their awards by Rotary President Bryan McLaughlin on Monday 12 May 2014. Winners of the awards for 2014 were: Matthew Hoey (Engineering), Conal Barbour (Catering), James Frizzell (Construction) and Natalia Nowacka (Business).
- Jordan Jeffers from Portadown, was named the winner of the Northern Ireland heat of the 2014 Dulux Decorator Centres' Apprentice of the Year. Jordan also won gold in the Skillbuild Regional Finals Painting and Decorating competition.
- Shane Crummy, an apprentice in Electrotechnical Service from Newry was a finalist in the DEL Apprentice of the Year 2014 awards. Shane is completing his apprenticeship in Electrotechnical Service at Newry campus and is employed by O'Hanlon and Farrell in Newry.
- The Stars of Northern Ireland's Hospitality and Tourism Industry were honored by the Institute of Hospitality (NI) at their annual awards ceremony, which took place in the Culloden hotel. Final Year foundation degree hospitality management student Shanice Faulkner from Armagh received a commendation from the Northern Ireland branch of the Institute of Hospitality. Shanice spent six months of her studies on placement at the five star Gleneagles resort in Scotland enhancing her practical skills whilst undertaking a work based learning report before her return to college.
- The College scooped five prizes at the Colleges NI BEST Awards: BEST Awards runner-up in the 19+ category: Julie-Anna Glass, Lurgan Campus; Creative Industries: Aaron Eccles, Gaming Level 3, Portadown Campus; Life Science Award: Shaun Keegan, Science Level 3, Armagh Campus; Visual Design Award: John Kerr, HND Graphic Design, Lurgan Campus; Most Supportive lecturer: Sharon McCone, Newry Campus
- Students from Southern Regional College recently graduated from the Career Academy UK at a glittering ceremony held at Stormont Buildings alongside students from the other five colleges in Northern Ireland.

## **SOUTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2013-14 (continued)**

- Local apprentices Keelan Cunningham from Newry and Caolan McAvoy from Hilltown, both apprentices with Kelly Brothers Building Contractors helped cement their future careers in the building industry by coming first and second respectively in the recent Inter-Campus Skillbuild Competition hosted at the College.
- Aaron Frazer from Armagh, an apprentice at Donnelly Group, Dungannon was recently crowned overall winner of the motor vehicle skills competition held in South West College.
- The College's prestigious Rooney Fellow Award for 2013-14 was presented to Shanice Faulkner a student on the College's Foundation Degree in Hospitality and Tourism Management. This is the 22nd year of the Fellowship and the presentation took place at a gala dinner prepared by students in the College's Graduate restaurant.
- Cathal Crossan, a 1st year Commis Chef based at the Newry Campus achieved the Chef of the Year award. Cathal, studying on the City and Guilds Level 2 Diploma in Professional Cookery carried out his six month work experience in the Bannville House Hotel, Banbridge.

During the 2013-14 academic year College staff were acknowledged when :

- Elizabeth Greer, Deputy Head of School of Business and Computing was awarded an MBE in the Queen's Birthday Honours, for services to Education in Northern Ireland.
- Paul Doran a Wall and Floor Tiling lecturer for the School of Construction and Built Environment at Greenbank Campus Newry, was awarded a top accolade by the Chartered Institute of Builders (CIOB). In a recent award ceremony Paul was also crowned 'Best Construction Engineering and Management Student' at the University of Ulster.
- Emma Boyle was runner-up in the National Skills Academy for Retail Trainer of the Year at the prestigious National Skills Academy for Retail Rising Stars Awards, run by Retail Week. Emma Boyle has been working as a retail trainer at the College's 'Southern Retail Skills Shop' since 2009.

### **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 and was recently assessed as "very good" following an Education and Training Inspectorate Whole College Inspection carried out in 2013-14. The College provides a range of courses spanning Essential Skills, professional, technical and academic programs from entry-level through to level six and also recreational provision. Some of the key aspirations set out in our College Development Plan for 2014-17 include:

- 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 two and above, on delivery of apprenticeships and on the development of higher level apprenticeships;
- 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 place emphasis on science, technology, engineering and mathematics as part of the curriculum offer but recognises the increasing importance that creative design has to play in modern successful and innovative workforces;
- 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 ever changing demands and challenges of ensuring effective delivery of vocational education and training;
- The development of a pilot Higher Education Centre in partnership with the University of Ulster will be an important strand aimed at widening participation in Higher Education;

## **SOUTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2013-14 (continued)**

- Community engagements promoting community cohesion and enhancing social inclusion through 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.

### **Payment Performance**

The Late Payment of Commercial Debts (Interest) Act 1998, 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 2013 to 31 July 2014, the College paid 89% 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 2013 to 31 July 2014, the College paid 57% of its invoices within 10 days.

### **Post Balance Sheet Events**

There were no post balance sheet events.

### **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 uncertainty regarding constraints on public sector funding and the potential for budget reductions is an emerging issue.

Work based training and apprenticeship delivery represents another important source of income. The Department for Employment and Learning has awarded new contracts to support the delivery of apprenticeships and training for success. Training income has declined in recent years and there is a need to review the College strategy and approach in this area.

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 and the procurement process for appointment of the Design Team commenced. Costs incurred at the 31 July 2014 of £80k have been capitalised and included within fixed assets.

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). To date the Department of Finance and Personnel have confirmed that this position is in place at least until 31 March 2015. 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.

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.

## **RESOURCES**

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

**SOUTHERN REGIONAL COLLEGE  
OPERATING AND FINANCIAL REVIEW 2013-14 (continued)**

**Estate**

The Group estate includes the following campus buildings and land:

Campus	Net Book Value at 31 <sup>st</sup> July 2014
	£'000
Armagh College Hill and Lonsdale Campus	5,814
Armagh, Station Rd Complex	90
Armagh, Lisanally Campus	6,320
Banbridge Campus	3,379
Banbridge Factory Site	248
Lurgan Campus	6,026
Newry East Campus	10,845
Newry West Campus	10,215
Newry Corry Square Campus	81
Newry Model Campus	1,789
Newry Greenbank Campus	2,407
Greenshoots (Newry) Ltd	675
Kilkeel Campus	828
Portadown Campus	10,936

**Financial**

The consolidated net assets at 31 July 2014 were £67.35m (including £7.14m pension liability). There was no long term debt at 31 July 2014.

**People**

The average number of people employed by the College during 2013-14 was 1,018 (equating to FTE 735.37 staff) of whom 380.25 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 5.43% or 12.58 days per FTE (based on FTE and work pattern analysis) for 2013-14.

**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.

**SOUTHERN REGIONAL COLLEGE**  
**OPERATING AND FINANCIAL REVIEW 2013-14 (continued)**

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.

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

<i>Summary of Corporate Risks:</i>	<i>Commentary:</i>
<b><i>Financial viability of the College</i></b>	- Management of delegated budgets and regular financial reporting to the Chief Executive, Finance and General Purposes Committee and DEL took place in-year. The College is entering a more challenging financial period and this area will continue to be monitored and reviewed closely over the course of 2014-15.
<b><i>Positive Reputation of the College</i></b>	- The school review process, course folder audit process, embedding of 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 2013-14 the college positively promoted a range of events, successfully hosted the Skill Build (NI) competition, completed a rolling review of Investors In People and achieved a “very good” rating from a whole college ETI inspection. All of this contributed to maintaining the positive reputation of the college.
<b><i>Non Compliance with Policies, Procedures and Statutory Requirements, Safe working environment and Health and Safety Legislation</i></b>	- 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.
<b><i>Effectiveness of the Delivery of Education and Training</i></b>	- External quality assurance and Internal Teaching Controls 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. During 2013-14 the organisation and management structure of Schools was re-engineered with a view to improving effectiveness of delivery of training and education. A whole College Inspection conducted in-year by ETI assessed Further Education and Work-Based Learning provision as “very good”.

**SOUTHERN REGIONAL COLLEGE  
OPERATING AND FINANCIAL REVIEW 2013-14 (continued)**

<i>Summary of Corporate Risks:</i>	<i>Commentary:</i>
<b><i>Effectiveness of Core ILT Infrastructure and Related Services</i></b>	- Core ICT systems continued to be delivered through the key service contracts. 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.
<b><i>Integrity of College Information</i></b>	- Key data and information policies are in place (Data Protection, FOI, Network Security) and are reviewed in line with the policy review schedule. There are well established processes for capturing, recording and managing information with extensive use made of ICT systems. User ID and user access controls, firewalls, backup procedures, contingency arrangements are in place as well as physical security.
<b><i>Impacts and Implications of Reclassification of FE Sector</i></b>	- The College continued to engage with the Department regarding the impacts and implications of reclassification and this matter remains ongoing.
<b><i>Long Term Strategic Planning to Support Engagement between Schools and Colleges</i></b>	- The College engages proactively with the Department for Employment and Learning, schools, Area Learning Communities, local political representatives and parties, local councils and other key stakeholders to help inform strategic direction and planning and to mitigate and manage this risk.
<b><i>Effectiveness of Quality Assurance and Improvement Processes</i></b>	- The College operates well established quality assurance and improvement processes including Internal Verification, Course Folder Review, KPIs, School Reviews and Student Surveys. In addition external review through ETI, Awarding Bodies, Internal Audit and External Audit all contribute to managing and mitigating risk in this area.
<b><i>Effectiveness of Governance and Risk Management Processes</i></b>	- 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, health-check 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.

## **SOUTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2013-14 (continued)**

### **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 2013-14 included:

- initial pre-entry assessments by the College's Team of Learning Support Coordinators (LSC) are carried out to ensure that support measures are in place in advance of a learner beginning his/her programme of study;

## SOUTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2013-14 (continued)

- 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;
- 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 1700 students during 2013-14; 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.
- 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

<b>External Auditors</b>	Northern Ireland Audit Office, 106 University Street, Belfast, BT7 1EU
<b>Internal Auditors</b>	KPMG, 17 College Square East, Belfast, BT1 6DH
<b>Bankers</b>	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
<b>Solicitors</b>	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

**SOUTHERN REGIONAL COLLEGE  
OPERATING AND FINANCIAL REVIEW 2013-14 (continued)**

The members who served the governing body during the year were as follows:

Governing Body Membership for 2013-14 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	4 5
Arder Carson	20/02/2013	19/02/2017		Member (co-optee)	Audit Gov Body	2 4
Sinead Challinor	01/08/2011	31/07/2015		Member	Education Gov Body	3 4
Maureen Clark	01/08/2011	31/07/2015		Chair Member	Education Audit Staffing Gov Body	2 1 2 5
Angela Coffey	01/08/2011	31/07/2015		Vice Chair Member	Gov Body Finance Staffing	8 3 1
Hugh Cox	01/08/2011	31/07/2015		Chair Member	Audit Education Staffing Gov Body	4 1 2 6
Brian Doran	28/01/2008			Accounting Officer & Chief Executive	Education Finance Staffing Gov Body	3 5 3 8
Eric Ferguson	01/08/2011	31/07/2015		Chair Member	Finance Education Gov Body	5 3 4
Gordon Gough	1/08/2011	31/07/2015		Member	Finance Gov Body	2 6
Donald Mackay	01/08/2011	31/07/2015		Member	Audit Staffing Gov Body	2 3 6
Henry McCloy	27/02/2012	26/02/2016		Staff Governor	Audit Gov Body	2 2
Sylvia McRoberts	03/04/2012	02/04/2016		Member	Staffing Gov Body	0 2
Conor Patterson	01/08/2011	31/07/2015		Member	Finance Gov Body	1 4
Michael Purcell	27/02/2012	26/02/2016		Staff Governor Member	Gov Body Finance Education	5 3 2
Andrew Saunders	01/08/2011	31/07/2015		Chair Member	Gov Body Education	7 1
Jack Tyler	01/09/2014	01/09/2015		Student Member Member	Governing Body Education	1 1
Eileen Wright, OBE	03/04/2012	02/04/2016		Chair Member	Staffing Audit Education Gov Body	3 4 3 4
Nicola Wilson	01/08/2012	31/07/2016		Member	Education	

For and on behalf of the members of the Governing Body

A.P. Saunders  
Mr Andrew Saunders (Chairman)

19-11-14  
Date

## **SOUTHERN REGIONAL COLLEGE REMUNERATION REPORT**

### **Remuneration Policy**

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

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

The posts of Members of the Governing Body and the Chairman 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). This is a defined benefit scheme, which is externally funded and contracted out of the State Earnings-Related Pension Scheme (SERPS).

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, other than for misconduct, 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 2013-14	Benefits in kind 2013-14	Pension Benefits 2013-14*	Total 2013-14	Salary 2012-13	Benefits in kind 2012-13	Pension Benefits 2012-13*	Total 2012-13
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Brian Doran Chief Executive</b>	£106k- £110k		£16k- £20k	£126k- £130k	£106k- £110k		£21k- £25k	£126k- £130k
<b>John Quinn Director</b>	£76k- £80k	£0	£16k- £20k	£96k- £100k	£76k- £80k	£0	£11k- £15k	£90k- £95k
<b>Jim O'Hagan Director</b>	£76k- £80k	£0	£16k- £20k	£96k- £100k	£76k- £80k	£0	£16k- £20k	£96k- £100k
<b>Gerard Devlin Director</b>	£76k- £80k	£0	£11k- £15k	£90k- £95k	£76k- £80k	£0	£21k- £25k	£101k- £105k

	2013-14	2012-13
	£'000	£'000
<b>Band of highest paid directors total remuneration</b>	£106k-£110k	£106k-£110k
<b>Median total remuneration</b>	24,921	25,042
<b>Ratio*</b>	4.3	4.3

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

- 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 Workforce Development 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 and Student Services 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**

Name	Accrued pension at age 60 as at 31/7/14 and related lump sum	Real increase in pension and related lump sum at age 60	Value of CETV at 31/07/14	Value of CETV at 31/07/13	Real increase in CETV during year
	£'000	£'000	£'000	£'000	£'000
<b>Brian Doran Chief Executive</b>	£35k-£40k plus lump sum of £115k-£120k	£1k-£1.5k plus lump sum of £4k-£4.5k	£735k	£672k	£32k
<b>John Quinn Director</b>	£35k-£40k plus lump sum of £110k-£115k	£1k-£1.5k plus lump sum of £3k-£3.5k	£811k	£745k	£38k
<b>Jim O'Hagan Director</b>	£5k-£10k plus lump sum of £0	£1k-£1.5k plus lump sum of £0	£89k	£68k	£10k
<b>Gerald Devlin Director</b>	£25k-£30k plus lump sum of £75k-£80k	£1k-£1.5k plus lump sum of £2.5k-£3k	£516k	£470k	£25k

## **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.

**SOUTHERN REGIONAL COLLEGE**

**STATEMENT OF THE RESPONSIBILITIES OF THE GOVERNING BODY  
FOR THE YEAR ENDED 31 JULY 2014**

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

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 19th November 2014 and signed on its behalf by:

A.S.S  
**Chairman**  
**Mr Andrew Saunders**

19-11-14  
**Date**

## **SOUTHERN REGIONAL COLLEGE GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 JULY 2014**

### **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 DFP and 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 the College during the 2013-14 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 eight times during the 2013-14 year, two of which were special meetings, 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, apart from the reimbursement of expenses, for the work they do for the College.

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

**SOUTHERN REGIONAL COLLEGE  
GOVERNANCE STATEMENT (continued)  
FOR THE YEAR ENDED 31 JULY 2014**

**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 from the College's auditors, which is independent of College management. It also must satisfy itself that adequate arrangements are in place to promote economy, efficiency and effectiveness. 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 2013-14 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 2013-14 the Committee also considered updates on the efficiency Delivery Plan, the outline business case for the Estates Project, business case approvals, procurement and 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 five times during the 2013-14 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 as well as receiving an update on the Investors in People Rolling Review.

**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 2013-14 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 2013-14 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 2013-14 year is shown in the table below. In total there were twenty three meetings of the Governing Body and its various sub committees during 2013-14. Average attendance recorded at Governing Body meetings during 2013-14, excluding staff and student representatives was 65.8%.

**SOUTHERN REGIONAL COLLEGE  
GOVERNANCE STATEMENT (continued)  
FOR THE YEAR ENDED 31 JULY 2014**

<b>Name</b>	<i>Governing Body</i>	<i>Audit Committee</i>	<i>Education Committee</i>	<i>Staffing Committee</i>	<i>Finance and General Purposes Committee</i>
<i>No of meetings (including special meetings)</i>	<b>8</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>5</b>
Mr. Andrew Saunders	7		1		
Mrs. Maureen Clark	5	1	2	2	
Mr. Hugh Cox	6	4	1	2	
Mr. Eric Ferguson	4		3		5
Mrs. Eileen Wright	4	4	3	3	
Mr. Brian Doran (Chief Executive)	8	4	3	3	5
Mrs. Teresa Campbell	5				4
Mr. Arder Carson	4	2			
Mrs. Sinead Challinor	4		3		
Mrs. Angela Coffey	8			1	3
Mr. Gordon Gough	6				2
Mr. Henry McCloy (Staff representative)	2	2			
Mr. Donald McKay	6	2		3	
Mrs. Sylvia McRoberts	2			0	
Dr. Conor Patterson	4				1
Mr. Michael Purcell (Staff representative)	5		2		3
Mrs. Nicola Wilson	6		1		
Mr. Jack Tyler (Student Representative)	1		1		

In conclusion the Governing Body and Committees of the Southern Regional College met regularly and conducted business effectively during 2013-14.

**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 Economic 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.

**SOUTHERN REGIONAL COLLEGE  
GOVERNANCE STATEMENT (continued)  
FOR THE YEAR ENDED 31 JULY 2014**

**Risk Management and the System of Internal Control**

The Governing Body of the College is of the view that 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 2014.

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, 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 2013-14 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 and Safety Legislation
- Effectiveness of the Delivery of Education and Training
- Effectiveness of Core IT 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.

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 2013-14 saw the completion of a programme of work that provided positive assurance in twelve areas. A summary of the internal audit work and the assurance ratings for each is included below:

**SOUTHERN REGIONAL COLLEGE  
GOVERNANCE STATEMENT (continued)  
FOR THE YEAR ENDED 31 JULY 2014**

**Internal Audit Operational Plan and Assurance Ratings 2013-14**

<i>Area Reviewed:</i>	<i>Assurance Rating:</i>
Admissions and Enrolment	Satisfactory
Curriculum Planning	Substantial
Core Financial Processes - Bank and Cash / Treasury Management	Substantial
Cash Handling at Remote Campuses	Substantial
Corporate Governance	Substantial
Risk management	Substantial
Data Integrity Over FLU	Satisfactory
Oversight Arrangements in Relation to Investors in People Accreditation	Substantial
Management of Third Party Contracts	Substantial
Payroll and Pensions	Substantial
Procurement	Satisfactory
Training for Success / Apprenticeships NI.	Satisfactory

Follow-up reviews conducted during 2013-14 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 41 recommendations 25 have been addressed, including all priority 1 issues, with 16 being carried forward to be addressed.

**Progress in Respect of Internal Audit Recommendations 2013-14**

	<i>Priority 1</i>	<i>Priority 2</i>	<i>Priority 3</i>	<i>Total</i>
<b>Recommendations brought forward from prior year reviews</b>	1	8	6	15
<b>Prior year recommendations addresses / superseded as at 10 September 2014</b>	(1)	(8)	(5)	(14)
<i>Total prior year issues requiring further attention</i>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>
<b>New recommendations raised in 2013-14 as at 10 September 2014</b>	0	6	20	26
<b>Current year issues which have already been addressed</b>	0	(1)	(10)	(11)
<i>Recommendation carried forward to be addressed as at 10 September 2014</i>	<b>0</b>	<b>5</b>	<b>11</b>	<b>16</b>

**SOUTHERN REGIONAL COLLEGE  
GOVERNANCE STATEMENT (continued)  
FOR THE YEAR ENDED 31 JULY 2014**

Based on the work performed during 2013-14 Internal Audit has provided a substantial assurance over the internal control environment at Southern Regional College as at the year end.

**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 2013-14 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 2013-14 the College had no instances of suspected or detected fraud.

**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 2013-14 the College had no incidents reported under the Whistleblowing Policy.

**Pay Remits**

The College is required to comply each year with DFP guidance on the approval of pay remits. Contractual pay progression increments had been made to staff without receiving the required prior approval from DFP. DFP approval was subsequently received on 21 February 2014, however a portion of the progression payment for 2013-14, which was paid prior to the submission to DFP, is deemed to be irregular spend. The value of payments made in 2013-14 that did not receive prior approval was £154,125.

This issue affects all six colleges in the FE sector and the College now withholds progression increments until DFP approval is received. The FE sector continues to work with Colleges NI, DEL and DFP to establish an effective and efficient process for the payment of contractual pay progression increments.

**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. With the exception of the Pay Remit issue, referred to above, there are no significant internal control or non compliance issues to report in respect of the 2013-14 financial year.

  
\_\_\_\_\_

Accounting Officer

19/11/14  
\_\_\_\_\_

Date

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

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

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

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

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the 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<sup>st</sup> July 2014 and of its deficit, cash flows and total recognised gains and losses for the year then ended; and
- the financial statements have been properly prepared in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008 and the Department for Employment and Learning directions issued thereunder.

### **Opinion on other matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Department for Employment and Learning directions made under the Further Education (Northern Ireland) Order 1997 as amended by the Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008; and

- the information given in the Operating and Financial review and the unaudited part of the Remuneration Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which I report by exception**

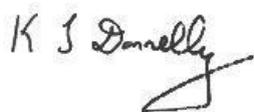
I have nothing to report in respect of the following matters which I report to you if, in my opinion:

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

### **Report**

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

In 2012-13, I qualified my opinion on regularity of the Southern Regional College's financial statements on the basis of contractual salary increments that were paid to staff without having received the required approval from DFP. This issue affected all six colleges in the Further Education sector in Northern Ireland. The appropriate approvals have now been obtained from DFP but a residual irregular amount is included in the 2013-14 financial statements of £154,125. I have not qualified my opinion on regularity in 2013-14 in respect of this residual figure.



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

*26th November 2014*

**SOUTHERN REGIONAL COLLEGE  
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 July 2014**

	Notes	2014 £'000	2013 £'000
<b>INCOME</b>			
Department for Employment and Learning grants	2	28,521	28,006
Education contracts	3	8,062	9,547
Tuition fees and charges	4	2,268	2,255
Other grant income	5	1,105	1,122
Other operating Income	6	1,029	621
Investment income	7	392	328
<b>Total income</b>		<b>41,377</b>	<b>41,879</b>
<b>EXPENDITURE</b>			
Staff costs	8	(26,821)	(25,799)
Other operating expenses	10	(14,150)	(14,918)
Interest Payable	11	-	(47)
Depreciation	14	(2,362)	(2,150)
<b>Total expenditure before exceptional items</b>		<b>(43,333)</b>	<b>(42,914)</b>
<b>Deficit on continuing operations after depreciation of assets at valuation and before tax and before exceptional items</b>		<b>(1,956)</b>	<b>(1,035)</b>
<b>Exceptional items</b>			
Exceptional costs - staff	8	(346)	(29)
		(346)	(29)
<b>Deficit on continuing operations after depreciation of assets at valuation and before tax</b>		<b>(2,302)</b>	<b>(1,064)</b>
Taxation	12	(2)	-
<b>Deficit on continuing operations after depreciation of assets at valuation and tax</b>	13	<b>(2,304)</b>	<b>(1,064)</b>

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

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

**SOUTHERN REGIONAL COLLEGE  
CONSOLIDATED STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS  
FOR THE YEAR ENDED 31 July 2014**

	<b>Notes</b>	<b>2014</b>	<b>2013</b>
		<b>£'000</b>	<b>£'000</b>
Deficit on continuing operations after depreciation of assets at valuation and tax		(2,304)	(1,064)
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	20	1,744	1,651
Realisation of property revaluation gains of previous years		-	-
		<hr/>	<hr/>
<b>Historical cost (deficit)/surplus for the year</b>		<b>(560)</b>	<b>587</b>
		<hr/>	<hr/>

*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 2014**

	<b>Notes</b>	<b>2014 £'000</b>	<b>2013 £'000</b>
Deficit on continuing operations after depreciation of assets at valuation and tax		(2,304)	(1,064)
Unrealised surplus/(loss) on revaluation of fixed assets	20	4,697	(62)
Actuarial (loss)/gain in respect of pension scheme	22	(4,047)	2,473
		<hr/>	<hr/>
<b>Total recognised (losses)/gains since last report</b>		<b><u>(1,654)</u></b>	<b><u>1,347</u></b>
<b>Reconciliation</b>			
Opening reserves		67,592	66,245
Total recognised (losses)/gains for the year		(1,654)	1,347
		<hr/>	<hr/>
<b>Closing reserves</b>		<b><u>65,938</u></b>	<b><u>67,592</u></b>

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

**SOUTHERN REGIONAL COLLEGE**  
**BALANCE SHEET AS AT 31 JULY 2014**

	Notes	Group 2014 £'000	College 2014 £'000	Group 2013 £'000	College 2013 £'000
<b>Fixed assets</b>					
Tangible assets	14	60,914	60,241	58,064	57,453
Investments	15	2,000	2,000	2,000	2,000
<b>Total Fixed Assets</b>		<b>62,914</b>	<b>62,241</b>	<b>60,064</b>	<b>59,453</b>
Debtors – Amounts falling due after more than one year	16	-	180	-	180
<b>Current assets</b>					
Debtors	17	2,612	2,603	2,434	2,425
Cash at bank and in hand		11,398	11,322	11,757	11,682
<b>Total current assets</b>		<b>14,010</b>	<b>14,105</b>	<b>14,191</b>	<b>14,287</b>
Less: Creditors – amounts falling due within one year	18	(2,442)	(2,432)	(1,808)	(1,800)
<b>Net current assets</b>		<b>11,568</b>	<b>11,673</b>	<b>12,383</b>	<b>12,487</b>
<b>Total assets less current liabilities</b>		<b>74,482</b>	<b>73,914</b>	<b>72,447</b>	<b>71,940</b>
<b>Net assets excluding pension liability</b>		<b>74,482</b>	<b>73,914</b>	<b>72,447</b>	<b>71,940</b>
Net pension liability	22	(7,136)	(7,136)	(3,026)	(3,026)
<b>Net assets including pension liability</b>		<b>67,346</b>	<b>66,778</b>	<b>69,421</b>	<b>68,914</b>
Deferred capital grants	19	1,408	822	1,829	1,277
<b>Reserves</b>					
Income and expenditure account excluding pension reserve	21	18,075	18,113	18,572	18,617
Pension reserve	22	(7,136)	(7,136)	(3,026)	(3,026)
Income and expenditure account including pension reserve	21	10,939	10,977	15,546	15,591
Revaluation reserve	20	54,999	54,979	52,046	52,046
<b>Total reserves</b>		<b>65,938</b>	<b>65,956</b>	<b>67,592</b>	<b>67,637</b>
<b>Total</b>		<b>67,346</b>	<b>66,778</b>	<b>69,421</b>	<b>68,914</b>

The financial statements on pages 53-79 were approved by the Governing Body of Southern Regional College on 19th November 2014 and were signed on its behalf on that date by:

Mr A Saunders   
 Chair of Governing Body  
 Southern Regional College

Mr B Doran   
 Accounting Officer  
 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 2014**

	<b>Notes</b>	<b>2014 £'000</b>	<b>2013 £'000</b>
<b>Cash (outflow)/inflow from operating activities</b>	23	(55)	367
Returns on investments and servicing of finance	24	213	328
Taxation	12	(2)	-
Capital expenditure and financial investment	25	(515)	(875)
		<hr/>	<hr/>
<b>Decrease in cash in the year</b>		<b>(359)</b>	<b>(180)</b>
		<hr/>	<hr/>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Decrease in cash in the period		(359)	(180)
Net funds at 1 August		<hr/> 11,757	<hr/> 11,937
<b>Net funds at 31 July</b>		<b><hr/>11,398</b>	<b><hr/>11,757</b>

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.***

**SOUTHERN REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 July 2014**

**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 2014.

**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.

**SOUTHERN REGIONAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 July 2014**

**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.

Land and buildings were subject to a professional valuation by Land and Property Services (LPS) on 31 July 2012 on a depreciated replacement cost basis. The valuations were subsequently updated using indices supplied by the Land and Property Services to provide a valuation as at 31 July 2014.

• **Assets Under Construction**

Assets under construction were accounted for at costs incurred to 31 July 2014. They are not depreciated until they are brought into use.

**SOUTHERN REGIONAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 July 2014**

**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.

**SOUTHERN REGIONAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 July 2014**

**2. DEPARTMENT FOR EMPLOYMENT AND LEARNING GRANTS**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Recurrent grant	26,943	26,613
Release of deferred capital grants	80	80
Additional support funds	627	476
Education maintenance administration (EMA)	44	52
Learner access and engagement	3	30
Care to learn	140	170
Innovation fund	304	208
Students with learning difficulties and/or disabilities (SLDD)	-	22
Other	380	355
	<hr/>	<hr/>
<b>Total</b>	<b>28,521</b>	<b>28,006</b>
	<hr/>	<hr/>

**3. EDUCATION CONTRACTS**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Entitlement framework	1,700	1,743
Training for success	6,106	7,540
Steps to work	101	72
Training - other	155	192
	<hr/>	<hr/>
<b>Total</b>	<b>8,062</b>	<b>9,547</b>
	<hr/>	<hr/>

**4. TUITION FEES AND CHARGES**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Higher Education (HE)	1,155	1,077
Home and other European Union	1,111	1,168
Non-European Union	2	10
	<hr/>	<hr/>
<b>Total</b>	<b>2,268</b>	<b>2,255</b>
	<hr/>	<hr/>

**Tuition fees funded by bursaries**

The College has no tuition fees funded by bursaries.

**5. OTHER GRANT INCOME**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
European funds	420	361
Other funds	685	761
	<hr/>	<hr/>
<b>Total</b>	<b>1,105</b>	<b>1,122</b>
	<hr/>	<hr/>

**SOUTHERN REGIONAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 July 2014**

**6. OTHER OPERATING INCOME**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Catering and residence operations	69	69
Other income generating activities	460	437
Other income	500	115
	<u>1,029</u>	<u>621</u>
<b>Total</b>	<b>1,029</b>	<b>621</b>

**7. INVESTMENT INCOME**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Other investment income	63	61
Other interest receivable	150	267
FRS17 pension finance income (Note 22)	179	-
	<u>392</u>	<u>328</u>
<b>Total</b>	<b>392</b>	<b>328</b>

**8. STAFF COSTS**

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

	<b>2014</b>	<b>2013</b>
	<b>No.</b>	<b>No.</b>
Teaching	380	377
Support	140	129
Administration	191	191
Premises	24	24
	<u>735</u>	<u>721</u>
<b>Total</b>	<b>735</b>	<b>721</b>

**Staff costs for the above persons**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Teaching	16,337	15,838
Support	3,354	2,998
Administration	6,254	6,144
Premises	634	665
FRS 17 adjustment (note 22)	242	154
	<u>26,821</u>	<u>25,799</u>
Exceptional staff costs	346	29
	<u>27,167</u>	<u>25,828</u>
<b>Total</b>	<b>27,167</b>	<b>25,828</b>

**SOUTHERN REGIONAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 July 2014**

**8. STAFF COSTS (continued)**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	22,148	21,659
Social security costs	1,398	1,428
Other pension costs (including FRS 17 adjustments)	3,275	2,712
	<u>26,821</u>	<u>25,799</u>
Exceptional staff costs – redundancy cost	346	29
	<u>346</u>	<u>29</u>
<b>Total</b>	<b><u>27,167</u></b>	<b><u>25,828</u></b>

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

	<b>Senior post-holders</b>		<b>Other staff</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
£60,001 to £70,000	-	-	7	6
£70,001 to £80,000	-	-	2	1
£80,001 to £90,000	1	1	-	-
£90,001 to £100,000	2	2	-	-
£100,001 to £110,000	-	-	-	-
£110,001 to £120,000	-	-	-	-
£120,001 to £130,000	1	1	-	-
	<u>4</u>	<u>4</u>	<u>9</u>	<u>7</u>
<b>Total</b>	<b><u>4</u></b>	<b><u>4</u></b>	<b><u>9</u></b>	<b><u>7</u></b>

**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.

	<b>2014</b>	<b>2013</b>
	<b>No.</b>	<b>No.</b>
The number of senior post-holders including the Chief Executive was:	<u>4</u>	<u>4</u>

**SOUTHERN REGIONAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 July 2014**

**9. SENIOR POST HOLDER EMOLUMENTS (continued)**

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

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Salaries	346	346
Benefits in kind	-	-
Pension contributions	47	47
	<u>393</u>	<u>393</u>
<b>Total emoluments</b>	<b>393</b>	<b>393</b>

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

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

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. 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**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Direct teaching	1,790	1,957
Direct support	4,481	4,915
Administration	2,211	2,185
Consultancy Fees	46	-
Premises	5,622	5,861
	<u>14,150</u>	<u>14,918</u>
<b>Total</b>	<b>14,150</b>	<b>14,918</b>

**Other operating expenses include:**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Auditors' remuneration:		
Financial statements audit	22	21
Internal audit	26	21
Other services provided by the Financial Statements auditors	-	2
Other services provided by the internal auditors	5	1
Hire of other assets – operating leases	86	86

**SOUTHERN REGIONAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 July 2014**

**11. INTEREST PAYABLE**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Pension finance costs (note 22)	-	47
	<u>-</u>	<u>47</u>
<b>Total</b>	<b><u>-</u></b>	<b><u>47</u></b>

**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.

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
<b>Tax Payable</b>	<b><u>2</u></b>	<b><u>-</u></b>

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

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
The deficit on continuing operations for the year is made up as follows:		
College's deficit for the year	(2,311)	(1,065)
Retained by subsidiary undertaking	<u>7</u>	<u>1</u>
<b>Total</b>	<b><u>(2,304)</u></b>	<b><u>(1,064)</u></b>

**SOUTHERN REGIONAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 July 2014**

**14. TANGIBLE FIXED ASSETS**

**GROUP**

	<b>Freehold land &amp; buildings £'000</b>	<b>Plant &amp; equipment £'000</b>	<b>Computers £'000</b>	<b>Fixtures &amp; fittings £'000</b>	<b>Motor vehicles £'000</b>	<b>Total £'000</b>
<b>Cost or valuation</b>						
At 1 August 2013	<b>58,934</b>	<b>2,599</b>	<b>2,402</b>	<b>1,887</b>	<b>260</b>	<b>66,082</b>
Additions	42	177	121	175	-	515
Disposals	-	-	-	-	-	-
Surplus on indexation	4,697	-	-	-	-	4,697
<b>At 31 July 2014</b>	<b>63,673</b>	<b>2,776</b>	<b>2,523</b>	<b>2,062</b>	<b>260</b>	<b>71,294</b>
<b>Depreciation</b>						
At 1 August 2013	<b>2,036</b>	<b>2,261</b>	<b>2,165</b>	<b>1,357</b>	<b>199</b>	<b>8,018</b>
Charge for the year	1,960	136	123	179	20	2,418
Impairment reversal on indexation of Greenshoots-Newry Ltd	(56)	-	-	-	-	(56)
Elimination in respect of disposals	-	-	-	-	-	-
<b>At 31 July 2014</b>	<b>3,940</b>	<b>2,397</b>	<b>2,288</b>	<b>1,536</b>	<b>219</b>	<b>10,380</b>
<b>Net book value at 31 July 2014</b>	<b>59,733</b>	<b>379</b>	<b>235</b>	<b>526</b>	<b>41</b>	<b>60,914</b>
Net book value at 31 July 2013	56,898	338	237	530	61	58,064

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 2014.

There are four surplus assets – properties located at Lisanally Lane, Armagh and Station Road, Armagh each with a Net Book Value of £90k, premises at Corry Square, Newry with a Net Book Value of £81k and premises at Scarva Road, Banbridge with a Net Book Value of £247k.

	<b>2014 £'000</b>	<b>2013 £'000</b>
If land and buildings (including those that were inherited) had not been revalued they would have been included at the following amounts:		
Cost	8,859	8,827
Aggregate depreciation based on cost	(4,193)	(3,978)
<b>Net book value based on cost</b>	<b>4,666</b>	<b>4,849</b>
	<b>2014 £'000</b>	<b>2013 £'000</b>
The depreciation charge for the year is analysed as follows:		
Owned assets	2,362	2,150

**SOUTHERN REGIONAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 July 2014**

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

**COLLEGE**

	<b>Freehold land &amp; buildings</b>	<b>Plant &amp; equipment</b>	<b>Computers</b>	<b>Fixtures &amp; fittings</b>	<b>Motor vehicles</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or valuation</b>						
At 1 August 2013	<b>58,137</b>	<b>2,599</b>	<b>2,399</b>	<b>1,880</b>	<b>260</b>	<b>65,275</b>
Additions	42	177	121	175	-	515
Disposals	-	-	-	-	-	-
Deficit on indexation	4,677	-	-	-	-	4,677
<b>At 31 July 2014</b>	<b>62,856</b>	<b>2,776</b>	<b>2,520</b>	<b>2,055</b>	<b>260</b>	<b>70,467</b>
<b>Depreciation</b>						
At 1 August 2013	<b>1,852</b>	<b>2,261</b>	<b>2,160</b>	<b>1,350</b>	<b>199</b>	<b>7,822</b>
Charge for the year	1,945	137	123	179	20	2,404
<b>At 31 July 2014</b>	<b>3,797</b>	<b>2,398</b>	<b>2,283</b>	<b>1,529</b>	<b>219</b>	<b>10,226</b>
<b>Net book value at 31 July 2014</b>	<b>59,059</b>	<b>378</b>	<b>237</b>	<b>526</b>	<b>41</b>	<b>60,241</b>
Net book value at 31 July 2013	56,285	338	239	530	61	57,453

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
If land and buildings (including those that were inherited) had not been revalued they would have been included at the following amounts:		
Cost	8,062	8,029
Aggregate depreciation based on cost	(3,995)	(3,793)
<b>Net book value based on cost</b>	<b>4,067</b>	<b>4,236</b>

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
The depreciation charge for the year is analysed as follows:		
Owned assets	2,404	2,166

**SOUTHERN REGIONAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 July 2014**

**15. INVESTMENTS**

	2014	2013
	£'000	£'000
<b>Investment</b>	<b>2,000</b>	<b>2,000</b>

The College, with approval from the Department, made available £2,000k to Belfast Metropolitan College to help support the implementation of its improvement plan. This loan plus accumulated interest was repaid in full by Belfast Metropolitan College on 28<sup>th</sup> August 2014.

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

	Group	College	Group	College
	2014	2014	2013	2013
	£'000	£'000	£'000	£'000
<b>Long term debtors</b>				
Amounts due from subsidiary	-	180	-	180

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
	2014	2014	2013	2013
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	363	356	205	198
Amounts owed by group undertakings:				
Subsidiary undertakings	-	-	-	5
Prepayments and accrued income:	2,249	2,247	2,229	2,222
<b>Total debtors</b>	<b>2,612</b>	<b>2,603</b>	<b>2,434</b>	<b>2,425</b>

**17b. DEBTORS: INTRA-GOVERNMENT BALANCES**

	Group	College	Group	College
	2014	2014	2013	2013
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Balances with central government bodies	1,441	1,437	1,407	1,402
Balances with local authorities	7	7	10	10
Subtotal: intra-government balances	1,448	1,444	1,417	1,412
Balances with bodies external to government	1,164	1,159	1,017	1,013
<b>Total debtors</b>	<b>2,612</b>	<b>2,603</b>	<b>2,434</b>	<b>2,425</b>

**SOUTHERN REGIONAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 July 2014**

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

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2014</b>	<b>2014</b>	<b>2013</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade creditors	960	954	1,027	1,017
Taxation and social security	33	32	28	29
Payments received in advance:	528	528	255	255
Accruals and deferred income:	921	918	498	496
<b>Total</b>	<b>2,442</b>	<b>2,432</b>	<b>1,808</b>	<b>1,800</b>

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

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2014</b>	<b>2014</b>	<b>2013</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balances with central government bodies	481	481	113	113
Balances with local authorities	12	12	-	-
Subtotal: intra-government balances	493	493	113	113
Balances with bodies external to government	1,949	1,939	1,695	1,687
<b>Total</b>	<b>2,442</b>	<b>2,432</b>	<b>1,808</b>	<b>1,800</b>

**19. DEFERRED CAPITAL GRANTS**

**GROUP**

	<b>DEL</b>	<b>Other</b>	<b>Total</b>
	<b>Grants</b>	<b>Grants</b>	<b>Grants</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 August 2013			
Land and buildings	765	927	1,692
Other assets	137	-	137
Cash received	-	-	-
Released to income and expenditure account			
Land and buildings	(40)	(12)	(52)
Other assets	(40)	-	(40)
Greenshoots – reversal of impairment on revaluation	-	47	47
Transfer to income		(376)	(376)
<b>Total</b>	<b>822</b>	<b>586</b>	<b>1,408</b>
At 31 July 2014			
Land and buildings	725	586	1,311
Other assets	97	-	97
<b>Total</b>	<b>822</b>	<b>586</b>	<b>1,408</b>

**SOUTHERN REGIONAL COLLEGE**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 July 2014**

**19. DEFERRED CAPITAL GRANTS (continued)**

**COLLEGE**

	<b>DEL Grants £'000</b>	<b>Other Grants £'000</b>	<b>Total £'000</b>
At 1 August 2013			
Land and buildings	765	376	1,141
Other assets	137	-	137
Cash received	-	-	-
Released to income and expenditure account			
Land and buildings	(40)	-	(40)
Other assets	(40)	-	(40)
Transfer to income		(376)	(376)
<b>Total</b>	<b>822</b>	<b>-</b>	<b>822</b>
At 31 July 2014			
Land and buildings	725	-	725
Other assets	97	-	97
<b>Total</b>	<b>822</b>	<b>-</b>	<b>822</b>

**20. REVALUATION RESERVE**

	<b>Group 2014 £'000</b>	<b>College 2014 £'000</b>	<b>Group 2013 £'000</b>	<b>College 2013 £'000</b>
At 1 August 2013	52,046	52,046	53,759	53,759
Revaluations in the period (as per note 14)	4,697	4,677	(62)	(62)
Transfer from revaluation reserve to general reserve in respect of:				
Depreciation on revalued assets	(1,744)	(1,744)	(1,651)	(1,651)
<b>At 31 July 2014</b>	<b>54,999</b>	<b>54,979</b>	<b>52,046</b>	<b>52,046</b>

**SOUTHERN REGIONAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 July 2014**

**21. MOVEMENT ON GENERAL RESERVE**

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2014</b>	<b>2014</b>	<b>2013</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 August 2013	15,546	15,591	12,486	12,532
Deficit retained for the year	(2,304)	(2,311)	(1,064)	(1,065)
Transfer from revaluation reserve				
Relating to current year	1,744	1,744	1,651	1,651
Actuarial (loss)/gain in respect of pension scheme	(4,047)	(4,047)	2,473	2,473
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 July 2014</b>	<b>10,939</b>	<b>10,977</b>	<b>15,546</b>	<b>15,591</b>
	<hr/>	<hr/>	<hr/>	<hr/>
Balance represented by:				
Pension reserve	(7,136)	(7,136)	(3,026)	(3,026)
Income and expenditure account reserve excluding pension reserve	18,075	18,113	18,572	18,617
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 July 2014</b>	<b>10,939</b>	<b>10,977</b>	<b>15,546</b>	<b>15,591</b>

Of the group operating loss for the year of £2,304k an operating loss of £2,311k has been dealt with in the accounts of the holding company.

**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**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
NITPS: contributions paid	1,878	1,633
NILGOSC:		
Contributions paid	1,155	925
FRS 17 charge	242	154
	<hr/>	<hr/>
NILGOSC: charge to the income and expenditure account (staff costs)	1,397	1,079
	<hr/>	<hr/>
<b>Total pension cost for year charged to staff costs (note 8)</b>	<b>3,275</b>	<b>2,711</b>

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

**SOUTHERN REGIONAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 July 2014**

**22. PENSIONS AND SIMILAR OBLIGATIONS (Continued)**

**NITPS**

The NITPS is an unfunded contributory, voluntary membership scheme administered by the Department of Education. The current regulations under which the scheme operates are the *Teachers' Superannuation Regulations (NI) 1998 (as amended)*.

Further information about the scheme is given in the explanatory booklet dated November 2007, and on the Department of Education's website at [www.deni.gov.uk](http://www.deni.gov.uk).

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

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

Salary	2013-14	2014-15
Below £15,000	6.4%	6.4%
£15,001 to £25,999	7.0%	7.2%
£26,000 to £31,999	7.9%	8.3%
£32,000 to £39,999	8.8%	9.5%
£40,000 to £44,999	9.2%	9.9%
£45,000 to £74,999	10.1%	11.0%
£75,000 to £99,999	10.6%	11.6%
£100,000 and above	11.2%	12.4%

**FRS 17**

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

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

**SOUTHERN REGIONAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 July 2014**

**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 2014 by a qualified actuary.

**Principal actuarial assumptions**

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

	At 31 July 2014	At 31 July 2013	At 31 July 2012
	%	%	%
Pension increase rate	2.7	2.8	2.2
Salary increase rate	4.2	5.1	4.5
Expected return on assets	5.9	5.8	4.9
Discount rates for liabilities	4.0	4.6	4.1

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

	At 31 July 2014	At 31 July 2013	At 31 July 2012
Retiring today			
Males	22.0	22.9	22.9
Females	24.5	25.7	25.7
Retiring in 20 years			
Males	24.2	24.9	24.9
Females	27.7	27.7	27.7

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

	Long-term rate of return expected at 31 July 2014	Value at 31 July 2014	Long-term rate of return expected at 31 July 2013	Value at 31 July 2013
		£'000		£'000
Equities	6.6%	21,032	6.4%	20,059
Bonds	3.3%	3,411	4.0%	3,167
Property	4.7%	3,411	4.6%	2,111
Cash	3.6%	568	3.4%	1,056
<b>Total market value of assets</b>		<b>28,422</b>		<b>26,393</b>
Present value of scheme liabilities		(35,558)		(29,419)
<b>Deficit in the scheme</b>		<b>(7,136)</b>		<b>(3,026)</b>

**SOUTHERN REGIONAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 July 2014**

**22. PENSIONS AND SIMILAR OBLIGATIONS (continued)**

The amounts recognised in the balance sheet are as follows:

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Present value of funded obligations	(35,551)	(29,411)
Fair value of plan assets	28,422	26,393
	<u>(7,129)</u>	<u>(3,018)</u>
Present value of unfunded obligations	(7)	(8)
<b>Net Liability</b>	<b><u>(7,136)</u></b>	<b><u>(3,026)</u></b>

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

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Employer service cost (net of employee contributions)	1,397	1,079
Past Service Cost	-	-
	<u>1,397</u>	<u>1,079</u>

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

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Expected return on pension scheme assets	1,565	1,059
Interest on pension liabilities	(1,386)	(1,106)
<b>Pension finance charge</b>	<b><u>179</u></b>	<b><u>(47)</u></b>

Actual return on plan assets	2,330	4,316
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**Amount recognised in the statement of total recognised gains and losses (STRGL)**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Actual return less expected return on pension scheme assets	(783)	3,252
Experience gains and losses arising on the scheme liabilities	-	-
Change in financial and demographic assumptions underlying the scheme liabilities	(3,264)	(779)
	<u>(4,047)</u>	<u>2,473</u>

**Movement in (deficit) during the year**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Surplus/(Deficit) in scheme at 1 August	(3,026)	(5,298)
Employer service cost (net of employee contributions)	(1,397)	(1,079)
Employer contributions	1,155	925
Past service cost	-	-
Net Interest/return on assets	179	(47)
Actuarial (loss) or gain	(4,047)	2,473
	<u>(7,136)</u>	<u>(3,026)</u>

**SOUTHERN REGIONAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 July 2014**

**22. PENSIONS AND SIMILAR OBLIGATIONS (continued)**

**Asset and liability reconciliation**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
<b>Reconciliation of present value of scheme liabilities</b>		
<b>Liabilities at start of period</b>	29,419	26,441
Service cost	1,397	1,079
Interest cost	1,386	1,106
Employee contributions	361	302
Experience gains and losses on scheme liabilities	-	-
Actuarial loss/(gain)	3,264	779
Benefits paid	(269)	(288)
Past service cost	-	-
	<u>35,558</u>	<u>29,419</u>

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
<b>Reconciliation of fair value of scheme assets</b>		
<b>Assets at start of period</b>	26,393	21,143
Expected return on assets	1,565	1,059
Actuarial (loss)/gain	(783)	3,252
Employer contributions	1,155	925
Employee contributions	361	302
Benefits paid	(269)	(288)
	<u>28,422</u>	<u>26,393</u>

The estimated value of employer contributions for the year ended 31 July 2015 is £1,221k.

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

	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Fair value of plan assets	28,422	26,393	21,143	19,774	16,680
Present value of defined benefit obligation	(35,558)	(29,419)	(26,441)	(21,468)	(22,343)
Deficit	(7,136)	(3,026)	(5,298)	(1,694)	(5,663)

**History of experience gains and losses**

	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Difference between the expected and actual return on assets	(783)	3,252	(724)	1,193	1,682
Experience (losses)/gains on liabilities	(3,201)	-	(152)	2,941	-
Total Amount recognised in STRGL	(4,048)	2,473	(3,694)	4,026	49

**SOUTHERN REGIONAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 July 2014**

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

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Deficit on continuing operations after depreciation of assets at valuation and before tax	(2,302)	(1,064)
Depreciation (note 14)	2,418	2,179
Impairment – Greenshoots building (note 14)	(56)	(29)
Deferred capital grants released to income (note 19)	(45)	(65)
Deferred capital grant transferred to income (note 19)	(376)	-
Pension cost less contributions payable (notes 8 and 22)	242	154
(Increase)/decrease in debtors	(178)	340
Increase/(decrease) in creditors	634	(867)
FRS 17 net interest (receivable)/payable (notes 7 and 11)	(179)	47
Investment income receivable (note 7)	(213)	(328)
	<hr/>	<hr/>
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(55)</b>	<b>367</b>

**24. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Interest received (note 7)	213	328
	<hr/>	<hr/>
<b>Net cash inflow from returns on investment and servicing of finance</b>	<b>213</b>	<b>328</b>

**25. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Purchase of tangible fixed assets (note 14)	(515)	(1,050)
Investment in Belfast Metropolitan College (note 15)	-	-
Deferred capital grants received (note 19)	-	175
	<hr/>	<hr/>
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(515)</b>	<b>(875)</b>

**26. ANALYSIS OF CHANGES IN NET FUNDS**

	<b>At 1 August</b>	<b>Cash flows</b>	<b>Non cash</b>	<b>At 31 July</b>
	<b>2013</b>		<b>movements</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash in hand, and at bank	11,757	(359)	-	11,398
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>11,757</b>	<b>(359)</b>	<b>-</b>	<b>11,398</b>

**SOUTHERN REGIONAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 July 2014**

**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 events.

**30. RELATED PARTY TRANSACTIONS AND TRANSACTIONS INVOLVING GOVERNING BODYMEMBERS 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 2014 £'000	Transactions 2013 £'000	Amount outstanding at 31 July 2014 £'000	Amount outstanding at 31 July 2013 £'000
Mrs E Wright	Southern Education and Library Board	160	1,402	-	-
Mr B Doran Mr J O'Hagan Mr J Quinn	Greenshoots , Newry	9	9	-	-
Mrs M Clarke	University of Ulster	223	205	-	-
Mrs S McRoberts	Armagh City and District Council	4	9	-	-
Dr C Patterson	Newry Confederation of Community Groups	1	1	-	-
Mr B Doran Mr A Saunders	ANIC/Colleges NI	79	111	-	-
Mrs F Caherty	Newry and Mourne District Council Tourism Partnership and Sister Cities Committee	48	38	-	-
Mrs A Coffey	Translink	1	-	-	-
Mrs N Wilson	Craigavon Borough Council	4	-	-	-
Mrs T Campbell	Society of St Vincent De Paul, Armagh	3	6	-	-
Mr D Mackay	Ulster Supported Employment	-	1	-	-

**SOUTHERN REGIONAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 July 2014**

**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 organization.

Governor / Senior Manager of Southern Regional College	Related Organisation	Transactions 2014 £'000	Transactions 2013 £'000	Amount outstanding at 31 July 2014 £'000	Amount outstanding at 31 July 2013 £'000
Mrs E Wright	Southern Education and Library Board	200	233	6	10
Mr B Doran Mr J O'Hagan Mr J Quinn	Greenshoots-Newry Ltd	35	35	-	1
Mr A Saunders	Ulster Bank Ltd*	71	117	11	28
Mr A Carson	Bank of Ireland*	16	90	14	11
Mrs M Clarke	University of Ulster	76	87	4	15
Mrs S McRoberts	Armagh City and District Council	4	2	-	-
	Lisanally Special School	29	29	-	-
	City of Armagh High School	46	45	-	-
	Newtownhamilton High School	18	21	-	-
	Southern Health and Social Care Trust	1	-	-	-
Mr R Sloan	St Louis Grammar School	17	18	-	-
Mrs E Wright	Banbridge Academy	21	21	-	-
Mrs A Coffey	Northern Ireland Housing Exec		1	-	-
Mrs F Caherty	Newry and Mourne District Council Tourism Partnership and Sister Cities Committee	2	17	-	8
Mrs T Campbell	St Catherine's College	72	38	-	-
Mrs T Campbell	St Vincent de Paul Society	-	1	-	-
Mr D McKay	Ulster Supported Employment	4	5	-	1
Mr B Doran Mr A Saunders	Colleges NI	3	8	-	-
Mrs N Wilson	Craigavon Borough Council	1	7	-	-

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

**SOUTHERN REGIONAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 July 2014**

**31. CAPITAL COMMITMENTS**

	<b>Group and College</b>	
	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Commitments contracted for at 31 July	-	254
Authorised but not contracted at 31 July	-	-
<b>Total</b>	<b>-</b>	<b>254</b>

**32. FINANCIAL COMMITMENTS**

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

	<b>Group and College</b>	
	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Land and Buildings		
Expiring within two and five years inclusive	86	86
<b>Total</b>	<b>86</b>	<b>86</b>

**33. HARDSHIP FUNDS**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
DEL Grants	709	386
	709	386
Disbursed to students	(459)	(358)
	(459)	(358)
<b>Balance unspent at 31 July</b>	<b>250</b>	<b>28</b>

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 and special payments for the year.

There were no claims abandoned for the year related to bad debt written off.