

**South West College**  
**Annual Report and Financial Statements**  
**Year Ended 31 July 2018**

*The Accounting Officer authorised these  
financial statements for issue*

*on*

*26th November 2018*

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

*on*

*10<sup>th</sup> December 2018*

**SOUTH WEST COLLEGE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 July 2018**

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**SOUTH WEST COLLEGE  
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**NATURE, OBJECTIVES AND STRATEGIES**

South West College is a dynamic, innovative and entrepreneurial College, focussed on delivering excellent results and outcomes for our students, industry and the local economy. The College catchment covers the counties of Tyrone and Fermanagh, a rural and industrious region.

The College is recognised locally, regionally, nationally and internationally and has gained numerous awards for its high quality and economically relevant education and training provision. It also has a vital role in helping to promote social inclusion by providing those with low or no qualifications and those with barriers to learning with the skills and qualifications they need to find employment.

The industrial profile of the region necessitates a particular focus on the development of higher level technical and professional skills. South West College has strategically responded to this need through the development of innovative apprenticeships and a modern FE curriculum. The College has also developed a wide range of higher education programmes, including 25 Foundation Degrees, mainly in STEM subjects, and has extended its international outreach in support of its students and the development of the economy. It works closely with a wide range of partners, including universities, schools, businesses and local councils.

The College is a key player in the economic development of the region, working closely with the business community in developing the skills necessary for current and future jobs. This is a particular challenge in a rural region with low population density in Tyrone and Fermanagh and significant access and infrastructure barriers for students and business. It received an outstanding performance level in the most recent inspection of its further education and work based learning provision and has consistently received the highest level of confidence rating in successive inspections. It does this with strong governance, an excellent staff who are committed to ensuring students receive the best possible learning experience, a track record of financial efficiency and a state of the art estate, including four technology and innovation centres, which help to meet the needs of the present and future economy, and support the building of a SMART region.

**Legal Status**

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

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

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**Mission Statement**

The College's Mission, Vision and Values are set out in the Diagram below:



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**Corporate and Business Planning**

<b>Corporate and Business Planning</b>	
<b>Strategic Objective</b>	<b>Progress</b>
<p><b>Curriculum</b></p> <ul style="list-style-type: none"> <li>• To develop and expand quality provision for further and higher education and training, including the Entitlement Framework, in line with the needs of the South West region and beyond, in support of the regional economy.</li> <li>• To develop and embed the use of information and learning technologies through the whole curriculum and the development of Centres of Excellence, thereby enhancing and enriching the learning experience.</li> <li>• To place students at the centre of any strategic quality improvement and marketing initiatives.</li> </ul>	<p><b>Curriculum</b></p> <p>The 2017-18 year has been a very challenging year at the College yet some excellent performances were recorded across the circular spectrum.</p> <p>Sectoral partnerships have been established across the NI region and the College has played a pivotal role in the Engineering and Hospitality committees to date.</p> <p>Higher Education continues to display significant growth in demand and the Maximum Student Numbers (MaSN) allocation from the Department for the Economy was filled and remained 3.01% above target at the end of the academic year.</p> <p>Virtual Learning has been developed significantly in the College in the last academic year with all learners having access to online modules supporting their learning through the Virtual Academy.</p>
<p><b>Economic Development</b></p> <ul style="list-style-type: none"> <li>• To work in collaboration with external stakeholders to develop high level technology and innovation support for Small and Medium Enterprises (SMEs) in the South West region and beyond.</li> <li>• To improve the knowledge and skills levels of the current and potential workforce through a range of flexible, industry relevant education and training programmes.</li> </ul>	<p><b>Economic Development</b></p> <p>SWC currently occupies a unique position as a driver for SME innovation in a range of specialist areas including product design, engineering, renewable energy and digital media. The InnoTech Centre R&amp;D support for over 1500 companies to date through programmes such as InnovateUs, Innovation Vouchers, KTP and Fusion and this will continue and expand. InnoTech is also the hub for the newly launched Institute of Innovation and Knowledge Exchange NI (IKENI).</p> <p>In 2017-18 a range of support has been provided to 140 SMEs across the region with key outputs as follows</p> <ul style="list-style-type: none"> <li>• Employer Support Programme (97 projects delivered)</li> <li>• Knowledge Transfer Partnership (3 awarded)</li> <li>• Fusion Programme (5 awarded)</li> <li>• Innovation Vouchers (16 completed)</li> <li>• Mid Ulster Engineering Programme (10 projects)</li> </ul>

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	<p>InnoTech also facilitates many European R&amp;D projects including the largest project developed to date, the €5.9 million funded Renewable Engine project, which delivers applied industrial research up to PhD level, Collaborative partners include Queen’s University and the UK Advanced Manufacturing Catapult Centre at University of Strathclyde.</p>
<p><b>People &amp; Organisation Development</b></p> <ul style="list-style-type: none"> <li>• To support excellent organisational performance through ongoing recruitment, development and deployment of a highly skilled workforce.</li> <li>• To actively promote a culture and working environment that will empower staff to consistently achieve their potential and encourage innovation for the benefit of all stakeholders.</li> </ul>	<p><b>People &amp; Organisation Development</b></p> <p>The College continues to support workforce development priorities with an emphasis on Excellence in learning &amp; teaching for lecturing staff and bespoke activities offered via the Job enrichment programme for support staff. Our Leadership and Learning programme for managers has focused on executive coaching in 2017-18 year with great success.</p> <p>The launch of the new digital strategy and workforce development plan offers exciting opportunities for all staff to further develop and embed digital skills across the college.</p> <p>The Beyond Outstanding Transformational Project was launched by the Chief Executive in November 2018. Staff briefings and major stakeholder engagement took place Jan – May 2018. This important and comprehensive engagement led to a co-designed organisational structure ‘preferred’ option paper being considered and approved by the Governing Body (June 2018). The implementation phase will commence in 2018-19 academic year.</p>
<p><b>Partnership</b></p> <ul style="list-style-type: none"> <li>• To partner with appropriate public, private and voluntary organisations to respond to the educational, economic and social needs of the region and beyond.</li> </ul>	<p><b>Partnership</b></p> <p>The College works extensively with strategic external stakeholders and in 2017-18 has formed a number of new partnerships to support the acquisition of intelligence, industry need and informed direction. SWC has also partnered with a range of organisations to bid for and deliver benefits for the region including the 2 local super-councils, 2 NI universities and several ROI, EU bid-partners. Examples include SUSE+ which is a European Social Funded programme with 5 strategic partners and the Peace IV funded Connected programme with 4 partners, included cross border in ROI.</p>

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<p><b>Resource Management</b></p> <ul style="list-style-type: none"> <li>To secure and use College funds to effectively and efficiently resource the delivery of all College services through sound financial management</li> <li>To complete the replenishment of the College Estates by replacing Fairview campus with Erne Campus in Enniskillen.</li> </ul>	<p><b>Resource Management</b></p> <p>Ongoing engagement between Finance staff and budget holders took place during the year to monitor expenditure and address variances. There was also significant budget reporting within Senior management and to Governing Body and Committees.</p> <p>A new funding model and business planning model was introduced in April 2018 and a reporting mechanism is currently being developed to monitor the impact of this model.</p> <p>The project has been awarded Capital funding of £29.149M for this 8,200m2 building which went on site July 2018 and is due for completion April 2020. This construction project is aiming for PassivHaus Premium, Zero Carbon and BREEAM Outstanding accreditations and this high performance building will be used to provide an income stream for curriculum in these areas. This in turn is expected to bring considerable additional economic benefits to the College itself and to the region.</p> <p>There is a critical need to strengthen and diversify the local economy particularly in light of the decision to leave the European Union which may pose particular challenges for the Fermanagh area. The project will deliver an innovative and world-class building that provides an opportunity to showcase the skills and capacity of local companies and students on an international stage.</p>
<p><b>International Links</b></p> <ul style="list-style-type: none"> <li>To create an outward and forward looking College by building on a range of international links supporting staff, students and knowledge exchange.</li> <li>Extension of College international profile through increased staff and student exchanges leveraging new external funding for strategic partnerships;</li> </ul>	<p><b>International Links</b></p> <p>The commitment to internationalisation is reflected in the College’s extensive portfolio of funded and non-funded initiatives; currently the College has 15 live European projects with over 40 partners.</p> <p>In the context of Erasmus+, South West College is now positioned as one of the UK’s leading organisations achieving funding under all three key actions covered by the Erasmus+ Programme. Currently the College has nine Erasmus+ collaboration projects ongoing worth in excess of €1 million annually across Higher Education, Vocational Education, Schools, and Youth provision. In terms of student mobility, South West College secured its largest mobility grant which</p>

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	<p>will see 150 students undertake 3-week work placements with employers based across Sweden, France, Spain, Germany, Lithuania &amp; Iceland. To consolidate and future proof the organisation in line with our College Development Plan, South West College has also been successfully strengthening partnerships in China, Russia, USA and Canada and continues to explore collaborative opportunities between partner institutions.</p>
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### **Financial objectives**

The College's high level financial aim was to achieve good financial performance through income generation and efficient operation, to support and facilitate the service provision. This aim is established to achieve the strategic objective No. 5 (above) – Resource Management. This was supported by specific financial objectives, which include:

- To ensure financial performance remains within Non Departmental Public Body (NDPB) allocation limits;
- Generating sufficient levels of income to support the asset base of the College;
- Pursuing alternative sources of funding, on a selective basis, consistent with the College's core competencies, and the need for a financial contribution to the College's overall finances;
- Maintaining and improving the College's short term liquidity;
- Utilising College reserves to enhance facilities, curriculum and service provision;
- Funding continued capital investment;
- Further development of monitoring, reporting, budgetary control and financial management to enhance performance reporting;
- Development and implementation of robust financial control systems and procedures to ensure accountability and control of resources;
- Ensuring robust financial planning and risk management;
- Utilising and developing skills and experience to support financial performance.

In order to achieve these objectives, the College sought, and was granted approval to operate a planned deficit for the year. This deficit incorporated expenditure in accordance with an approved exceptional investment Plan for the year. Cognisant of the external financial climate, to inform future strategy and objectives, the College also engaged in financial efficiency scenario planning during the year.

A series of performance indicators have been agreed in areas such as liquidity, budget management and prompt payment in order to monitor the successful implementation of the policies. These key performance indicators were measured against target ranges set by DfE and reported at monthly management meetings throughout the year, with favourable outcomes reported on a consistent basis.

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



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During 2017/18, performance against budget has been monitored throughout the year by the quarterly preparation of College Management Accounts, to include an Income and Expenditure account and Statement of Financial Position, with comparatives against its prior year position. These are reviewed by the Strategic Management Team and presented to the Governing Body throughout the year.

The reduction of key funding from DfE in conjunction with inflationary pressures, has impacted financial performance during the 2017/18 year.

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**Performance Indicators**

A College Development Plan (CDP) has been prepared for period 2015-2018 and this sets out the strategic challenge, targets and milestones for 2017/18 (final year of CDP) and beyond such as the following:

<b>Strategic Project</b>	<b>Rationale</b>
The curriculum challenge	Achieve a future-proofed curriculum that is modern, relevant and governed effectively.
The staff and students challenge	Provide a staff and student development plan to ensure maximum potential is achieved.
The economic development challenge	Provide economic development support to innovative industries of the future.
The internationalisation challenge	Encourage an international outlook and awareness so that students and staff have the confidence to operate in a global environment.
The entrepreneurship challenge	Create an entrepreneurship framework so that the College is recognised as entrepreneurial in actions and thoughts.
The resource management challenge	Ensure resource management provides effective and efficient uses of resources and creates an environment conducive to good stewardship.

The Development Plan is linked to local and regional strategies of Fermanagh and Omagh District Council and Mid-Ulster District Council and also cross border programmes and projects.

**FINANCIAL POSITION**

**Financial Results**

The South West College generated a deficit on continuing operations of £5.722M in the year (2016/17 – deficit £4.413M). The College recognised an exceptional gain of £401k as a result of an insurance rebate from BES Limited after a benchmarking exercise. The College also reported an exceptional cost of £344k as a result of the Voluntary Exit Scheme, but this is covered by DfE funding which negates the cost.

The College's turnover increased by £1.350M (3.37%) to £41.446M as a result of an increase in the number of EU funded projects. Staff costs have increased by £1.287M (5.7%) to £23.709M as a result of an increase in headcount in Teaching roles £674K, and an increase of £398K in Administrative roles – mainly related to EU funded projects increase. Other operating expenses have increased by £1.101M (8.1%). This is largely due an increase in the Payments to Partners costs attributed to external projects, but this is offset by the increase in project income.

The South West College has significant reliance on DfE for its principal funding source, largely from recurrent grants. In 2017/18, DfE provided 41.1% of the College's total income through allocated recurrent grant. This represented 12.9% of the total recurrent grant available to the sector.

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

The interest charges of £2.956M relate to the notional interest calculated in respect of the PFI contracts (£2.738M) and a finance charge of £218k in relation to accounting for pensions.

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### **Reserves**

The South West College has accumulated reserves of £46.592M, including a property revaluation reserve of £49.330M. The South West College has cash balances of £3.244M and a general income and expenditure reserve of £2.031M.

The reported income and expenditure reserve position represents 4.9% of College income for the year. This falls slightly below the target range of 5-10% set within the Financial Memorandum. The College considers that its liquidity is sound and the cash balances represent 29 days of College operations which is within the target of 25-35 days. The College Development Plan 2015-18 provides detailed information on resource allocation plans which assist in:

- ensuring liquidity and planning to have adequate cash balances to meet normal operational commitments and manage working capital requirements; and
- ensuring efficient and effective use of resources to maintain cost effectiveness;
- facilitating and enabling continued investment in planned capital developments.

The revaluation reserve of £49.330M has accumulated through revaluation of land and buildings over the cost, capitalised value or in respect of assets inherited at no cost from another party.

### **Treasury policies and objectives**

#### **Treasury Management**

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

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

The College regularly reviews its investment strategy in the context of these objectives, projected cash flows and market conditions.

Short term borrowing for temporary revenue purposes is authorised by the Governing Body. Such arrangements are restricted by limits in the Financial Memorandum. All other borrowing requires the authorisation of the Department and shall comply with the requirements of the Financial Memorandum.

### **Cash flows**

The operating cash flow for the College for the year was stable, reflected in the movement of net funds in the Cash Flow Statement. During the year the College had significant working capital requirements as it funded

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the minor works projects and contractual commitments on a short-term basis. The College had no borrowings at the year end or during the year.

### **CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE**

#### **Student Numbers**

The South West College's student establishment during the year reduced by 4.5%, giving a total establishment equivalent of 4,665 full time equivalent (FTE) students (2016/17 – 4,887). This comprised of further and higher education FTE students funded by DfE and FTE students who are separately funded through training, cost recovery or other programme arrangements.

#### **Student achievements**

The College's retention rate for 2017/18 was 92.7% (2016/17– 92.4%) and the overall achievement rate for students in 2017/18 was 68.9% (2016/17 – 74.8%).

#### **Curriculum Developments**

The 2017-18 year has been very challenging year at the College yet some excellent performances were recorded across the curricular spectrum.

Further Education enrolments remained strong and achieved 0.58% over target in year. Alongside the FLU funded enrolments, a broader curriculum development project commenced in 2016-2017 continued in six academic areas in the form of pilot traineeships and apprenticeships (three at Level 2 and three at Level 3). This shallow reform of curriculum has continued with a new Youth Training initiative planned that will require significant College staff input in 2018-2019. The College has a senior manager seconded to co-manage this project.

Sectoral partnerships have been established across the NI Region and the College has played a pivotal role in the Engineering and Hospitality committees to date. In addition, the College was awarded Hub status for its Engineering provision and now leads the sector in many aspects of related engagement as a result. Further partnerships have been established in Construction, Health & Social Care and Financial Services and the College staff are in regular attendance and influencing decisions.

Higher Education continues to display significant growth in demand and the Maximum Student Numbers (MaSN) allocation from DfE was filled and remained 3.01% above target at the end of the academic year. The HE full-time target was supplemented by approximately 835 part-time HE students. Furthermore, the College recruited and retained 129 Higher Level Apprentices (HLA's) alongside this Higher Education offer across 8 subject areas. Public awareness of this type of learning opportunity is growing and demand in some areas e.g. Engineering continues to exceed approved validation limits. The College remains engaged in discussion with DfE and the awarding university to seek expansions to approved numbers. The College has continued to plan for further development to the Rural University (Project 10 – delivering Higher Education to the Rural Community). The 2017/18 academic year saw further growth in the Level 6 and & provision with 210 students enrolled.

Yet again there was significant success in skills competitions with SWC students excelling in many disciplines at local, regional and national level.

Virtual learning has been developed significantly in SWC in the last academic year with all learners having access to online modules supporting their learning through the Virtual Academy. Circa 12,500 digital badges have been awarded and almost 7.5% of full-time FE curriculum was delivered virtually. The College Virtual Services team have also completed work on a MOOC for Mandarin Chinese Language to support the business community.

The Confucius Hub had another successful year, with 3,400 students in 64 schools undertaking Mandarin Chinese tuition through the four area learning communities which the College supports. This Mandarin Chinese

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provision was supported by twelve tutors funded by Hanban. Additionally, contacts established via the Confucius Hub which led to the signing of an inter-institutional agreement with a Vocational & Technical College in Xiangyang resulted in reciprocal visits to and from Xiangyang using International Credit Mobility funding. We anticipate that further reciprocal visits will take place in the next academic year.

Planning and collaboration discussions for the ambitious new Erne site are at an advanced stage. Curriculum teams have reviewed all accommodation requirements in line with future plans to deliver teaching and learning in new and innovative ways in this modern build.

**Further Education Reclassification**

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

**Payment Performance**

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

During the accounting year from 1 August 2017 to 31 July 2018, the College paid 91% (2017 - 94%) of its invoices within 30 days, and 57% within 10 days. The College incurred no interest charges in respect of late payment for the year.

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

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

**Post Balance Sheet Events**

No post balance sheet events have been identified.

**Going Concern**

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

**Future Developments**

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

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### **Resources**

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

#### Estate

The South West College's estate includes:	Cookstown Campus	£3,175,653
	Dungannon Campus	£33,452,012
	Enniskillen Campus	£3,876,883
	Skills Centre Campus	£15,208,279
	Omagh Campus	£35,670,722
	Erne Site Development	£1,880,471

#### Financial

Net assets at 31 July 2018 were £46.592M (including £4.769M pension liability) and the South West College has long term debt of £35.104M.

#### People

The South West College employs 588 people (expressed as full time equivalents), of whom 280 are teaching staff.

The average number of days lost to sickness absence by all staff in 2017/18 was 7.26 days or 2.85% (2016/17 7.63 days) which compares favourably against benchmarks for the sector (sector average was 3.43% for 2017/18).

#### Reputation

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

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The College has undertaken significant work during the year to develop and embed systems of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

Based on the strategic plan, the Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Risk Management Group will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

The South West College has set out the following commitment on risk management:

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

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

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

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

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

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**PRINCIPAL RISKS AND UNCERTAINTIES (CONT'D)**

Risk Factor	Commentary
<b>Changes to Government Policy and Impact from BREXIT.</b>	Ongoing government/departmental changes including replacing the FLU funding model, the requirement for a one year College Development Plan, Further Education Strategy and benchmarking all impact on the College. The uncertainty around BREXIT, with potential risks associated with loss of cross border student mobility, loss of European funding (including projects relating to social inclusion, sustainability, enterprise, and widening access) as well as funding for training through apprenticeship and staff development via DfE. The College continues to seek funding for new projects including ERASMUS + (all key actions). Ongoing uncertainty surrounding the timing of a return of devolved government.
<b>Impact of the Implementation of General Data Protection Regulation (GDPR) and ongoing management of Cyber/IT risks</b>	The GDPRs were introduced into legislation in May 2018 and have a significant impact on the College. A sector working group was set up to manage the implementation. A data audit was completed and a new policy and procedures introduced. Staff awareness raising sessions and additional training arranged across the College. New rights granted under GDPR and risks continue in terms of data breaches, including cyber breaches. The College is in the process of designing a phishing exercises to test staff response.
<b>Estates Strategy – Enniskillen Development Project</b>	The Integrated Supply Team was appointed early this year and construction notice served in early July. There is a risk that programme dates and standards will not be met due to the complexity of the project. The Project Team and Project Board continue to meet regularly to review progress on the project against the programme. Gateway (Gate 3) action plan is being implemented and the Estates Department continue to manage maintenance and Health and Safety issues with current site.
<b>Impact and Implementation of the STS Project</b>	The STS Project is a sector collaboration project to identify, procure and implement a new management information and information learning technology solution that will meet the needs of the 6 regional Further Education colleges. The new supplier has been appointed and significant work is underway in terms of designing the sector solution. Workshops and training sessions have been scheduled. An Implementation Lead has been appointed and is overseeing the implementation phase. This is likely to require significant support in the coming months to allow for testing and staff training.
<b>People Management Strategies including Workforce Planning and Development</b>	Budgetary cuts may present challenges. Value For Money benchmarking review initiated by the DfE. Public Sector Shared Services Programme ongoing



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Risk Factor	Commentary
<b>(including impact of shared services/budgetary cuts)</b>	and also involved benchmarking data with the view to consider options for collaborative/shared services in the provision of business service across the public sector. Voluntary Exit Scheme (VES) cost savings are being monitored and the Human Resources Working Group are reviewing payroll solutions for the sector. Internally, Leadership and learning and Job Enrichment Programmes continue.
<b>Monitoring student related targets and preparation of the new funding model</b>	FLU targets are being monitored including retention rates. Concerns raised around withdrawals and students at risk of withdrawing. New funding model being implemented which will be outcome based. The College Development plan has been prepared which sets out funding targets and activities. The Retention and Achievement Working Group is identifying strategies improve retention and this includes a revised Tutorial policy. Active student engagement to be promoted.
<b>Financial Constraints / Viability within an increasingly uncertain economic and political environment</b>	The on-going impact on the College's budget due to inescapable pressures, delivering on Voluntary Exit Scheme cost savings, the introduction of a new funding model and the anticipated decrease in Entitlement Framework and on EU funding due to BREXIT. Spend is being monitored and the College is developing a strategy for financial planning and budgetary management processes in light of the financial outlook. Internal measures have been implemented to ensure the College operates within budget cover.
<b>Renewable Engine Project - Strategic Research, Technology Development and Innovation in Renewable Energy sector</b>	The Renewable Engine Project is the creation of a cross-border Research & Innovation 'super-cluster' involving internationally recognised partners in the area of renewable energy and advanced manufacturing technologies. All project staff have been appointed. The College are responsible for the overall quality control. Collaborative research agreements have been drafted and SEUPB (Special EU Programmes Body) have advised around the preferred International Property option. The sustainability strategy will ensure partners will seek to deliver industry applied Research and Innovation activity using a range of funding sources to support project financial sustainability.
<b>Strategic Planning and Corporate Governance.</b>	The Chief Executive and Governing Body recently reviewed the organisational structure of the College, and have decided to make changes to the existing structure, which will be implemented over the next year. The College is liaising with the Department for the Economy to finalise the new College Development Plan and working with the sector on a new corporate plan. Strategic direction of the

**SOUTH WEST COLLEGE  
STRATEGIC REPORT  
FOR THE YEAR ENDED 31 JULY 2018**

Risk Factor	Commentary
	College recently reviewed and looking at key strands in the Government's Draft Programme for Government, including growing innovation, growing virtual capacity and engaging with industry. The impact from Public Sector Shared Services Programme recommendations will be monitored at a senior level.
<b>Internationalisation of the South West College</b>	Very significant international activity within the college including student exchange, ERASMUS and Interreg partnerships. The College has a probationary Tier 4 licence from UK Visa & Immigration Service (CAS). This type of licence has impacted on our ability to recruit international students due to work placement requirements. The College continues to work with the agencies and external bodies to guide in terms of best practice. The Higher Education Co-ordinator is working with Ulster University to find curriculum solutions to meet licencing requirements. Possible international strategy for the whole FE sector. Need to future proof in terms of funding streams.

**STAKEHOLDER RELATIONSHIPS**

In line with other Colleges and with Universities, the South West College has many stakeholders. These include students; DfE; staff; local employers (with specific links); local councils; Government Offices/ Regional Development Agencies; the local community; other Further Education Colleges and training organisations; awarding bodies; trade unions; and professional bodies.

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

**Equal Opportunities and employment of disabled persons**

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

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

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

## **SOUTH WEST COLLEGE STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2018**

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

### **Disability Statement**

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

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

### **Disclosure of Information to Auditors**

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

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

### **Personal Data Related Incidents**

There was one data breach reported during the year related to the enrolment status of a student being confirmed without consent from the student. The student has been informed of the breach and staff training provided.

The EU General Data Protection Regulation (GDPR) was implemented on 25<sup>th</sup> May 2018, and the College undertook a detailed action plan to ensure compliance with this new regulation.

### **Charitable and Taxation Status**

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

### **Charitable/Political Donations**

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

**SOUTH WEST COLLEGE  
STRATEGIC REPORT  
FOR THE YEAR ENDED 31 JULY 2018**

**Professional Advisers**

External Auditors: Name and address	Northern Ireland Audit Office 106 University Street, Belfast, BT7 1EU
Internal Auditors: Name and address	Grant Thornton 12-15 Donegall Square West, Belfast, BT1 6JH
Bankers: Name and address	Danske Bank 5-7 Market Street, Omagh, Co. Tyrone, BT78 1BN

## Members

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

GOVERNOR	DATE OF APPOINTMENT	TERM OF OFFICE	DATE OF RESIGNATION	STATUS OF APPOINTMENT	COMMITTEES SERVED
Mr Peter Archdale	1 August 2012	1 August 2012 – 31 Jul 2020	N/A	Business, Industry & Professional Member	<ul style="list-style-type: none"> <li>Education, Quality &amp; Performance Committee</li> </ul>
Mr Samuel Hodson	27 February 2017	27 February 2017 - 30 June 2018	30 June 2018	Student Member	<ul style="list-style-type: none"> <li>Education, Quality &amp; Performance Committee</li> </ul>
Mrs Joanne Lucas	28 October 2016	28 October 2016 – 27 October 2020	N/A	Staff Member	<ul style="list-style-type: none"> <li>Audit &amp; Risk Committee</li> <li>Education, Quality &amp; Performance Committee</li> </ul>
Mr Joseph Martin	1 September 2010	1 September 2010 – 31 August 2018	N/A	Chair	<ul style="list-style-type: none"> <li>Staffing Committee</li> </ul>
Mrs Margaret Martin	1 August 2011	1 August 2011 – 31 July 2019	N/A	Business, Industry & Professional Member	<ul style="list-style-type: none"> <li>Education, Quality &amp; Performance Committee (Chair)</li> </ul>
Mr Wilson Matthews	10 June 2010	10 June 2010 - 9 June 2018	9 June 2018	Co-optee	<ul style="list-style-type: none"> <li>Finance &amp; General Purposes Committee</li> <li>Education, Quality &amp; Performance Committee</li> </ul>
Mr Wilbert Mayne	25 October 2010	25 October 2010 – 24 October 2018	N/A	Education & Library Board Nominee	<ul style="list-style-type: none"> <li>Audit &amp; Risk Committee</li> </ul>
Mr Malachy McAleer	28 September 2009	28 September 2009 – 31 August 2018	31 August 2018	Chief Executive	<ul style="list-style-type: none"> <li>Education, Quality &amp; Performance Committee</li> <li>Finance &amp; General Purposes Committee</li> <li>Staffing Committee</li> </ul>

**SOUTH WEST COLLEGE  
STRATEGIC REPORT  
FOR THE YEAR ENDED 31 JULY 2018**

**Members**

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

<b>GOVERNOR</b>	<b>DATE OF APPOINTMENT</b>	<b>TERM OF OFFICE</b>	<b>DATE OF RESIGNATION</b>	<b>STATUS OF APPOINTMENT</b>	<b>COMMITTEES SERVED</b>
Mr Michael McAlister	10 August 2017	When leaves Chief Executive's post	N/A	Chief Executive	<ul style="list-style-type: none"> <li>• Education, Quality &amp; Performance Committee</li> <li>• Finance &amp; General Purposes Committee</li> <li>• Staffing Committee</li> </ul>
Mrs Patricia McCaffrey	28 May 2014	28 May 2014 – 31 July 2019	N/A	Business, Industry & Professional Member	<ul style="list-style-type: none"> <li>• Audit &amp; Risk Committee (Chair)</li> <li>• Staffing Committee</li> </ul>
Mr Seamus McCaffrey	1 August 2015	1 August 2015 – 31 July 2019	N/A	Business, Industry & Professional Member	<ul style="list-style-type: none"> <li>• Finance &amp; General Purposes Committee</li> </ul>
Mrs Monica McGeary	1 August 2011	1 August 2011 – 31 July 2019	N/A	Business, Industry & Professional Member	<ul style="list-style-type: none"> <li>• Audit &amp; Risk Committee</li> <li>• Staffing Committee (Chair)</li> </ul>
Mr Mick McGuckin	1 August 2015	1 August 2015 – 31 July 2019	N/A	Business, Industry & Professional Member	<ul style="list-style-type: none"> <li>• Finance &amp; General Purposes Committee (Chair)</li> </ul>
Mr Stephen Moss	22 November 2015	22 November 2015 – 21 November 2019	N/A	Staff Member	<ul style="list-style-type: none"> <li>• Education, Quality &amp; Performance Committee</li> <li>• Finance &amp; General Purposes Committee</li> </ul>
Mr Gerard O'Hanlon	1 August 2011	1 August 2011 – 31 July 2019	N/A	Business, Industry & Professional Member	<ul style="list-style-type: none"> <li>• Finance &amp; General Purposes Committee</li> </ul>
Mr Michael Skuce (Vice Chairman)	1 August 2011	1 August 2011 – 31 July 2019	N/A	Business, Industry & Professional Member	<ul style="list-style-type: none"> <li>• Audit &amp; Risk Committee</li> <li>• Staffing Committee</li> </ul>

**SOUTH WEST COLLEGE  
STRATEGIC REPORT  
FOR THE YEAR ENDED 31 JULY 2018**

GOVERNOR	DATE OF APPOINTMENT	TERM OF OFFICE	DATE OF RESIGNATION	STATUS OF APPOINTMENT	COMMITTEES SERVED
Mr Derek Weir	1 August 2011	1 August 2011 – 31 Jul 2019	N/A	Business, Industry & Professional Member	<ul style="list-style-type: none"> <li>Staffing Committee</li> </ul>

Attendance records for Governing Body members are disclosed on page 31.

For and on behalf of the members of the Governing Body:

Vice Chairman  Date 14/11/18

**SOUTH WEST COLLEGE  
REMUNERATION REPORT  
FOR THE YEAR ENDED 31 JULY 2018**

**Members of the Governing Body**

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

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

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

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

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

**Audited Information**

	2017-2018				2016-2017			
	Salary & Allowances	Benefits in Kind	Pension Benefits	Total	Salary & Allowances	Benefits in Kind	Pension Benefits	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Joseph Martin (Chairman)	20-25	-	-	20-25	15-20	-	-	15-20
Derek Weir	0-5	-	-	0-5	0-5	-	-	0-5
Margaret Martin	0-5	-	-	0-5	0-5	-	-	0-5
Michael McCullagh	0-5	-	-	0-5	-	-	-	0-5
Michael McGuckin	0-5	-	-	0-5	0-5	-	-	0-5
Michael Skuce	5-10	-	-	5-10	5-10	-	-	5-10
Monica McGeary	0-5	-	-	0-5	0-5	-	-	0-5
Patricia McCaffrey	5-10	-	-	5-10	0-5	-	-	0-5
Peter Archdale	0-5	-	-	0-5	0-5	-	-	0-5
Seamus McCaffrey	0-5	-	-	0-5	0-5	-	-	0-5
Wilbert Mayne	0-5	-	-	0-5	0-5	-	-	0-5
Gerard O'Hanlon	0-5	-	-	0-5	0-5	-	-	0-5
Robert Irvine	-	-	-	-	0-5	-	-	0-5
Samuel Hodson	0-5	-	-	0-5	0-5	-	-	0-5
Wilson Mathews	0-5	-	-	0-5	0-5	-	-	0-5

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



## **SOUTH WEST COLLEGE REMUNERATION REPORT FOR THE YEAR ENDED 31 JULY 2018**

### **The Chief Executive and Senior Management Team**

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

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

### **Minimum Pay Levels**

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

### **Progression**

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

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

### **Performance Pay**

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

### **Total Reward Package**

Senior staff within Colleges have access to the Northern Ireland Teachers' Superannuation Scheme. Senior staff posts are based on 36 hours per week and post holders have access to the College's Maternity Leave Scheme, Paternity Leave Scheme, Adoption Leave Scheme and flexible working arrangements. All senior staff have 35 days holiday entitlement and a further 12 statutory and public holidays as recognised by the sector.

### **Service Contracts**

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

**SOUTH WEST COLLEGE  
REMUNERATION REPORT  
FOR THE YEAR ENDED 31 JULY 2018**

**Salary and Pension Entitlements (Audited)**

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

	2017-2018		2016-2017	
	Salary (Audited) £'000	Pension Benefits £'000*	Salary (Audited) £'000	Pension Benefits £'000*
<b>Malachy McAleer – Retired<sup>1</sup></b>	15-20 (100-105 full year equivalent)	27	100-105	21
<b>Michael McAlister – Chief Executive<sup>2</sup></b>	90-95 (95-100 full year equivalent)	80	-	-
<b>Michael McAlister – Deputy Chief Executive<sup>2</sup></b>	5-10 (75-80 full year equivalent)	-	75-80	31
<b>Jill Cush – Deputy Chief Executive<sup>3</sup></b>	30-35 (70-75 full year equivalent)	48	-	-

	2017-2018	2016-2017
	£'000	£'000
<b>Band of highest paid directors total remuneration</b>	95-100	100-105
<b>Median total remuneration</b>	32,258	30,195
<b>Ratio</b>	3.0	3.4

- 1 Malachy McAleer former Chief Executive retired on 31<sup>st</sup> August 2017.
- 2 Michael McAlister was officially appointed Chief Executive on 1<sup>st</sup> September 2017. Prior to this, he was Deputy Chief Executive at South West College. Pension benefits for the financial year 2017-18 have all been disclosed in his position as Chief Executive.
- 3 Jill Cush was officially appointed Deputy Chief Executive on 12<sup>th</sup> March 2018. Prior to this, she was Head of Business Development at South West College.

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

**Salary**

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

**SOUTH WEST COLLEGE  
REMUNERATION REPORT  
FOR THE YEAR ENDED 31 JULY 2018**

**Benefits in Kind**

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. No senior officials received any benefits in kind. The salary and pension entitlements of the most senior staff members of the College for the year ended 31 July 2018 are detailed below.

**Audited Pension Entitlements**

	Accrued pension at pension age as at 31/07/2018 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/07/2018	CETV at 31/07/2017	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
<b>Malachy McAleer - retired</b>	30-35 95-100	0-2.5 2.5-5	724	697	27
<b>Michael McAlister</b>	30-35 95-100	2.5-5 10-12.5	720	617	103
<b>Jill Cush</b>	15-20 0	2.5-5 0	187	153	34

**Pension Arrangements**

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

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

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

**SOUTH WEST COLLEGE  
REMUNERATION REPORT  
FOR THE YEAR ENDED 31 JULY 2018**

**Cash Equivalent Transfer Values**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NILGOSC pension arrangements and for which the Fund has received a transfer payment commensurate with the additional pension liabilities being assumed. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

**Real Increase in CETV**

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

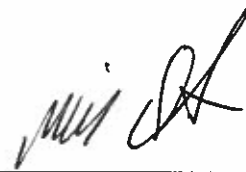
Vice  
Chairman



Date

14/11/18

Chief  
Executive



Date

14-11-18

**SOUTH WEST COLLEGE  
STATEMENT OF THE RESPONSIBILITIES OF THE GOVERNING BODY  
FOR THE YEAR ENDED 31 JULY 2018**

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

Within the terms and conditions of the Financial Memorandum agreed between DfE and the Governing Body of South West 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 South West College and the result for that year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that South West 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 South West 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 South West 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 South West 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 DfE are used only in accordance with the Financial Memorandum agreed with DfE and other conditions which DfE 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 South West College's resources and expenditure, so that the benefits that should be derived from the application of public funds by DfE are not put at risk.

Approved by order of Governing Body members and signed on its behalf by:

Vice  
Chairman



Date



# **SOUTH WEST COLLEGE STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2018**

## **INTRODUCTION**

This Governance Statement sets out the governance structures, risk management systems and internal control procedures that operated within South West College during the financial year ended 31 July 2018 and up to the date of approval of the Annual Report & Financial Statements.

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

## **SCOPE OF RESPONSIBILITY**

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

## **SOUTH WEST COLLEGE GOVERNANCE FRAMEWORK**

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

### **Governing Body**

South West College's Governing Body comprises members appointed by the Minister for the Economy (formerly the Minister for Employment and Learning) under the public appointments process, a member nominated by the Education Authority or its predecessors, members elected by staff and students of the College and the College's Chief Executive. A member co-opted by the Governing Body was also in place in the 2017/18 year up until the date of the expiry of his term of office. Eligible governors receive remuneration for their attendance at meetings and other events associated with their role as governors in line with DfE guidance on the remuneration of Governing Body members and chairs.

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

The Governing Body met seven times during the 2017/18 year. Formal agendas, papers and reports are supplied to governors in a timely manner to facilitate appropriate review and scrutiny. Minutes of meetings are approved by the Governing Body and are then published on the College website and made available from the Secretary to the Governing Body.

DfE facilitate an assessment of the performance of each member of the Governing Body as well as the Governing Body as a whole on an annual basis and this process is ongoing for the 2017/18 financial year. The outcome of the 2016/17 evaluation demonstrated that the Governing Body operates effectively and that effective processes are in place to ensure robust monitoring of South West College and its performance.

**SOUTH WEST COLLEGE  
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL  
FOR THE YEAR ENDED 31 JULY 2018**

The Governing Body undertakes an annual review of its performance against the Key Performance Indicators agreed at the beginning of each year. The review undertaken for 2017/18 demonstrated that the Governing Body has achieved all the Key Performance Indicators set with the exception of variances in the areas of training and meeting duration. Average attendance at Governing Body and committee meetings during the 2017/18 year was 84%. A schedule of membership and attendance for the 2017/18 year is provided in the table below:

**Governor Attendance at Governing Body and Committee Meetings 2017/18**

	Governing Body	Audit & Risk Committee	Education, Quality & Performance Committee	Finance & General Purposes Committee	Staffing Committee	Joint Staffing Committee and Education Committee
No. of meetings held:	7	4	5	5	7	1
Peter Archdale	7/7		4/5			1/1
Samuel Hodson	4/7		4/5			
Joanne Lucas	5/7	3/4	3/5			
Joseph Martin	7/7				7/7	1/1
Margaret Martin	5/7		5/5			1/1
Wilson Matthews	5/6		4/5	4/5		0/1
Wilbert Mayne	6/7	3/4				
Michael McAlister	7/7		5/5	5/5	7/7	1/1
Patricia McCaffrey	7/7	4/4			6/7	1/1
Seamus McCaffrey	7/7			5/5		
Monica McGeary	7/7	3/4			7/7	1/1
Michael McGuckin	7/7			4/5		
Stephen Moss	6/7		2/5	0/5		
Gerard O'Hanlon	3/7			4/5		
Michael Skuce	7/7	4/4			7/7	1/1
Derek Weir	5/7				5/7	1/1

The average attendance at Governing Body meetings in 2017-18 was 86%.

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

**Audit & Risk Committee**

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

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

**SOUTH WEST COLLEGE  
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL  
FOR THE YEAR ENDED 31 JULY 2018**

It has formally agreed terms of reference, which are reviewed on an annual basis.

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

Meetings are held at least four times per year and are normally attended by representatives of internal and external audit as well as by a DfE representative. The Committee holds independent meetings with the auditors in advance of each scheduled meeting which provides an opportunity for discussions between the parties where the executive is not present. Whilst executive officers and other officials attend meetings of the Audit & Risk Committee as necessary, they are not members of the Committee.

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

The Committee met four times during the 2017/18 year during which it reviewed reports from the external and internal auditors and associated management responses as well as the College's Annual Report and Financial Statements to ensure compliance with legislation and accounting standards. It also reviewed corporate and departmental risk registers, assurance statements to DfE, new and revised college policies and reports on fraud, complaints, data matching, procurement, freedom of information and data protection as well as reports from the Northern Ireland Audit Office (NIAO) and DfE.

The Audit & Risk Committee undertakes an annual review of its effectiveness, in line with best practice issued by the National Audit Office. The review undertaken for 2017/18 demonstrated that the Audit & Risk Committee had been effective in ensuring that South West College had adopted appropriate risk management procedures during the 2017/18 academic year and had functioned in accordance with accounting and auditing standards as well as good governance standards. This review informs the Annual Report of the Committee to the Governing Body which is prepared in accordance with the format provided in the Audit Code.

**Education, Quality & Performance Committee**

The Education, Quality & Performance Committee is responsible for overseeing the curricular provision of the College, especially the nature, quality and performance of the provision and the extent to which it meets the needs of the community the College seeks to serve. It contributes to the development of strategic objectives, through the College Development Plan process, for meeting local and regional education and skills needs in accordance with DfE objectives and targets. It also contributes to the setting of curriculum governance key performance indicators with a particular emphasis on student recruitment, retention and achievement. Performance against the College Development Plan and associated key performance indicators is monitored on an ongoing basis. The Committee also monitors the standard of education provision by reviewing the whole college self-evaluation and quality improvement plans, Education and Training Inspectorate reports and other internal monitoring and external inspection reports. Committee members offer guidance and support to encourage, promote and facilitate the development of strategic partnerships which are beneficial to the development and image of the College and also help to identify models of best practice locally, nationally and internationally in the provision of further and higher education and training.

The Education, Quality & Performance Committee has formally agreed Terms of Reference, which are reviewed on an annual basis. Membership of the Committee comprises at least seven members of the Governing Body including the Chief Executive, the academic staff member and the student member. The Committee invites other college personnel or third parties to attend any meeting of the Committee where their knowledge or experience could contribute to the business of a particular meeting.

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



## **SOUTH WEST COLLEGE STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2018**

The Committee met five times during the 2017/18 year during which it received reports on Excellence in Teaching and Learning, Higher Education, the 14 – 19 Agenda, Training Provision, Economic Engagement, Virtualisation, Internationalisation, Externally Funded Projects, Student Services Provision, Marketing, Safeguarding, Student Related Policies and Freedom of Information and Data Protection Activity in addition to the monitoring reports noted above. It also received presentations on departmental performance and strategic plans and discussed other matters of strategic relevance. A joint meeting of the Education, Quality & Performance Committee and the Staffing Committee was also held to scrutinize management proposals arising out of the Whole College Review that had taken place in year.

The Education, Quality & Performance Committee undertakes an annual review of its effectiveness. The review undertaken for 2017/18 demonstrated that the Committee had been effective in discharging its responsibilities in line with its Terms of Reference and the Annual Programme of Business agreed at the beginning of the year.

### **Finance & General Purposes Committee**

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

The Finance & General Purposes Committee has formally agreed Terms of Reference, which are reviewed on an annual basis. Membership of the Committee comprises at least five members of the Governing Body including the Chief Executive. At least two members are from the business and industry category and at least one member has recent and relevant experience in accounting and finance.

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

The Committee met five times during the 2017/18 year during which it reviewed the Annual Report and Financial Statements, Financial Management Reports, Financial Returns to DfE, Provisions and Liabilities, Financial Projections, FE College Health Check Reports, Estates Issues, Budgetary Management Processes, Debtors and Creditors Reports, Fixed Assets and Capital Expenditure, Investments, Student Finance Matters, Externally Funded Projects, Financial and Estates Policies, Consultancy Expenditure Reports, and Treasury Management Matters. It also met with the PFI providers in respect of the Dungannon and Omagh campuses, received presentations on departmental financial performance and discussed other matters of strategic relevance.

The Finance & General Purposes Committee undertakes an annual review of its effectiveness. The review undertaken for 2017/18 demonstrated that Committee had been effective in discharging its responsibilities in line with its Terms of Reference and the Annual Programme of Business agreed at the beginning of the year.

### **Staffing Committee**

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

The Staffing Committee has formally agreed Terms of Reference, which are reviewed on an annual basis. Membership of the Committee comprises at least five members of the Governing Body including the Chief Executive. The Committee invites other college personnel or third parties to attend any meeting of the Committee where their knowledge or experience could contribute to the business of a particular meeting.

## **SOUTH WEST COLLEGE STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2018**

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

The Committee met seven times during the 2017/18 academic year during which it considered matters relating to Health, Safety & Wellbeing, Equality & Diversity, Staff Resources, Workforce Planning & Development, Absence Management, Employee Relations and Sectoral Issues, Organisational Structure as well as related strategy and policy. It also received presentations on departmental resourcing and workforce development and discussed other matters of strategic relevance. A joint meeting of the Education, Quality & Performance Committee and the Staffing Committee was also held to scrutinize management proposals arising out of the Whole College Review that had taken place in year.

The Staffing Committee undertakes an annual review of its effectiveness. The review undertaken for 2017/18 demonstrated that the Committee had been effective in discharging its responsibilities in line with its Terms of Reference and the Annual Programme of Business agreed at the beginning of the year.

### **Erne Campus Project Board**

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

The Erne Campus Project Board is chaired by the Chief Executive and comprises two governors and a member of the Senior Management Team as well as a representative from DfE, and has in attendance advisors from the Central Procurement Directorate, the Strategic Investment Board and Fermanagh & Omagh District Council.

The Project Board is supported by a Project Team and advisory committees and is overseen by a Steering Group chaired by the Permanent Secretary of DfE. It met seven times during the 2017/18 year and to date has progressed the project to the stage of on-site works.

### **Senior Management Team**

The Senior Management Team meets once a month. The Chief Executive Officer attends all Governing Body meetings and sub-committee meetings. The Head of Finance attends all Audit & Risk Committee and Finance & General Purposes Committee meetings. The Head of Services attends all Finance & General Purposes Committee meetings. The Legal & Compliance Officer attends all Audit & Risk Committee meetings. The Head of HR attends all Staffing Committee meetings. The Head of Curriculum attends all Education, Quality & Performance Committee meetings.

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

### **Management of Interests**

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

## **SOUTH WEST COLLEGE STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2018**

The Register of Governors' and Senior Staff member's Interests are available for inspection from the Secretary to the Governing Body and is presented on pages 68-72 of this report.

### **Risk Management and Internal Control**

The system of internal control within the South West College is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of South West College's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. A robust system of internal control has been in place in South West College for the year ended 31 July 2018 and up to the date of approval of the annual report and accords with DoF guidance.

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

As part of our risk management process, risk registers have been developed for key departments within the College. A Risk and Compliance Committee has been established which meets monthly (September to June) and is attended by senior managers and key personnel. Risk Management is monitored regularly and high level risks reported at the Committee meeting and also to the Audit & Risk Committee of the Governing Body. The main overall corporate risks formulate the basis of the quarterly risk register review report which is discussed and updated at the Risk and Compliance Committee meetings and provided to the Audit & Risk Committee. The effectiveness of the system of internal controls in place is reviewed at least annually. In May 2018, the corporate risk register was reviewed in depth and summarised in the Annual Corporate Risk Register report.

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

South West College also participates in the National Fraud Initiative's (NFI) data matching exercise for the purpose of the prevention and detection of fraud. Data matching involves comparing sets of data of a body against records held by the same or other participating bodies, for the purpose of allowing potential fraudulent claims to be identified. During 17/18, the Audit & Risk Committee was provided with an update.

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

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

In the coming year the South West College plans to:

- regularly review and update the record of risks facing the organisation;

**SOUTH WEST COLLEGE  
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL  
FOR THE YEAR ENDED 31 JULY 2018**

- maintain the system of key performance and risk indicators;
- maintain the organisation-wide risk register;
- arrange for regular reports from the Heads of Departments on risk managements and internal control activities.

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

During the 2017/18 year, Internal Audit carried out the following audits in South West College. The assurance rating by area reviewed is set out below:

<b><u>Key Process</u></b>	<b><u>Assurance Rating</u></b>
Review of Key Financial Controls	Satisfactory
Review of Quality Assurance over Teaching and Learning	Satisfactory
Review of Risk Management	Satisfactory
Review of Budgetary Control and Financial Management	Satisfactory

The Estates Management and Health and Safety internal audit reviews were deferred until 2018/19 due to staff changes and a third party review of Health and Safety.

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

### **Fraud Reporting**

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

The College reports all suspected or detected frauds to the Department for the Economy in line with Appendix E of the 'Financial Memorandum between the Department for the Economy and the Further Education Colleges'. During 2017-18 the College had no instances of detected fraud.

### **Pay Remit**

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

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

**SOUTH WEST COLLEGE  
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL  
FOR THE YEAR ENDED 31 JULY 2018**

**Significant Governance Issues**

On 11th September 2018, the College experienced a data breach whereupon an unknown third party gained access to the email account of a member of staff. A phishing email was sent from the employee's email account and a re-direct rule set up. When the initial phishing email was sent, the email account was immediately disabled and the password changed. The re-direct rule was subsequently discovered on 13th September 2018 and removed. The incident was investigated by the Data Protection Officer and the IT Department, and the matter was reported to DfE, the ICO and the PSNI. The compromised email account was reviewed and the data subjects considered at potential high risk were contacted by letter and informed of the breach. A dedicated contact number was set up for a period to address queries. The ICO have since confirmed that they will be taking no further action.

No other significant governance or internal control issues were identified from the review of the effectiveness of the system of risk, governance and internal control for the year ended 31<sup>st</sup> July 2018 that require reporting in this Statement.

**Review of effectiveness**

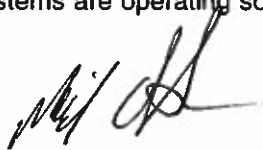
As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the South West College who have responsibility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

**Assurance Summary**

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

The review of the effectiveness of the systems and processes that comprise the governance framework for 2017/18 demonstrate that key systems are operating soundly and that there are no significant weaknesses or areas for undue concern.

**Accounting Officer**



**Date** 14-11-18

## **South West College**

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

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

I certify that I have audited the financial statements of the South West College for the year ended 31 July 2018 under the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008. The financial statements comprise: the Statement of Comprehensive Income and Expenditure, Statement of Changes in Reserves, Balance Sheet, Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the South West College's affairs as at 31 July 2018 and of its deficit for the year then ended;
- have been properly prepared in accordance with the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102); and
- have been prepared in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008 and the Department for the Economy directions issued thereunder.

#### **Opinion on regularity**

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

#### **Basis for opinions**

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of the South West College in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2016, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

#### **Other Information**

The Governing Body is responsible for the other information reported in the annual report. The other information comprises the information included in the annual report other than the financial statements, the part of the Remuneration Report to be audited and my certificate thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

#### **Opinion on other matters**

In my opinion, based on the work undertaken in the course of the audit:

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

#### **Responsibilities of the Governing Body**

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.

#### **Auditor's responsibilities for the audit of the financial statements**

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

I am required to obtain evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

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


**Matters on which I report by exception**

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

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

**Report**

I have no observations to make on these financial statements.

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

  
26 November 2018



**SOUTH WEST COLLEGE  
STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE  
FOR THE YEAR ENDED 31 JULY 2018**

	Note	2018 £'000	2017 £'000
<b>Income</b>			
Department for the Economy Income	1	27,844	27,815
Education Contracts	2	7,246	7,322
Tuition Fees and Charges	3	2,482	2,533
Other Grant Income	4	3,249	1,679
Other Operating Income	5	615	713
Investment Income	6	10	34
<b>Total Income</b>		<b>41,446</b>	<b>40,096</b>
<b>Expenditure</b>			
Staff costs	7	23,709	22,422
Other operating expenses	9	14,706	13,605
Interest and other finance costs	10	2,956	3,115
Depreciation	12	5,797	5,367
<b>Total expenditure before exceptional items</b>		<b>47,168</b>	<b>44,509</b>
<b>Deficit on continuing operations after depreciation of assets at valuation and before tax and before exceptional items</b>		<b>(5,722)</b>	<b>(4,413)</b>
<b>Exceptional items</b>			
Exceptional costs - staff	7	(344)	(24)
Exceptional gain – non staff	9	401	406
Exceptional gain – staff	7	344	24
<b>Deficit before tax</b>		<b>(5,321)</b>	<b>(4,007)</b>
Taxation		-	-
<b>Deficit on continuing operations after depreciation of assets at valuation and tax</b>		<b>(5,321)</b>	<b>(4,007)</b>
<b>Unrealised surplus on revaluation of land and buildings</b>		<b>7,741</b>	<b>4,419</b>
Actuarial (loss)/gain in respect of pension scheme		2,640	3,302
<b>Total comprehensive income for the year</b>		<b>5,060</b>	<b>3,714</b>
<b>Represented by:</b>			
Restricted comprehensive income for the year		-	-
Unrestricted comprehensive income for the year		5,060	3,714
		<b>5,060</b>	<b>3,714</b>

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

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

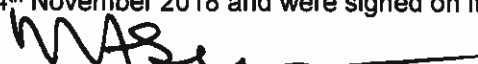
**SOUTH WEST COLLEGE  
STATEMENT OF CHANGES IN RESERVES  
FOR THE YEAR ENDED 31 JULY 2018**

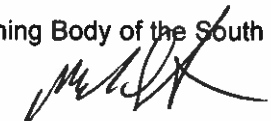
COLLEGE	Income and Expenditure Account		Revaluation Reserve	Total Reserves
	Restricted	Unrestricted		
	£'000	£'000	£'000	£'000
<b>Balance at 1 August 2016</b>	-	(5,663)	43,481	37,818
Deficit from income and expenditure statement	-	(4,007)	-	(4,007)
Other comprehensive (expense)/income	-	3,302	4,419	7,721
Transfers between revaluation and income and expenditure account	-	3,245	(3,245)	-
Release of restricted funds spent in year	-	-	-	-
<b>Total comprehensive income for the year</b>	-	2,540	1,174	3,714
<b>Balance at 31 July 2017</b>		<b>(3,123)</b>	<b>44,655</b>	<b>41,532</b>
<b>Balance at 1 August 2017</b>	-	(3,123)	44,655	41,532
Deficit from income and expenditure statement	-	(5,321)	-	(5,321)
Other comprehensive (expense)/income	-	2,640	7,741	10,381
Transfers between revaluation and income and expenditure account	-	3,066	(3,066)	-
Release of restricted funds spent in year	-	-	-	-
<b>Total comprehensive income for the year</b>	-	385	4,675	5,060
<b>Balance at 31 July 2018</b>	-	<b>(2,738)</b>	<b>49,330</b>	<b>46,592</b>

**SOUTH WEST COLLEGE  
BALANCE SHEET  
AS AT 31 JULY 2018**

	Note	2018 £'000	2017 £'000
<b>Fixed assets</b>			
Tangible Assets	12	101,223	96,924
Intangible assets	13	167	-
<b>Total fixed assets</b>		<b>101,390</b>	<b>96,924</b>
<b>Current assets</b>			
Trade and other receivables	15	4,762	5,415
Cash at bank and in hand	19	3,244	3,833
<b>Total current assets</b>		<b>8,006</b>	<b>9,248</b>
Less: Creditors – amounts falling due within one year	16	(8,312)	(6,805)
<b>Net current assets/(liabilities)</b>		<b>(306)</b>	<b>2,443</b>
<b>Total assets less current liabilities</b>		<b>101,084</b>	<b>99,367</b>
Less: Creditors – amounts falling due after more than one year	17	(49,708)	(51,234)
<b>Provisions:</b>			
Pension provisions	20	(4,769)	(6,586)
Other provisions	18	(15)	(15)
<b>Net assets including pension liability</b>		<b>46,592</b>	<b>41,532</b>
<b>Unrestricted Reserves</b>			
Pension reserve		(4,769)	(6,586)
Income and expenditure account unrestricted reserves		2,031	3,463
Revaluation reserve		49,330	44,655
<b>Total reserves</b>		<b>46,592</b>	<b>41,532</b>
<b>TOTAL</b>		<b>46,592</b>	<b>41,532</b>

The financial statements on pages 41 to 75 were approved by the Governing Body of the South West College on 14<sup>th</sup> November 2018 and were signed on its behalf on that date by:

  
 Michael Skuce  
 Vice Chairman of Governing Body – South West College

  
 Michael McAllister  
 Chief Executive - South West College

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

**SOUTH WEST COLLEGE  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 JULY 2018**

	Note	2018 £'000	2017 £'000
<b>Cash inflow/(outflow) from operating activities</b>			
Deficit for the year		(5,321)	(4,007)
<b>Adjustment for non-cash items</b>			
Depreciation	12	5,797	5,367
Decrease/(increase) in debtors	15	653	(1,241)
(Decrease)/increase in creditors	16	(116)	(1,297)
Pension cost	20	605	554
Increase in other provisions	18	-	-
Capital grants released to income		(2,335)	(1,403)
Investment income	6	(10)	(34)
<b>Net cash inflow/(outflow) from operating activities</b>		<b>(727)</b>	<b>(2,061)</b>
<b>Cash flows from investing activities</b>			
Capital grants received		2,432	3,552
Investment income	6	10	34
Payments made to acquire fixed assets	12	(2,522)	(3,469)
<b>Cash inflows from financing activities</b>			
Pension finance cost	10	218	278
<b>Increase/(decrease) in cash and cash equivalents in the year</b>	19	<b>(589)</b>	<b>(1,666)</b>
Net funds at 1 August		3,833	5,499
<b>Net funds at 31 July</b>		<b>3,244</b>	<b>3,833</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.*

# **SOUTH WEST COLLEGE STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2018**

## **Statement of Accounting Policies**

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

### **Basis of Preparation**

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

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

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

### **Basis of accounting**

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

### **Going concern**

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

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

### **Recognition of Income**

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

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

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

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

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

## **SOUTH WEST COLLEGE STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2018**

### **Pension Scheme**

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

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

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

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

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

### **Tangible Fixed Assets**

- **Land and buildings**

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

Valuations are obtained on a regular basis, with a full professional valuation being undertaken by Land and Property Services (LPS) every five years, with revaluation using indices provided by LPS in intervening years and an interim valuation being carried out after three years. Revaluation based on indices provided by LPS was used as at 31 July 2018.

## **SOUTH WEST COLLEGE STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2018**

The College intends to vacate the Fairview Campus in Enniskillen in January 2020 and move to the new Erne Campus. The Fairview Campus will then be sold. The market value of Fairview is considerably less than the valuation provided by LPS at 31<sup>st</sup> July 2017, which is based on depreciated replacement cost. The remaining useful economic life of Fairview was reduced to four years at that point, and the depreciation charge has been accelerated accordingly during the year ended 31<sup>st</sup> July 2018.

- **Assets under construction**

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July 2018. They are not depreciated until they are brought into use.

- **Assets other than land and buildings**

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

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

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

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

### **Private Finance Initiative**

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

Where it is concluded that the South West College has an asset of the property and therefore a liability to pay for it, these are recorded on the balance sheet. The initial amount recorded for each is the fair value of the building and accompanying fixtures and fittings and is recognised as an asset in the financial statements, together with a corresponding finance lease obligation. Subsequently, the asset is depreciated over its useful economic life and is subject to annual revaluation on the same basis as similar asset classes. The unitary payments made under the PFI contracts are allocated between the service and property elements. The elements of the unitary payment relating to services are charged to the Statement of Comprehensive Income and Expenditure as incurred. The element of the unitary payment relating to property is credited against the finance lease obligation. A notional interest charge is imputed in relation to the outstanding liability on the basis that this charge is a constant percentage of the outstanding lease obligation. This notional interest is recorded against the loan and is also charged against the Statement of Comprehensive Income and Expenditure for the year. Under an agreement with DfE, the College receives an annual contribution to cover the various specified elements of the unitary payment, relating to the property costs.

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

**SOUTH WEST COLLEGE  
STATEMENT OF ACCOUNTING POLICIES  
FOR THE YEAR ENDED 31 JULY 2018**

**Leased Assets**

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

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

The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

**Foreign Currency Translation**

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

**Taxation**

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

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

**Liquid resources**

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

**Provisions**

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

**Agency Arrangements**

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



**SOUTH WEST COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2018**

**1. DEPARTMENT FOR THE ECONOMY INCOME**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Grant in Aid received from DfE</b>		
Recurrent grant	17,017	16,754
Additional Support Funds	302	210
Employer Support Programme (ESP)	323	350
Private Finance Initiative (PFI)	6,238	6,168
Students with learning difficulties and disabilities (SLDD)	245	250
Release of deferred capital grants	2,282	1,334
Skills Focus (included in 'other' in 2016)	127	138
Essential Skills in schools	-	-
Other	544	1,334
	<hr/>	<hr/>
<b>Total</b>	<b>27,078</b>	<b>26,538</b>
	<hr/>	<hr/>

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

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

Such income streams were received by the College separately from the DfE for 8/12 months of the Financial Year and subsequently included within the recurrent grant for the remainder of the year.

**Non-Grant in Aid received from DfE**

**Higher Level Apprenticeships**

Education Maintenance Allowance administration	17	19
Level 2/3 Apprenticeships	331	477
Higher Level Apprenticeships	418	781
	<hr/>	<hr/>
Non-grant in aid items	766	1,277
	<hr/>	<hr/>
<b>Total DfE income</b>	<b>27,844</b>	<b>27,815</b>
	<hr/>	<hr/>

**SOUTH WEST COLLEGE  
STATEMENT OF ACCOUNTING POLICIES  
FOR THE YEAR ENDED 31 JULY 2018**

**2. EDUCATION CONTRACTS**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Entitlement framework	879	989
Training for Success	6,367	6,321
Steps to Work	-	12
<b>Total</b>	<b><u>7,246</u></b>	<b><u>7,322</u></b>

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

**SOUTH WEST COLLEGE  
STATEMENT OF ACCOUNTING POLICIES  
FOR THE YEAR ENDED 31 JULY 2018**

**3. TUITION FEES AND CHARGES**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Higher Education (HE) income	1,910	1,939
Home and other European Union	572	594
<b>Total</b>	<b>2,482</b>	<b>2,533</b>

**Tuition fees funded by bursaries**

Included within the above amounts are tuition fees funded by bursaries of £74k (2017: £84k)

**4. OTHER GRANT INCOME**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
European funds	3,006	1,456
Other funds	243	223
<b>Total</b>	<b>3,249</b>	<b>1,679</b>

**5. OTHER OPERATING INCOME**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Catering and residence operations	92	81
Other income generating activities	139	381
Other income	384	251
<b>Total</b>	<b>615</b>	<b>713</b>

**6. INVESTMENT INCOME**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Other interest receivable	10	34
<b>Total</b>	<b>10</b>	<b>34</b>

**SOUTH WEST COLLEGE  
STATEMENT OF ACCOUNTING POLICIES  
FOR THE YEAR ENDED 31 JULY 2018**

**7. STAFF COSTS**

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

	<b>2018</b>	<b>2017</b>
	<b>No.</b>	<b>No.</b>
Governing Body	-	-
Teaching	280	279
Support	107	109
Administration	183	174
Premises	18	18
<b>Total</b>	<b>588</b>	<b>580</b>
	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Governing Body	59	70
Teaching	14,040	13,366
Support	2,545	2,523
Administration	5,842	5,444
Premises	476	424
NILGOSC Deficit Contribution	66	22
Apprenticeship Levy	76	19
Non-Teaching Pension charge	605	554
	<b>23,709</b>	<b>22,422</b>
Exceptional staff costs - VES	344	24
	344	24
<b>Total</b>	<b>24,053</b>	<b>22,446</b>

**SOUTH WEST COLLEGE  
STATEMENT OF ACCOUNTING POLICIES  
FOR THE YEAR ENDED 31 JULY 2018**

**7. STAFF COSTS**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	19,273	18,116
Social security costs	1,534	1,448
Movement in Pension	605	554
Other pension costs	2,297	2,304
	<b>23,709</b>	<b>22,422</b>
Exceptional staff costs (VES/redundancy/retirement)	344	24
<b>Total</b>	<b>24,053</b>	<b>22,446</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>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
£60,001 to £70,000	-	-	13	10
£70,001 to £80,000	-	-	4	6
£80,001 to £90,000	1	-	-	-
£90,001 to £100,000	-	-	-	-
£100,001 to £110,000	-	1	-	-
£110,001 to £120,000	-	-	-	-
£120,001 to £130,000	1	-	-	-
£130,001 to £140,000	-	1	-	-
	<b>2</b>	<b>2</b>	<b>17</b>	<b>16</b>

**SOUTH WEST COLLEGE  
STATEMENT OF ACCOUNTING POLICIES  
FOR THE YEAR ENDED 31 JULY 2018**

**8. KEY MANAGEMENT PERSONNEL**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the college Governing Body and the Chief Executive/Deputy Chief Executive.

	<b>2018</b>	<b>2017</b>
	<b>No.</b>	<b>No.</b>
The number of senior post-holders including the Chief Executive was:	<u>2</u>	<u>2</u>

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

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Salaries	183	203
Pension contributions	<u>29</u>	<u>32</u>
<b>Total emoluments</b>	<b><u>212</u></b>	<b><u>235</u></b>

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

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Salaries	<u>112</u>	<u>115</u>
	112	115
Pension contributions	<u>17</u>	<u>18</u>
<b>Total</b>	<b><u>129</u></b>	<b><u>133</u></b>

The above emoluments were all paid to the Chief Executive during the year ended 31 July 2018.

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

**SOUTH WEST COLLEGE  
STATEMENT OF ACCOUNTING POLICIES  
FOR THE YEAR ENDED 31 JULY 2018**

**9. OTHER OPERATING EXPENSES**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Direct Teaching	692	914
Direct Support	4,848	4,643
Administration	3,300	2,526
Premises	2,018	1,996
Unitary payments under PFI contract	3,848	3,526
	<b>14,706</b>	<b>13,605</b>
Exceptional – PFI Insurance Rebate	<b>(401)</b>	<b>(406)</b>
	<b>14,305</b>	<b>13,199</b>

Administration costs include £1.365M relates to Payments to Project Partners (2016/17 £607K)

**Other operating expenses include:**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Auditors' remuneration:		
Financial statements audit (includes £23k in respect of the college – 2016/17 £28k)	23	28
Internal audit (includes £14k in respect of the college – 2016/17 £21k)	14	21
Other services provided by the financial statements Auditors	-	-
Other services provided by the internal auditors	-	-
Hire of other assets – operating leases	56	56

Care to Learn 2018 is £33,599 (2017 £27,630)

The College has 30 year PFI agreements in respect of the provision of facilities and associated services at Omagh and Dungannon campuses. The terms of these agreements provide for benchmarking of insurance costs to compare actual costs with costs provided at the outset in the financial model. The exceptional gain of £401k represents the 2018 share of the £1.017M monies owed for the period to 31 July 2018 in respect of a rebate of insurance costs in accordance with the provisions of the contract.

**10. INTEREST AND OTHER FINANCE COSTS**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Net charge on pension scheme	218	278
On finance leases	2,738	2,837
<b>Total</b>	<b>2,956</b>	<b>3,115</b>

**SOUTH WEST COLLEGE  
STATEMENT OF ACCOUNTING POLICIES  
FOR THE YEAR ENDED 31 JULY 2018**

**11. TAXATION**

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

**12. TANGIBLE FIXED ASSETS**

	Freehold Land and Buildings	Assets under construction	PFI Assets	Plant and Equipment	Computers	Fixtures and Fittings	Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>								
At 1 August 2017	29,940	706	64,822	5,014	3,281	799	736	105,298
Additions	5	1,174	-	309	382	480	5	2,355
Transfers	-	-	-	-	-	-	-	-
Disposals	-	-	-	(134)	(13)	(4)	-	(151)
Surplus/(deficit) on Revaluation	1,779	-	5,962	-	-	-	-	7,741
<b>At 31 July 2018</b>	<b>31,724</b>	<b>1,880</b>	<b>70,784</b>	<b>5,189</b>	<b>3,650</b>	<b>1,275</b>	<b>741</b>	<b>115,243</b>
<b>Depreciation</b>								
At 1 August 2017	2,279	-	-	2,947	2,218	548	382	8,374
Charge for the year	2,706	-	1,661	637	558	116	119	5,797
Revaluation	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Elimination in respect of disposals	-	-	-	(134)	(13)	(4)	-	(151)
<b>At 31 July 2018</b>	<b>4,985</b>	<b>-</b>	<b>1,661</b>	<b>3,450</b>	<b>2,763</b>	<b>660</b>	<b>501</b>	<b>14,020</b>
<b>Net book value at 31 July 2018</b>	<b>26,739</b>	<b>1,880</b>	<b>69,123</b>	<b>1,739</b>	<b>887</b>	<b>615</b>	<b>240</b>	<b>101,223</b>
Net book value at 31 July 2017	27,661	706	64,822	2,067	1,063	251	354	96,924
<b>Asset Financing</b>								
Owned	26,739	1,880	-	1,739	887	615	240	32,100
PFI contracts	-	-	69,123	-	-	-	-	69,123
<b>Net Book Value at 31 July 2018</b>	<b>26,739</b>	<b>1,880</b>	<b>69,123</b>	<b>1,739</b>	<b>887</b>	<b>615</b>	<b>240</b>	<b>101,223</b>



**SOUTH WEST COLLEGE  
STATEMENT OF ACCOUNTING POLICIES  
FOR THE YEAR ENDED 31 JULY 2018**

**12. TANGIBLE FIXED ASSETS**

Land and buildings were subject to a full revaluation at 31<sup>st</sup> July 2017 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 valuations as at 31<sup>st</sup> July 2018. These revaluations have been incorporated into the financial statements and the resulting revaluation adjustments have been taken to the revaluation reserve.

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
If inherited land and buildings had not been revalued they would have been included at the following amounts:		
Cost	8,018	8,018
Aggregate depreciation based on cost	<u>(3,137)</u>	<u>(2,914)</u>
<b>Net book value based on cost</b>	<b><u>4,881</u></b>	<b><u>5,104</u></b>

All depreciation relates to owned assets, with the exception of £1,660,763 which relates to depreciation on PFI assets.

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
If PFI assets had not been revalued they would have been included at the following amounts:		
Cost	43,101	43,101
Aggregate depreciation based on cost	<u>(15,313)</u>	<u>(14,235)</u>
<b>Net book value based on cost</b>	<b><u>27,788</u></b>	<b><u>28,866</u></b>

**SOUTH WEST COLLEGE  
STATEMENT OF ACCOUNTING POLICIES  
FOR THE YEAR ENDED 31 JULY 2018**

**13. INTANGIBLE FIXED ASSETS**

	<b>Asset Under Construction £'000</b>	<b>Total £'000</b>
<b>Cost or valuation</b>		
At 1 August 2017	-	-
Additions	167	167
Disposals	-	-
<b>At 31 July 2018</b>	<u>167</u>	<u>167</u>
<b>Amortisation</b>		
At 1 August 2017	-	-
Charge for the year	-	-
Disposals	-	-
<b>At 31 July 2018</b>	<u>-</u>	<u>-</u>
<b>Net book value at 31 July 2018</b>	<u>167</u>	<u>167</u>
Net book value as at 31 July 2017	<u>-</u>	<u>-</u>

The net book value of the intangible asset under construction is a jointly owned and controlled asset among the six Further Education Colleges of Northern Ireland. The asset under construction is a Learner Management System that will be operated centrally for the sector. The intangible asset is funded in full through a capital grant from the Department for the Economy. The total cost is estimated at £2.263M.

**14. SERVICE CONCESSION ARRANGEMENTS**

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

**Movement in service concession arrangement assets**

The asset value of the service concession included in the balance sheet as at 31 July 2018 is £69.1M (2017: £64.8M). The increase of £4.3M is due to a valuation increase of £5.96M and depreciation of £1.66M.

**Movement in service concession liabilities**

The total liabilities relating to the service concession included in the balance sheet as at 31 July 2018 were £36.026M (2017: £37.3M). The sum of £1.275M was repaid during the year.

**SOUTH WEST COLLEGE  
STATEMENT OF ACCOUNTING POLICIES  
FOR THE YEAR ENDED 31 JULY 2018**

**Future Commitments**

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

	<b>Payable in 1 year £'000</b>	<b>Payable 2-5 years £'000</b>	<b>Payable 6-10 years £'000</b>	<b>Total £'000</b>
Liability repayments	922	2,707	9,873	13,502
Finance charge	2,656	10,267	10,446	23,369
Service charge	4,410	20,069	23,120	47,599
	<b>7,988</b>	<b>33,043</b>	<b>43,439</b>	<b>84,470</b>

**15. TRADE AND OTHER RECEIVABLES**

	<b>2018 £'000</b>	<b>2017 £'000</b>
Amounts falling due within one year:		
Trade receivables	263	381
Deposits and advances	-	-
Prepayments and accrued income	3,152	2,588
Other receivables - DfE	1,347	2,446
<b>Total debtors</b>	<b>4,762</b>	<b>5,415</b>

**16. CREDITORS: AMOUNTS FALLING DUE IN WITHIN ONE YEAR**

	<b>2018 £'000</b>	<b>2017 £'000</b>
Obligations under finance leases in respect of PFI contracts	922	1,275
Trade payables	-	-
Taxation and social security	514	493
Deferred Capital Grants	2,515	1,814
Amounts owed to the Department	365	65
Other creditors and accruals	3,996	3,158
<b>Total creditors less than one year</b>	<b>8,312</b>	<b>6,805</b>

**SOUTH WEST COLLEGE  
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**17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Obligations under finance leases in respect of PFI contracts	35,104	36,026
Deferred capital grants	14,604	15,208
<b>Total</b>	<b>49,708</b>	<b>51,234</b>

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

**18. PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>Litigation</b>	<b>Other</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 August 2017	-	15	15
Movement in Provision	-	-	-
Released to the income and expenditure account	-	-	-
<b>At 31 July 2018</b>	<b>-</b>	<b>15</b>	<b>15</b>

The provision comprises Insurance excess of £15k

**19. CASH AND CASH EQUIVALENTS**

	<b>At</b>	<b>Cash Flows</b>	<b>At</b>
	<b>1 August 2017</b>	<b>£'000</b>	<b>31 July 2018</b>
	<b>£'000</b>		<b>£'000</b>
Cash and Cash equivalents	3,833	(589)	3,244
	<b>3,833</b>	<b>(589)</b>	<b>3,244</b>

**SOUTH WEST COLLEGE  
STATEMENT OF ACCOUNTING POLICIES  
FOR THE YEAR ENDED 31 JULY 2018**

**20. PENSIONS AND SIMILAR OBLIGATIONS**

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

<b>Total pension cost for the year</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
NITPS: contributions paid	1,934	1,932
NILGOSC: contributions paid	968	926
NILGOSC: FRS 102 charge	605	554
NILGOSC: charge to the Statement of Comprehensive income and expenditure (staff costs)	1,573	1,480
Enhanced pension charge to the Statement of Comprehensive income and expenditure (staff costs)	-	-
<b>Total pension cost for the year</b>	<b>3,507</b>	<b>3,412</b>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the NITPS and NILGOSC was 31 March 2016.

**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 2017 the employers' contribution rates was 19% 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:

Below £14,000	5.5%
£14,001 to £21,300	5.8%
£21,301 to £35,600	6.5%
£35,601 to £43,000	6.8%
£43,001 to £85,000	8.5%
£85,001 and above	10.5%

**SOUTH WEST COLLEGE  
STATEMENT OF ACCOUNTING POLICIES  
FOR THE YEAR ENDED 31 JULY 2018**

**20. PENSION AND SIMILAR OBLIGATIONS**

On 1 April 2017 the salary bands applicable to member contributions for the NITPS changed. The appropriate contribution rates to be applied are based on a members' annual salary rate (actual earnings) as opposed to their full-time equivalent (FTE) salary. The employer contribution rate increased to 17.7% from 1 April 2015

Up to £26,259	7.4%
£26,260 to £35,349	8.6%
£35,350 to £41,914	9.6%
£41,915 to £55,549	10.2%
£55,550 to £75,749	11.3%
£75,750 and above	11.7%

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

**NILGOSC**

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

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2018 by a qualified actuary.

**SOUTH WEST COLLEGE  
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**20. PENSION AND SIMILAR OBLIGATIONS**

**Principal actuarial assumptions**

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

	<b>At 31 July 2018</b>	<b>At 31 July 2017 % pa</b>	<b>At 31 July 2016 % pa</b>
Rate of increase in salaries	3.6	3.5	3.3
Rate of increase for pensions in payment/inflation	2.1	2.0	1.8
Discount rate for liabilities	2.8	2.6	2.4
Expected return on assets	n/a	n/a	n/a

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

	<b>At 31 July 2018</b>	<b>At 31 July 2017</b>
<b>Retiring today</b>		
Males	23.3 years	23.2 years
Females	25.9 years	25.8 years
<b>Retiring in 20 years</b>		
Males	25.5 years	25.4 years
Females	28.2 years	28.1 years

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

	<b>Value at 31 July 2018</b>	<b>Value at 31 July 2017 £'000</b>	<b>Value at 31 July 2016 £'000</b>
Equities	16,824	17,752	15,115
Bonds	6,306	2,656	2,579
Property	2,809	2,368	2,474
Cash	1,597	1,148	796
<b>Total market value of assets</b>	<b>27,536</b>	<b>23,924</b>	<b>20,964</b>
Present value of scheme liabilities	<b>(32,305)</b>	<b>(30,510)</b>	<b>(30,021)</b>
<b>(Deficit) in the scheme</b>	<b>(4,769)</b>	<b>(6,586)</b>	<b>(9,057)</b>

**SOUTH WEST COLLEGE  
STATEMENT OF ACCOUNTING POLICIES  
FOR THE YEAR ENDED 31 JULY 2018**

**20. PENSION AND SIMILAR OBLIGATIONS**

The amounts recognised in the balance sheet are as follows:

	At 31 July 2018	At 31 July 2017 £'000
Scheme Assets	27,536	23,924
Scheme Liabilities	(32,305)	(30,510)
Deficit in the Scheme (net pension liability recorded within pension provisions)	<u>(4,769)</u>	<u>(6,586)</u>

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

	2018 £'000	2017 £'000
<b>Amounts included on staff costs</b>		
Employer service cost (net of employee contributions)	1,701	1,614
Interest cost	158	206
Losses on curtailments and settlements	58	5
<b>Total operating charge</b>	<u>1,917</u>	<u>1,825</u>

Analysis of pension finance income / (costs):

	2018 £'000	2017 £'000
Expected return on pension scheme assets	634	513
Interest on pension liabilities	(792)	(721)
<b>Pension finance (costs)</b>	<u>(158)</u>	<u>(208)</u>
Actual return on plan assets	<u>2,669</u>	<u>2,139</u>



**SOUTH WEST COLLEGE  
STATEMENT OF ACCOUNTING POLICIES  
FOR THE YEAR ENDED 31 JULY 2018**

**20. PENSION AND SIMILAR OBLIGATIONS**

**Analysis of Other Comprehensive Income for pensions**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Actuarial gains on pension scheme assets	2,035	1,626
Actuarial (gains)/losses on scheme liabilities	<u>603</u>	<u>1,677</u>
<b>Total Other Comprehensive Income</b>	<b><u>2,638</u></b>	<b><u>3,303</u></b>
<b>Asset and liability reconciliation:</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Reconciliation of liabilities</b>		
<b>Liabilities at start of year</b>	<b>30,510</b>	<b>30,021</b>
Service cost	1,701	1,614
Interest cost	792	721
Employee contributions	326	295
Actuarial loss/(gain)	(603)	(1,681)
Benefits paid	(479)	(465)
Curtailments	<u>58</u>	<u>5</u>
<b>Liabilities at end of year</b>	<b><u>32,305</u></b>	<b><u>30,510</u></b>
<b>Reconciliation of assets</b>		
<b>Assets at start of year</b>	<b>23,924</b>	<b>20,964</b>
Expected return on assets	634	513
Actuarial gain	2,035	1,626
Employer contributions	1,096	991
Employee contributions	326	295
Benefits paid	<u>(479)</u>	<u>(465)</u>
<b>Assets at end of year</b>	<b><u>27,536</u></b>	<b><u>23,924</u></b>

The estimated value of employer contributions for the year ended 31<sup>st</sup> July 2019 is £1.129M.

**SOUTH WEST COLLEGE  
STATEMENT OF ACCOUNTING POLICIES  
FOR THE YEAR ENDED 31 JULY 2018**

**21. EVENTS AFTER THE END OF THE REPORTING DATE**

In the period between the end of the reporting year (31<sup>st</sup> July 2018) and the date when the financial statements are authorised for issue 26<sup>th</sup> November 2018, the College has no Post Balance Sheet Events to report.

**22. CAPITAL COMMITMENTS**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Commitments contracted for at 31 July 2018	<u>21,883</u>	<u>-</u>
	<b><u>21,883</u></b>	<b><u>-</u></b>

**23. COMMITMENTS UNDER PFI CONTRACT**

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

The Omagh development was completed in January 2006 and the operational phase of the scheme is for 30 years to October 2035.

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

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

	<b>South West College</b>	
	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Rentals due within one year	7,988	7,875
Rentals due within two to five years	33,043	32,751
Rentals due thereafter	<u>118,051</u>	<u>126,677</u>
	159,082	167,303
Less interest element	<u>(30,188)</u>	<u>(32,926)</u>
<b>Imputed finance lease obligations</b>	<b><u>128,894</u></b>	<b><u>134,377</u></b>

The total amount charged in the Statement of Comprehensive Income and Expenditure in respect of the service charges, overheads and lifecycle charges element PFI of on-balance sheet transactions was £3.85 million (year ended 31 July 2017 £3.53 million).

**SOUTH WEST COLLEGE  
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**24. CONTINGENT LIABILITY**

The College has a possible obligation in relation to outstanding pay revalorisation (cost of living increases) for those staff who are contracted under the "Contract for Lecturers" and Other Senior Staff.

The possible obligation relates to the following periods 2015/16, 2016/17 and 2017/18, with the main issue of uncertainty being affordability.

It is not possible to make a reliable estimate of the financial effect of the possible obligation as at 31 July 2018.

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

**SOUTH WEST COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
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**25. RELATED PARTY TRANSACTIONS AND TRANSACTIONS INVOLVING GOVERNING BODY MEMBERS AND SENIOR MANAGEMENT**

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

<b>Governor/ Senior Manager</b>	<b>Company</b>	<b>Amount Paid 2017 £</b>	<b>Amount Paid 2018 £</b>	<b>Amount received 2017 £</b>	<b>Amount received 2018 £</b>	<b>Amount outstanding at 31 July 2017 £</b>	<b>Amount outstanding at 31 July 2018 £</b>	<b>Nature of Transactions</b>
Mr Michael McAlister (Staff Member/Governor)	<ul style="list-style-type: none"> <li>• CE South West College</li> <li>• Member – Colleges NI</li> <li>• Governing Body member-Holy Trinity College Cookstown</li> <li>• Mid Ulster Council – Community Planning Steering Group</li> <li>• Fellow – Chartered Association of Building Engineers</li> <li>• Chartered Member – Chartered Institute of Building</li> <li>• Member – Institute of Knowledge Exchange</li> </ul>	165,874	1,047	1,653 26,572	1,380 30,790	- -	- -	Contribution towards NI Stand at the UK Skills Show in NEC, Birmingham 16-18 November 2017
Mr Joseph Martin (Governor)	<ul style="list-style-type: none"> <li>• Director/Member – GB St Angela's College, Sligo</li> <li>• Member/Vice Chairman of School Provision Committee of CSTS</li> <li>• Member of College's Employers Forum</li> </ul>	-	-	-	-	-	12,600	-
Mr Gerard O'Hanlon (Governor)	<ul style="list-style-type: none"> <li>• Employed by Northern Health &amp; Social Care Trust Project Manager for Change</li> <li>• Member – Omagh Chamber of Commerce</li> </ul>	-	-	-	-	-	-	-
			500					

**SOUTH WEST COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
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Governor/ Senior Manager	Company	Amount Paid 2017 £	Amount Paid 2018 £	Amount received 2017 £	Amount received 2018 £	Amount outstanding at 31 July 2017 £	Amount outstanding at 31 July 2018 £	Nature of Transactions
Mr Michael McGuckin (Governor)	<ul style="list-style-type: none"> <li>Director - Cookstown Enterprise Centre</li> <li>Director - Lissan House Trust</li> <li>Non-Executive Director - Mallon Technology Ltd</li> </ul>	-	-	-	-	-	-	
Mr Seamus McCaffrey (Governor)	<ul style="list-style-type: none"> <li>Director – S P McCaffrey &amp; Co</li> <li>Farmer</li> <li>Trustee - Agri Search</li> <li>Member of Ulster Farmers Union</li> </ul>	-	-	-	-	-	-	
Mr Peter Archdale (Governor)	<ul style="list-style-type: none"> <li>Chair - Camphill Community Trust (NI)</li> <li>Chair – Camphill Community Clanabogan</li> <li>Director – Ulster Wildlife Trust</li> <li>Director – Strule Tributaries &amp; Rivers Trust</li> <li>Forestry Business (Partnership with wife)</li> </ul>	-	1,500	7,000	1,468	-	-	
Mr Samuel Hodson (Student Governor)	None							
Mr Stephen Moss (Staff Member/Governor)	<ul style="list-style-type: none"> <li>Employee South West College</li> <li>Member NI Construction Skills Network Observatory Committee</li> </ul>	-	-	-	-	-	-	
Mrs Joanne Lucas (Governor/Staff Member)	Employee of South West College	-	-	-	-	-	-	
Mr Wilson Matthews (Governor) retired from GB on 9 <sup>th</sup> June 2018	<ul style="list-style-type: none"> <li>Member – Pharmacy National Appeals Panel</li> </ul>	-	-	-	-	-	-	

**SOUTH WEST COLLEGE  
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Governor/ Senior Manager	Company	Amount Paid 2017 £	Amount Paid 2018 £	Amount received 2017 £	Amount received 2018 £	Amount outstanding at 31 July 2017 £	Amount outstanding at 31 July 2018 £	Nature of Transactions
Mr Wilbert Mayne (Governor)	<ul style="list-style-type: none"> <li>• Self Employed Farmer</li> <li>• Member - Agricultural Wages Board</li> <li>• Chair of Governors – Orritor Primary School</li> <li>• Governor – Donaghey Primary School</li> <li>• Director/Chair – Shop Mobility Mid Ulster</li> <li>• Director/Chair CDM Community Transport</li> <li>• Director Mid-Ulster LAG</li> <li>• Chair UFU Environment Committee</li> <li>• Trustee – Agri-Search</li> </ul>	- - - - - - - - -	- - - - - - - - -	- - - - - - - - -	- - - - - - - - -	- - - - - - - - -	- - - - - - - - -	
Mrs Susanne Workman (Staff Member)	<ul style="list-style-type: none"> <li>• NI Chair - Professional Association of Catering Education</li> <li>• Hospitality Sectoral Partnership</li> </ul>	- -	- -	- -	- -	- -	- -	
Mrs Margaret Martin (Governor)	<ul style="list-style-type: none"> <li>• Executive – Network of Sacred Heart Schools, Ireland/Scotland</li> <li>• Chair – Mount Arville Education Trust (Ireland)</li> <li>• Trustee – Gaelscoil Aodh Rua Dungannon</li> </ul>	- - -	- - -	- - -	- - -	- - -	- - -	
Mrs Patricia McCaffrey (Governor)	<ul style="list-style-type: none"> <li>• Employed by Waterways Ireland</li> <li>• Member – Audit &amp; Risk Committee of the Ulster Scots Agency</li> <li>• Assistant Treasurer Irvinestown Credit Union</li> </ul>	- - -	- - -	- - -	- - -	- - -	- - -	

**SOUTH WEST COLLEGE  
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Governor/ Senior Manager	Company	Amount Paid 2017 £	Amount Paid 2018 £	Amount received 2017 £	Amount received 2018 £	Amount outstanding at 31 July 2017 £	Amount outstanding at 31 July 2018 £	Nature of Transactions
Mrs Monica McGeary (Governor)	• Self Employed Sales & Marketing Consultant	-	-	-	-	-	-	
	• Director/Company Secretary – PMG Sales Ltd	-	-	-	-	-	-	
	• Parent Support Group – Edendork Primary School	-	-	-	-	-	-	
Ms Jill Cush (Staff Member)	• Member of Matrix – Northern Ireland Science Industry Panel	-	-	-	-	-	-	
Mr Sean O'Donnell (Staff Member)	• Fellow of Chartered Certified Accountants (ACCA)	2,150	2,308	-	-	-	-	Examination/Licence Fees
	• Secretary Omagh Lawn Tennis Club	-	-	-	-	-	-	
Ms Elizabeth Shackels (Staff Member)	• ETI Associate Assessor	-	-	-	-	-	-	
	• Chief Examiner Pearson Level 2/3	209,491	305,806	-	-	-	10,575	Examination Fees
	• External Examiner BSc. HND/HNC	-	-	-	-	-	-	
	• Cardiff Met University	-	-	-	-	-	-	
Mr Michael Skuce (Governor)	• QAA Reviewer	-	-	-	-	-	-	
	• Private consultancy	-	-	-	-	-	-	
	• Company Secretary Struct Steel Engineering	-	-	-	-	-	-	
	• Chair – Derrygonnelly & District Community Partnership	-	-	-	-	-	-	
	• Secretary – Clogher Diocese Social Fund	-	-	-	-	-	-	
Mr Derek Weir (Governor)	• Head of Legal Administration – The Queen's University of Belfast	7,108	8,957	-	-	-	-	Validation Charges / External sponsorship
	• Governor – Cookstown High School	-	-	-	-	-	-	
	• Member – Molesworth Presbyterian Church Committee	-	-	-	-	-	-	
Ms Carol Viney (Staff Member)	• Member of Enniskillen BID Forum	-	-	-	-	-	-	
	• Member of Business in the Community (EKN) Forum	-	-	-	-	-	-	

**SOUTH WEST COLLEGE  
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<b>Governor/ Senior Manager</b>	<b>Company</b>	<b>Amount Paid 2017 £</b>	<b>Amount Paid 2018 £</b>	<b>Amount received 2017 £</b>	<b>Amount received 2018 £</b>	<b>Amount outstanding at 31 July 2017 £</b>	<b>Amount outstanding at 31 July 2018 £</b>	<b>Nature of Transactions</b>
Mr Malachy McAleer (Staff Member/Governor)  Retired 31 <sup>st</sup> August 2017	<ul style="list-style-type: none"> <li>Fellow - Institute of Innovation and Knowledge Exchange and member of the Editorial Board</li> </ul>	-	-	-	-	-	-	
	<ul style="list-style-type: none"> <li>CEO – South West College</li> </ul>	165,874	1,047	1,653	1,380	-	-	
	<ul style="list-style-type: none"> <li>Member – Colleges NI</li> </ul>	-	-	-	-	-	-	
	<ul style="list-style-type: none"> <li>Member – DFPNI Environmental Working Group</li> </ul>	-	-	-	-	-	-	
	<ul style="list-style-type: none"> <li>Member - New Engineering Foundation</li> </ul>	-	-	-	-	-	-	
	<ul style="list-style-type: none"> <li>Member Mid Ulster Planning Community Steering Group</li> </ul>	-	2,325	31,400	44,466	-	-	Contribution towards NI Stand at the UK Skills Show in NEC, Birmingham 16-18 November 2017



**SOUTH WEST COLLEGE  
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**26. AMOUNTS DISBURSED AS AGENT: SUPPORT FUNDS**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
DfE Grants	316	310
	<u>316</u>	<u>310</u>
Disbursed to students	(238)	(310)
	<u>(238)</u>	<u>(310)</u>
<b>Balance unspent at 31 July 2018</b>	<b>78</b>	<b>-</b>
	<u>78</u>	<u>-</u>

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

**27. LOSSES AND SPECIAL PAYMENTS**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
23 cases under £1,000	1,770	387
	<u>1,770</u>	<u>387</u>

The College sought to recover this debt initially and subsequently on advice has now written off these balances. Appropriate approval has been granted.

**SOUTH WEST COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
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**28. ADDITIONAL DISCLOSURES TO COMPLY WITH FINANCIAL REPORTING MANUAL**

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

	Notes	2018 £'000	2017 £'000
<b>INCOME</b>			
DfE income (non grant-in-aid items)	1	766	1,277
Education contracts		7,246	7,322
Tuition fees and charges		2,482	2,533
Other grant income		3,249	1,679
Other operating income		615	713
Investment income		10	34
<b>Total incoming resources</b>		<b>14,368</b>	<b>13,558</b>
<b>EXPENDITURE</b>			
Staff costs		23,709	22,422
Other operating expenses		14,706	13,605
Interest and other finance costs		2,956	3,115
Depreciation		5,797	5,367
<b>Total resources expended</b>		<b>47,168</b>	<b>44,509</b>
<b>Net deficit for the year</b>		<b>(32,800)</b>	<b>(30,951)</b>
Unrealised surplus on revaluation of land and buildings		7,741	4,419
Actuarial (loss)/gain in respect of pension scheme		2,640	3,302
<b>Exceptional items</b>			
Exceptional costs – staff		(344)	(24)
Exceptional gain – non staff		401	406
Exceptional gain – staff		344	24
<b>Amount transferred to reserves</b>		<b>(22,018)</b>	<b>(22,824)</b>

**SOUTH WEST COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2018**

**Analysis of reserves prepared under FReM**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Balance at 1 August	41,532	37,818
Grant-in-aid received in year	<b>2</b> 27,078	26,538
Net operating cost for year	(22,018)	(22,824)
<b>Balance at 31 July</b>	<b>46,592</b>	<b>41,532</b>

<b>Note 1</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>

**DfE income (Non-Grant in Aid items)**

EMA	17	19
Level 2/3 Apprenticeships	331	477
Higher Level Apprenticeships	418	781
<b>Balance at 31 July</b>	<b>766</b>	<b>1,277</b>

<b>Note 2</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>

**Reconciliation of Amount Transferred to Reserves and Grant In Aid**

Amount transferred to reserves	22,018	22,824
Unrestricted comprehensive income	5,060	3,714
<b>Grant-in-aid received in year</b>	<b>27,078</b>	<b>26,538</b>