

South West College
Annual Report and Financial Statements
Year Ended 31 July 2019

*The Accounting Officer authorised these
financial statements for issue*

on

13th November 2019

*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

17th December 2019

SOUTH WEST COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
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**SOUTH WEST COLLEGE
STRATEGIC REPORT
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NATURE, OBJECTIVES AND STRATEGIES

Organisational Overview

South West College (SWC) is a dynamic, innovative and entrepreneurial College, focussed on delivering excellent results and outcomes for our students, industry and the local economy. The main catchment area 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 the highest possible assurance level in a whole College Work Based Learning Inspection in 2018 (covering 1570 apprentices and trainees) with reported outcome of 'high level of capacity for sustained improvement' and 'outstanding leadership and management'. This is achieved through 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 as follows:



OUR VISION

developing people / achieving potential

MISSION STATEMENT

“to provide lifelong learning opportunities for the people of the South West region and beyond, through quality education and training in support of economic, social and community development”

OUR VALUES



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Strategic Planning

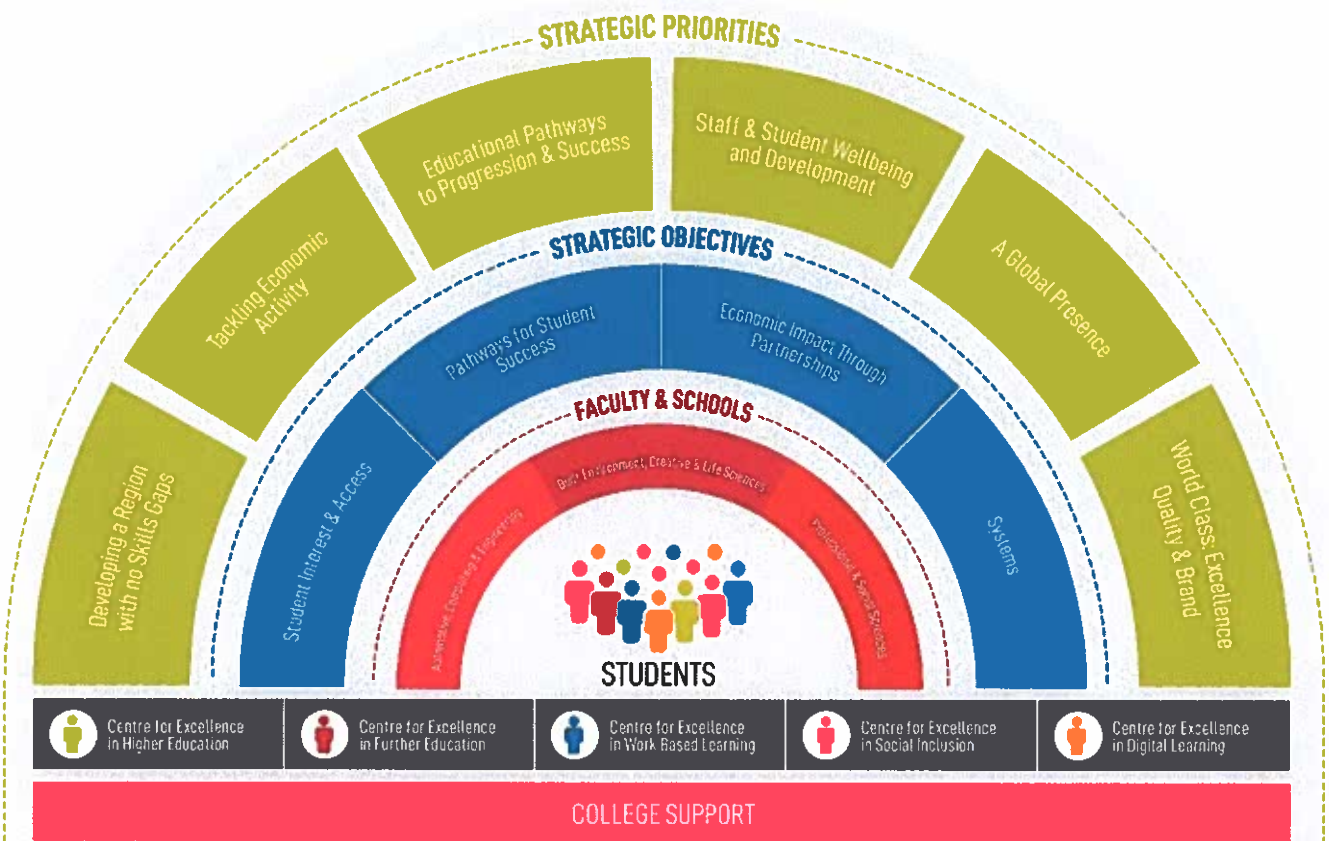
The College’s strategic planning is set within the context of the regional economic climate, the draft NI Programme for Government (PFG), the draft Industrial Strategy and Department for the Economy Policy as set out in Further Education Means Success and other key strategies including those on apprenticeships, youth training and higher education. The planning is also directly aligned to the new NI FE sector Corporate Plan, “Better Skills, Better Jobs, Better Lives” which promotes the dual mandate of economic development and social inclusion. This sets out the vision that Further Education in Northern Ireland will provide world class skills and support to business that transforms lives. The College also works strategically with Mid Ulster Council and Fermanagh & Omagh Council to shape and realise the Community Plans.

A strategic College Development Plan (CDP) has been prepared for period 2018 to 2021 and this sets out the strategic priorities for 2018/19 and beyond as follows:

STRATEGIC PRIORITY	
DEVELOPING A REGION WITH NO SKILLS GAPS	<ul style="list-style-type: none"> • Progressive and future-proofed professional and technical education and training • Higher Education • SME R&D and innovation support - SMART Region
TACKLING ECONOMIC ACTIVITY	<ul style="list-style-type: none"> • Addressing economic activity and reaching out to those with low qualifications • Rural proofing our services
EDUCATIONAL PATHWAYS TO PROGRESSION & SUCCESS	<ul style="list-style-type: none"> • Excellence in teaching and learning which is student focused • Student digital learning and our on-line presence • Education and skills Innovation Clusters
STAFF & STUDENT WELLBEING AND DEVELOPMENT	<ul style="list-style-type: none"> • Listening to and responding to the Student Voice • An excellent student experience • Looking after developing our staff • Citizenship, social responsibility and environmental sustainability
A GLOBAL PRESENCE	<ul style="list-style-type: none"> • International best practice and widening the horizons of our students and staff • Innovation through dynamic partnerships and collaborations
WORLD CLASS: EXCELLENCE, QUALITY & BRAND	<ul style="list-style-type: none"> • Continuous improvements and efficiencies • A world class estate • A destination of choice

For the period 2018/19, a detailed Annual Development Plan has been produced and this sets out the key performance indices (KPIs) for curriculum and qualifications, employer engagement and social inclusion within the budget allocation. These KPIs are realised through the following whole College operating model.

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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 and progress strategic priorities. 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;
- Funding continued capital investment;
- Further development of monitoring, reporting, budgetary control and financial management to enhance performance reporting;
- Ensuring robust financial planning and risk management;
- Utilising and developing skills and experience to support financial performance.

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 objectives. 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.

During 2018/19, 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 2018/19 year.

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Performance Summary

The key SWC strategic priority is to develop a region with no skills gaps. The College aims to provide a continuum of education and training, through a future proofed curriculum offer, which is aligned to the needs of industry and reflects accurately Government priorities.

In 2018/19 SWC delivered 20,459 enrolments (111% of target) with significant growth in apprenticeship and Higher Level Apprenticeships. Student retention, achievement and success rates have been consistently strong. Student performance continues to excel with retention on full time programmes of 90% and achievement at 92% across Further Education and Higher Education and a 95% achievement level delivered in apprenticeships. The College also consistently delivers a significantly higher proportion (12.1% higher in 18/19) of STEM qualifications compared to FE sector average. This is aligned to local skills needs associated with a strong industrial and manufacturing base. Employability of SWC graduates has also increased by 4.1% to 53.3% over past three years and this indicates the College is an effective vehicle for increasing employability and employment prospects.

To sustain and improve, the College has engaged in a significant functional realignment in 2018/19. New curriculum pathways have been developed through the implementation of a curriculum schools model. The College has also realised Centres for Excellence in Higher Education, Further Education, Work Based Learning, Digital Learning and Social Inclusion to realise our College vision of 'Developing People, Achieving Potential'. These 'Centres for Excellence' are an innovative new concept in educational management and will seek to streamline the interpretation of policy frameworks and identify and disseminate best practice in curriculum management, design and delivery.

In 2018/19 the College has undergone an assessment of its Self-Evaluation and Quality Improvement Planning processes; for the eighth consecutive year SWC has been awarded the Highest Degree of Confidence by the Education and Training Inspectorate (ETI). Further, in the autumn term the College secured a very positive ETI inspection of College Work Based Learning provision (covering 1,570 trainees and apprentices) with reported outcome of 'high level of capacity for sustained improvement' and 'outstanding leadership and management'. The College has continued to encourage our students and trainees to enter skills competitions and they have been successful at regional, national and international events, winning Gold medals on many occasions. SWC is also the Engineering and Advanced Manufacturing Curriculum Hub for Northern Ireland. This copper-fastens the College's ability to develop and deliver the highest quality engineering curriculum in partnership with industry and for the benefit of the FE Sector across Northern Ireland.

SWC Higher Education provision remains strong and this is an important strategic priority in a rural region. The College continues to work closely with Ulster University (UU) and Queen's University Belfast (QUB) across a range of areas, including the delivery of Higher Education, Innovation and European Projects. The delivery of a number of discrete Level 6 programmes, to meet the objectives of the implementation projects in the Northern Ireland Higher Education Strategy has been an exciting and rewarding development for the College and the region. This has allowed the regional workforce to access Level 6 provision locally and to develop their skillsets in an efficient and effective manner for the benefit of their employers. Coupled with the launch of the Institute of Knowledge Exchange (NI) at SWC, we are now able to deliver greatly enhanced R&D services to our local employers and those further afield.

Our Social Inclusion provision is going from strength to strength with the addition of two new programmes Youthscape and College Connect. In tandem with our existing programmes, SUSE+ and Going Places, we will support approximately 800 young people annually, to enter and progress along the training and employment continuum; alongside the preparations for a new generation of Traineeships, to run from September 2019 onwards.

The final piece in our estates jigsaw will be completed in 2020 when we move into the world class 'Erne' Campus. This Passive House Premium and BREEAM Excellent building will be a demonstrator of outstanding, energy efficient and environmentally friendly construction that has already seen delegates from China, Russia and America on site to view the work proceeding. The design and anticipated performance levels have attracted international attention and have been showcased at conferences on four different continents at this stage.

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SWC continues to have an embedded commitment to international activities illustrated by an extensive portfolio of 20 internationalisation initiatives within Europe and beyond. Over the past 3-year period, the College has secured international projects worth a total value of just under £6 million that has enabled the College to integrate exemplary teaching and learning from across the globe and also provide our partners with know-how, tools and advice to improve the effectiveness of their education systems. In 2019, the British Council awarded SWC one of six 'UK leads' to coordinate a collaborative international cluster working with peer vocational providers in Ghana, India, Malaysia and South Africa. The College is currently coordinating 12 Erasmus+ projects, which positions the College as one of the UK's leading delivery agents within this funding scheme. Through Erasmus+ mobility projects the College sends over 100 participants on international training and teaching visits on an annual basis. The College also continues to grow and develop its Confucius classroom hub which promotes Chinese language and culture. Opportunities are offered to schools and businesses to learn the Mandarin Chinese language and culture for career and business links. Typically, the College has 3000 Mandarin Chinese enrolments annually.

Preparations are underway across the College in advance of UK exit from the EU to ensure minimal disruption to services. SWC is currently coordinating the FE sectoral EU Exit Working Group in order to collaboratively plan and prepare for the risks associated with a change in UK status. As part of this work, NI Colleges are articulating the economic and social benefits realised by over 100 EU funded projects and undertaking research to identify the potential occupational and skills shortages in a post EU Exit environment through engagement with industry, sectoral bodies and other relevant stakeholders. This research will enable the FE sector to adapt and create strategies and solutions to build sustainable skills provisions post EU exit and contribute to successor programme planning activity following the UK exit from the EU.

College performance data for the final reporting period is included in this report. In addition, key highlights include:

- College has gained institutional approval from the Open University to deliver three new full Honours Degree programmes in Engineering, Construction Management and Sport. These will commence in September 2019.
- Strong performance at World Skills UK LIVE including four medals and one highly commended. SWC ranked 7th on list of UK Colleges in terms of overall medal table.
- SWC recognised as 'Beacon Award Commended College' at AOC Conference in November in areas of employer engagement and international work. College has demonstrated a high level of innovation, impact and sustainability in these areas.
- Enterprise inductions carried out across all campuses of SWC and a range of bespoke initiatives delivered to 240 students, aligned with Global Entrepreneurship week in November.
- Fourth annual Northern Ireland Creative Hi-tech Expo (NICHE 4) was held in College in May. This two day event brought together 3D artists, illustrators and photographers for a celebration of digital creativity and innovation. Speakers included NI Screen, Sumo Digital and Light House Industries.
- College STEM Centre and neighbouring Dungannon Primary School have officially opened an innovative STEM Sensory Garden. The project aimed to strengthen co-operation to support the development of horticultural educational workshops for early childhood education.
- SWC has been approved as the sole Northern Ireland 'Gold Approved Learner Partner' of Association Chartered Certified Accountants (ACCA).
- New NVQ Level 3 Heritage Skills (Construction) was launched to build capacity in the traditional building skills sector. SWC and Fermanagh and Omagh District Council are working in partnership on a National Lottery Heritage Fund project to conserve and repair the Workhouse building which is located adjacent to the site of the College's new Erne Campus.

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- Six Knowledge Transfer Partnership (KTP) projects now live with companies across Northern Ireland in the disciplines of product design and manufacturing engineering. This has established SWC as one of the highest performing Colleges within the UK in the area of KTP delivery.
- 150 overseas development visits for student and staff including new partnership with FU International Academy Tenerife which facilitate vocational work placement opportunities for Sport, Business Studies and Hairdressing students.
- Innovative and extensive whole College Health and Wellbeing Resilience Programme launched for all managers and staff to assist with all aspects of Employee Wellbeing.

Key Performance Indicators and Outcomes

In 2018/19, SWC has taken an Outcomes Based approach to setting our key priorities for the year based on the needs of the population and aligning to the Programme for Government outcomes. Three report cards have been developed to outline the College performance in terms of enrolments and qualifications, employer engagement and social inclusion.

Qualifications Report Card

Measure	Target 18-19	Achieved 18-19	Reasons for Variances
How much did we do (2018-19)?			
Further Education Enrols (FT&PT)	12,986	14,743	FE FT enrols as per target. Very strong PT FE enrolment performance across all areas.
Higher Education Enrols (FT&PT)	1,651	1,608	HE FT performance lower than planned due to strong growth in Higher Level Apprenticeships and reduced entry level requirements in Universities which have attracted students from region. PT HE provision has exceeded target.
Training For Success Enrols	2,270	2,524	Target exceeded due growth in construction related trade areas.
Apprenticeship Enrols	1,560	1,584	Target exceeded due to growth in Higher Level Apprenticeship provision.
Total Enrolments	18,467	20,459 (111%)	Very strong enrolment performance aligned to ambitious College strategy to develop region with no skills gaps
% in Priority Sector Areas and STEAM	43%	41%	FT provision is 73% Priority Sector Areas and STEAM. Overall % is below projected target as a result of challenges in part time recruitment across the areas of Financial, Business and Professional services at Level 1 and Level 2, where College has seen a drop in enrolment levels.
How well did we do it (2018-19)?			
Student performance continues to excel with retention on full time programmes of 90% and achievement at 92% across Further Education and Higher Education and a 95% achievement level delivered in apprenticeships.			
College consistently delivers a significantly higher proportion (12.1% higher in 18/19) of STEM qualifications compared to FE sector average. This is aligned to local skills needs associated with a strong industrial and manufacturing base.			

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Measure	Target 18-19	Achieved 18-19	Reasons for Variances
Employability of SWC graduates has increased by 4.1% to 53.3% over past three years and this indicates the College is an effective vehicle for increasing employability and employment prospects.			
Is anyone better off (2018-19)?			
The contribution of SWC to the economic performance of the region is reflected in the strong GVA performance, which is significantly higher than the NI average for the past three years. In Mid Ulster and Fermanagh Omagh the annual growth in GVA is very strong (6.1% in 2017 compared to 3.3% NI average)			
Economic Activity rates in Mid Ulster (77%) and Fermanagh and Omagh (70%) and are above Northern Ireland's average of 73% for 16-64 year olds			
Over the past 3-year period, the College has secured international projects worth a total value of €6 million. This enabled the College to integrate exemplary innovation, new curriculum and teaching and learning from across the globe			
Evidence directly linked to PfG Outcome 1: We prosper through a strong, competitive regionally balanced economy			

Employer Report Card

Measure	Target 18-19	Actual	Reasons for Variances
How much did we do (2018-19)?			
Businesses Engaged	1,700	1,805 (106%)	Increased engagement through larger apprenticeship numbers and new programmes delivered through College InnoTech centre.
InnovateUs	£350,000	£322,400 (92%)	93 Projects Completed in 18/19. A small number of projects (24) have been carried forward to 19/20, due to employers reprioritising the timing of skills training due to commercial business requirements.
Skills Focus	£200,000	£103,851 (52%)	A significant number of programmes have been planned and, primarily due to timing issues within the businesses, will now roll over into the 19/20 financial year.
How well did we do it (2018-19)?			
InnovateUs	20% qualification in area of Engineering	38%	Target exceeded significantly due to focussed skills proportion activity around engineering and advanced manufacturing curriculum hub.
Skills Focus	70% of qualifications at L3 and above	75%	Target exceeded due to dedicated focus on promoting higher level skills programmes at Level 3 and above which are on QCF. These include programme in leadership and management and engineering.
	80% qualification on QCF	95%	
	20% qualification in area of Engineering	24%	
Strong Innovate Us) and largest number of KTPs and Innovation Vouchers in any UK College. A total of 208 innovation projects delivered in 2018/2019 InnovateUs delivery tracking well against profiled budget for 2019/20 year.			
100% of employers very satisfied with support from College 93% of businesses report growth needs met 100% of business would recommend SWC to other companies			

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Is anyone better off (2018-19)?
Strong industry innovation with Mid-Ulster topping NI innovation league table as the highest percentage of enterprises investing in R&D as evidenced through number of successful claims, for R&D tax relief. The 3.49% of all enterprises within Mid-Ulster successfully claiming for R&D tax relief is also the highest among all UK counties.
SWC employer engagement contributes directly to the entrepreneurial profile of the region, which has the highest level of entrepreneurship in Northern. Mid-Ulster has been identified as the most entrepreneurial region in NI in terms of business starts and has the largest business base outside of Belfast.
College InnoTech centre facilitates many European R&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, a first for any College in the UK.
Evidence directly linked to PFG Outcome 5: We are an innovative, creative society where people can fulfil their potential and PFG Outcome 6: We have more people working in better jobs

Social Inclusion Report Card

Measure	Target 18-19	Actual	Reasons for Variances
How much did we do (2018-19)?			
Social Inclusion Programmes (SUSE+, Youthscape, Going Places, College Connect)			For two of the four main social inclusion programmes the end of year is August 2019 and annual targets have been established and are tracked for the period Aug 2018-Aug 2019. It is not possible to disaggregate the target monthly.
Participants Recruited	844	821	
Progressing into sustained employment	181	203	
Progressing FE/HE/Training.	192	208	
SLDD			The number of enrolled College Students with Learning Difficulties and/or Disabilities (SLDD) is broadly in line with target projection (97%). SLDD enrolment profile fluctuates annually, based on student profile.
SLDD Enrolments	2,260	2,191 SLDD	
SLDD02	140	Enrolments	
SLDD03	420	(97%)	
SLDD04	1,700	127 SLDD02 449 SLDD03 1,615 SLDD04	
How well did we do it (2018-19)?			
236 programme participants entered and sustained employment whilst a further 191 progressed to FE/HE/Training			
College has secured funding of £1.8m (18/19) for innovative social inclusion programmes to engage economically inactive young people across the College catchment area			
Is anyone better off (2018-19)?			
The entry to employment by 236 citizens has an annual wage based economic impact of £3.5m across the region			
Across NI, the number of NEETS has been on a general downward trend over the last 5 years and has reduced by 25% since 2013			
Evidence directly linked to PFG Indicator 17: Reduce economic inactivity			

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FINANCIAL POSITION

Financial Results

The South West College generated a deficit on continuing operations of £5.593M in the year (2017/18 – deficit £5.722M). The College recognised an exceptional gain of £424k as a result of an insurance rebate from BES Limited after a benchmarking exercise. The College also reported an exceptional cost of £1.171M 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 £2.486M (5.9%) to £43.932M as a result of an increase in the number of EU funded projects. Staff costs have increased by £866k (3.6%) to £24.575M as a result of an increase in headcount in Teaching roles £190K, and an increase of £567K in Administrative roles – mainly related to EU funded projects increase. Other operating expenses have increased by £673k (4.6%). 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 2018/19, DfE provided 42.1% of the College's total income through allocated recurrent grant. This represented 14.2% 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 £2.773M relate to the notional interest calculated in respect of the PFI contracts £2.656M and a finance charge of £117K in relation to accounting for pensions.

Buildings were subject to an indexation of 3.4% at 31st July 2019 provided by Land and Property Services Limited.

The Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) pension liability increased from £4.769M to £9.512M as a result of the McCloud/Sargeant cases as there is now a potential uplift in benefits to some members on grounds of age discrimination.

Reserves

The South West College has accumulated reserves of £43.245M, including a property revaluation reserve of £51.105M. The South West College has cash balances of £3.024M and a general income and expenditure reserve of £1.652M.

The revaluation reserve of £51.105M 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;

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- 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.

As interest rates continue to remain low and in order to manage expenditure for minor works, the College has retained cash in current accounts during 2018/19.

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 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 6.7%, giving a total establishment equivalent of 4,354 full time equivalent (FTE) students (2017/18 – 4,665). 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.

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 2018 to 31 July 2019, the College paid 91% (2018 - 91%) of its invoices within 30 days, and 55% 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.

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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.

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	£3,261,635
	Dungannon Campus	£34,359,871
	Enniskillen Campus	£1,938,441
	Skills Centre Campus	£15,537,472
	Omagh Campus	£36,636,520
	Erne Site Development	£14,736,459

Financial

Net assets at 31 July 2019 were £43.245M (including £9.512M pension liability) and the South West College has long term debt of £34.766M.

People

The South West College employs 624 people (expressed as full time equivalents), of whom 304 are teaching staff.

The average number of days lost to sickness absence by all staff in 2018/19 was 8.57 days or 3.5% (2017/18 7.26 days). This is adverse to the sector average benchmark of 3.48% for 2018/19.

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.

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PRINCIPAL RISKS AND UNCERTAINTIES

SWC continues to develop and embed robust systems of internal control, including financial, operational and risk management which is designed to protect the College’s assets and reputation.

Based on the College Development Plan and the Annual Development Plan, the College undertakes a comprehensive review of the risks to which the organisation 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.

SWC 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:

- Identify, analyse and control those risks which might inhibit SWC 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.

Risk Nos	Risk	Risk Description
1	Changes to Government Policy and impact from EU Exit	The College is working through its first year with the replacement of FLU funding model, a new Outcomes Based Accountability model (OBA). Report scorecards are being used to show progress. Issues include implementation of new system to track and report performance outcome and impact. An FE Sector EU Exit Planning group has been established to develop a co-ordinated and comprehensive approach to EU Exit and potential challenges for the Sector. Issues identified include loss of EU funding, cross border mobility and potential skills shortage. The College is also working closely with DfE in terms of contingency planning and notification of any identified serious risks, particularly associated with a ‘no deal’ EU Exit.
2	Implementation of new Organisational	Changes to the College structure are in the process of being implemented. Project Board has been established to oversee. Risk in terms of staff morale,

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	Structure	<p>employee relations, impact on existing work/ internal policies and procedures/ line management structures. Resourcing requirements.</p> <p>Work ongoing in respect of the implementation of organisational review with indicative timeline to enable re-structuring process to be undertaken and posts filled, with more senior posts filled first.</p>
3	Financial/ Budgetary Pressures	<p>The College's bi-lateral meeting recently took place to discuss budget for incoming academic year. The budget is flat in relative terms and the College will ensure budget planning implemented to ensure the College is operating within the allocated budget. Ongoing concerns around the impact of EU Exit on College income, with medium and long term implications on income to be monitored.</p>
4	Impact and Implementation of the STS Project	<p>The STS Project is currently in implementation phase, go live dates have been delayed until Oct 2019, April 2020 & Sept 2020.</p> <p>The STS Implementation Lead group continues to meet regularly and planned activities continue although there may be changes to these in light of the agreed delay to key milestones.</p>
5	Student Numbers- recruitment, enrolment, retention, achievement and success	<p>College management continue to keep student numbers under close review, tracking and monitoring students against targets. The College is continually monitoring recruitment data. Consideration and action plan to be devised around increasing student recruitment including further engagement with community and industry/businesses.</p> <p>The College is currently working with Open University (OU) in programme development and validation for new Higher Education provision.</p>
6	Cyber Security/ IT Risks	<p>All staff have been asked to undertake the online phishing module. Technical Services continue to see some external phishing attempts; we have purchased a number of additional security products from Microsoft which plug into our existing Office365 installation.</p> <p>IT Controls were recently audited and a number of recommendations made. These are currently being costed and resourced. Data Protection Impact Assessments currently being undertaken where collection of personal data is a significant element of future projects.</p>
7	Financial Issues with Interserve	<p>The College has been made aware on ongoing financial issues involving Interserve which is the Facilities Management for our DGN and OMA sites. BES has provided the College with a formal statement from Interserve to indicate that the companies have been successfully sold to a new company controlled by the Group's lenders. The college is keeping the situation under review and exploring further options in terms of due diligence and confirming options open under the Project Agreements.</p>
8	Estates Strategy- Enniskillen Development Project and Use of CPD Properties Division	<p>Construction ongoing. The project is currently 8 weeks behind anticipated programme and the risk is that it will now extend the build and the financial assistance from the DfE into the year 2020/2021. Project costs are monitored regularly. The ICT and IST ground investigation reports differ in relation to borehole depths. A third party independent consultant report has been obtained.</p> <p>FE Sector has agreed to pursue a Business Case to evidence need for 6 Colleges to procure own maintenance services.</p>
9	People Management Strategies	<p>Significant HR resourcing support around implementation of new College structure. Ensuring positive employee engagement and keeping staff informed. Also working through impact from ongoing budget constraints, VES etc. Budgetary cuts agreed at sector level may present challenges in relation</p>

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		to Staffing and workforce planning. This needs monitored closely and associated risks identified at the earliest opportunity.
10	Internationalisation of SWC	The QA Manager, HE Co-Ordinator, and the HE Quality Officer are continuing to develop our offering to International students. Progress is also being made with respect to collaboration with China.

Stakeholder Relationships

In line with other Colleges and with Universities, the South West College has many stakeholders. These include

- Students
- Staff
- Department for the Economy
- Other Government departments
- Local employers
- Local councils
- Government Offices/ Regional Development Agencies
- The local community
- Other Further Education Colleges and training organisations
- Local Universities
- Awarding bodies
- Trade unions
- 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.

SOUTH WEST COLLEGE STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2019

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.

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 during the year (11 June 2019). This was the result of a phishing email which a member of staff failed to identify. A risk assessment was undertaken and the number of people who were likely to be affected was less than 10. People affected were contacted by phone and letter and the breach was reported to the ICO. The ICO confirmed that no further action was required.

The EU General Data Protection Regulation (GDPR) was implemented on 25th 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.

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Charitable/Political Donations

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

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

Governors

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 IN 2018/19
Mr Peter Archdale	1 August 2012	1 August 2012 – 31 Jul 2020	N/A	Business, Industry & Professional Member	<ul style="list-style-type: none"> • Audit & Risk Committee • Education, Quality & Performance Committee
Mrs Joanne Lucas	28 October 2016	28 October 2016 – 27 October 2020	N/A	Staff Member	<ul style="list-style-type: none"> • Audit & Risk Committee • Education, Quality & Performance Committee
Mr Joseph Martin	1 September 2010	1 September 2010 – 31 August 2018	31 August 2018	Chair	<ul style="list-style-type: none"> • Staffing Committee
Mrs Margaret Martin	1 August 2011	1 August 2011 – 30 April 2020	N/A	Business, Industry & Professional Member	<ul style="list-style-type: none"> • Education, Quality & Performance Committee (Chair)
Mr Wilbert Mayne	25 October 2010	25 October 2010 – 24 October 2018	24 October 2018	Education & Library Board Nominee	<ul style="list-style-type: none"> • Audit & Risk Committee
Mr Michael McAlister	10 August 2017	When leaves Chief Executive's post	N/A	Chief Executive	<ul style="list-style-type: none"> • Education, Quality & Performance Committee • Finance & General Purposes Committee • Staffing Committee
Mrs Patricia McCaffrey	28 May 2014	28 May 2014 – 31 July 2023	N/A	Business, Industry & Professional Member	<ul style="list-style-type: none"> • Audit & Risk Committee (Chair) • Staffing Committee
Mr Seamus McCaffrey	1 August 2015	1 August 2015 – 31 July 2023	N/A	Business, Industry & Professional Member	<ul style="list-style-type: none"> • Finance & General Purposes Committee
Mrs Gillian McDowell	1 October 2018	1 October 2018 – 30 September 2022	N/A	Co-optee	<ul style="list-style-type: none"> • Staffing Committee

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FOR THE YEAR ENDED 31 JULY 2019**

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
Mrs Monica McGeary	1 August 2011	1 August 2011 – 30 April 2020	N/A	Business, Industry & Professional Member	<ul style="list-style-type: none"> • Audit & Risk Committee • Staffing Committee (Chair)
Mr Mick McGuckin	1 August 2015	1 August 2015 – 31 July 2023	N/A	Business, Industry & Professional Member	<ul style="list-style-type: none"> • Education, Quality & Performance Committee • Finance & General Purposes Committee (Chair)
Miss Jane Molloy	30 October 2018	30 October 2018 - 30 September 2019	N/A	Student Member	<ul style="list-style-type: none"> • Education, Quality & Performance Committee
Mrs Joanne Moore	1 October 2018	1 October 2018 – 30 September 2022	N/A	Co-optee	<ul style="list-style-type: none"> • Education, Quality & Performance Committee
Mr Stephen Moss	22 November 2015	22 November 2015 – 21 November 2019	N/A	Staff Member	<ul style="list-style-type: none"> • Education, Quality & Performance Committee • Finance & General Purposes Committee
Mr Gerard O'Hanlon	1 August 2011	1 August 2011 – 30 April 2020	N/A	Business, Industry & Professional Member	<ul style="list-style-type: none"> • Finance & General Purposes Committee
Dr Nicholas O'Shiel	7 January 2019	7 January 2019 – 6 January 2023	N/A	Chair	
Mr Michael Skuce	1 August 2011	1 August 2011 – 30 April 2020	N/A	Business, Industry & Professional Member	<ul style="list-style-type: none"> • Audit & Risk Committee • Staffing Committee
Mr Derek Weir	1 August 2011	1 August 2011 – 31 Jul 2019	N/A	Business, Industry & Professional Member	<ul style="list-style-type: none"> • Finance & General Purposes Committee • Staffing Committee

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Attendance records for Governing Body members are disclosed on page 32.

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



Chairman

Date

13/11/19

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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 1st 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 are as follows:

**SOUTH WEST COLLEGE
REMUNERATION REPORT
FOR THE YEAR ENDED 31 JULY 2019**

Audited Information

	2018-2019				2017-2018			
	Salary & Allowances £'000s	Benefits in Kind £'000s	Pension Benefits £'000s	Total £'000s	Salary & Allowances £'000s	Benefits in Kind £'000s	Pension Benefits £'000s	Total £'000s
Joseph Martin (Chairman to 31 August 2018)	0-5 (20-25 full year Equivalent)	-	-	0-5	20-25	-	-	20-25
Nicholas O'Shiel (Chairman from 7 January 2019)	10-15 (20-25 full year Equivalent)	-	-	10-15	-	-	-	-
Derek Weir	0-5	-	-	0-5	0-5	-	-	0-5
Margaret Martin	0-5	-	-	0-5	0-5	-	-	0-5
Michael McGuckin	5-10	-	-	5-10	0-5	-	-	0-5
Michael Skuce	5-10	-	-	5-10	5-10	-	-	5-10
Monica McGeary	5-10	-	-	5-10	0-5	-	-	0-5
Patricia McCaffrey	5-10	-	-	5-10	5-10	-	-	5-10
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
Gillian McDowell	0-5	-	-	0-5	-	-	-	-
Samuel Hodson	-	-	-	-	0-5	-	-	0-5
Wilson Mathews	-	-	-	-	0-5	-	-	0-5
Jane Molloy	0-5	-	-	0-5	-	-	-	-
Joanne Moore	0-5	-	-	0-5	-	-	-	-
Michael McCullagh	-	-	-	-	0-5	-	-	0-5

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

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.

SOUTH WEST COLLEGE REMUNERATION REPORT FOR THE YEAR ENDED 31 JULY 2019

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 2019**

Salary and Pension Entitlements (Audited)

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

	2018-2019		2017-2018	
	Salary (Audited) £'000	Pension Benefits £'000*	Salary (Audited) £'000	Pension Benefits £'000*
Malachy McAleer – Retired ¹	-	-	15-20 (100-105 full year equivalent)	27
Michael McAlister – Chief Executive ²	100-105	92	90-95 (95-100 full year equivalent)	80
Michael McAlister – Deputy Chief Executive ²	-	-	5-10 (75-80 full year equivalent)	-
Jill Cush – Deputy Chief Executive ³	70-75	62	30-35 (70-75 full year equivalent)	48

	2018-2019	2017-2018
	£'000	£'000
Band of highest paid directors total remuneration	100-105	95-100
Median total remuneration	30,750	32,258
Ratio	3.4	3.0

- 1 Malachy McAleer former Chief Executive retired on 31st August 2017.
- 2 Michael McAlister was officially appointed Chief Executive on 1st 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 12th 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.

The banded remuneration of the highest-paid Director in South West College in the financial year 2018-19 was £100,000 to £105,000 (2017-18, £95,000 to £100,000 full year equivalent). This was 3.4 times (2017-18, 3.0) the median remuneration of the workforce, which was £30,750 (2017-18, £32,258).

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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 and any severance or ex-gratia payments.

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 2019 are detailed below.

Audited Pension Entitlements

	Accrued pension at pension age as at 31/07/2019 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/07/2019	CETV at 31/07/2018	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Michael McAlister	35-40 110-115	2.5-5 10-15	879	720	159
Jill Cush	20-25 0	2.5-5 0	254	187	67

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

**SOUTH WEST COLLEGE
REMUNERATION REPORT
FOR THE YEAR ENDED 31 JULY 2019**


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.

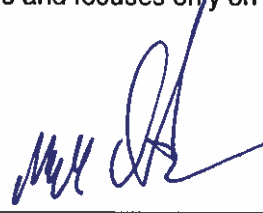
Cash Equivalent Transfer Values

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, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NICS pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2015 and do not take account of any actual or potential 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. However, the real increase calculation uses common actuarial factors at the start and end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.

Chairman 
Date 13/11/19

Chief Executive 
Date 13-11-19

**SOUTH WEST COLLEGE
STATEMENT OF THE RESPONSIBILITIES OF THE GOVERNING BODY
FOR THE YEAR ENDED 31 JULY 2019**

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:

Chairman



Date

13/11/19

SOUTH WEST COLLEGE STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2019

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 2019 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

During 2018/19 South West College's Governing Body comprised a Chair appointed by the Permanent Secretary of the Department for the Economy, 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 co-opted by the Governing Body, members elected by staff and students of the College and the College's Chief Executive. Eligible governors receive remuneration for their attendance at meetings and other eligible 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 2018/19 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 2018/19 financial year. The outcome of the 2017/18 assessment demonstrated that the Governing Body operates effectively and that sound 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 2019**

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 2018/19 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 2018/19 year was 91%. A schedule of membership and attendance for the 2018/19 year is provided in the table below:

Governor Attendance at Governing Body and Committee Meetings 2018/19

	Governing Body	Audit & Risk Committee	Education, Quality & Performance Committee	Finance & General Purposes Committee	Staffing Committee
No. of meetings held:	7	4	5	5	7
Peter Archdale	5/7	4/4	5/5		
Joanne Lucas	7/7	3/4	4/5		
Margaret Martin	6/7		4/5		
Wilbert Mayne (Retired 24/10/18)	1/1	1/1			
Michael McAlister	7/7	4/4	5/5	5/5	7/7
Patricia McCaffrey	7/7	4/4			7/7
Seamus McCaffrey	6/7			4/5	
Gillian McDowell (appointed 01/10/18)	5/6				5/7
Monica McGeary	7/7	4/4			7/7
Michael McGuckin	7/7		5/5	5/5	
Jane Molloy (appointed 30/10/18)	3/6		3/4		
Joanne Moore (appointed 01/10/18)	5/6		4/4		
Stephen Moss	5/7		2/5	3/5	
Gerard O'Hanlon	5/7			2/5	
Nicholas O'Shiel (appointed 07/01/19)	4/5	2/2	2/3	3/3	
Michael Skuce	6/7	4/4			7/7
Derek Weir	4/7			4/5	7/7

The average attendance at Governing Body meetings in 2018/19 was 86%.

SOUTH WEST COLLEGE STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2019

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.

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 2018/19 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, whistleblowing, 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 2018/19 demonstrated that the Audit & Risk Committee had been effective in ensuring that South West College had adopted appropriate risk management procedures during the 2018/19 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

SOUTH WEST COLLEGE STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2019

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.

The Committee met five times during the 2018/19 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.

The Education, Quality & Performance Committee undertakes an annual review of its effectiveness. The review undertaken for 2018/19 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 2018/19 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 2018/19 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.

SOUTH WEST COLLEGE STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2019

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.

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 2018/19 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.

The Staffing Committee undertakes an annual review of its effectiveness. The review undertaken for 2018/19 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 three 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 2018/19 year and the project is progressing well and has a completion date of August 2020.

SOUTH WEST COLLEGE STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2019

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 Industry & Training 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.

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 69-73 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 2019 and up to the date of approval of the annual report and accords with DFP 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.

**SOUTH WEST COLLEGE
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL
FOR THE YEAR ENDED 31 JULY 2019**

The effectiveness of the system of internal controls in place is reviewed at least annually. In May 2019, 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 18/19, 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;
- maintain the system of key performance and risk indicators;
- maintain the organisation-wide risk register;
- arrange for regular reports from the Heads of Department/Heads of Faculty on risk management 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 2018/19 year, Internal Audit carried out the following audits in South West College. The assurance rating by area reviewed is set out below:

<u>Key Process</u>	<u>Assurance Rating</u>
Review of Data Protection (GDPR)	Satisfactory
Review of Erne Campus Re-Build	Satisfactory
Review of Estates Management	Satisfactory
Review of Health and Safety	Satisfactory
Review of IT Security	Satisfactory
Review of Payroll	Satisfactory
Sector Advisory Review – Use of Properties Division	N/A

**SOUTH WEST COLLEGE
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL
FOR THE YEAR ENDED 31 JULY 2019**

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.

During 2018/19 there was one case of fraud in relation to materials being removed from College premises by a staff member. These materials were subsequently returned by the staff member and a written warning was issued.

There was also an attempted fraud when the College received an email from a fake domain purporting to be the Project Manager on the Erne Project and asking the College to change the contractor's bank account details. The College did not respond and the matter was reported to the PSNI.

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.

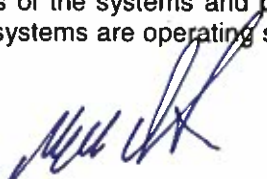
Review of effectiveness

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 2018/19 demonstrate that key systems are operating soundly and that there are no significant weaknesses or areas for undue concern.

Accounting Officer _____


Date 13-11-19

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 2019 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 including significant accounting policies. 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 South West College's affairs as at 31 July 2019 and of its deficit the year then ended;
- have been properly prepared in accordance with the Financial Reporting Standard applicable in the UK and 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 opinion

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 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 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 and Statement of Corporate Governance and Internal Control 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 being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

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

I 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 (UK) 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. 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.

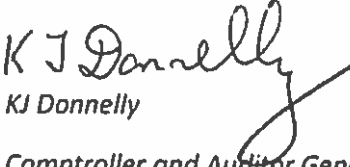
Matters on which I report by exception

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 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

26th November 2019

**SOUTH WEST COLLEGE
STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 JULY 2019**

	Note	2019 £'000	2018 £'000
Income			
Department for the Economy Income	1	30,511	27,844
Education Contracts	2	7,024	7,246
Tuition Fees and Charges	3	2,293	2,482
Other Grant Income	4	3,293	3,249
Other Operating Income	5	809	615
Investment Income	6	2	10
Total Income		43,932	41,446
Expenditure			
Staff costs	7	25,571	23,709
Other operating expenses	9	15,379	14,706
Interest and other finance costs	10	2,773	2,956
Depreciation	12	5,802	5,797
Total expenditure before exceptional items		49,525	47,168
Deficit on continuing operations after depreciation of assets at valuation and before tax and before exceptional items		(5,593)	(5,722)
Exceptional items			
Exceptional costs - staff	7	(1,171)	(344)
Exceptional gain – non staff	9	424	401
Exceptional gain – staff	7	1,171	344
Deficit before tax		(5,169)	(5,321)
Taxation		-	-
Deficit on continuing operations after depreciation of assets at valuation and tax		(5,169)	(5,321)
Unrealised surplus on revaluation of land and buildings		4,847	7,741
Actuarial (loss)/gain in respect of pension scheme		(3,025)	2,640
Total comprehensive income for the year		(3,347)	5,060
Represented by:			
Restricted comprehensive income for the year		-	-
Unrestricted comprehensive income for the year		(3,347)	5,060
		(3,347)	5,060

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 2019**

COLLEGE	Income and Expenditure Account		Revaluation Reserve	Total Reserves
	Restricted	Unrestricted		
	£'000	£'000	£'000	£'000
Balance at 1 August 2017	-	(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	-	-	-	-
Total comprehensive income for the year	-	385	4,675	5,060
Balance at 31 July 2018		(2,738)	49,330	46,592
Balance at 1 August 2018	-	(2,738)	49,330	46,592
Deficit from income and expenditure statement	-	(5,169)	-	(5,169)
Other comprehensive (expense)/income	-	(3,025)	4,847	1,822
Transfers between revaluation and income and expenditure account	-	3,072	(3,072)	-
Release of restricted funds spent in year	-	-	-	-
Total comprehensive income for the year	-	(5,122)	1,775	(3,347)
Balance at 31 July 2019	-	(7,860)	51,105	43,245

**SOUTH WEST COLLEGE
BALANCE SHEET
AS AT 31 JULY 2019**

	Note	2019 £'000	2018 £'000
Fixed assets			
Tangible Assets	12	114,305	101,223
Intangible assets	13	351	167
Total fixed assets		114,656	101,390
Current assets			
Trade and other receivables	15	5,512	4,762
Cash at bank and in hand	19	3,024	3,244
Total current assets		8,536	8,006
Less: Creditors – amounts falling due within one year	16	(9,889)	(8,312)
Net current assets/(liabilities)		(1,353)	(306)
Total assets less current liabilities		113,303	101,084
Less: Creditors – amounts falling due after more than one year	17	(60,531)	(49,708)
Provisions:			
Pension provisions	20	(9,512)	(4,769)
Other provisions	18	(15)	(15)
Net assets including pension liability		43,245	46,592
Unrestricted Reserves			
Pension reserve		(9,512)	(4,769)
Income and expenditure account unrestricted reserves		1,652	2,031
Revaluation reserve		51,105	49,330
Total reserves		43,245	46,592
TOTAL		43,245	46,592

The financial statements on pages 42 to 76 were approved by the Governing Body of the South West College on 13th November 2019 and were signed on its behalf on that date by:


 Nicholas O'Shiel
 Chairman of Governing Body – South West College


 Michael McAlister
 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 2019**

	Note	2019 £'000	2018 £'000
Cash inflow/(outflow) from operating activities			
Deficit for the year		(5,169)	(5,321)
Adjustment for non-cash items			
Depreciation	12	5,802	5,797
Decrease/(increase) in debtors	15	(750)	653
(Decrease)/increase in creditors	16	1,309	(116)
Pension cost	20	1,601	605
Increase in other provisions	18	-	-
Capital grants released to income		(2,580)	(2,335)
Investment income	6	(2)	(10)
Net cash inflow/(outflow) from operating activities		211	(727)
Cash flows from investing activities			
Capital grants received		13,671	2,432
Investment income	6	2	10
Payments made to acquire fixed assets	12	(14,221)	(2,522)
Cash inflows from financing activities			
Pension finance cost	10	117	218
Increase/(decrease) in cash and cash equivalents in the year	19	(220)	(589)
Net funds at 1 August		3,244	3,833
Net funds at 31 July		3,024	3,244

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 2019**

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 2019

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 2019.

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

SOUTH WEST COLLEGE STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2019

than the valuation provided by LPS at 31st 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 31st July 2019.

- **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 2019. 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 2019**

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 2019**

1. DEPARTMENT FOR THE ECONOMY INCOME

	2019	2018
	£'000	£'000
Grant in Aid received from DfE		
Recurrent grant	18,496	17,017
Additional Support Funds	307	302
Employer Support Programme (ESP)	346	323
Private Finance Initiative (PFI)	6,262	6,238
Students with learning difficulties and disabilities (SLDD)	327	245
Release of deferred capital grants	2,545	2,282
Skills Focus	176	127
Essential Skills in schools	-	-
Other	1,177	544
	<u>1,177</u>	<u>544</u>
Total	29,636	27,078
	<u>29,636</u>	<u>27,078</u>

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.

In 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	16	17
Level 2/3 Apprenticeships	44	331
Higher Level Apprenticeships	532	418
Other	283	-
	<u>283</u>	<u>-</u>
Non-grant in aid items	875	766
	<u>875</u>	<u>766</u>
Total DfE income	30,511	27,844
	<u>30,511</u>	<u>27,844</u>

**SOUTH WEST COLLEGE
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 JULY 2019**

2. EDUCATION CONTRACTS

	2019	2018
	£'000	£'000
Entitlement framework	739	879
Training for Success	6,285	6,367
Total	7,024	7,246

**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 2019**

3. TUITION FEES AND CHARGES

	2019	2018
	£'000	£'000
Higher Education (HE) income	1,762	1,910
Home and other European Union	531	572
Total	2,293	2,482

Tuition fees funded by bursaries

Included within the above amounts are tuition fees funded by bursaries of £61k (2018: £74k)

4. OTHER GRANT INCOME

	2019	2018
	£'000	£'000
European funds	3,117	3,006
Other funds	176	243
Total	3,293	3,249

5. OTHER OPERATING INCOME

	2019	2018
	£'000	£'000
Catering and residence operations	192	92
Other income generating activities	121	139
Other income	496	384
Total	809	615

6. INVESTMENT INCOME

	2019	2018
	£'000	£'000
Other interest receivable	2	10
Total	2	10

**SOUTH WEST COLLEGE
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 JULY 2019**

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:

	2019	2018
	No.	No.
Governing Body	-	-
Teaching	304	280
Support	119	107
Administration	181	183
Premises	20	18
	<hr/>	<hr/>
Total	624	588
	<hr/>	<hr/>
Staff costs for the above persons	2019	2018
	£'000	£'000
Governing Body	70	59
Teaching	14,230	14,040
Support	2,604	2,545
Administration	6,409	5,842
Premises	512	476
NILGOSC Pension Past Service Cost	996	-
NILGOSC Deficit Contribution	66	66
Apprenticeship Levy	79	76
Non-Teaching Pension charge	605	605
	<hr/>	<hr/>
	25,571	23,709
Exceptional staff costs - VES	1,171	344
	<hr/>	<hr/>
	1,171	344
	<hr/>	<hr/>
Total	26,742	24,053
	<hr/>	<hr/>

**SOUTH WEST COLLEGE
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 JULY 2019**

7. STAFF COSTS

	2019	2018
	£'000	£'000
Wages and salaries	19,674	19,273
Social security costs	1,569	1,534
Movement in Pension	605	605
Other pension costs	3,723	2,297
	25,571	23,709
Exceptional staff costs (VES/redundancy/retirement)	1,171	344
Total	26,742	24,053

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

	Senior post-holders		Other staff	
	2019	2018	2019	2018
	No.	No.	No.	No.
£60,001 to £70,000	-	-	15	13
£70,001 to £80,000	-	-	4	4
£80,001 to £90,000	-	1	4	-
£90,001 to £100,000	1	-	-	-
£100,001 to £110,000	-	-	-	-
£110,001 to £120,000	-	-	-	-
£120,001 to £130,000	-	1	-	-
£130,001 to £140,000	1	-	-	-
	2	2	23	17

**SOUTH WEST COLLEGE
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 JULY 2019**

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.

	2019	2018
	No.	No.
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:

	2019	2018
	£'000	£'000
Salaries	200	183
Pension contributions	<u>35</u>	<u>29</u>
Total emoluments	<u>235</u>	<u>212</u>

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

	2019	2018
	£'000	£'000
Salaries	<u>118</u>	<u>112</u>
	118	112
Pension contributions	<u>21</u>	<u>17</u>
Total	<u>139</u>	<u>129</u>

The above emoluments were all paid to the Chief Executive during the year ended 31 July 2019.

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 2019**

9. OTHER OPERATING EXPENSES

	2019	2018
	£'000	£'000
Direct Teaching	643	692
Direct Support	4,707	4,848
Administration	3,697	3,300
Premises	1,922	2,018
Unitary payments under PFI contract	4,410	3,848
	15,379	14,706
Exceptional – PFI Insurance Rebate	(424)	(401)
	14,955	14,305

Administration costs include £1.884M relates to Payments to Project Partners (2017/18 £1.365M)

Other operating expenses include:	2019	2018
	£'000	£'000
Auditors' remuneration:		
Financial statements audit (includes £23k in respect of the college – 2017/18 £23k)	23	23
Internal audit (includes £23k in respect of the college – 2017/18 £14k)	23	14
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 2019 is £28,675 (2018 £33,599)

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 £424k represents the 2019 share of the £563K monies owed for the period to 31 July 2019 in respect of a rebate of insurance costs in accordance with the provisions of the contract.

10. INTEREST AND OTHER FINANCE COSTS

	2019	2018
	£'000	£'000
Net charge on pension scheme	117	218
On finance leases	2,656	2,738
Total	2,773	2,956

**SOUTH WEST COLLEGE
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 JULY 2019**

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 £'000	Assets under construction £'000	PFI Assets £'000	Plant and Equipment £'000	Computers £'000	Fixtures and Fittings £'000	Motor Vehicles £'000	Total £'000
Cost or valuation								
At 1 August 2018	31,724	1,880	70,784	5,189	3,650	1,275	741	115,243
Additions	-	13,054	-	241	533	133	73	14,034
Transfers	(5)	(18)	-	22	4	-	-	3
Disposals	-	-	-	(91)	-	-	-	(91)
Surplus/(deficit) on Revaluation	1,117	-	3,747	-	-	-	-	4,864
At 31 July 2019	32,836	14,916	74,531	5,361	4,187	1,408	814	134,053
Depreciation								
At 1 August 2018	4,985	-	1,661	3,450	2,763	660	501	14,020
Charge for the year	2,512	-	1,861	632	535	167	95	5,802
Revaluation	4	-	13	-	-	-	-	17
Transfers	-	-	-	-	-	-	-	-
Elimination in respect of disposals	-	-	-	(91)	-	-	-	(91)
At 31 July 2019	7,501	-	3,535	3,991	3,298	827	596	19,748
Net book value at 31 July 2019	25,335	14,916	70,996	1,370	889	581	218	114,305
Net book value at 31 July 2018	26,739	1,880	69,123	1,739	887	615	240	101,223
Asset Financing								
Owned	25,335	14,916	-	1,370	889	581	218	43,309
PFI contracts	-	-	70,996	-	-	-	-	70,996
Net Book Value at 31 July 2019	25,335	14,916	70,996	1,370	889	581	218	114,305

**SOUTH WEST COLLEGE
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 JULY 2019**

12. TANGIBLE FIXED ASSETS

Land and buildings were subject to a full revaluation at 31st 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 31st July 2019. These revaluations have been incorporated into the financial statements and the resulting revaluation adjustments have been taken to the revaluation reserve.

	2019	2018
	£'000	£'000
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>(3,360)</u>	<u>(3,137)</u>
Net book value based on cost	<u>4,658</u>	<u>4,881</u>

All depreciation relates to owned assets, with the exception of £1,860,751 which relates to depreciation on PFI assets.

	2019	2018
	£'000	£'000
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>(16,391)</u>	<u>(15,313)</u>
Net book value based on cost	<u>26,710</u>	<u>27,788</u>

**SOUTH WEST COLLEGE
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 JULY 2019**

13. INTANGIBLE FIXED ASSETS

	Asset Under Construction £'000	Total £'000
Cost or valuation		
At 1 August 2018	167	167
Additions	184	184
Disposals	-	-
At 31 July 2019	351	351
Amortisation		
At 1 August 2018	-	-
Charge for the year	-	-
Disposals	-	-
At 31 July 2019	-	-
Net book value at 31 July 2019	351	351
Net book value as at 31 July 2018	167	167

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 £2.325M.

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 2019 is £71M (2018: £69.1M). The increase of £1.9M is due to a valuation increase of £3.73M and depreciation of £1.86M.

Movement in service concession liabilities

The total liabilities relating to the service concession included in the balance sheet as at 31 July 2019 were £35.104M (2018: £36.026M). The sum of £922K was repaid during the year.

**SOUTH WEST COLLEGE
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 JULY 2019**

Future Commitments

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

	Payable in 1 year £'000	Payable 2-5 years £'000	Payable 6-10 years £'000	Total £'000
Liability repayments	338	4,210	10,627	15,175
Finance charge	2,617	10,009	9,674	22,300
Service charge	5,175	19,147	23,717	48,039
	8,130	33,366	44,018	85,514

15. TRADE AND OTHER RECEIVABLES

	2019 £'000	2018 £'000
Amounts falling due within one year:		
Trade receivables	190	263
Deposits and advances	-	-
Prepayments and accrued income	3,409	3,152
Other receivables - DfE	1,913	1,347
Total debtors	5,512	4,762

16. CREDITORS: AMOUNTS FALLING DUE IN WITHIN ONE YEAR

	2019 £'000	2018 £'000
Obligations under finance leases in respect of PFI contracts	338	922
Trade payables	-	-
Taxation and social security	544	514
Deferred Capital Grants	2,445	2,515
Amounts owed to the Department	125	365
Other creditors and accruals	6,437	3,996
Total creditors less than one year	9,889	8,312

**SOUTH WEST COLLEGE
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 JULY 2019**

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

	2019	2018
	£'000	£'000
Obligations under finance leases in respect of PFI contracts	34,766	35,104
Deferred capital grants	25,765	14,604
Total	60,531	49,708

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

18. PROVISIONS FOR LIABILITIES AND CHARGES

	Litigation	Other	Total
	£'000	£'000	£'000
At 1 August 2018	-	15	15
Movement in Provision	-	-	-
Released to the income and expenditure account	-	-	-
At 31 July 2019	-	15	15

The provision comprises Insurance excess of £15k - £5k each for Employers Liability and Public/Product Liability excesses, and £5k relating to potential insurance excess on unsettled historical claims.

19. CASH AND CASH EQUIVALENTS

	At	Cash Flows	At
	1 August 2018	£'000	31 July 2019
	£'000	£'000	£'000
Cash and Cash equivalents	3,244	(220)	3,024
	3,244	(220)	3,024

**SOUTH WEST COLLEGE
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 JULY 2019**

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.

Total pension cost for the year	2019	2018
	£'000	£'000
NITPS: contributions paid	2,228	1,934
NILGOSC: contributions paid	1,104	968
NILGOSC: FRS 102 charge	1,601	605
NILGOSC: charge to the Statement of Comprehensive income and expenditure (staff costs)	2,705	1,573
Enhanced pension charge to the Statement of Comprehensive income and expenditure (staff costs)	-	-
Total pension cost for the year	4,933	3,507

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.education-ni.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.

On 1 April 2018 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 25.1% from 1 April 2019:

Up to £27,047.99	7.4%
£27,048 to £36,410.99	8.6%
£36,411 to £43,171.99	9.6%
£43,172 to £57,216.99	10.2%
£57,217 to £78,022.99	11.3%
£78,023 and above	11.7%

**SOUTH WEST COLLEGE
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 JULY 2019**

20. PENSION AND SIMILAR OBLIGATIONS

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.

From 1 April 2019 the employers' contribution rates was 20% 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:

£0 to £14,800	5.5%
£14,801 to £22,600	5.8%
£22,601 to £37,700	6.5%
£37,701 to £45,700	6.8%
£45,701 to £90,400	8.5%
£90,401 and above	10.5%

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2019 by a qualified actuary.

**SOUTH WEST COLLEGE
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 JULY 2019**

20. PENSION AND SIMILAR OBLIGATIONS

Principal actuarial assumptions

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

	At 31 July 2019	At 31 July 2018 % pa	At 31 July 2017 % pa
Rate of increase in salaries	3.7	3.6	3.5
Rate of increase for pensions in payment/inflation	2.2	2.1	2.0
Discount rate for liabilities	2.2	2.8	2.6
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:

	At 31 July 2019	At 31 July 2018
Retiring today		
Males	22.3 years	23.3 years
Females	24.6 years	25.9 years
Retiring in 20 years		
Males	24.0 years	25.5 years
Females	26.4 years	28.2 years

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

	Value at 31 July 2019	Value at 31 July 2018 £'000	Value at 31 July 2017 £'000
Equities	12,183	16,824	17,752
Bonds	12,395	6,306	2,656
Property	3,273	2,809	2,368
Cash	2,454	1,597	1,148
Total market value of assets	30,305	27,536	23,924
Present value of scheme liabilities	(39,817)	(32,305)	(30,510)
(Deficit) in the scheme	(9,512)	(4,769)	(6,586)

**SOUTH WEST COLLEGE
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 JULY 2019**

20. PENSION AND SIMILAR OBLIGATIONS

The amounts recognised in the balance sheet are as follows:

	At 31 July 2019	At 31 July 2018 £'000
Scheme Assets	30,305	27,536
Scheme Liabilities	<u>(39,817)</u>	<u>(32,305)</u>
Deficit in the Scheme (net pension liability recorded within pension provisions)	<u>(9,512)</u>	<u>(4,769)</u>

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

	2019 £'000	2018 £'000
Amounts included on staff costs		
Employer service cost (net of employee contributions)	1,781	1,701
Interest cost	117	158
Losses on curtailments and settlements	-	58
Total operating charge	<u>1,898</u>	<u>1,917</u>

Analysis of pension finance income / (costs):

	2019 £'000	2018 £'000
Expected return on pension scheme assets	786	634
Interest on pension liabilities	<u>(903)</u>	<u>(792)</u>
Pension finance (costs)	<u>(117)</u>	<u>(158)</u>
Actual return on plan assets	<u>1,735</u>	<u>2,669</u>

**SOUTH WEST COLLEGE
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 JULY 2019**

20. PENSION AND SIMILAR OBLIGATIONS

Analysis of Other Comprehensive Income for pensions

	2019 £'000	2018 £'000
Actuarial gains on pension scheme assets	949	2,035
Actuarial (gains)/losses on scheme liabilities	<u>(3,974)</u>	<u>603</u>
Total Other Comprehensive Income	<u>(3,025)</u>	<u>2,638</u>

Asset and liability reconciliation:

2019 £'000	2018 £'000
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Reconciliation of liabilities

Liabilities at start of year	32,305	30,510
Service cost	1,781	1,701
Interest cost	903	792
Employee contributions	356	326
Actuarial loss/(gain)	3,974	(603)
Benefits paid	(498)	(479)
Past Service cost	996	-
Curtailments	<u>-</u>	<u>58</u>
Liabilities at end of year	<u>39,817</u>	<u>32,305</u>

Reconciliation of assets

Assets at start of year	27,536	23,924
Expected return on assets	786	634
Actuarial gain	949	2,035
Employer contributions	1,176	1,096
Employee contributions	356	326
Benefits paid	<u>(498)</u>	<u>(479)</u>
Assets at end of year	<u>30,305</u>	<u>27,536</u>

The estimated value of employer contributions for the year ended 31st July 2020 is £1.252M.

**SOUTH WEST COLLEGE
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 JULY 2019**

21. EVENTS AFTER THE END OF THE REPORTING DATE

In the period between the end of the reporting year (31st July 2019) and the date when the financial statements are authorised for issue 13th November 2019, the College has no Post Balance Sheet Events to report.

22. CAPITAL COMMITMENTS

	2019	2018
	£'000	£'000
Commitments contracted for at 31 July 2019	9,605	21,883
	<u>9,605</u>	<u>21,883</u>

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.

	South West College	
	2019	2018
	£'000	£'000
Rentals due within one year	8,130	7,988
Rentals due within two to five years	33,366	33,043
Rentals due thereafter	109,598	118,051
	<u>151,094</u>	<u>159,082</u>
Less interest element	(27,531)	(30,188)
Imputed finance lease obligations	<u>123,563</u>	<u>128,894</u>

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 £4.41 million (year ended 31 July 2018 £3.85 million).

**SOUTH WEST COLLEGE
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 JULY 2019**

24. CONTINGENT LIABILITY

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.

On the 17th June 2019, the Court of Appeal ruled in respect of Northern Ireland Industrial Tribunal's November 2018 decision on cases taken against the PSNI on backdated Holiday Pay. It is recognised that the final detail remains to be determined by the Industrial Tribunal who will be guided by the Court of Appeal's Judgement.

This is an extremely rare and complex case with a significant number of issues that still need to be resolved, including further legal advice with regards to the Judgement; the scope; timescales; process of appeals and engagement with Trade Unions. The legal issues arising from this Judgement and the implications for Northern Regional College and wider public sector will need further consideration. The Department of Finance (DoF) is leading a piece of work across the NI Civil Service, reviewing the implications for each of the major staffing groups across the public sector.

Until there is further clarity when this work has concluded, and based on the inherent uncertainties in the final decision that will be made, a reliable estimate cannot be provided at this stage.

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019**

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.

Governor/ Senior Manager	Company	Amount Paid 2018 £	Amount Paid 2019 £	Amount received 2018 £	Amount received 2019 £	Amount outstanding at 31 July 2018 £	Amount outstanding at 31 July 2019 £	Nature of Transactions
Mr Michael McAlister (Staff Member/Governor)	• CE South West College	1,047	-	1,380	-	-	-	
	• Member – Colleges NI	-	-	30,790	-	-	-	
	• Governing Body member-Holy Trinity College Cookstown	-	-	44,466	50,375	-	-	Hire of Facilities
	• Mid Ulster Council – Community Planning Steering Group	2,325	618	-	-	-	-	
	• Fellow – Chartered Association of Building Engineers	-	-	-	-	-	-	
	• Member – Chartered Institute of Building	-	-	-	-	-	-	
	• Member – Institute of Knowledge Exchange	-	-	-	-	-	-	
Mr Joseph Martin (retired from Governing Body on 31st August 2018)	• Member – Colleges Employers Forum (CEF)	-	-	-	-	-	-	
	• Member of School Provision Committee of CSTS	-	-	-	-	-	-	
Mr Nicholas O'Shiel (Chairman Governing Body from 7 January 2019)	• Chief Executive – Omagh Enterprise Company	-	-	-	450	-	-	Examination Fees
	• Chairman – Enterprise NI	-	-	-	-	-	-	
Mr Gerard O'Hanlon (Governor)	• Employed by Northern Health & Social Care Trust - Project and Performance Manager Member – Omagh Chamber of Commerce	-	-	-	-	-	-	
		500	-	-	-	-	-	

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019**

Governor/ Senior Manager	Company	Amount Paid 2018 £	Amount Paid 2019 £	Amount received 2018 £	Amount received 2019 £	Amount outstanding at 31 July 2018 £	Amount outstanding at 31 July 2019 £	Nature of Transactions
Mr Michael McGuckin (Governor)	• Director - Cookstown Enterprise Centre	-	-	-	-	-	-	
	• Fellow – Institute of Highways and Transportation	-	-	-	-	-	-	
	• Non-Executive Director - Mallon Technology Ltd	-	-	-	-	-	-	
	• Member – Casement Park Project Board	-	-	-	-	-	-	
Mr Seamus McCaffrey (Governor)	• Director – S P McCaffrey & Co	-	-	-	-	-	-	
	• Farmer	-	-	-	-	-	-	
	• Trustee - Agri Search	-	-	-	-	-	-	
	• Member of Ulster Farmers Union	-	-	-	-	-	-	
Mr Peter Archdale (Governor)	• Chair - Camphill Community Trust (NI)	1,500	500	1,468	-	-	-	Employer incentive scheme
	• Chair – Camphill Community Clanabogan	-	-	-	-	-	-	
	• Director – Strule Tributaries & Rivers Trust	-	-	-	-	-	-	
	• Forestry Business (Partnership with wife)	-	-	-	-	-	-	
Miss Jane Molloy (Student Governor)	• Volunteer - Cruse Bereavement Care	-	-	-	-	-	-	
Mr Stephen Moss (Staff Member/Governor)	• Employee South West College	-	-	-	-	-	-	
	• Member NI Construction Skills Network Observatory Committee	-	-	-	-	-	-	
Mrs Joanne Lucas (Governor/Staff Member)	• Employee South West College	-	-	-	-	-	-	
	• Care	-	-	-	-	-	-	

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019**

Governor/ Senior Manager	Company	Amount Paid 2018 £	Amount Paid 2019 £	Amount received 2018 £	Amount received 2019 £	Amount outstanding at 31 July 2018 £	Amount outstanding at 31 July 2019 £	Nature of Transactions
Mr Wilbert Mayne (retired from Governing Body on 24 October 2018)	<ul style="list-style-type: none"> • Self Employed Farmer • Member - Agricultural Wages Board • Chair of Governors – Orritor Primary School • Director/Chair – Shop Mobility Mid Ulster • Director/Chair CDM Community Transport • Director Mid-Ulster LAG • Chair UFU Environment Committee • Trustee – Agri-Search 	-	-	-	270	-	-	STEM Activity
Mrs Gillian McDowell (Governor)	<ul style="list-style-type: none"> • Own HR Consultancy – Happy Raspberry 	-	-	-	-	-	-	
Mrs Margaret Martin (Governor)	<ul style="list-style-type: none"> • Executive – Network of Sacred Heart Schools, Ireland/Scotland • Trustee – Gaelscoil Aodh Rua Dungannon 	-	-	-	76	-	-	STEM Activity
Mrs Patricia McCaffrey (Governor)	<ul style="list-style-type: none"> • Employed by Waterways Ireland • Member – Audit & Risk Committee of the Ulster Scots Agency • Assistant Treasurer Irvinestown Credit Union (until October 2018) • Treasurer Irvinestown Credit Union (from October 2018) 	-	-	-	540	-	-	Examination Fees

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019**

Governor/ Senior Manager	Company	Amount Paid 2018 £	Amount Paid 2019 £	Amount received 2018 £	Amount received 2019 £	Amount outstanding at 31 July 2018 £	Amount outstanding at 31 July 2019 £	Nature of Transactions
Mrs Monica McGeary (Governor)	<ul style="list-style-type: none"> Self Employed Sales & Marketing Consultant Director/Company Secretary – PMG Sales Ltd Parent Support Group – Edendork Primary School Dungannon Parish Pastoral Council 	-	-	-	260	-	-	STEM Activity
Ms Jill Cush (Staff Member)	<ul style="list-style-type: none"> Member of Matrix – Northern Ireland Science Industry Panel 	-	-	-	-	-	-	
Mr Sean O'Donnell (Staff Member)	<ul style="list-style-type: none"> Fellow of Chartered Certified Accountants (FCCA) Secretary Omagh Lawn Tennis Club 	2,308	1,799	-	-	-	-	Examination/Licence Fees
Mrs Elizabeth Shackels (Staff Member)	<ul style="list-style-type: none"> Chief Examiner Pearson Level 2/3 External Examiner BSc, HND/HNC Cardiff Met University QAA Reviewer ETI Associate Assessor None 	305,806	193,712	-	-	10,575	10,454	Examination Fees
Mrs Sharon McGrath (Staff Member)	None	-	-	-	-	-	-	
Mr Derek Weir (Governor)	<ul style="list-style-type: none"> Head of Legal Administration and Data Protection Officer – Queen's University of Belfast Governor – Cookstown High School Member – Molesworth Presbyterian Church Committee 	8,957	28,509	-	-	-	-	Validation Charges / External sponsorship/Tuition fees
		-	-	15,852	12,704	-	-	Entitlement Framework Fees

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019**

Governor/ Senior Manager	Company	Amount Paid 2018 £	Amount Paid 2019 £	Amount received 2018 £	Amount received 2019 £	Amount outstanding at 31 July 2018 £	Amount outstanding at 31 July 2019 £	Nature of Transactions
Mr Michael Skuce (Governor)	<ul style="list-style-type: none"> Private consultancy Company Secretary Struct Steel Engineering Chair – Derrygonnelly & District Community Partnership (until May 2019) Member – Derrygonnelly & District Community Partnership (until May 2019) Secretary – Clogher Diocese Social Fund 	-	-	130	260	-	-	CSR Fees
Ms Carol Viney (Staff Member)	<ul style="list-style-type: none"> Member of Enniskillen BID Forum Member of Business in the Community (EKN) Forum 	-	-	-	459	-	-	Examination Fees
Mr Ciaran McManus (Staff Member)	Member – St Joseph’s College Enniskillen Governing Body	-	-	46,802	42,421	-	-	Entitlement Framework Fees
Mrs Eimear Rushe (Staff Member)	None	-	-	-	-	-	-	
Mr Alastair McCarley (Staff Member)	None	-	-	-	-	-	-	
Mr John Moss (Staff Member)	Member – Rural Housing Association – Board of Management	-	-	-	-	-	-	
Mr Aaron Black (Staff Member)	Self-employed for sheep farming activities	-	-	-	-	-	-	
Mrs Joanne Moore (Governor)	Employee of Kainos Group Plc Youth Worker Local Church	-	-	-	-	-	-	
Mrs Carol Anne Deeny (Staff Member)	Partner in Husband’s Farm Business Member – PTA St Mary’s Altinure	-	-	-	-	-	-	

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019**

26. AMOUNTS DISBURSED AS AGENT: SUPPORT FUNDS

	2019	2018
	£'000	£'000
DfE Grants	316	316
	<u>316</u>	<u>316</u>
Disbursed to students	(220)	(238)
	<u>(220)</u>	<u>(238)</u>
Balance unspent at 31 July 2019	96	78
	<u>96</u>	<u>78</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

	2019	2018
	£	£
23 cases	64,023	1,770
	<u>64,023</u>	<u>1,770</u>

The College sought to recover this debt initially and subsequently on advice, has now written off these balances. Appropriate approval has been granted. The debt write off comprises 22 Students £7k and 3 Project Partners £57k.

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019**

28. ADDITIONAL DISCLOSURES TO COMPLY WITH FINANCIAL REPORTING MANUAL

Financial Reporting Manual (FRm) 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	2019 £'000	2018 £'000
INCOME			
DfE income (non grant-in-aid items)	1	875	766
Education contracts		7,024	7,246
Tuition fees and charges		2,293	2,482
Other grant income		3,293	3,249
Other operating income		809	615
Investment income		2	10
Total incoming resources		14,296	14,368
EXPENDITURE			
Staff costs		25,571	23,709
Other operating expenses		15,379	14,706
Interest and other finance costs		2,773	2,956
Depreciation		5,802	5,797
Total resources expended		49,525	47,168
Net deficit for the year		(35,229)	(32,800)
Unrealised surplus on revaluation of land and buildings		4,847	7,741
Actuarial (loss)/gain in respect of pension scheme		(3,025)	2,640
Exceptional items			
Exceptional costs – staff		(1,171)	(344)
Exceptional gain – non staff		424	401
Exceptional gain – staff		1,171	344
Amount transferred to reserves		(32,983)	(22,018)

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019**

Analysis of reserves prepared under FReM

	2019	2018
	£'000	£'000
Balance at 1 August	46,592	41,532
Grant-in-aid received in year	2 29,636	27,078
Net operating cost for year	(32,983)	(22,018)
Balance at 31 July	43,245	46,592

Note 1	2019	2018
	£'000	£'000

DfE income (Non-Grant in Aid items)

EMA	16	17
Level 2/3 Apprenticeships	44	331
Higher Level Apprenticeships	532	418
Other	283	-
Balance at 31 July	875	766

Note 2	2019	2018
	£'000	£'000

Reconciliation of Amount Transferred to Reserves and Grant In Aid

Amount transferred to reserves	32,983	22,018
Unrestricted comprehensive income	(3,347)	5,060
Grant-in-aid received in year	29,636	27,078