



Southern
Regional
College

Southern Regional College Annual Report and Accounts

For the year ended 31 July 2016

Southern Regional College
Annual Report and Accounts
for the year ended 31 July 2016

The Accounting Officer authorised these financial
statements for issue on 16th November 2016

Laid before the Northern Ireland Assembly under the Institutions of Further
Education (Public Sector Audit) Order (Northern Ireland) 2008 by the
Department for the Economy on 12th December 2016

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

INDEX	PAGE NO
Strategic Report	2 – 56
Remuneration Report	57 – 61
Statement of the Responsibilities of the Governing Body	62
Statement of Corporate Governance and Internal Control	63 – 70
The Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly	71 - 72
Consolidated Statement of Comprehensive Income	73
Consolidated Statement of Changes in Reserves	74
Balance Sheet	75
Consolidated Cash Flow Statement	76
Statement of Accounting Policies	77 - 82
Notes to the Financial Statements	83 - 108

NATURE, OBJECTIVES AND STRATEGIES

The members of the Governing Body of the Southern Regional College present their report and the audited financial statements for the year ended 31 July 2016.

LEGAL STATUS

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

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

VISION STATEMENT

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

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

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

MISSION STATEMENT

To transform lives through meaningful and enjoyable learning experiences".

COLLEGE VALUES

The College seeks to help establish a context of progressive and effective management and help build an appropriate working and learning environment for the community that we serve. Students are treated as mature individuals and are encouraged to take responsibility for their learning experience and to play an active role in decisions that affect them.

In addition to providing the best possible learning experiences, students are given every opportunity to develop personal and social skills so they can derive the maximum benefit from their College experience. This includes access to skills competitions, employability, work experience, work related challenges and projects, participation in European mobility programmes and an increasingly effective students' union.

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

The College Core Values are:

Putting Learners First

We believe that:

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

Working together to achieve more

We believe that:

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

Striving for Excellence

We believe that:

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

STRATEGIC AIMS

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

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

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

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

The seven key strategic aims of the College for the planning period 2015-2018 are:

<p>Provision of a relevant and meaningful curriculum portfolio</p>	<ul style="list-style-type: none"> •To place the College at the heart of lifelong learning within the region in order to strengthen economic and workforce development, to enhance social cohesion and to advance individuals' skills and learning.
<p>Excellent learning experiences for all</p>	<ul style="list-style-type: none"> •To provide an excellent experience for all current and prospective learners supported through high quality and effective learner support services.
<p>Flexible business solutions that improve competitiveness and productivity</p>	<ul style="list-style-type: none"> •To support local and regional economic development through the provision of flexible business services and training solutions aimed at improving the competitiveness and productivity of new and existing businesses
<p>Committed people and organisation</p>	<ul style="list-style-type: none"> •To be a high performing College through the recruitment, development and deployment of a highly skilled and well motivated staff.
<p>Effective governance and financial management</p>	<ul style="list-style-type: none"> •To provide effective corporate Governance and ensure that the College operates within a robust system of internal financial management and control.
<p>Modern fit for purpose College estate</p>	<ul style="list-style-type: none"> •To provide a modern fit for purpose College estate for the southern region.
<p>International links</p>	<ul style="list-style-type: none"> •To promote an outward and forward looking College through the development of international links supporting staff, students and knowledge exchange.

IMPLEMENTATION OF THE STRATEGIC PLAN

The College's strategic aims are underpinned by a series of strategic objectives, actions and targets that were set out in the College Development Plan 2015-18. The underpinning strategic objectives and supporting actions take account of the wider policy decisions, changing Government priorities and anticipated pressures on public finances. These objectives are reviewed and updated annually to reflect changing priorities. The following section provides a summary of progress against each strategic aim and underpinning objectives for the period 1 August 2015 – 31 July 2016 together with an update on progress and refinements against longer term objectives.

1. STRATEGIC AIM: PROVISION OF A RELEVANT AND MEANINGFUL CURRICULUM PORTFOLIO

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

LEARNER RECRUITMENT AND PERFORMANCE – OVERVIEW

Skills development has been identified as a key element in the delivery of Northern Ireland's Economic Vision. The restructuring of government departments has resulted in further education moving to the new Department for the Economy (DfE). The promotion of skills remains at the heart of the new Department's strategic priorities. Consequently, the College curriculum offer and targets will continue to be aligned to the Department's Public Service Agreement targets set out within the new programme for government.

Our annual enrolment targets are agreed with DfE through a bilateral Funded Learning Unit (FLU) planning process. These targets continue to focus on increasing the number of people who achieve level 2 essential skills qualifications in literacy and numeracy, qualifications at level 2 and above, increasing participation in priority skill areas, and ensuring that provision leads to qualifications that are on the regulated qualifications framework. The College's curriculum portfolio provides learners with the opportunity to undertake a wide range of professional, technical and academic qualifications ranging from entry level to degree level.

The changing economic situation and continuing pressures in public sector funding has had a direct impact on the College's ability to maintain its curriculum offer. The reduction in DfE grant funding to support our core provision, including the removal of funding to support hobby and leisure programmes, has led to a re-prioritisation in the allocation of resources and a re-examination of what we offer and where we deliver our curriculum.

Despite these changes our curriculum offer remains targeted on the current and future needs of the local and regional economy and we believe the outreach to employers across the region is unsurpassed in any other area in Northern Ireland. The College is one of the largest skills training providers in Northern Ireland with professional and technical training provided in more than 25 areas to over 700 trainees and apprentices delivered in skills training centres in Armagh, Newry and Portadown.

The College's performance over the course of the 2015-16 academic year can best be viewed in the context of the level of participation in the main areas of our core business, namely:

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

This section of the Strategic Report provides information on delivery, provision and enrolments. Readers should note that the FLU and enrolment numbers presented for 2015-16 are those at 1 August 2016 and are not final validated figures. Numbers for 2014/15 comparisons are final audited figures and therefore may differ slightly, in some instances, from those reported in the 2014/15 Annual Report.

The total College enrolment (including training and cost recovery provision) for the academic year 2015-16 was 26,726, compared to an enrolment of 29,742 in 2014-15. The drop in enrolments (3,016) is directly attributed to the reduction in core funding for 2015-16 and the planned reduction in part time provision.

This decrease is broadly consistent with the agreed targets and curriculum plan for 2015-16. In light of the challenging financial position the College took a strategic decision to prioritise resources to ensure that all school leavers were provided with the opportunity to undertake a programme of full time study. In order to manage within available resources there was a planned reduction in the offer of part time provision including evening provision, community outreach and adult essential skills.

The College's enrolment across full-time courses decreased by 3% from the previous year, **Figure 1**. The reduction in full time learners was particularly evident across further education courses. The overall number of students undertaking full-time higher education increased slightly from the previous year and projected enrolments targets were met. Whilst the college had projected a decrease in the number of full time further education learners to reflect the demographic profile of school leavers at 16 years of age, the extent of the drop was more significant than planned with full time enrolments below target by 220.

The total part-time enrolment dropped by 2,862 enrolments compared to 2014-15. The decrease should be set in the context of the reduction in core funding and the planned reduction in essential skills and hobby and leisure provision.

The reduction in essential skill provision (1,004) from that in 2014-15 accounts for 35.0% of the overall reduction in part time enrolments, **Figure 2** with hobby and leisure provision (846) accounting for an additional 29.6% of the overall reduction, **Figure 3**. Accredited provision accounted for an additional 37.4% (1,069) of the overall reduction, **Figure 4**.

The reduction in part time provision set out previously was particularly evident across our community outreach programme. Community based enrolments decreased by over 2,200 enrolments from 2014-15 accounting for 76.9% of the total reduction in part time provision, **Figure 5**.

The demand for adult access programme courses (both full time and part time) remained steady with 403 enrolments in 2015-16 compared to 415 enrolled in 2014-15. Adult access courses continue to provide an appropriate programme of study for adult returners offering clear progression pathways to higher education.

College Enrolments

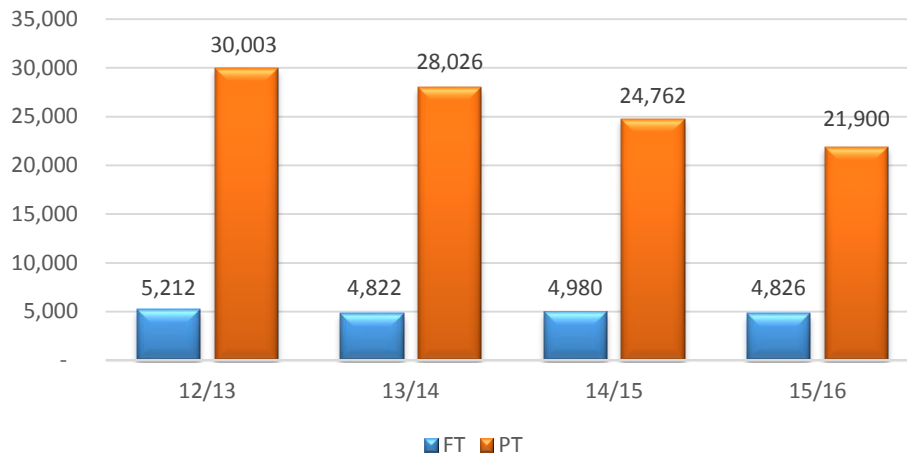


Figure 1

Essential Skills (FLU)

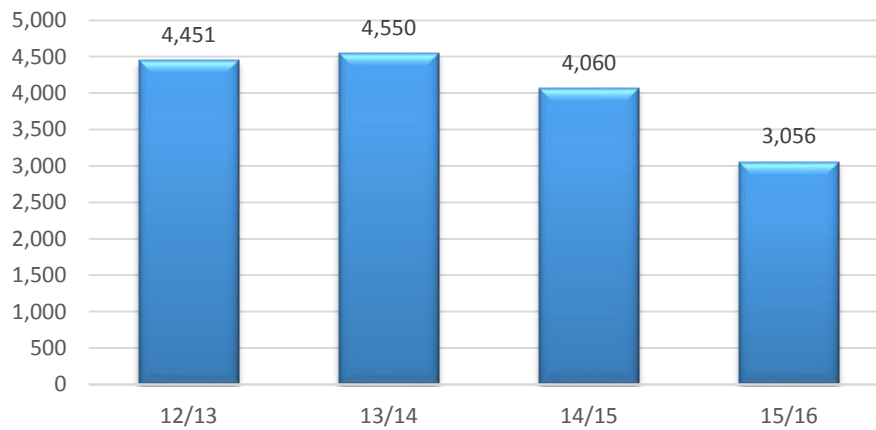


Figure 2

Hobby and Leisure Enrolments

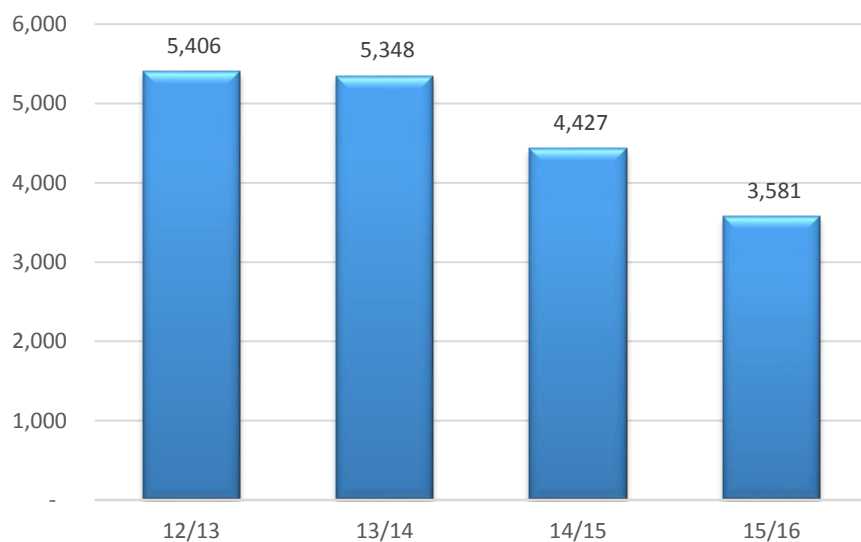


Figure 3

Accredited provision

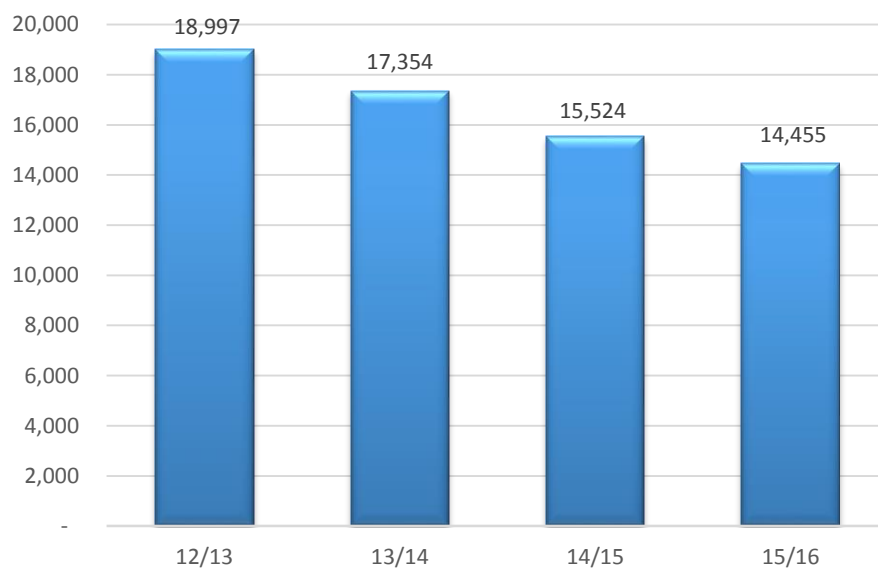


Figure 4

Community Enrolment

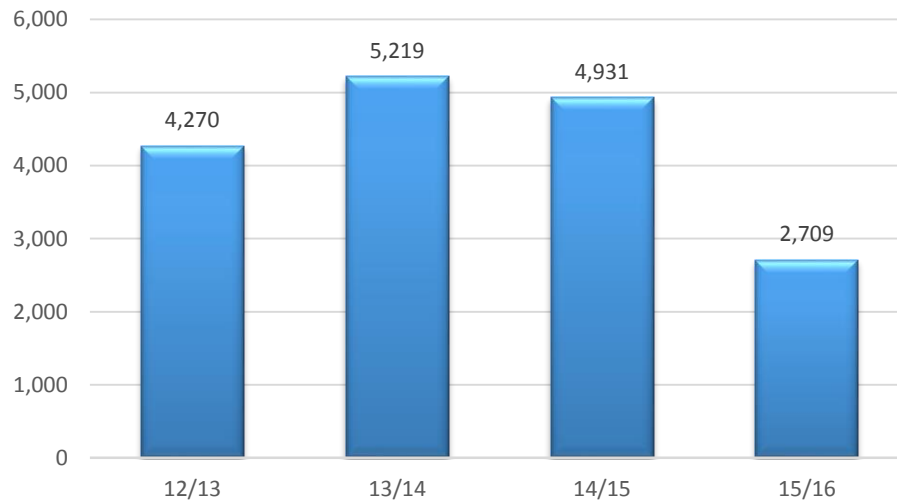


Figure 5

FUNDED LEARNING UNIT (FLU) TARGETS

The recurrent budget allocation to the College for 2015-16 to support the delivery of Essential Skills, Further and Higher Education was £25.50m. The resource allocated for the seven year period 2010-17 is summarised in **Table 1**.

Academic Year	Resource Allocation (FLU)	Funding (£)	Shift (£)
		£	£
2010-11	7,966	27,084,400	
2011-12	7,721	26,096,041	(988,359)
2012-13	7,685	26,129,000	32,959
2013-14	7,831	26,625,174	496,174
2014-15	7,770	26,416,525	(208,649)
2015-16	7,501	25,502,972	(913,553)
2016-17	7,493	25,476,735	(26,237)

Table 1

The actual FLU delivery target agreed with DEL for 2015-16 was 7,501. The College delivered a total of 7,300 FLU thus under delivering by 201 FLU.

While the College under delivered for the first time, when this is considered over the seven year period between 2009-16, the College has delivered 2,466 FLU (£8.4m) above that funded by the Department. The level of delivery for the period 2009-16 is shown in **Figure 6**.

FLU Funding Analysis

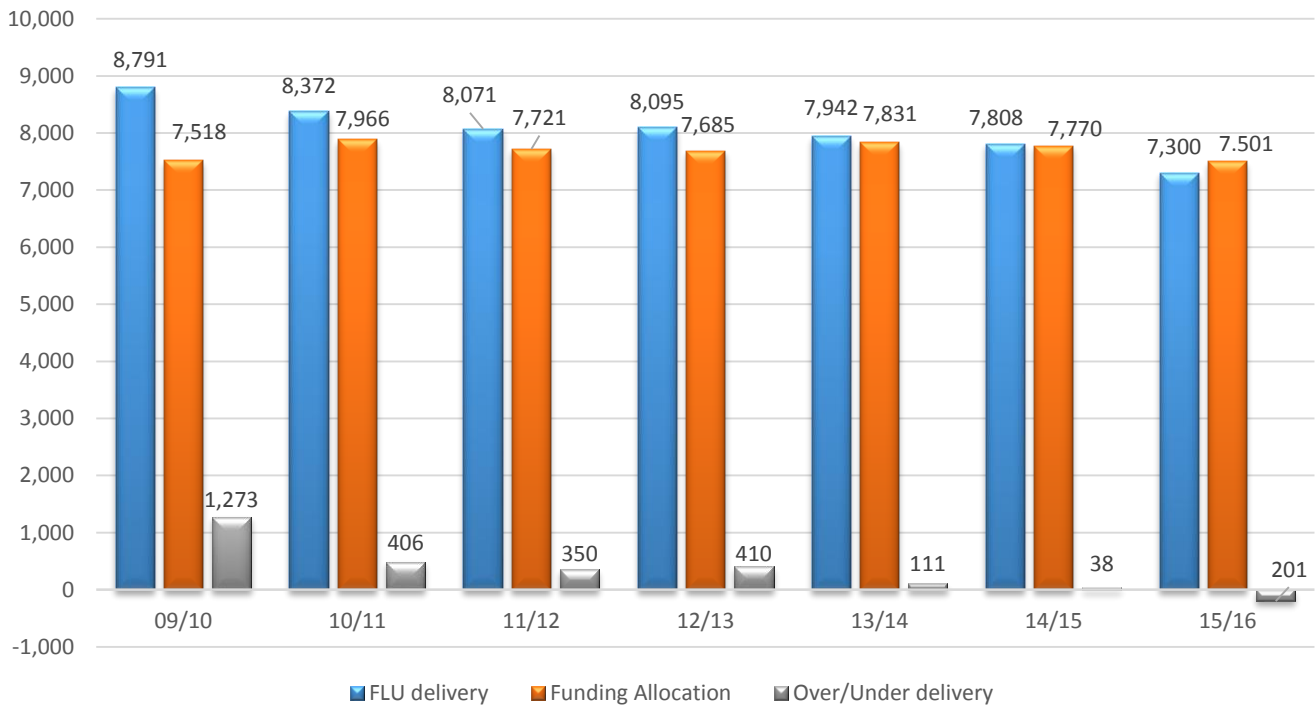


Figure 6

The primary reason for the under delivery relates to the under recruitment across full time further education courses. Despite having agreed a reduced target intake for 2015-16 that was reflective of a declining number of school leavers at 16 years of age, the extent of the under recruitment was higher than expected. However, it should be noted that the transfer of 4 level 2 full-time further education courses to the traineeship pilot programme after targets had been agreed with DfE would have accounted for approximately 48% of the total FLU under delivery if this provision remained as further education. **Figures 7a** and **7b** provides a summary of the FLU and enrolment performance for Essential Skills and Further and Higher Education against the agreed targets for 2015-16 compared to that for 2014-15.

Whilst targets and funding were reduced for Essential Skills in 2015-16 the College met the agreed delivery target of 2,997 enrolments and 389 FLU.

The reduced FLU target agreed with DfE for 2015-16 reflects the reduction in the levels of funding over recent years. The level of funding provided for 2016-17 is over £1.6m less than that provided to support delivery in 2010-11, a 5.9% reduction in funding. It is anticipated that the pressures on public sector funding

will continue to drive down the level of delivery across the further education sector. The College's Governing Body remains concerned that the continued pressures on resources over the next few years will result in a further reduction in the provision offered across campuses including that served through the community outreach programme.

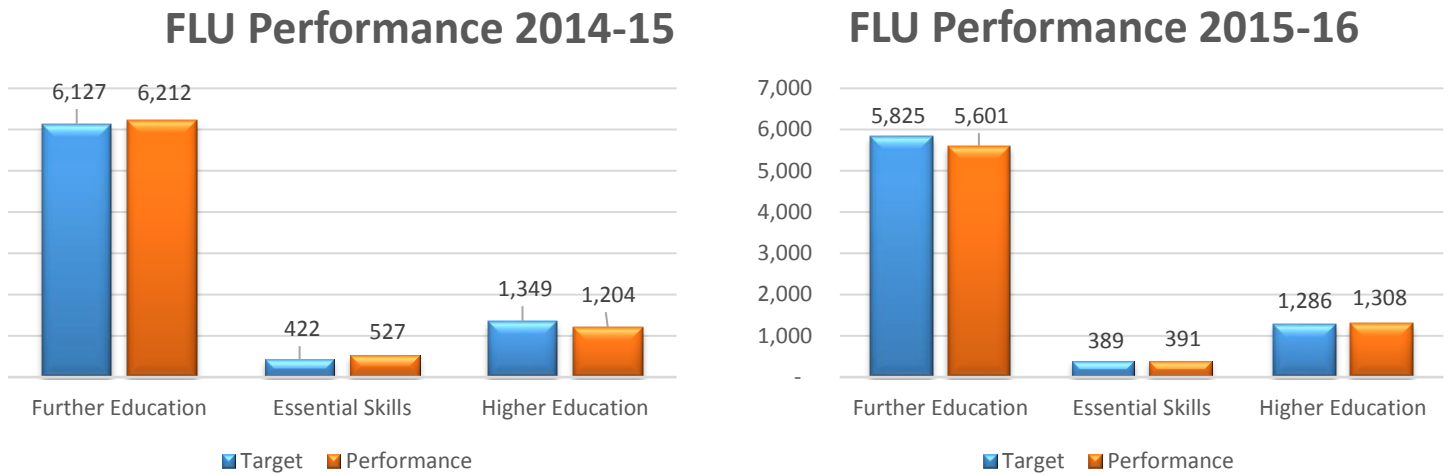


Figure 7a

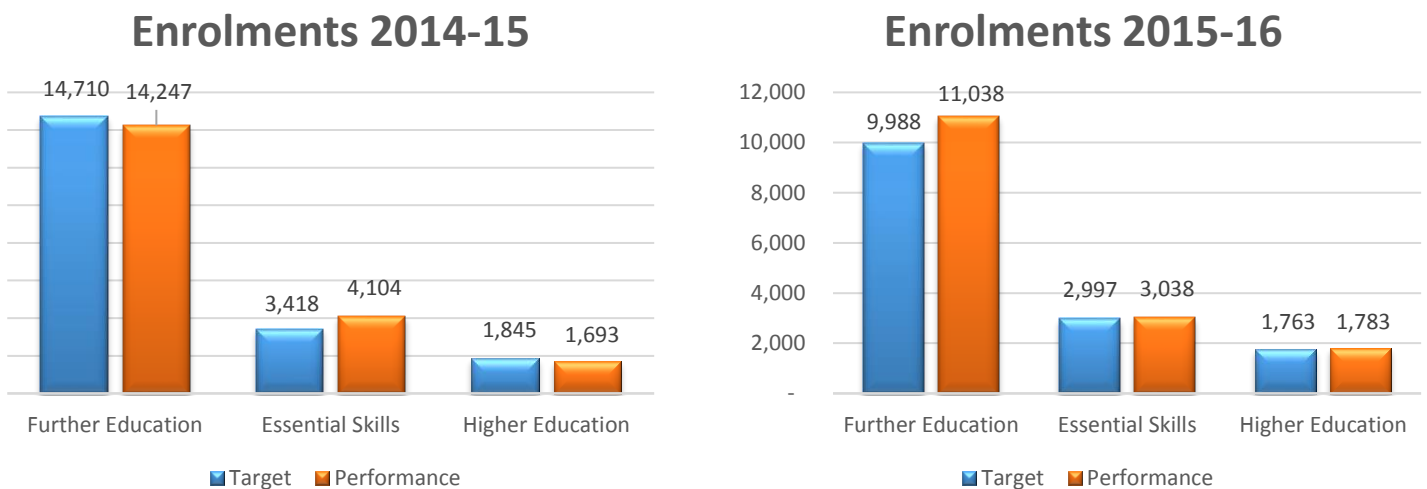


Figure 7b

The following section provides a more detailed analysis of enrolments contributing to the overall FLU and work based learning contracted position for 2015-16.

FULL TIME STUDY (INCLUDING TRAINING)

The total number enrolled in full-time study defined within the areas of Further Education, Higher Education, Training and Apprenticeships decreased by 154 (3%), **see Figure 8**. This is largely attributed to the decrease in full-time further education at levels 1-3.

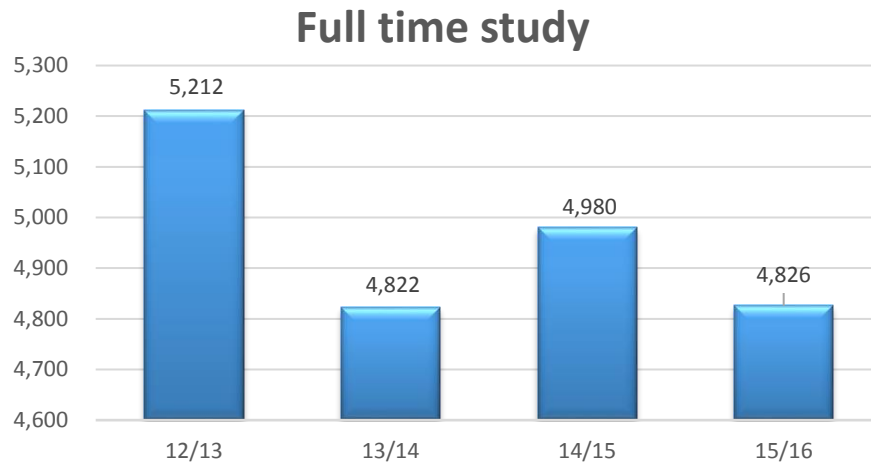


Figure 8

WORK BASED LEARNING (TRAINING AND APPRENTICESHIPS)

The total numbers enrolled on Work Based Learning increased by 178 largely as a result of new intake on pilot apprenticeships in accounting, applied industrial science and dental nursing. The total figure also includes the traineeship pilots in construction and the built environment, ICT, business studies and childcare, **see Figure 9**.

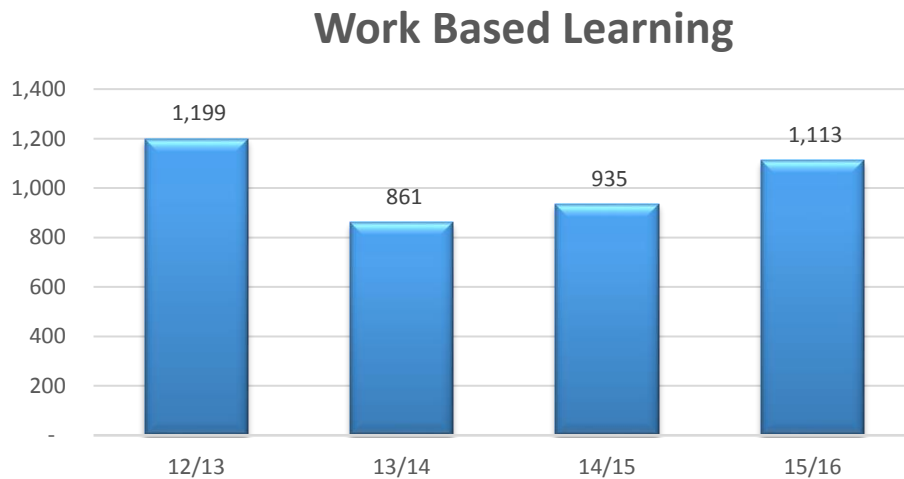


Figure 9

FURTHER EDUCATION

The total number of full time Further Education students decreased by 380 from 2014-15, see **Figure 10**. The decrease should be viewed together with the increase associated with traineeships. Whilst the College anticipated a drop in the total number of new entrants as a result of the declining school leaver population the reduction was more significant. The decrease would have been 300 learners had level 2 traineeships been included within the further education funding strand.

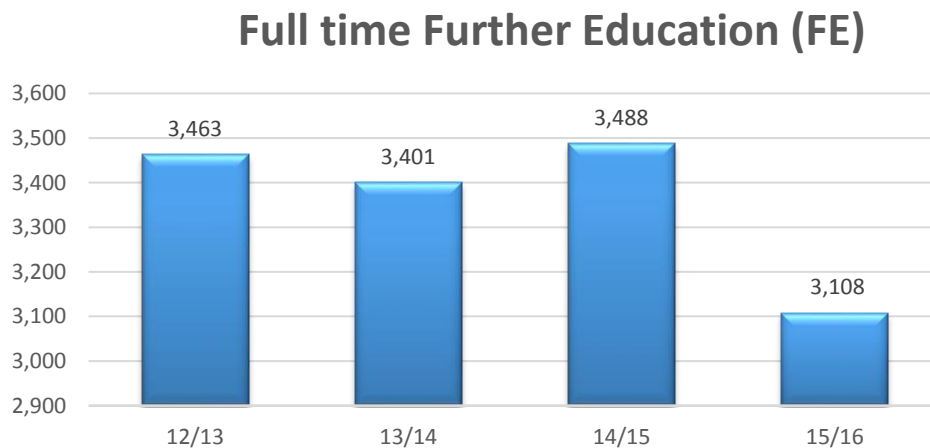


Figure 10

Figures 11-13 illustrate the changes in full time Further Education enrolments by level over the last four years.

The demand for provision at Level 1 was significantly down on that experienced over the previous two year period, **Figure 11**. This provision includes the College’s Fresh Start programme aimed at young people not in education, employment or training (NEETS) together with provision for those with specific learning difficulties or disabilities.

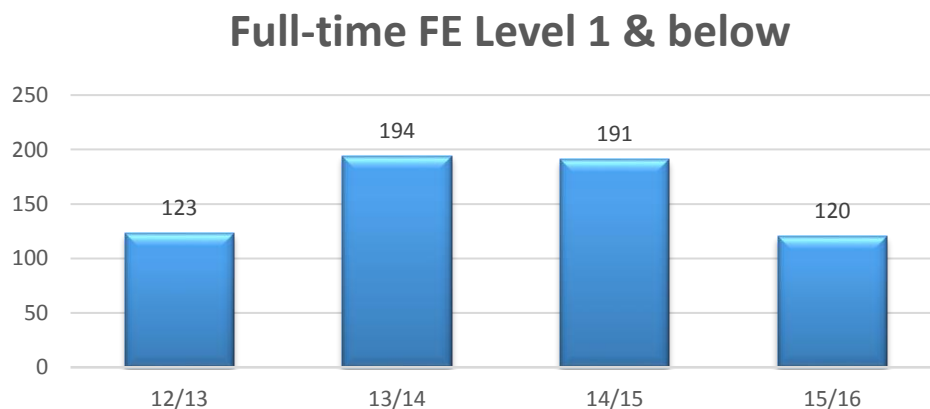


Figure 11

The number of young people undertaking full time programmes at Level 2 decreased by 97 compared to 2014-15, **Figure 12**. However, the decrease is less significant (17) if we include the traineeship pilots enrolments. The most significant decrease in full time further education was experienced at Level 3, **Figure 13** in areas including hospitality management, sports studies, culinary arts, hairdressing and beauty. The decrease is also partly explained by the decision to withdraw from delivery of level 3 hairdressing under further education replacing this with an apprenticeship offering.

Full-time FE Level 2 Enrolments

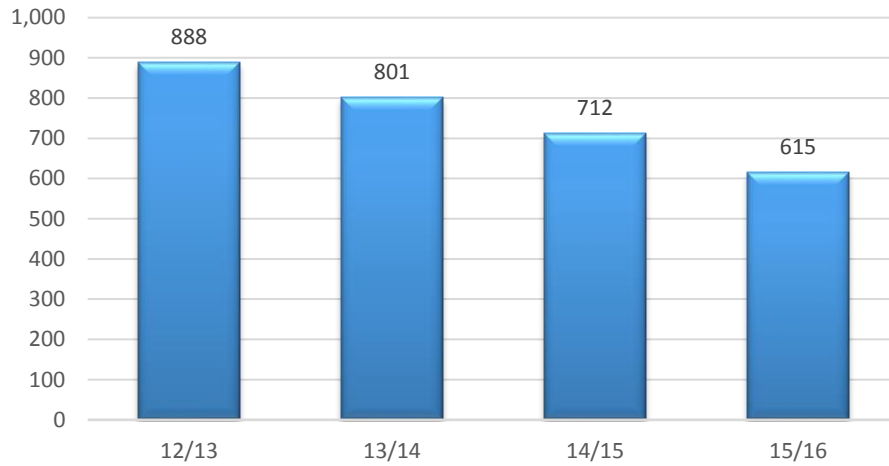


Figure 12

Full-time FE Level 3 Enrolments

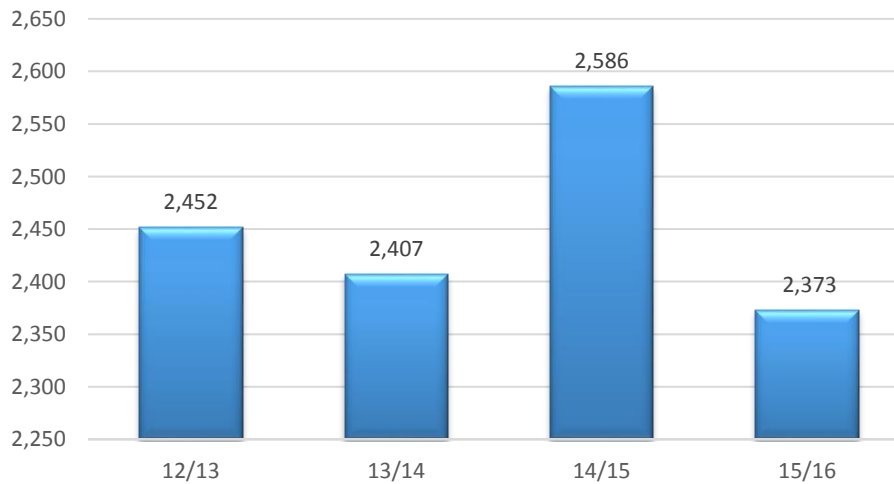


Figure 13

PART TIME FURTHER EDUCATION

The total FLU funded evening enrolment (Further Education) dropped to 2,551 compared to 3,869 in 2014-15. This decrease should be viewed in the context of reduced resources and the planned decrease in hobby and leisure provision that was previously funded through FLU, **Figure 14**.

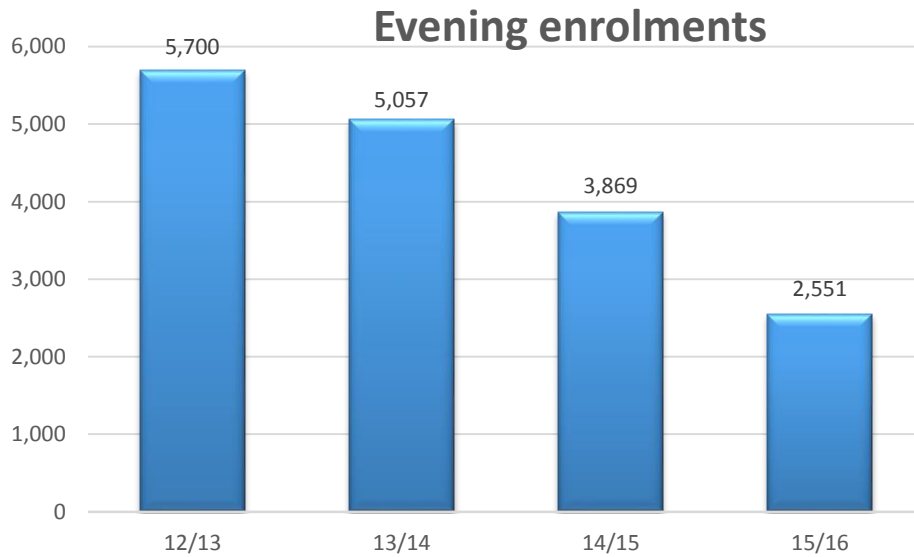


Figure 14

The removal of DfE support through FLU funding for hobby and leisure type courses resulted in an overall decrease in part time enrolments, **Figure 15**. Despite the removal of the FLU funding subsidy the College continued to offer a range of hobby and leisure programmes within a competitive fees structure resulting in over 3,500 enrolments. The reduction in hobby and leisure provision was particularly evident across the community outreach programme.

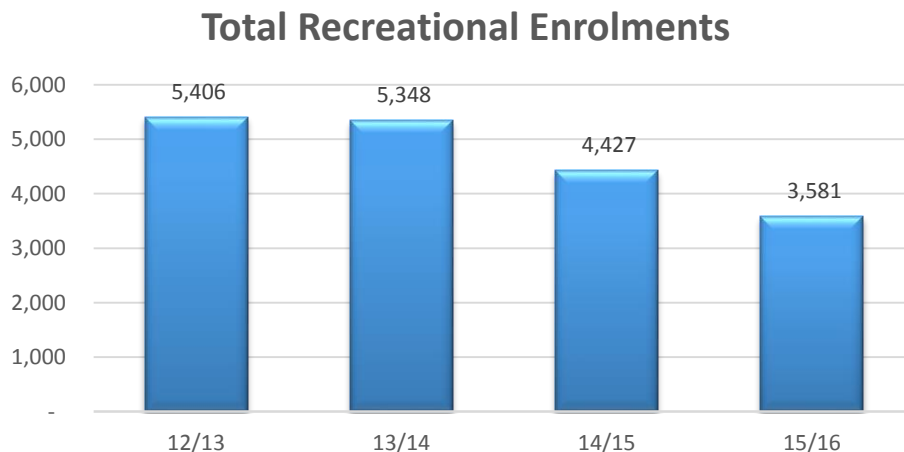


Figure 15

There was no significant change in the total part time accredited evening provision (excluding essential skills) with overall provision increasing slightly from that recorded in 2014-15, **Figure 16**.

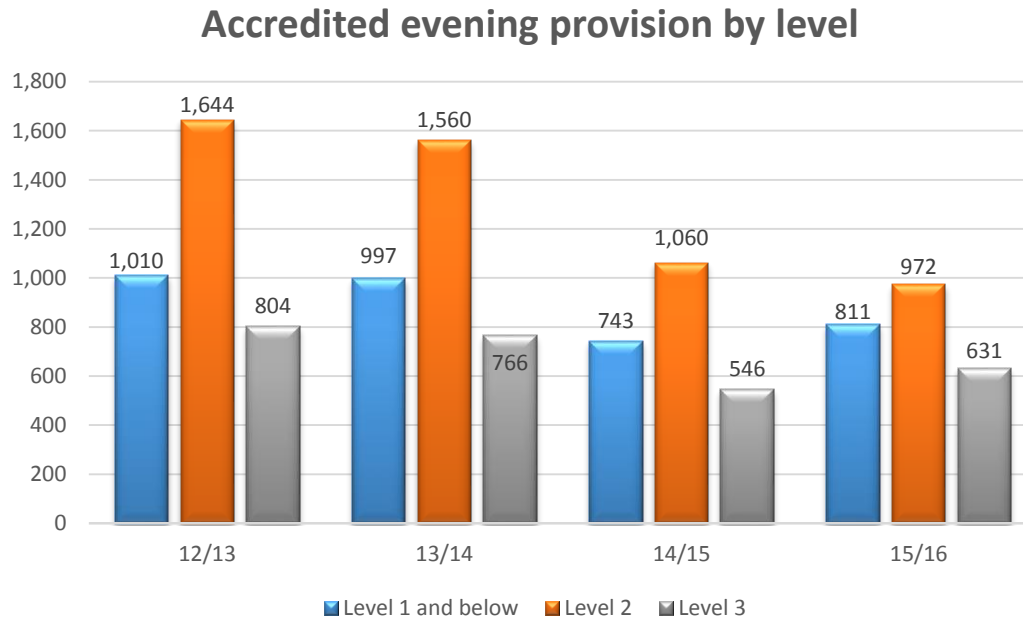


Figure 16

EXTERNALLY ACCREDITED PROVISION

Externally accredited provision accounted for 99.6% of the total FLU provision with over 10,300 enrolments, with non-accredited special educational needs accounting for the remaining 0.4% of FLU provision. Full time Further Education accounted for 79.7% and part time 19.8% of total externally regulated FLU funded provision. The College delivered 4,465 externally regulated full time FLU against a target of 4,906 FLU. The College delivered 1,111 externally regulated part time FLU against a target of 896 FLU.

VOCATIONAL PROVISION

Vocational provision accounted for 91.9% of the total FLU delivery compared to a target of 90.7%. The College delivered 4,106 vocational full time FLU against a target of 4,588 FLU. The College delivered 1,040 vocational part time FLU against a target of 696 FLU.

ESSENTIAL SKILLS

The College enrolled a total of 3,056 learners against a target enrolment of 2,997, **Figure 17**. The reduction in funding provided to support Essential Skills has resulted in a planned reduction in enrolments across the three Essential Skills areas.

Essential Skills (FLU)

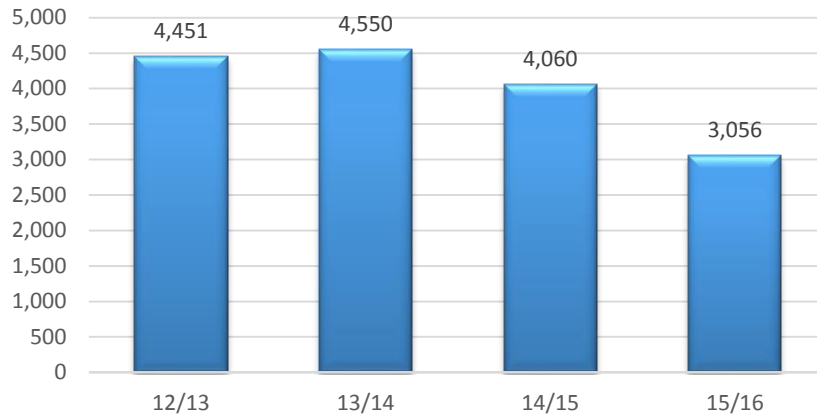


Figure 17

The decrease in the Essential Skills enrolment was evident across all three areas of numeracy, literacy and ICT, **Figure 18**. ICT remains the most popular of the three Essential Skills.

Essential Skills by Subject

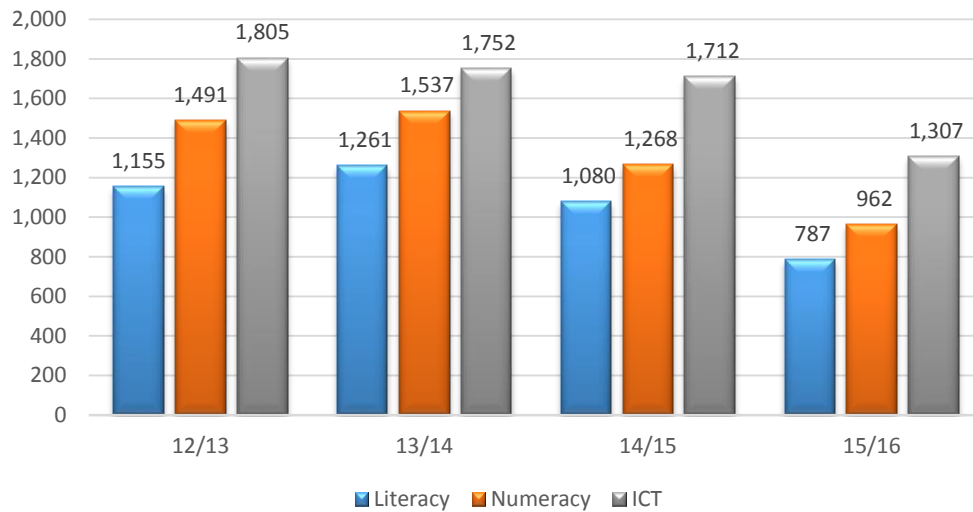


Figure 18

PRIORITY SKILLS

There was a slight drop in the total enrolment across Priority Skills areas at level 2 and above, **Figure 19**. IT and computing accounted for over 53% of full time provision and 24% of part time provision. Part time delivery was more popular in engineering and construction with these areas accounting for 18.6 % of full time provision and 32% of part time provision.

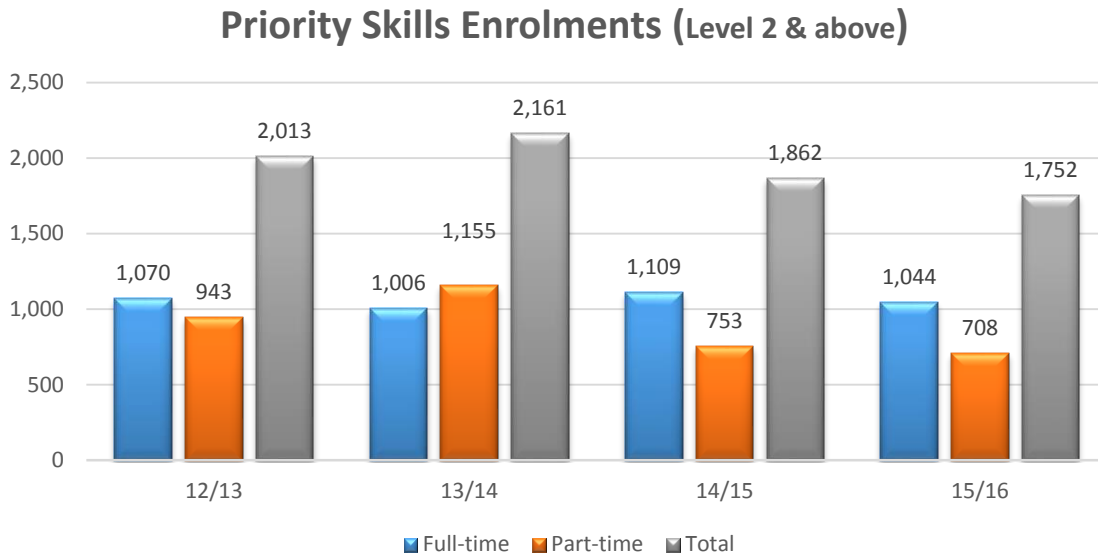


Figure 19

HIGHER EDUCATION

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

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

DfE has set a cap on the total number of student enrolments for full time Higher Education (MaSN). The College was allocated a total MaSN of 565 places in 2015-16. The College recruited a total of 584 full time students with a further 48 enrolments on higher level apprenticeship programmes in applied science, digital marketing and accounting. The total part time Higher Education enrolment (FLU funded and Cost Recovery) also increased slightly from that recorded in 2014-15, **Figure 20**.

Higher Education Enrolments (FLU funded & Cost Recovery)

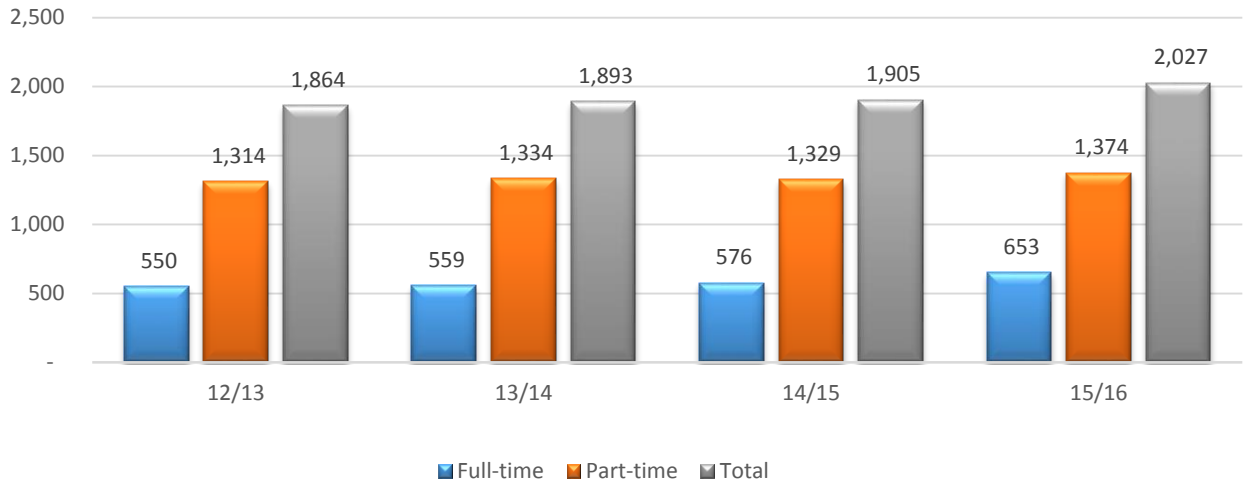


Figure 20

SKILLS TRAINING - TRAINING FOR SUCCESS AND APPRENTICESHIP TRAINING

This was the fourth year of operation of the Training for Success and Apprenticeships NI contracts in which we experienced slight increases in the number of entrants across both training and apprenticeships, **Table 2**. The total number of new apprenticeships was 443, a similar position to that experienced in 2014-15. The number of apprenticeship opportunities emerging within the constructions sector continues to increase. The total number of trainees and apprentices was 1,113.

New starts	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
TFS Traineeship pilots	643	689	578	406	280	291
ApprenticeshipNI Apprenticeship pilots	377	423	276	242	432	397
Total	1,020	1,112	854	648	712	800

Table 2

The total funding income secured against this provision amounted to over £4.5 million of the College’s income budget.

SCHOOLS’ PARTNERSHIP PROGRAMMES (SPP)

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

In spite of the successes of the partnership, the number of enrolments continues to decrease, **Figure 21**. The total enrolment shown for 2015-16 includes enrolments falling within the essential skills project supported by DfE. The removal of ‘earmarked’ funding to schools by the Department of Education combined with increased pressures on school budgets has resulted in schools withdrawing from existing provision. Without the assurance of continued funding to support such collaboration, the College anticipates a continued decline in the level of engagement at both key stage 4 and post GCSE across all area learning communities. In light of the uncertain future of school-college partnerships, the College will be forced to keep its long term commitments under review.

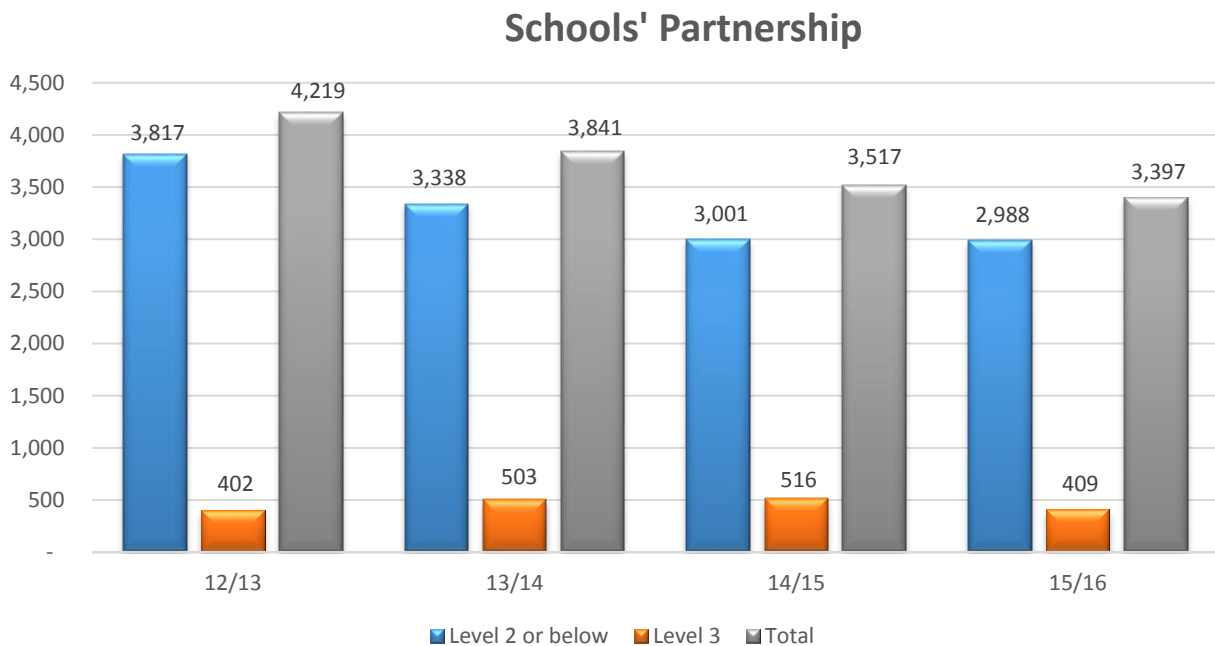


Figure 21

COMMUNITY ENGAGEMENT

The decision by the Department to remove the FLU subsidy for hobby and leisure combined with a re-prioritisation of resources has resulted in some profound changes to the College’s community outreach programme during 2015-16. The College took a strategic decision to prioritise its community engagement during 2015-16 on areas of social deprivation and disadvantage and, in particular, on the five Neighbourhood Renewal Areas (NRA) within our region. This resulted in a refined curriculum offer including essential skills and level 2 qualifications aimed at encouraging further progression within the College’s main

campuses. This has resulted in a reduction in the total level of engagement in essential skills, accredited further education and hobby and leisure, Figure 22.

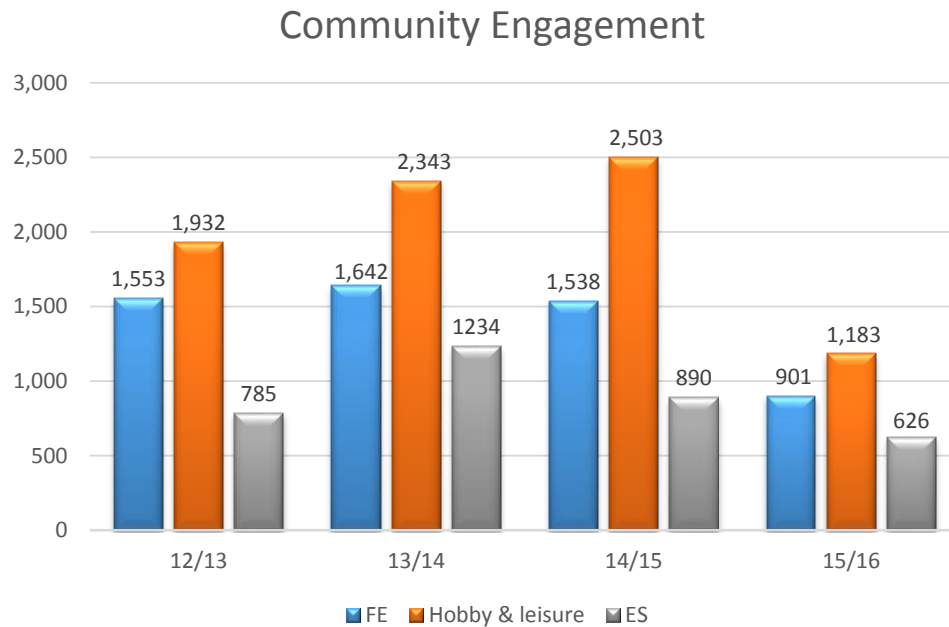


Figure 22

The College continues to be a leading player in the delivery of the regional Neighbourhood Renewal strategy and has been instrumental in the development of targeted projects to tackle social deprivation by providing innovative tailored training opportunities to meet the needs of marginalised groups and disadvantaged individuals. In 2015-16 seven DSD funded projects were delivered to residents living within the five Neighbourhood Renewal Areas (NRA) in Armagh, Brownlow, Lurgan, Newry and Portadown.

A total of 423 residents completed training through the NRA projects with 402 residents achieving a qualification. To date 49 residents have confirmed they have gained employment and a further 24 residents are continuing with their education. In addition 458 of our Schools Partnership pupils living in NRAs received mentoring support to help them with their studies.

The College has secured further DSD funding of £311k to continue six projects through to March 2017:

- **Three Training and Employment Opportunities Programmes (TOPs) (Craigavon, Newry & Armagh).**
 TOPs consists of three strands:
 - i. mentoring to pupils from local schools engaged in our SPP;
 - ii. additional targeted mentoring to young people progressing from SPP to full time Further Education and Training courses; and
 - iii. accredited training programmes to adults.
- **Oceans 16:** provides accredited training in Essential Skills as well as basic offshore safety induction and emergency training (BOSIET) enabling participants to secure employment in the emerging offshore oil and gas industry.

- **Enterprise Programme:** delivers bespoke entrepreneurial and self-employed business management training leading to the BTEC Level 2 Award in Enterprise Skills.
- **GROW:** provides accredited training for NRA residents to work towards the BTEC Level 2 Certificate in Horticultural Management. Personal development and assertiveness training will also be provided.

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

- **Transforming Learning Communities Programme:** This five year programme came to a close in January 2016. The programme engaged with 2,226 migrant workers and 616 individuals from the travelling community. The College is currently seeking additional funding support through the Big Lottery to continue work with these groups.
- **Prince's Countryside Fund (PCF):** A second PCF project was delivered in the 2015-16 year with a focus on Farm Safety. Participants attended Farm Safety talks and 110 participants achieved qualifications in First Aid, Quad Driving, Tractor Driving, Trailer towing and Safe Working in Agriculture. The PCF project led to a significant engagement with young members of the farming community. Further funding of £49,960 has been secured for a new project entitled Agriculture Sustaining Startup Enterprise Training (ASSET) for the 2016-17 year.
- **Into Work Training Support Scheme (IWTS):** The College has successfully managed and delivered the DEL funded IWTS scheme in conjunction with Jobs and Benefits Offices (JBO) to provide employer focused training programmes to the unemployed. To date the college has processed in excess of 700 referrals of which 363 participants completed training.

The continued fiscal pressures and uncertainty over Neighbourhood Renewal funding post April 2017 is likely to lead the College to further reducing the level of engagement across the community at all levels.

2. STRATEGIC AIM: AN EXCELLENT LEARNING EXPERIENCE FOR ALL

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

QUALITY AND PEDAGOGY

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

The College continues to have 'Organisation, Learning and Growth' at the centre of our business planning process and places significant importance in the development of our staff. The use of the Investors in People framework is a significant driver of the strategic and operational direction of Continuous Professional

Development (CPD) within the College. The relevance and impact of CPD is regularly reviewed with regard to the developing needs of staff, learners, and industry partners to provide a “relevant and meaningful curriculum portfolio”. During 2015-16 staff had the opportunity to undertake professional development in a number of areas including:

- Teaching Thinking Certificate - completed by 151 lecturing staff;
- Industry placements;
- Lecturers into Industry aligned to curriculum developments including project based learning;
- International best practice study visits for 20 staff;
- Project Based Learning including visits to Reading College and the Basque Country; and
- Technology Enhanced Learning – support for 12 staff.

The annual staff conference held on 17 August 2015 entitled, ‘Delivering a new system for Learning’, was used to launch the College’s new curriculum strategy and to set out our future role in the context of the DfE Further Education Strategy, ‘Further Education Means Success’. The curriculum strategy sets out an ambitious programme of work that aims to position the college to be able to respond to the findings of the skills barometer and the new system of learning for traineeships and apprenticeships. Three hundred and twenty five full and part time staff attended the conference with 97% of attendees agreeing that the conference was beneficial and relevant to their continuing professional development and understanding of the future role of further education.

Staff involved in the delivery of the higher apprenticeship in Applied Industrial Science have spearheaded the development of a blended learning solution. This blended learning model aims to provide learners with a more flexible and responsive mode of learning making use of technology including synchronous and asynchronous fora and virtual classrooms. The College plans to introduce blended learning solutions across a number of other higher level courses in Mechatronics, Computing, Childhood Studies and Health & Social Care. An ILT pedagogic framework was introduced during 2015-16 to enhance the digital capability of lecturing staff involved in developing blended learning solutions. Ulster University’s level 7 Postgraduate Certificate in Digital Learning was piloted with a total of 10 lecturers in 2015-16 and will be used with lecturers involved in developing new blended learning solutions over the next few years.

As part of the College’s commitment to widening participation, the College’s curriculum and student service teams further embedded elements of the Inclusive Curriculum Strategy to meet the diverse needs of those learners who experience barriers to learning. A further review of SLDD provision during 2015-16 has resulted in a plan to expand provision for students with moderate learning difficulties.

As part of the College’s Higher Education Widening Access Participation Plan, student bursaries were introduced to full time first year students from care backgrounds and low income families.

The College completed the delivery of the Performance Enhancement Programme (PEP) strand one, ‘Peer Learning’, with 18 lecturers from higher education programmes Health and Social Care, Travel and Tourism and Computing Science. This strand supports professional discussion and development by lecturers from across different curricular areas.

The College continues to be innovative and proactive in seeking the views of students. The online survey was used to seek the views of over 16,000 part time and full time students across all areas of the student life cycle including induction, teaching and learning, pastoral care and student services. The College had a 76% participation rate which was the highest of 109 colleges participating in the survey across the United Kingdom. Responses from students include:

- Higher Education - 97% agree that “Tutors encourage high standards of work”
- Further Education - 90% agree that “ My lecturers use different ways to help me learn”
- Work based training - 96% agree that “ Teaching on my course is good”

The College’s reputation as a leading college in international skills competitions was further enhanced following the selection of six of our students for the UK skills squad that will compete in the World Skills competition in Abu Dhabi in August 2017. Entering international skills competitions enables the College to benchmark the employability skills of its students and apprentices with those from around the world, ensuring more young people are being equipped with the right skills to help our local businesses better compete globally. WorldSkills is the pinnacle of skills excellence and development and the College is once again delighted to be leading the way at a global level and building on the tremendous success of our past apprentices including Gary Doyle who won the gold medal for Plumbing at the WorldSkills competition in Sao Paulo in Brazil in August 2015.

During 2015-16 the College introduced a major Project Based Learning (PBL) initiative, which will transform and improve the way in which our curriculum is delivered. Project based learning is defined as “a teaching method in which students gain knowledge and skills by working for an extended period of time to investigate and respond to a complex business related problem, project or challenge”. During 2015-16 PBL materials were developed for Level 3 programmes in the follow areas; Computing, Engineering, Media, Multimedia and Business and Finance.

During 2015-16, College processes were subject to a number of surveys, reviews and scrutiny inspections carried out by external bodies including the Education and Training Inspectorate (ETI), DfE FAST audit team, DfE evaluation of the Higher Level Apprenticeship programmes in Accountancy and Applied Industrial Science and awarding organisations. Additionally a series of internal audits were undertaken in curriculum planning and compliance by KPMG resulting in substantial assurance ratings. The outcomes reflect the College’s culture of innovation in teaching and learning excellence driven by high expectations across the six academic schools, support services and programme management.

In February 2016, the Education and Training Inspectorate (ETI) carried out a ‘scrutiny inspection’ to assess the effectiveness of self-evaluation and quality improvement planning within Southern Regional College. The outcome of this scrutiny inspection was ‘ETI has a ‘high degree of confidence in Southern Regional College’s self-evaluation and quality improvement planning processes’.

In November 2015 and March 2016, ETI carried out a longitudinal evaluation of the College’s arrangements to support the development of Youth Training pilot programmes at level 2, as part of the implementation of the Youth Training Strategy, ‘Generating our Success - The Northern Ireland Strategy for Youth Training’. The College received the highest performance level, namely ‘High level of capacity for sustained improvement’ in the curriculum areas of Business, Childcare, Construction and Information Technology.

In March 2016, ETI carried out an inspection of the School Essential Skills Project. The College attained a 'High level of capacity for sustained improvement'.

STUDENT SERVICES

CARE GUIDANCE AND SUPPORT

Arrangements for the care, guidance and support of learners, including the provision for pastoral care and additional learning support was graded as 'outstanding' following the ETI Survey inspection carried out in 2014. This standard was also reported after the ETI Scrutiny Inspection in March 2016. The inspection process highlighted the comprehensive safeguarding arrangements which are in place within the College.

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

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

CAREERS EDUCATION INFORMATION, ADVICE AND GUIDANCE

The Careers team support learners through a range of activities such as Induction, Central Registration, Higher Education applications (UCAS), Pre-Entry Advice and Guidance (PEAS) interviews and HE presentations. These activities enable students to develop their knowledge, understanding, skills and experience of the extensive range of career opportunities. It allows students to manage their career development, making informed choices, with successful transition into education, training and employment.

The Careers team, through effective working arrangements with Curriculum teams and other Student Service Departments, provide timely and quality advice to service users, through guiding them in choosing the best option suitable to their aspirations and individual needs. The Careers team work closely with a range of external stakeholders to ensure a high quality information, advice and guidance provision from pre-entry to exiting the College. This is provided at crucial times of the academic year including at Pre Enrolment and Advice Sessions (PEAS) and on exam results days.

The College's Careers Service successfully completed the comprehensive reassessment and achievement for the Matrix Quality Award for Information Advice and Guidance in June 2016. Following this reassessment, the College plans to progress its application for the Matrix Quality Award for Student Services. This standard demonstrates that the Careers team deliver a quality information, advice and guidance service to users in planning their career.

Through engagement with a range of external stakeholders, including the Disability Employment Service, the Careers Service has been able to assist students moving into supported employment and also transfer to supported programmes which catered for students' individual abilities. This work by the careers team

assisted students in overcoming barriers to progression and transitions resulting in positive outcomes for students.

LEARNING RESOURCES

The Learning Resource Centres (LRC) support teaching and learning across all subject areas in the College by providing a quality service that meets the information needs of staff and students, whether these are print-based, electronic or audio-visual. Services include:

- Learning resources in Moodle;
- A comprehensive study skills programme;
- A strong learner development programme including collaboration with partner HE institutions and,
- A comprehensive collection of e-resources to support teaching and learning.

LRC staff ensure that all users can easily access learning resources both electronic and non-electronic by providing 24/7 access to resources through the College's Virtual Learning Environment. LRC staff have established and continue to sustain national and international links with strategic information resources which facilitate research and learning techniques. The use of e-books continues to evolve with the College again ranked highly as one of the top 3 users of e-books in the Further and Higher Education Sector in the United Kingdom. The continued development of electronic resources, particularly e-books and the purchase of additional online database enhances embedded learning and contributes to the college's ILT strategy commitment of providing coordinated management of Learning Resources.

STUDENT ACTIVITIES

In 2015-16 the Student Activities team continued to meet the needs of all students. The Student Activities Coordinator has contributed significantly to the success of this area by structuring a comprehensive and relevant programme of Student Activities as well as developing strategies to respond to the challenges in meeting the diverse needs of students. The Student Activities Coordinator has also continued to engage with external stakeholders such as the Policing and Community Safety Partnership, the Southern Health and Social Care Trust, EA Youth Service and community groups to share expertise and resources as well as securing funding for a number of student events.

Following the deaths of four students during 2015-16 from road traffic accidents, the team organised a range of events to raise awareness of the dangers of road use. This included a high profile Road Safety Event at the Portadown Campus supported by the PSNI, Southern Health and Social Services Trust and Craigavon Policing and Community Safety Partnership.

The College's Graduate Intern programme provides an excellent signposting service for students. The interns work under the direction of the Student Activities Co-ordinator to provide a range of activities that support students' personal development, health and wellbeing and provide a sense of belonging to the wider student community.

LEARNING SUPPORT

Learning Support staff provided a wide range of pastoral and technical support and assistance to students with learning difficulties and disabilities. A total of 372 FE, 331 Discrete and 26 HE students were provided with additional support during the year. A Student Services Satisfaction Survey in June 2016 demonstrated a high level of satisfaction with the quality and level of additional support provided with a 90% satisfaction rating across all aspects of the service.

The College received in excess of £600k from the DfE Additional Support Fund (24% of the overall sector allocation). Learning Support invested £45k on new assistive technology equipment in order to promote and increase the use of enabling technologies. The HUB, located in Newry West Campus, was equipped with additional Assistive Technology which was used as a demonstration centre for both staff and students. The team will continue to promote the range of support services with students and to provide training for college staff.

Learning Support has established effective partnerships with a number of external agencies to create a more responsive and supportive transitioning service for young people joining the College.

MARKETING, COMMUNICATIONS AND STUDENT RECRUITMENT

In September 2015 the College received the internationally renowned A' Design Award for its new website. The A' Design Award is awarded by the International Council for Communication Design.

The Marketing, Communications and Student Recruitment team (MCR) used a range of media and tools to promote the education and training opportunities available at the College during the 2015-16 academic year. Our use of digital communications and social media continues to increase. The new website had 407,792 unique visitors in 2015-16 and in excess of 1.3m individual visits. The website is now fully mobile and tablet compliant with 31% of website views via these devices.

The use of social media continues to grow massively with over 8,800 active followers on the College's Facebook service, representing a 49% increase from 2014-15. The MCR team also launched its Twitter feed and currently has 1,171 followers. To further consolidate the growth in this market the MCR team aims to leverage the power of other social media channels such as Instagram and Snapchat in the new academic year.

A number of high profile events were hosted throughout the year. These included the Higher Education Graduation, the SPP awards and numerous other celebratory ceremonies to mark the achievements of students and staff. The Marketing Team promoted the College's curriculum offer at over 100 external events including schools careers talks, information evenings and at Saturday Information Days.

The MCR team have worked throughout the year with the curriculum management teams to promote apprenticeship opportunities offered by the College in conjunction with leading employers. The MCR team was instrumental in leading a 'Construction is Back' campaign in conjunction with a number of construction firms to highlight new and emerging job opportunities within the sector. A similar event was organised to promote apprenticeship opportunities in the local Quarry Services sector.

CAMPUS SERVICES

The Campus Services team were involved in a number of new projects and initiatives in collaboration with other sections within the College. These included the development of administrative processes to facilitate the student attendance payments for new Level 2 Youth Training Pilot and payments of the College's Higher Education Bursary.

Following a number of reviews e.g. Customer Relationships Improvement Plan and Pre-entry Advice process, a number of service improvements were implemented during the year. These included:

- Improved communications through increased use of emails/texts, website, social media, online web portal admission and student finance applications;
- Introduction of a dedicated call centre team in July 2016 to respond to student enquiries at pre-enrolment stages;
- Strengthening of the student finance service with the introduction of automated and online portal for processing Hardship and EMA payments;
- Continued development of automated admission/enrolment processes which delivered 99% of total applications submitted via the online portal;
- Improved approach to Pre Enrolment Advice Sessions (PEAS) for prospective students with major changes to delivery of PEAS;
- The safeguarding process involving Criminal Conviction Disclosure has been reviewed and enhanced processes were being developed in line with the NIACRO good practice guidelines.

INFORMATION LEARNING TECHNOLOGY

The College has continued to develop its use of the Moodle hosted virtual learning environment (VLE) and during 2015/16 upgraded from version 2.8 to 3.0 and this platform has provided further capabilities and technical enhancements for users.

There was a focus on knowledge and skills and a comprehensive ILT staff development framework has been brought forward in partnership with Ulster University. This will complement the development of Foundation degrees and Higher Level Apprenticeship blended delivery models where the information technology skills of lecturing staff will be fundamental to success.

The College has committed to the migration of a number of services (Microsoft Office and Sharepoint 2013) to a cloud environment through the implementation of the Microsoft Office 365 solution. Microsoft Lync remains a significant element of this overall programme of work. In addition mobile device access has been significantly enhanced by the implementation of further Wi-Fi coverage and the JISC Eduroam service.

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

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

3. STRATEGIC AIM: FLEXIBLE BUSINESS SOLUTIONS THAT IMPROVE COMPETITIVENESS AND PRODUCTIVITY

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

I3 BUSINESS ENGAGEMENT

i3 is the College's business support unit which aims to help companies of all sizes to innovate, compete and grow through the provision of a unique mix of technical and business know-how, skills development and research and development services. One of the unit's key objectives is to increase employer-college engagement to underpin, develop and strengthen innovative and flexible approaches to meeting current and future skills needs. The i3 team works with companies from across Northern Ireland, particularly in the southern region, as well as servicing business clients in the Republic of Ireland. i3 has strengthened the College's position as a primary provider of business support and knowledge transfer activity to local and regional business and industry.

KNOWLEDGE TRANSFER ACTIVITY

i3 continued to strengthen its Knowledge Transfer (KT) offering to industry. This was particularly evident with a 40% increase in the number of Innovation Voucher food related projects during the year. i3 successfully secured the College's position within the InterTradeIreland Fusion programme when it was named top performing FE college on the programme over the previous 4 year period.

The key programmes delivered during 2015-16 include:

- **IntertradeIreland's Fusion programme:** The College's engagement with IntertradeIreland's FUSION programme continues to increase year on year. 11 projects were initiated and a further 3 projects were completed during the year. Of these 5 projects were in Engineering and 5 projects were in IT. The College commenced delivery of its first ever Food Fusion project in January 2016 with a second food project secured in May 2016.
- **Innovation Voucher Scheme:** 20 Innovation Vouchers were secured during 2015-16, 3 of which were secured with cross border clients through Enterprise Ireland. 16 vouchers were completed in-year with the remaining 4 projects due to be completed in the early part of 2016-17. Some examples of projects delivered include: mobility product development; food product development in preparation for wholesale market; development of therapeutic play dough; development of gluten free beef products; development of digital interactive visitor experiences; research into components for potential Thermoelectric Generator and drawings for manufacture and production.

- **Employer Support Programme:** 56 projects were secured with 53 projects completed during the year. College performance on this programme in year proved to be more challenging with outputs impacted as a result of changes introduced in the approval process by the funders. However some examples of projects delivered include 3D Design using Solidworks, Manufacturing Process Improvement, Materials Specification Development, ICT Product Development, Digital Technologies, Food Product Development and Food Manufacturing Processes.

TRAINING AND UPSKILLING PROGRAMMES

Work in this area was facilitated by the introduction of the new DfE funded customised training programme 'Skills Focus'. i3 also secured another two projects under Assured Skills funding as well as a Bridge to Employment programme in bespoke Welding

Some examples of i3 training provision include:

- **Skills Focus:** 52 projects were delivered in 2015-16 to companies including Mc Mullen Facades, Primacy Meats, Uluru, Canal Court Hotel, Whistledown Hotel, Kennedy Fitzgerald, McAdam Design, Gregory Architects, Isherwood and Ellis, Careplus, Peninsula Care. Qualifications delivered included L5 Digital Collaboration in Construction; L2 Award in Digital Marketing; L3 NVQ Heritage Stone; L3 Food Safety; L3 Health & Social Care; ILM L3 Award in First Line Management; ILM L4 Award in Leadership and Management.
- **Full Cost Recovery:** i3 secured 62 full cost recovery training contracts to 17 companies. Clients included Norbrook, McGees, NACCO Materials Handling, Moy Park, Mindwise, Carepoint, Elliot Trainor Partnership, NIP Pharma, APS Autoparts, and Alan Milne Tractors. The majority of this provision was bespoke with some clients opting for qualifications including L3 NVQ in Business Administration, L2 CIEH Food Safety, and L1 Principles in Manual Handling.
- **Assured Skills:** In partnership with DfE and local employer, Eishtec, the College delivered a second 3-week programme to potential Eishtec employees entailing a unit from Edexcel L2 Award in Contact Centre Operations. The College was also involved in a Gaming Academy, partnering with SWC, NRC, DfE and NI Screen. Both academies had excellent retention and achievement rates with 89% success for Eishtec and 100% success for the Gaming Academy. i3 and the School of Creative Design and Computing is now liaising with other sector partners on a potential Data Analytics Academy for 2016-17.
- **Bridge to Employment:** In collaboration with DfE and local engineering business CCL, i3 together with the School of Construction and Engineering designed and delivered a bespoke 4-week Welding programme under the Department's Bridge to Employment programme. The participants were taken through bespoke sessions on ARC, MIG and TIG Welding as well as a basic introduction to Solidworks. There was 100% retention rate and all participants successfully completed the programme with 50% gaining employment with CCL.

- **Higher Level Apprenticeship (HLA):** in order to address the growing demand in this area, i3 dedicated a full-time resource with a sole focus of employer engagement to inform the development of HLAs. There were 10 employer events delivered in 2015-16 with 5 new cohorts due to start in September 2016 in the areas of Applied Industrial Science, Accountancy, Mechatronics and Digital Marketing. Initial development work also took place for HLAs in Financial Services, Computing Infrastructure and a L3 Apprenticeship in Gold Construction Product Engineering.

EXTERNAL ENGAGEMENTS

In order to strengthen the i3 brand and increase the unit's profile across industry, two new Client Relationship Executive (CRE) posts were established in the new i3 structure. The i3 team organised a number of employer networking events including:

- An Intellectual Property and Innovation event held in Banbridge in September 2015 to raise awareness of i3's Knowledge Transfer and Innovation services. Attended by employers across a number of industry sectors;
- CE Marking event for Engineering firms held in Portadown campus, January 2016;
- BIM – Common Data Environment event held in UU, Jordanstown, February 2016;
- HLA Mechatronics Employer event, Portadown campus, February 2016;
- "Tech Tourism Reality" event held in Greenshoots, February 2016;
- HLA employer event for Digital Marketing, March 2016;
- General Apprenticeship Opportunities event, Newry West, April 2016;
- Motor Vehicle Apprenticeship event, Armagh campus, May 2016;
- "Wearables and iBeacons" technology event, Greenshoots, June 2016;
- Financial Services HLA event, Newry West, June 2016;
- Accountancy HLA event, Newry, June 2016; and
- Regular Tourism clusters and events throughout 2015-16.

The i3 team also attended a number of networking events to raise the profile of the centre. i3 staff were asked to present/exhibit at a number of these events including:

- Invest NI Innovation event in Belfast, November 2015;
- National Manufacturing and Supply Chain Conference, Dublin, January 2016;
- Research and Innovation Conference, Dublin, March 2016;
- Cross Border Tourism Conference, Carlingford, April 2016;
- The Business of Food Event, CIDO, June 2016;
- Irish Quality Food Awards, Dublin, June 2016; and
- Numerous NI Chamber events throughout 2015-16.

The team also maintained strong links with relevant agencies and stakeholders throughout the year including Invest NI, InterTradeIreland, local Councils, Enterprise Agencies, DEL Employer Skills Branch, Queen's University, Ulster University, Camden BRI, ACBCBC Agri-Food Forum, Royal Society of Ulster Architects (RSUA) and the CITB.

i3 Business Support Engagement 2010-16						
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
No. companies	672	645	927	580	523	513
Full cost recovery income	£188k	£186k	£215k	£182k	£118k	£54k
Other income	£2,543k	£1,278k	£720k*	£884k*	£900k*	£810k*

Table 3 * excluding i3 Apprenticeship and associated income

4. STRATEGIC AIM: COMMITTED PEOPLE AND ORGANISATION

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

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

The College also supported individual requests for professional development including supporting staff through teacher training (PGCE FE), professional and higher level course as well as job related training. The College is developing, in partnership with Ulster University, a Post Graduate Certificate in Digital Learning with some 10 staff participating in a pilot programme. The College also provides a bespoke introductory teaching and learning development programme for part-time lecturers which includes new and innovative pedagogic strategies that can be applied in the classroom environment.

Following the successful Investors in People (IIP) re-accreditation the College is now developing its strategy and plans to continue its people and organisation development journey using the new IIP framework (Gen6).

The College Human Resources and Development department continues to support the wider staff complement in managing and supporting staff in accordance with the College's staff absence management policy. The staff attendance rate for 2015-16 was 96.4% against a target of 96.0%.

5. STRATEGIC AIM: EFFECTIVE GOVERNANCE AND STRATEGIC MANAGEMENT

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

During 2015-16 the Executive Team led by the Chief Executive monitored and reviewed financial performance on an ongoing basis through detailed monthly operational reports and adjusted the operating strategy and budget as required throughout the academic year. The Finance and General Purposes Committee of the Governing Body received regular financial reports detailing actual and budgeted figures together with variance analysis and commentary. In addition the Finance and General Purposes Committee received other reports on governance and financial management matters including procurement activity, business cases, updates on policies and progress against delivery targets. In addition the Governing Body received a full update on the College's financial position and progress against delivery targets at each meeting throughout the academic year.

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

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

6. STRATEGIC AIM: MODERN FIT FOR PURPOSE COLLEGE ESTATE

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

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

During the course of 2015-16 the Estates Project Board and the Capital Projects Steering Group met on a regular basis to provide governance with significant progress being made in the delivery of the projects including:

- The appointment of the Integrated Consultants Team (ICT) was completed in August 2015;
- A Projects Director was appointed, on secondment from the Strategic Investment Board, in September 2015;
- The feasibility report was completed and the preferred options for each site determined;
- The concept designs for each of the three new build projects were completed and approved by the Project Board;
- The planning pre application discussion (PAD) process was progressed for all three sites;
- The projects successfully underwent a Gate 2 Gateway Review; and
- The Planning Application Notice (PAN) and Planning Application Community Consultation (PACC) processes were completed for the Armagh and Banbridge sites.

The College's programme of refurbishment and enhancements across campuses was scaled back in comparison to previous years and was largely restricted to sites that are not identified within the outline business case for new build projects. This included refurbishment of the back corridor at the Newry West campus, repairs to the roof at the Newry East campus and work on replacing boilers at the Newry Greenbank campus.

7. STRATEGIC AIM: INTERNATIONAL LINKS

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

The College strategy is to ensure that all students benefit from exciting learning experiences that will not only enable them to achieve relevant professional and technical qualifications but also avail of opportunities to grow personally and socially so they can survive and thrive in the new global society.

In 2015-16, the External Funding and International Affairs Team (EFIAT) secured EU funding of €307,560 under ERASMUS+ VET which enables 150 students and 30 staff to undertake meaningful mobility placements across Europe. The team were also successful in securing €28,060 under ERASMUS+ HE funding for 14 staff and 7 HE students, an increase of 50% from 2014-15. In addition the EFIAT were awarded €27,420 for an International Credit Mobility (ICM) Project, partnering with Messiah College in Pennsylvania.

In addition, the College hosted 52 staff and 23 students from across Europe:

- 6 students from Decroly in Spain;
- 20 staff from Vienna, Austria;
- 2 staff from Santander, Spain;
- 2 staff from San Sebastian, Spain
- 14 students and 14 staff from Bavaria, Germany;
- 3 students from Lausanne, Switzerland;
- 4 staff from Granada, Spain; and
- 10 staff from the Netherlands.

The College is the largest provider of Erasmus mobility placements in the further education sector.

During 2015-16 the College sent 40 students and 29 staff on mobility placements to Spain, Germany, Switzerland, the Netherlands, Denmark and Malta. Plans are already in place to facilitate 220 students and 38 staff to undertake EU placements in 2016-17. The College is awaiting the outcome from 3 Erasmus+ KA2 applications that were submitted in 2015-16.

The College is one of only three colleges across the UK and the only one in N. Ireland to be awarded the prestigious VET Mobility Charter.

FINANCIAL OBJECTIVES

The primary College financial objectives flow from the overarching strategic aim of effective governance and financial management which states our intention to strengthen governance and financial management, maximise funding and ensure the deployment of financial resources in the most efficient and effective way to support the College's strategic direction. In addition the strategic aim to provide a modern fit for purpose estate has its primary focus on the delivery of the three new build campuses and represents another important financial objective. The more detailed financial objectives are articulated in the College Development Plan and the Balanced Scorecards used at College, Directorate and operational levels.

The College's key financial objectives can be summarized as:

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

The financial objectives are concerned with ensuring the College continues to be financially viable and sustainable and that it operates high standards of corporate governance in the conduct of its business. The financial climate remains challenging across the public sector with continued constraints on funding. The College budget for 2016-17 has been developed taking account of this challenging backdrop and will support the delivery of the College's strategic aims as well as a wide range of more detailed objectives that have been developed around a number of themes, including curriculum planning, economic engagement, community engagement, school partnership, additional learning needs, information and learning technology and a range of corporate support functions.

PERFORMANCE INDICATORS

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

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

Information on other Key Performance Indicators are set out in preceding sections of this report.

FINANCIAL POSITION

FINANCIAL RESULTS

This is the first year the Southern Regional College financial statements have been prepared in line with the new Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS102). This has resulted in some revised formats to statements the detail of which is set out in the financial statements and accompanying notes.

The College consolidates the results of Greenshoots-Newry Limited, a company limited by guarantee, as the College exercises dominant influence over the company. Greenshoots-Newry Limited provides a supportive environment for pre-start, start up and existing businesses to reside and grow. The Southern Regional College's Annual Report and Financial Statements incorporate the activities of Greenshoots–Newry Limited and shows the consolidated position of the College. As at 31 July 2016 Greenshoots–Newry Limited transferred its assets to Southern Regional College and ceased trading.

The financial position for the year ended 31 July 2016 showed a consolidated operating surplus for the year of £0.40m compared to a restated deficit for 2014-15 of £1.41m.

Overall income decreased on the previous year by £1.19m with expenditure in 2015-16 also decreased by £3.02m from 2014-15. Income and expenditure figures include amounts for restructuring costs associated with the Voluntary Exit Scheme in both 2015-16 and 2014-15. Overall the financial performance shows an improved position against the College Development Plan and reflects a number of revisions to income and expenditure lines effected through the quarterly monitoring process.

Indices, provided by Land and Property Services, were applied to the College's Land and Buildings to provide valuations at 31 July 2016. This resulted in an increase in the Group's net book value on 31 July 2016 of £2.62m. The total net book value of Land and Buildings, excluding work in progress at 31 July 2016 is £51.19m, in addition work in progress totaled £1.74m.

The College has significant reliance on the Department for the Economy (DfE) as its principal funding source, largely from recurrent grants. In 2015-16 62.4% of the College's total income, adjusted for restructuring costs, was provided through allocated recurrent grant.

RESERVES

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

New arrangements for the management of reserves were introduced by the Department following reclassification of colleges as Non-Departmental Public Bodies. Under these arrangements reserves are now effectively managed at a sector level through an End of Year Flexibility (EYF) mechanism.

The College, with the agreement of the Department, has committed £8m of reserves to the delivery of the new build estates projects. In this regard College reserves will form a crucial element of the funding stream that will enable the delivery of the estates strategy and help contribute towards the level of investment that is required in the Southern Regional College infrastructure.

The Group has total net assets of £58.58m and cash, cash equivalents and investments of £18.06m as at 31st July 2016. The College is holding a higher than normal level of reserves but this is committed to supporting investment in the estates projects. Consequently the level of reserves is expected to reduce significantly in line with the delivery programme for the new build projects.

TREASURY POLICIES AND OBJECTIVES

TREASURY MANAGEMENT

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

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

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

○ Bank of Ireland	-	£2.04m
○ Santander	-	£4.55m
○ Danske Bank	-	£5.58m
○ Ulster Bank	-	£2.66m
- All bank accounts operated by the College are approved by the Finance and General Purposes Committee;
- All College cash and deposits received are lodged and held in the approved bank accounts;

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

CASH FLOWS AND LIQUIDITY

Cash inflow for the year was £1.57m. The net cash inflow was due to a number of factors including an increase in higher education tuition fees, additional funding for pressures such as pension costs and lower than anticipated expenditure.

The level of investments, cash and cash equivalents has contributed to a strong financial position for the College. Consequently, the College does not have any borrowings, long term loans or financing.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

The College development plan for the three year period 2015–18 sets out the strategic priorities for Southern Regional College together with the actions that will be taken to support the achievement of the underpinning business objectives. The plan sets out the main areas of work to be undertaken over the next three years in supporting economic development, enhancing social cohesion and advancing the individual skills and learning of the local community. Progress against each of the strategic objectives was set out previously.

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

This section of the Annual Report provides a synopsis of some of the key developments planned by the College over the next three years as well as information on performance against targets in 2015-16.

STUDENT NUMBERS

A summary of performance in respect of student enrolment and Funding Learning Unit (FLU) targets for 2015-16 is shown in **Table 4**.

2015-16	Targets		Performance		
	Enrols	FLU	Enrols	FLU	
Further Education	Full Time	3,315	4,906	3,027	4,465
	Part Time	6,673	919	8,011	1,136
	Total	9,988	5,825	11,038	5,601
Essential Skills	<20	2,320	301	1,741	235
	>20	677	88	1,297	155
	Total	2,997	389	3,038	390
Higher Education	Full Time	565	875	576	914
	Part Time	1,198	411	1,207	393
	Total	1,763	1,286	1,783	1,307

Table 4

The FLU delivery target set by DfE for 2015-16 was 7,500 compared to a target of 7,898 in 2014-15 (5% reduction). This reduced target was reflective of the budget position and an expectation the College could not continue to deliver to the same level as in previous years. The College exceeded its targets for essential skills, part time further education and higher education, however it did not achieve the target set for full time further education. The level of delivery for the period 2009-16 is shown in **Table 5**.

FLU Delivery	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Actual delivery	8,791	8,372	8,071	8,095	7,942	7,808	7,300
FLU budget allocation	7,518	7,966	7,721	7,685	7,831	7,770	7,501
Over /(under) delivery	1,273	406	350	410	111	38	-201
Over /(under) delivery as % of resource allocation	16.9%	5.2%	4.5%	5.3%	1.4%	0.5%	-2.7%
£ block grant	£25,561,200	£27,084,400	£26,096,041	£26,129,000	£26,624,174	£26,416,525	£25,503,400
Over /(Under) delivery (£)	£4,328,200	£1,380,400	£1,190,000	£1,394,000	£377,400	£129,200	-£686,800

Table 5

LEARNER RETENTION AND ACHIEVEMENT 2015

A summary of the College's performance for the 2015-16 academic year is shown in Table 6.

Overall retention rates for Further and Higher Education courses either met or exceeded target with the exception of full time further education (88.2%). Student withdrawal on full time level 2 courses was recorded at 17% of the total student intake.

Retention and success rates on Essential Skills provision was also above target recorded at 87.4% and 77.8% respectively.

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

Further and Higher Education							
	Targets 2015-16			Performance 2015-16			
	Mode	Ret.	Ach.	Success	Ret.	Ach.	Success
Higher Education	Full-time	95.0%	91.0%	86.5%	96.2%	100%	96.2%
	Part time	92.0%	90.0%	82.8%	92.5%	88.3%	81.6%
Further Education	Full-time	90.0%	88.0%	79.2%	88.2%	97.5%	85.9%
	Part time	90.0%	88.0%	79.2%	91.9%	90.0%	82.7%
Essential Skills	Part time	85.0%	77.0%	65.5%	87.4%	89.0%	77.8%

Table 6 (Source NICIS)

SCHOOLS' PARTNERSHIP PROGRAMME

The total enrolment for the SPP (excluding essential skills project) dropped to 3,313 compared to 3,521 in 2014-15. The performance across all areas and all levels of the SPP was excellent with retention figures in excess of 98% and an overall achievement rate of 95.1%, (**See Table 7**).

Schools' Partnership Provision				
	Enrolment	Retention	Achievement	Success
2011-12	4,146	99.1%	96.7%	95.8%
2012-13	4,194	99.2%	95.1%	94.4%
2013-14	3,841	99.5%	94.0%	93.6%
2014-15	3,521	99.1%	95.3%	94.5%
2015-16	3,313*	98.9%	95.1%	94.1%

Table 7

*excludes the essential skills sector project enrolments

STUDENT ACHIEVEMENTS

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

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

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

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

During the 2015-16 academic year:

- A' Level student, Alexander Gillanders was selected for an intensive two week placement to the United Space School in Houston, USA.
- Former student, Gary Doyle, received a British Empire Medal (BEM). The 21 year old plumbing apprentice, triumphed at the global skills competition WorldSkills Sao Paulo 2015, and has been crowned the 'Best Plumber in the World'.
- Adele Loughran, a Foundation Degree in Science in Computing and Network Systems student was awarded Southern Regional College's prestigious Rooney Fellowship Award for 2016-17.
- SRC Music students won 1st place in two categories, Best Cover Band and Best Live Electronics, at the Music Skills NI Competition. Aaron Todd, Joe Girvin, Mickey Fearon, Paul Loughran and Tabitha Agnew
- William Callahan, a Performing Arts student at Newry Campus, won Gold in the Stand Up Comedian category at NI Performing Arts Inter College Competition.
- SRC's Modern Group Drama came first with their performance of "One Flew Over the Cuckoo's Nest" at NI Performing Arts Inter College Competition. (Kouroosh Abolfazlian, David Boyle, Ethan Braniff, William Callahan, Marta Ciprian, Joseph Downey, Conor Doyle, Bethany Hudson, Rebecca Keenan, Eimear Loughran, Kevin Maguire, Jamie McComiskey, Anthony McKeown, Clodagh Quinn, Emma Rickard, James Michael Taaffe, Julie-Anne Taaffe, Rebecca Wilson, Niamh McManus and Conor Bradley)
- Ryan Tully from Rathfriland, was named as Finalist at the Apprentice of the Year Awards.

- SRC students won an outstanding 4 gold, 4 silver and 1 bronze award at the SkillBuild Regional Finals.
Gold: Christopher Jeffrey, Richard Shannon, Tyler Elliott and Daniel McBurney
Silver: Thomas Fegan, Cailum McArdle, Gary Knight and David Markey
Bronze: Richard Nicholson
- Kieran Magee was awarded the prestigious Montgomery Award for Wall and Floor Tiling. He also won Gold in Wall and Floor Tiling at Worldskills UK finals.
- Jody Seed was crowned KNORR Student Chef of the Year 2016. Jody also received Gold Medal at IFEX Competition.
- Six students and two former students have made it onto the Squad UK for WorldSkills Abu Dhabi 2017.
Gary Doyle, Gold in Plumbing
Kieran Magee, Michael Skora, Armondus Tamulis, Aine Devlin, Jenny Smyth, Gavin Rice, Jordan Mark and Jordan Jeffers (all finalists)
- SRC's Volleyball team defeated reigning champions Campbell College to win the NI Schools Volleyball Final. Leigh Crooks, Jordan Dillon, Samuel Haugh, Sidenei Tavares, Ashley Hall, Dan McKimm, Mark McKitterick, Jonny Nicholson, Ryan Ballentine, Jamie Courtney, Ryan Walker, Krystian Felinczak and Mathieu Outhwaite.
- SRC students were awarded 7 gold medals, 10 silver medals, 4 bronze medals and 3 Certificates of Merit at the IFEX Competition.
Gold: Abby Ross, Andrej Zak, Dudley Pankhurst, Hazel Woods, Jody Seed, Keith Campbell and Peter Trouto
Silver: Brendan McCabe, Conor Larkin, Emma McAlerney, Glen Traynor, Jenny Aiken, Justyna Gadek, Kirsty Henry, Micheal O'Reilly, Peter Trouton and Sam Canning
Bronze: Andrew Stewart, Cathal Crossan, Christopher Fitzpatrick and Violet McNeill
- IFEX Certificate of Merit winners: Andrius Zubernis, Diane Watt and Jody Seed
- Glen Traynor won the Northern Ireland Food Service Student of the Year 2016 and Cathal Crossan was the runner up for Northern Ireland Chef Student of the Year 2016.
- Stephanie Allen won the prestigious NI Travel News Travel Student of the Year Award at the NI Travel & Tourism Awards.
- SRC students scooped 3 out of the 4 grand prizes at the BEST Awards, organised by Colleges NI and linked to the development of Science, Technology, Engineering and Maths. First places: Dermot Savage, Amy Anderson and Nadine Gollogly
- Over 500 students from local high schools celebrated their success at awards ceremonies for students participating on the School Partnership Programme (SPP) at Southern Regional College.
- Darrell McCaughey was awarded a coveted Medal for Excellence by City & Guilds, recognising his outstanding achievement in producing exceptional work for the Level 5 Diploma in Children's Care, Learning and Development (Management).

- Conor Wallace, a Foundation Degree in Sport, Exercise and Fitness student at Newry Campus, has won the biggest boxing prize in his career by winning the All-Ireland Intermediate Middleweight Championship.
- Butchery student Michael Helliwell received the Lord Graham Endeavour Award at the Institute of Meat Awards at the Tallow Chandlers Hall in London.
- Nuala Quinn and Carol Murphy, both students on the Pearson BTEC Level 3 Award in Education and Training, won awards from the Credit Union for the Most Prestigious Exemplar Teaching Materials.
- James Gracey, a Level 3 Butchery Apprentice, was crowned the winner of the Butchery NI Worldskills heat and hopes to go through to the UK Worldskills Final.
- Craig Hamilton and Laura McAleenan, both students on the Level 3 Foundation Diploma in Art and Design course in Newry, were named among the 10 semi-finalists in the Young Designer of the Year competition run by Wedding Journal magazine.

CURRICULUM DEVELOPMENTS

The Southern Regional College is a main provider of professional and technical education and training and plays a primary role in raising the skill levels across the region it serves. The College has a strong reputation within Northern Ireland for curriculum innovation and delivery. The College provides a range of courses spanning essential skills, professional, technical and academic programs from entry-level through to level six and also hobby and leisure provision. The removal of FLU subsidy to support hobby and leisure provision has led to a reduction in this area of work however, the college continues to offer such provision as part of its social inclusion agenda. Despite the continuing financial challenges ahead, the College will prioritise resources to deliver the following:

- The new curriculum strategy ‘Delivering a New System of Learning’, launched in August 2015 sets out our future developments and priorities including our response to embedding the new youth training and apprenticeship strategies;

The College will seek to ensure that the education and training portfolio it offers remains relevant and meaningful to the future workforce and that the supply of skills is aligned with market demand. This will be informed by the DfE Skills Barometer. There will be a particular emphasis on upskilling and reskilling the existing workforce at level 2 and above, on delivery of the youth training system at level 2 and new apprenticeships at level 3 and above;

- Project Based Learning will be further embedded across all professional and technical programmes of study thus improving the connectivity between our curriculum and business and industry.
- The College will continue to strengthen business engagement through the i3 initiative and the Business Support Unit and will further develop the range of services and interventions for local SMEs and micro businesses with a view to improving business productivity, growth and competitiveness in the regional and Northern Ireland economy;

- The College will continue to prioritise resources to ensure that all school leavers (post GCSE) have the opportunity to undertake a full time programme of education or training;
- The College will continue to prioritise resources to support science, technology, engineering and mathematics and creative design as part of the wider curriculum offer;
- New and flexible delivery strategies will be developed for Essential Skills with the aim of enabling adults to improve their overall quality of life, their personal development and employment opportunities;
- The development of a pilot Higher Education Centre in partnership with the Ulster University remains a priority and will be further explored in the context of the future estates needs within Newry;
- Community engagements promoting community cohesion and enhancing social inclusion through relevant education and training and strengthening partnership arrangements with schools based on longer term commitments across the four Area Learning Communities will remain as a priority over the next three years for the College; and
- The physical environment through which curriculum and training is delivered will be greatly enhanced through the provision of new campus facilities planned for Armagh, Banbridge and Craigavon.

FUTURE DEVELOPMENTS

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

Work based training and apprenticeship delivery represents another important source of income. The current contracts to support the delivery of apprenticeships and training for success are due to end in March

2017 to be replaced by a new system of youth training at level 2 and apprenticeships at level 3. It is anticipated that the College will continue to be a primary player in supporting the delivery of the new system of learning from September 2017. College development plans reflect the significance of the transition required to meet the challenges in introducing the new system.

The implementation of the Estates Strategy remains a major priority and indeed a challenge for the College moving forward over the coming years. The outline business case for investment in new campus buildings in the Armagh, Banbridge and Craigavon areas was approved in 2013-14. The integrated consultant design team has now been appointed. In addition, a Projects Director has been seconded from the Strategic Investment Board and significant progress has been made on the design of all three projects. It is anticipated that planning approval will be progressed for all three build projects during the new academic year. The College is also keen to set out its future estates plans for the development and consolidation of campuses in Newry City.

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

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

The College is committed to working with the Department for the Economy and other colleges in implementing the programme of work set out as part of the new strategy, 'Further Education Means Success'. The College will continue to improve the efficiency and effectiveness of business processes and to maximise the opportunities through collaboration and use of shared services.

PAYMENT PERFORMANCE

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires the College, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the accounting period 1 August 2015 to 31 July 2016, the College paid 98% (92%, 2014-15) of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

The Northern Ireland Executive is committed to paying suppliers as quickly as possible, within 10 working days. During the accounting period 1 August 2015 to 31 July 2016, the College paid 69% (66%, 2014-15) of its invoices within 10 days.

POST BALANCE SHEET EVENTS

In the period between the end of the reporting year (31 July 2016) and the date when the financial statements are authorised for issue (16 November 2016) the College has identified a contingent liability. The contingent liability is disclosed in Note 25 and refers to a funding claim made to the European

Commission by the Department for the Economy relating to Programme Led Apprenticeships in the financial years 2010-11, 2011-12, 2012-13, 2013-14 & 2014-15.

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

GOING CONCERN

The Southern Regional College is satisfied that the organization 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 been considered appropriate to adopt a going concern basis for the preparation of the financial statements.

RESOURCES

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

ESTATE

The Group estate includes the following campus buildings and land:

Campus	Net Book Value at 31 st July 2016
	£000
Armagh College Hill and Lonsdale Campus	6,293
Armagh, Station Rd Complex	300
Armagh, Lisanally Campus	4,428
Banbridge Campus	3,611
Banbridge Factory Site	275
Lurgan Campus	5,042
Newry East Campus	9,083
Newry West Campus	8,028
Newry Corry Square Campus	125
Newry Model Campus	1,091
Newry Greenbank Campus	2,486
Greenshoots - Newry Ltd	774
Kilkeel Campus	652
Portadown Campus	9,000

Table 8

FINANCIAL

The consolidated net assets at 31 July 2016 were £58.58m (including £10.96m pension liability). There was no long term debt at 31 July 2016.

PEOPLE

The average number of people employed by the College during 2015-16 was 887 (equating to 620.25 FTE staff of whom 320 FTE were teaching staff). The College undertakes active management of sickness absence through a number of established processes including sickness absence monitoring, review meetings and occupational health referrals. Sickness absence for the College was recorded at 3.64% or 9.69 days per FTE (based on FTE and work pattern analysis) for 2015-16 compared to 3.79% or 10.30 days per FTE in 2014/15.

Southern Regional College has participated in the Voluntary Exit Scheme (VES) that was approved for colleges of Further and Higher Education in Northern Ireland. This resulted in 65 staff (59 FTE) leaving the College during 2015-16 and this is reflected in the FTE figures. A further 6 members of staff are due to leave under VES in 2016-17.

REPUTATION

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

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

The principal risk facing the College, as it moves into a new financial year, relates to the uncertainty that surrounds BREXIT and the College will work closely with the Department for the Economy to monitor the situation and to develop mitigating actions and strategies and to assess the impacts and implications as information becomes available.

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

Summary of Corporate Risks:	Commentary:
Financial viability and optimisation of College resources:	<ul style="list-style-type: none"> • Management of delegated budgets and regular financial reporting to the Chief Executive, Finance and General Purposes Committee and DfE took place in-year. • Significant focus on emerging income streams, achievement of FLU targets, traineeship and apprenticeship enrolments and implementation of the second phase of the Voluntary Exit Scheme (VES).
Positive Reputation of the College:	<ul style="list-style-type: none"> • Pro-active approach to marketing activities and ensuring effective communication strategies to promote programmes and courses. • Positive coverage of student achievements and successes. • Communication and consultation events to provide information on the new build Estates Projects. • Assessment of the impact of reduced resources on curriculum development and delivery.
Non Compliance with Policies, Procedures and Statutory Requirements, Safe working environment and Health and Safety Legislation:	<ul style="list-style-type: none"> • Review of health and safety to develop a framework for achieving best practice. • Review of assessment practice policy and procedures, including document retention. • Programme of estates works.
Effectiveness of the Delivery of Education and Training:	<ul style="list-style-type: none"> • Delivery of curriculum strategy and plan. • Whole College Quality Improvement Plan and Self Evaluation Review. • Review of Pre-Enrolment and Admissions (PEAs) processes. • External quality assurance (ETI, QAA, and Awarding Bodies) and Internal Teaching Controls (Internal Verification, Course Folder Review, KPIs and School Reviews, Student Surveys). • School Balanced Scorecards and an Employee Development Programme are in place.

Effectiveness of Core ICT Infrastructure and Related Services:	<ul style="list-style-type: none"> • Core ICT systems and networks including the Northern Ireland College Information System (NICIS) and the Joint Academic NETWORK (JANET) provided through the Joint Information Systems Committee (JISC). • Monitoring of network performance, firewalls and antivirus counter measures. • Established back-up processes and procedures and ongoing training and development of staff. • Business Continuity and Disaster Recovery arrangements are in place.
Integrity of College Information:	<ul style="list-style-type: none"> • Key data and information policies are in place (Data Protection, FOI, and Network Security) and are reviewed in line with the policy review schedule. • Established processes for capturing, recording and managing information (students, staff, Management) with extensive use of ICT systems. • User id and user access controls, firewalls, backup procedures, contingency arrangements in place as well as physical security – (locked cabinets, store rooms).
Impacts and Implications of Reclassification of FE Sector:	<ul style="list-style-type: none"> • Engagement with the Department regarding the impacts and implications of operating as a Non-Departmental Public Body (NDPB) following ONS reclassification.
Long Term Strategic Planning to Support Engagement between Schools and Colleges:	<ul style="list-style-type: none"> • Proactive engagement with a range of stakeholders to help inform strategic direction and planning. • Active engagement with schools through the Schools Partnership Programme and the Area Learning Communities to build commitment to delivering on the Entitlement Framework.
Effectiveness of Quality Assurance and Improvement Processes:	<ul style="list-style-type: none"> • Established quality assurance and improvement processes including Internal Verification, Course Folder Review, KPIs and School Reviews, Student Surveys. • External review through ETI, QAA, Awarding Bodies, Internal Audit and External Audit. • Establishment of a Quality Audit and Compliance Unit.
Effectiveness of Governance and Risk Management Processes:	<ul style="list-style-type: none"> • Risk management policy and procedure. • Code of Conduct for Governing Body members. • Committee structure, Articles and Instruments of Government, an effective system of risk registers, health-check reporting and internal and external audit reporting. • Estates Projects Gate 2 Gateway Review.

Table 9

STAKEHOLDER RELATIONSHIPS

The College has a number of important stakeholders including:

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

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

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

EQUAL OPPORTUNITIES AND EMPLOYMENT OF DISABLED PERSONS

By virtue of Section 75 of the Northern Ireland Act 1998 the Southern Regional College in carrying out all its functions, powers and duties as required having due regard to the need to promote equality of opportunity between:

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

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

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

DISABILITY STATEMENT

The Disability Discrimination Act 1995 (the DDA) as amended by the Disability Discrimination Act 1995 (Amendment) Regulations (Northern Ireland) 2004, the Disability Discrimination (Transport Vehicles) Regulations 2005, the Disability Discrimination (Northern Ireland) Order 2006, the Special Educational Needs and Disability (Northern Ireland) Order 2005 (SENDO) and the Special Educational Needs and Disability (Northern Ireland) Order 2005 (Amendment) (Further and Higher Education) Regulations (Northern Ireland) 2006 provides protection for disabled persons against discrimination on the grounds of disability. The College is committed to meeting its obligations as set down in the legislation. The College's Learning Support Policy sets out the commitment to learners with a learning difficulty and/or disability. The College seeks to encourage learners to disclose a learning difficulty and/or disability and to ensure that such learners are protected from discrimination and have equal access, where reasonable, to the full range of College facilities and services.

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

- the Southern Regional College Website has been designed to meet Level AA of the Web Content Accessibility Guidelines and we aim to achieve Level AAA conformance wherever possible;
- provision of Pre Enrolment Advice Support for students with a disability;
- initial pre-entry assessments by the College's Team of Learning Support Coordinators (LSC) are carried out following disclosure by the student prior to commencing their course to ensure that support measures are in place in advance of a learner beginning his/her programme of study;
- an Individual Support Plan, outlining human and technical support was drawn up for each student by the LSC and forwarded to course coordinators following individual needs assessment and receipt of documentary evidence;
- an Individual Support Plan, outlining human and technical support was drawn up for each student by the LSC and implemented on commencement of course and receipt of documentary evidence;
- continuous review of the College's estate and engagement with students, staff and external agencies to identify and resolve any issues of accessibility;
- publication of an accessibility guide for potential users of our buildings;

- access by the Learning Support Team to a range of assistive technology that is deployed to learners as required;
- publication of the College Admissions Policy for all students on the College website and in all prospectuses;
- use of the DEL Additional Support Funding to provide direct learning support;
- counselling and welfare services were promoted across a range of College communication mediums; and
- engagement with a range of stakeholders to ensure anticipatory and accessibility requirements are fully addressed in the design of the new build projects.

The College continues to hold the following charter marks:

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

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

PERSONAL DATA RELATED INCIDENTS

No personal data related incidents occurred during the year.

CHARITABLE AND TAXATION STATUS

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

CHARITABLE/POLITICAL DONATIONS

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

PROFESSIONAL ADVISERS	
External Auditors	Northern Ireland Audit Office, 106 University Street, Belfast, BT7 1EU
Internal Auditors	KPMG, 17 College Square East, Belfast, BT1 6DH
Bankers	Bank of Ireland, 4-8 High Street, Belfast, BT1 2BA Danske Bank, 58 Hill Street, Newry, BT34 1BD Ulster Bank, Lisburn Business Centre, 18 Bow Street, Lisburn, BT28 1YZ Santander UK plc, 301 St Vincent Street, Glasgow, G2 5HN
Solicitors	Carson McDowell, Murray House, Murray Street, Belfast, BT1 6DN J Blair Employment Solicitors, 106 Malone Avenue, Belfast, BT9 6ES

Table 10

SOUTHERN REGIONAL COLLEGE
 STRATEGIC REPORT (Continued)
 FOR THE YEAR ENDED 31 JULY 2016

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

Governing Body Membership for 2015-16 Year					
Name	Date of Appointment	Term of Office	Date Resigned	Status of Appointment	Committees served
Scott Alexander	01/08/2015	31/07/2019		Member Member	Staffing Gov Body
Plunkett Campbell	03/04/2016	02/04/2017		Member Member	Education Gov Body
Teresa Campbell	20/02/2013	19/02/2017		Chair Member (co-optee)	Finance Gov Body
Arder Carson	20/02/2013	19/02/2017		Chair Member (co-optee)	Audit Gov Body
Sinead Challinor (1)	01/08/2015	31/07/2019	02/05/2016	Member Member Member	Education Staffing Gov Body
Brian Doran	28/01/2008			Accounting Officer & Chief Executive	Education Finance Staffing Gov Body
Gordon Gough	01/08/2015	31/07/2019		Chair Member	Education Gov Body
Aidan McCormick	01/08/2015	31/07/2019		Member Member Member	Audit Education Gov Body
Sylvia McRoberts (2)	03/04/2012	02/04/2016		Member Member Member	Staffing Audit Gov Body
John Nugent	01/08/2015	31/07/2019		Member Member Member	Audit Staffing Gov Body
Gregory O'Hare	01/08/2015	31/07/2019		Member Member Member	Audit Education Gov Body
Tom Redmond	01/10/2015	30/09/2019		Member Member	Finance Gov Body
Andrew Saunders	01/08/2015	31/07/2019		Chair Member Member	Gov Body Education Audit
Jordon Smith	01/10/2015	30/09/2016		Student Member Member	Gov Body Education
Kieran Swail	16/11/2015	15/11/2019		Staff Member Member	Finance Gov Body
Judith Thompson	01/08/2015	31/07/2019		Member Member	Finance Gov Body
Matthew Turner	16/11/2015	15/11/2019		Staff Member Member	Education Gov Body
Kenneth Twyble	03/04/2016	02/04/2017		Member Member	Finance Gov Body
Nicola Wilson (3)	01/08/2012	31/07/2016		Chair Member	Staffing Gov Body
Eileen Wright, OBE (2)	03/04/2012	02/04/2016		Chair Member Member Member	Staffing Audit Education Gov Body


Table 11


SOUTHERN REGIONAL COLLEGE
STRATEGIC REPORT (Continued)
FOR THE YEAR ENDED 31 JULY 2016

Notes:

- (1) Sinead Challinor resigned from the Governing Body on 2 May 2016;
- (2) Represents those Governors who came to the end of their term on the date indicated above. New Governors appointed from 3 April 2016;
- (3) Governing Body members due to reach the end of their term of office.

For and on behalf of the members of the Governing Body


Mr Andrew Saunders (Chairman)


Date

REMUNERATION POLICY

MEMBERS OF THE GOVERNING BODY

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

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

The remuneration of Governing Body members (excluding staff members who did not receive any remuneration during 2015/16) 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 Chairperson, receives pension contribution from the College or the Department. The college also reimburses Governing Body members for any incidental expenses incurred for carrying out their duties relevant to the organisation.

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

Name	Salary 2015-16 £'000	Benefits in kind 2015-16 £'000	Pension Benefits 2015-16 £'000	Total 2015-16 £'000	Salary 2014-15 £'000	Benefits in kind 2014-15 £'000	Pension Benefits 2014-15 £'000	Total 2014-15 £'000
Scott Alexander Member	0-5	0	0	0-5	N/A	N/A	N/A	N/A
Plunkett Campbell Member	0-5	0	0	0-5	N/A	N/A	N/A	N/A
Teresa Campbell Member	0-5	0	0	0-5	N/A	N/A	N/A	N/A
Arder Carson Member	0-5	0	0	0-5	N/A	N/A	N/A	N/A
Sinead Challinor Member	0-5	0	0	0-5	N/A	N/A	N/A	N/A
Gordon Gough Member	0-5	0	0	0-5	N/A	N/A	N/A	N/A
Aidan McCormick Member	0-5	0	0	0-5	N/A	N/A	N/A	N/A
Sylvia McRoberts Member	0-5	0	0	0-5	N/A	N/A	N/A	N/A
John Nugent Member	0-5	0	0	0-5	N/A	N/A	N/A	N/A
Gregory O'Hare Member	0-5	0	0	0-5	N/A	N/A	N/A	N/A
Thomas Redmond Member	0-5	0	0	0-5	N/A	N/A	N/A	N/A
Andrew Saunders Chairman	10-15	0	0	10-15	N/A	N/A	N/A	N/A
Jordon Smith Member (Student)	0-5	0	0	0-5	N/A	N/A	N/A	N/A

SOUTHERN REGIONAL COLLEGE
 REMUNERATION REPORT (Continued)

Name	Salary 2015-16	Benefits in kind 2015-16	Pension Benefits 2015-16	Total 2015-16	Salary 2014-15	Benefits in kind 2014-15	Pension Benefits 2014-15	Total 2014-15
Judith Thompson Member	0-5	0	0	0-5	N/A	N/A	N/A	N/A
Kenneth Twyble Member	0-5	0	0	0-5	N/A	N/A	N/A	N/A
Nicola Wilson Member	0-5	0	0	0-5	N/A	N/A	N/A	N/A
Eileen Wright OBE Member	0-5	0	0	0-5	N/A	N/A	N/A	N/A

Table 12

THE CHIEF EXECUTIVE AND SECOND TIER OFFICERS (SENIOR STAFF)

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

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

MINIMUM PAY LEVELS

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

PROGRESSION

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

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

PERFORMANCE PAY

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

SOUTHERN REGIONAL COLLEGE
REMUNERATION REPORT (Continued)

TOTAL REWARD PACKAGE

Senior staff within the College have access to the Northern Ireland Teachers' Pension Scheme (NITPS). Senior staff posts are based on 36 hours per week and post holders have access to the College employment related policies including, Maternity Leave Scheme, Paternity Leave Scheme and Adoption Leave Scheme and flexible working arrangements.

All senior staff have 35 days holiday entitlement and a further twelve statutory and public holidays as recognised by the sector.

EMPLOYMENT CONTRACTS

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

SALARY AND PENSION ENTITLEMENTS (AUDITED)

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

Name	Salary 2015-16 £'000	Benefits in kind 2015-16 £'000	Pension Benefits 2015-16 £'000	Total 2015-16 £'000	Salary 2014-15 £'000	Benefits in kind 2014-15 £'000	Pension Benefits 2014-15 £'000	Total 2014-15 £'000
Brian Doran Chief Executive	110-115	0	20-25	130-135	110-115	£0	26-30	140-145
Jim O'Hagan Director	80-85	0	15-20	100-105	80-85	£0	16-20	100-105
Gerard Devlin Director	80-85	0	25-30	110-115	80-85	£0	16-20	96-100
John Quinn Director Left 31/3/2016	55-60 (80-85 full year equiv.)	0	10-15	65-70	80-85	0	21-25	106-110
Raymond Sloan Director – from 01/04/2016	25-30 (75-80 full year equiv.)	0	10- 15	35 -40	N/A	N/A	N/A	N/A

Table 13

	2015-16 £'000	2014-15 £'000
Band of highest paid directors total remuneration	110-115	110-115
Median total remuneration	25,408	25,940
Ratio*	4.4	4.3

Table 14

SOUTHERN REGIONAL COLLEGE
REMUNERATION REPORT (Continued)

- Brian Doran was appointed as Chief Executive on 1 January 2008. Prior to this, he was Deputy Director from 01/08/07 until 31/12/07. Pre merger Mr Doran held the position of Acting Director for Newry and Kilkeel Institute.
- Jim O’Hagan was appointed as Director of Finance and Corporate Services on 16 April 2009.
- Gerard Devlin took up the post of Director of Curriculum on 16 September 2011.
- Raymond Sloan was appointed Director of Clients Services on 01 April 2016.

SALARY

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

BENEFITS IN KIND

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

PENSION ENTITLEMENTS (AUDITED)

Name	Accrued pension at pension age as at 31/7/15 and related lump sum	Real increase in pension and related lump sum at pension age	Value of CETV at 31/07/15	Value of CETV at 31/07/14	Real increase in CETV during year
	£’000	£’000	£’000	£’000	£’000
Brian Doran (Chief Executive)	40-45 plus lump sum of 125-129	1.5-2 plus lump sum of 4-5	863	790	73
Jim O’Hagan (Director)	10-15 plus lump sum of £0	1-1.5 plus lump sum of £0	128	109	19
Gerard Devlin (Director)	25-30 plus lump sum of 85-90	1.5-2 plus lump sum of 5-5.5	621	557	64
Raymond Sloan (Director) Appointed 01/04/2016	25-30 plus lump sum of 35-40	2-2.5 plus lump sum of 3-3.5	321	N/A	N/A

Table 15

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 were externally funded and contracted out of the State Earnings-Related Pension Scheme (SERPS) until 31 March 2016.

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

SOUTHERN REGIONAL COLLEGE REMUNERATION REPORT (Continued)

quinquennial valuations using a prospective benefit method. The NITPS is a multi employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The NITPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

ENHANCED PENSIONS

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

CASH EQUIVALENT TRANSFER VALUES

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

REAL INCREASE IN CETV

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

SOUTHERN REGIONAL COLLEGE
STATEMENT OF THE RESPONSIBILITIES OF THE GOVERNING BODY
FOR THE YEAR ENDED 31 JULY 2016

GOVERNING BODY STATEMENT OF RESPONSIBILITIES

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

In addition the Governing Body within the terms and conditions of the Financial Memorandum agreed between the Department for Employment and Learning (the Department) and the Governing Body of the College, the Governing Body through its chairman, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the College and the result for that year.

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

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

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

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

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

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

Approved by order of the Governing Body members 16th November 2016 and signed on its behalf by:

A.P.S.L.
Mr Andrew Saunders (Chairman)

16/11/16.
Date

INTRODUCTION

This Statement of Corporate Governance and Internal Control sets out the governance structures, risk management system and the internal control procedures that operated within the Southern Regional College during the financial year ended 31 July 2016 and up to the date of approval of the Annual Report and Accounts.

It describes the manner in which the College has complied with guidance from the Department of Finance (DoF) and the Department for the Economy, (DfE) and is aimed at supporting better governance and driving more consistent, coherent and transparent reporting.

GOVERNANCE FRAMEWORK

The Southern Regional College is a Non-Departmental Public Body within the budget responsibility and ambit of the Department for the Economy and is an incorporated body whose legal status derives from the Further Education (Northern Ireland) Order 1997. The College operates within a strong framework of regulation, including an instrument of government, articles of government and a management statement and financial memorandum. In terms of governance, all other documents are subordinate to the Further Education (Northern Ireland) Order 1997 and subject to its provisions.

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

CORPORATE GOVERNANCE AND REGISTER OF INTERESTS

The Southern Regional College takes cognizance of and complies with a range guidance and best practice including:

- Managing Public Money (Northern Ireland);
- Department for the Economy and Department of Finance guidance including the Guide for Governors of Further Education Colleges;
- The Nolan Principles; and
- Good Governance Standards and codes of practice for public services.

A register of interests is maintained and conflicts of interest, or potential conflicts of interest, are declared and recorded by Chairs of Committees and other meetings.

GOVERNING BODY

The College's Governing Body comprises members appointed by the Minister for the Economy (previously the Minister for Employment and Learning), members nominated by the Education Authority, staff and students of the College, the Chief Executive Officer (CEO) and members co-opted by the Governing Body. The role of the Chairman of the Governing Body is separate and distinct from the role of the Chief Executive who is the designated Accounting Officer of the College. The Governing Body is responsible for the ongoing strategic direction of the College whilst the Chief Executive and the Executive Team are responsible for the operational management of the College. The Governing Body approves all major developments and receives regular reports on the activities of the College and its subsidiary company. The Governing Body met seven times during the 2015-16 year and is supported by a number of committees, including the Staffing Committee, Finance and General Purposes Committee, Education Committee and the Audit Committee. All of these committees are formally constituted with terms of reference and comprise mainly members of the Governing Body.

Minutes of Governing Body meetings are available from the secretary of the Governing Body or on the College website. The secretary to the Governing Body maintains a register of financial and personal interests for the Governing Body members and this is also available for inspection. The business of the Governing Body is formally planned and agendas, papers and reports are supplied to members in a timely manner. Members receive payment in line with guidance from the Department on the arrangements for payment of Governing Body Chairs and Members.

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

AUDIT COMMITTEE

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

The Committee met four times during the 2015-16 year to discuss reports from the External and Internal Auditors and the relevant responses. The College's Internal Auditors and External Auditors were represented at all Audit Committee meetings. The Committee also receives and considers any reports from the Department for the Economy (previously the Department for Employment and Learning) and reviews the annual financial statements to ensure compliance with legislation and accounting standards. Whilst Executive Officers and other officials attend meetings of the Audit Committee as necessary, they are not members of the Committee. The Committee can meet with both the internal and external auditors on their own for independent discussions

FINANCE AND GENERAL PURPOSES COMMITTEE

The Finance and General Purposes Committee has oversight of all matters relating to the finance and accounts of the College and the receipt of its income and expenditure. The main business of the Finance and General Purposes Committee is to monitor, determine and advise the Governing Body on the College's solvency, recommend for approval the annual estimate of income and expenditure, and monitor performance in relation to the approved budget. During 2015-16 the Committee also considered updates on the Estates projects, reports on Health and Safety, business cases for approval, and a number of policies including the fees policy and the annual schedule of fees. The Committee also considers other matters as the Governing Body may from time to time remit to it. The Committee met five times during the 2015-16 year.

STAFFING COMMITTEE

The Staffing Committee is responsible for dealing with issues in relation to the recruitment, appointment, promotion and grading of all staff, other than senior management. Over the course of the year the work of the Committee also included receiving the annual key performance indicator report, monitoring the delivery of the Employee Development plan, approving a new plan for the following year and receiving an update on Investors In People (IIP). The Committee met three times during 2015-16.

EDUCATION COMMITTEE

The Education Committee is responsible for overseeing the curricular provision of the College, especially the nature, quality and performance of the provision and the extent to which it meets the needs of the community the College seeks to serve. In particular it considers the impact of strategic proposals, the broader educational environment and current and topical issues that have the potential to impact on educational, vocational and curricular provision. The Committee met four times during the 2015-16 year.

GOVERNING BODY PERFORMANCE AND EFFECTIVENESS

It is a requirement of the Department for the Economy to assess the performance of each member of the Governing Body on an annual basis and this process is ongoing for the 2015-16 financial year. In addition each Committee of the Governing Body undertakes an annual process of self evaluation and a review of performance and effectiveness, including the quality of information received and presents a report to the Governing Body for consideration.

A schedule of membership and attendance at Governing Body and Committee meetings for the 2015-16 year is shown in the table below. In total there were twenty three meetings of the Governing Body and its various sub committees during 2015-16. Average attendance recorded at Governing Body meetings during 2015-16, excluding staff and student representatives was 72.3% (65.8% for 2014-15

SOUTHERN REGIONAL COLLEGE
 STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (Continued)
 FOR THE YEAR ENDED 31 JULY 2016

	Governing Body	Audit Committee	Education Committee	Staffing Committee	Finance and General Purposes Committee
No. of meetings held:	7	4	4	3	5
Scott Alexander	7	-	-	3	-
Plunkett Campbell	2	-	1	-	-
Teresa Campbell	3	-	-	-	5
Arder Carson	3	4	-	-	-
Sinead Challinor	3	-	2	1	-
Brian Doran (Chief Executive)	7	3	4	3	5
Gordon Gough	4	-	4	-	-
Aidan McCormick	7	1	4	-	-
Sylvia McRoberts	2	1	-	0	-
John Nugent	7	4	-	2	-
Gregory O'Hare	5	-	3	-	-
Tom Redmond	5	-	-	-	5
Andrew Saunders (Chair)	7	1	3	-	-
Jordan Smith (Student Representative)	5	-	3	-	-
Eileen Stewart	-	-	-	-	-
Kieran Swail (Support Staff Representative)	4	-	-	-	3
Judith Thompson	3	-	-	-	4
Matthew Turner (Teaching Staff Representative)	2	-	3	-	-
Kenneth Twyble	1	-	-	-	1
Nicola Wilson	2	-	-	1	-
Eileen Wright	5	3	1	2	-

Table 16

In conclusion the Governing Body and Committees of the Southern Regional College met regularly and conducted business effectively during 2015-16.

CHIEF EXECUTIVE AND ACCOUNTING OFFICER AND THE SENIOR MANAGEMENT TEAM

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

The Chief Executive is the designated Accounting Officer of the College and has responsibility for maintaining a sound system of internal control and risk management that supports the College's aims and objectives set by the Governing Body, whilst safeguarding the public funds and College assets for which he is personally responsible, in accordance with the responsibilities assigned to him in Managing Public Money Northern Ireland. In his capacity as Accounting Officer he can be summoned to appear before the Public Accounts Committee of the Northern Ireland Assembly.

RISK MANAGEMENT AND THE SYSTEM OF INTERNAL CONTROL

There is an ongoing process for identifying the principal risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. This process has been in place and has operated for the year ended 31 July 2016.

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

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

SOUTHERN REGIONAL COLLEGE
 STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (Continued)
 FOR THE YEAR ENDED 31 JULY 2016

- The College has a Risk Management policy that is reviewed and updated on a regular basis.

The key risks monitored and managed through the Corporate Risk Register during 2015-16 included:

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

In addition risks relating to the effective delivery of the new build estates projects were monitored and managed through the Estates Project Risk Register.

The most significant emerging risks relate to longer term financial sustainability in the context of wider public sector finances, uncertainty linked to BREXIT and maintaining progress in respect of the delivery of the new build Estates Projects.

Internal Audit is a key element that contributes to the effectiveness of risk management, control and governance processes within the College. In line with Public Sector Internal Audit Standards (PSIAS) a three year Internal Audit Strategy is in place and flowing from this the Internal Audit Operational Plan for 2015-16 saw the completion of a programme of work that provided positive assurance in nine areas. A summary of the internal audit work and the assurance ratings for each is included below:

Internal Audit Operational Plan and Assurance Ratings 2015-16	
<i>Area Reviewed:</i>	<i>Assurance Rating</i>
Core Financial Review – Bank and Cash	Satisfactory
Core Financial Review – Month End Close Procedures	Substantial
Financial Planning and Budgeting	Substantial
Payroll (including Travel and Subsistence)	Substantial
Procurement	Substantial
Complaints Handling	Substantial
Curriculum Planning	Substantial
Governance Over Subsidiary Company	Deferred

Table 17

SOUTHERN REGIONAL COLLEGE
 STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (Continued)
 FOR THE YEAR ENDED 31 JULY 2016

Follow-up reviews conducted during 2015-16 indicated continued good progress with regard to implementing outstanding recommendations. The status of Internal Audit recommendations is set out in the table below and shows that only two priority 3 recommendations remained outstanding.

Progress in Respect of Internal Audit Recommendations 2015-16				
	Priority 1	Priority 2	Priority 3	Total
Recommendations brought forward from prior year reviews	-	-	2	2
Prior year recommendations addresses / superseded as at 8 September 2016	-	-	(2)	(2)
Total prior year issues requiring further attention	-	-	-	-
New recommendations raised in 2015-16 as at 8 September 2015	-	1	2	3
Current year issues which have already been addressed	-	(1)	-	(1)
Recommendation carried forward to be addressed as at 8 September 2016	-	-	2	2

Table 18

Based on the work performed during 2015-16 Internal Audit has provided a substantial assurance over the internal control environment at Southern Regional College as at the year end.

ASSURANCE STATEMENTS

Southern Regional College provides a mid-year and an annual assurance statement to the Department.

INFORMATION ASSURANCE

Effective information security is a key priority for the College and it recognises that appropriate principles of information security must be applied to the information it holds. A framework has been established including policies and procedures which identify key roles and responsibilities and the monitoring and reporting processes to be followed. Processes and controls over information are regularly reviewed to ensure compliance with best practice. There were no incidents reported during 2015-16 where access to personal data did not comply with Data Protection requirements.

FRAUD REPORTING

The College has a detailed Anti-Fraud Policy and Fraud Response Plan which is revised and updated on a regular basis. The Anti-Fraud Policy and Fraud Response Plan sets out the definition of fraud, details the

SOUTHERN REGIONAL COLLEGE
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (Continued)
FOR THE YEAR ENDED 31 JULY 2016

responsibilities regarding the prevention of fraud and highlights the procedures to be followed in the event of a fraud being detected or suspected. The Anti-Fraud Policy is included as mandatory training for all staff.

The College reports all suspected or detected frauds to the Department for the Economy in line with Appendix C (Section 3) of the 'Management Statement and Financial Memorandum issued to Further Education Colleges'. During 2015-16 the College had three instances of suspected or detected fraud.

WHISTLEBLOWING

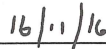
The College has a Whistleblowing Policy which is revised and updated on a regular basis. The Policy provides individuals with a process to facilitate the reporting of concerns and suspected wrongdoing within the College and highlights the protection afforded to those who disclose concerns under the Public Interest Disclosure (NI) Order 1998. The Whistleblowing Policy is included as mandatory training for all staff. During 2015-16 the College had one incident reported under the Whistleblowing Policy. The matter was investigated but no evidence was found to support the allegation made, however a number of policy and practice issues were highlighted that resulted in a series of improvements being made and a report was provided to the Audit Committee.

SIGNIFICANT GOVERNANCE ISSUES

The review of the effectiveness of the systems and processes that comprise the governance framework demonstrates that governance arrangements within Southern Regional College are operating effectively. There are no significant internal control or non compliance issues to report in respect of the 2015-16 financial year.



Accounting Officer



Date

SOUTHERN REGIONAL COLLEGE

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

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

Respective responsibilities of the Governing Body and auditor

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

Scope of the audit of the financial statements

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

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of Southern Regional College's affairs as at 31 July 2016 and of its surplus for the year then ended; and
- the financial statements have been properly prepared in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008 and

the Department for the Economy (formerly Department for Employment and Learning) directions issued thereunder.

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.



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

21 November 2016

SOUTHERN REGIONAL COLLEGE
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2016

	Notes	2016	2015
		£'000	£'000
INCOME			
Department for the Economy / Department for Employment and Learning income	1	29,451	29,461
Education contracts	2	6,063	6,604
Tuition fees and charges	3	2,576	2,157
Other grant income	4	1,136	858
Other operating income	5	1,531	727
Investment income	6	138	123
Total income		40,895	39,930
EXPENDITURE			
Staff costs	7	(23,993)	(25,957)
Other operating expenses	9	(12,966)	(12,258)
Depreciation	12	(3,384)	(2,852)
Interest and other finance costs	10	(125)	(262)
Total expenditure		(40,468)	(41,329)
Surplus/(deficit) before exceptional items		427	(1,399)
Exceptional DfE/DEL grant – voluntary exit scheme	1	538	2,689
Exceptional staff costs - fundamental restructuring	7	(538)	(2,695)
Total exceptional items		0	(6)
Surplus/(deficit) before other gains/losses and share of operating surplus/deficit of joint ventures and associates		427	(1,405)
Surplus/(deficit) before tax		427	(1,405)
Taxation	11	(24)	(3)
Surplus/(deficit) for the year		403	(1,408)
Unrealised surplus/(deficit) on revaluation of land and buildings		2,616	(6,149)
Actuarial (loss)/gain in respect of pension scheme		(6,349)	3,929
Total comprehensive income/(expenditure) for the year		(3,330)	(3,628)
Represented by:			
Restricted comprehensive income/(expenditure) for the year		-	405
Unrestricted comprehensive income/(expenditure) for the year		(3,330)	(4,033)
		(3,330)	(3,628)

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

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

SOUTHERN REGIONAL COLLEGE
CONSOLIDATED STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 JULY 2016


GROUP

	Income and expenditure account				Revaluation Reserve	Total
	Unrestricted (excluding Pension)	Pension Reserve	Unrestricted (including Pension)	Restricted		
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2014	17,678	(7,136)	10,542	-	54,999	65,541
Surplus/(deficit) from Statement of Comprehensive Income/(Expenditure)	(881)	(932)	(1,813)	405	-	(1,408)
Other comprehensive income/(expenditure)	-	3,929	3,929	-	(6,149)	(2,220)
Transfers between revaluation and income and expenditure account	1,991	-	1,991	-	(1,991)	-
Release of restricted funds spent in year	-	-	-	-	-	-
Balance at 1 August 2015	18,788	(4,139)	14,649	405	46,859	61,913
Surplus/(deficit) from Statement of Comprehensive Income/(Expenditure)	875	(472)	403	-	-	403
Other comprehensive income/(expenditure)	-	(6,349)	(6,349)	-	2,616	(3,733)
Transfers between revaluation and income and expenditure account	2,158	-	2,158	-	(2,158)	-
Release of restricted funds spent in year	-	-	-	-	-	-
Total comprehensive income/(expenditure) for the year	3,033	(6,821)	(3,788)	-	458	(3,330)
Balance at 31 July 2016	21,821	(10,960)	10,861	405	47,317	58,583

SOUTHERN REGIONAL COLLEGE
BALANCE SHEET
AS AT 31 JULY 2016

	Notes	Group 2016 £'000	College 2016 £'000	Group 2015 £'000	College 2015 £'000
Non current assets					
Tangible fixed assets	12	54,234	54,234	53,500	52,823
Other receivables falling due after more than one year	13	-	-	-	180
Current assets					
Trade and other receivables	14	2,825	2,825	5,244	5,226
Investments		14,836	14,836	12,802	12,802
Cash and cash equivalents		3,227	3,146	1,654	1,576
Total current assets		20,888	20,807	19,700	19,604
Less: Creditors – amounts falling due within one year	15	(3,388)	(3,450)	(5,350)	(5,323)
Net current assets		17,500	17,357	14,350	14,281
Total assets less current liabilities		71,734	71,591	67,850	67,284
Less: Creditors – amounts falling after more than one year	16	(2,191)	(2,191)	(1,798)	(1,238)
Provisions:					
Pension provisions	17	(10,960)	(10,960)	(4,139)	(4,139)
Net assets including pension liability		58,583	58,440	61,913	61,907
Restricted reserves					
Income and expenditure account – restricted reserve	18	405	405	405	405
Unrestricted reserves					
Income and expenditure account – unrestricted reserves (excluding pension reserve)		21,821	21,678	18,788	18,822
Pension reserve		(10,960)	(10,960)	(4,139)	(4,139)
Income and expenditure account – unrestricted reserves (including pension reserve)		10,861	10,718	14,649	14,683
Revaluation reserve		47,317	47,317	46,859	46,819
Total reserves		58,583	58,440	61,913	61,907

The financial statements on pages 73-108 were approved by the Governing Body of Southern Regional College on 16th November 2016 and were signed on its behalf on that date by:


Mr A Saunders
Chair of Governing Body


Mr B Doran
Accounting Officer

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

SOUTHERN REGIONAL COLLEGE
CONSOLIDATED CASH FLOW STATEMENT
FOR YEAR ENDED 31 JULY 2016

	Notes	2016 £'000	2015 £'000
Cash inflow/(outflow) from operating activities			
Surplus/(deficit) for the year		403	(1,408)
Adjustment for non-cash items			
Depreciation	12	3,384	2,852
Decrease/(increase) in debtors	14	2,419	(2,632)
(Decrease)/increase in creditors less than one year	15	(1,962)	2,418
Increase/(decrease) in creditors more than one year	16	393	483
Pension cost less contributions payable	20	347	670
Pension interest cost	20	125	262
Adjustment for investing or financing activities			
Investment income	6	(138)	(123)
		<hr/>	<hr/>
Net cash inflow from operating activities		4,971	2,522
Cash flows from investing activities			
Disposal of non-current asset investments		-	2,000
Investment income	6	138	123
Increase in investments		(2,034)	(3,062)
Payments made to acquire fixed assets	12	(1,502)	(1,587)
		<hr/>	<hr/>
		(3,398)	(2,526)
Cash inflows from financing activities			
Interest paid		-	-
		<hr/>	<hr/>
Increase/(decrease) in cash and cash equivalents in the year		1,573	(4)
Net funds at 1 August		<hr/> 1,654	<hr/> 1,658
Net funds at 31 July		<hr/> 3,227	<hr/> 1,654

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.

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 and Group is a public benefit entity and has therefore applied the relevant public benefit entity requirements for FRS 102. The financial statements conform to the Accounts Direction issued by the Department for the Economy (DfE).

TRANSITION TO THE 2015 FE HE SORP

This is the first year that the accounts have been prepared under the 2015 SORP and FRS 102. Some of the FRS 102 recognition, management, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the College has amended certain accounting policies to comply with FRS 102 and the 2015 FE HE SORP. Details of changes arising due to the transition are included at note 29.

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

The application of first time adoption allows certain exemptions from the full requirements of FRS 102 and the 2015 FE HE SORP in the transition period. Paragraph 35.10(d) allows first time adopters to use a previous GAAP valuation for tangible fixed assets and use this value as its deemed cost at the date of transition. This exemption has been taken.

BASIS OF ACCOUNTING

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

GOING CONCERN

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

The College currently has no borrowings. The College's forecasts and financial projections indicate that it will not require any borrowings for the foreseeable future. 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 the going concern basis for the preparation of these financial statements.

BASIS OF CONSOLIDATION

The consolidated financial statements include the College and its subsidiary, Greenshoots-Newry Limited. At 31 July 2016 Greenshoots-Newry Limited ceased trading and all assets transferred to the College. Intra-group sales and profits are eliminated fully on consolidation. All financial statements are made up to 31 July 2016.

RECOGNITION OF INCOME

GOVERNMENT GRANTS [ACCRUALS MODEL]

The recurrent grant and other revenue grants received from DfE/DEL (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.

CAPITAL GRANTS (NON LAND GRANTS) [ACCRUALS MODEL]

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

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

CAPITAL GRANTS (LAND) [PERFORMANCE MODEL]

Capital grants (land) are recognised on income when the College is entitled to the funds subject to any performance related conditions being met.

DONATIONS AND ENDOWMENTS

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

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

PENSION SCHEME

The two principal pension schemes for the College's staff are the Northern Ireland Teacher's Pension Scheme (NITPS) and the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) defined benefit schemes, which are externally funded and contracted out of the State Earnings-Related Pension Scheme until 31st March 2016.

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

NILGOSC is a defined benefit scheme which is externally funded and contracted out of the second state Pension Scheme until 31st March 2016. The Funds are valued every three years by actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. Pension costs are assessed on the basis of the latest actuarial valuations of the schemes and are accounted for on the basis of charging the cost of providing pensions over the period during which the college benefits from the employees' services. Variations from regular cost are spread over the expected average remaining working lifetime of members of the schemes after making allowances for future withdrawals.

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

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

TANGIBLE FIXED ASSETS

LAND AND BUILDINGS

Land and buildings (including those inherited from the Education and Library Board) are stated in the balance sheet at valuation on the basis of depreciated replacement cost (inclusive of non-recoverable VAT), as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis. Properties which are surplus to requirements are valued on the basis of market value. Land and buildings acquired since the last valuation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College as advised by the Land and Property Services. Where land and buildings are acquired with the aid of specific grants, these are accounted for in accordance with the revenue recognition policies above.

ASSETS UNDER CONSTRUCTION

Assets under construction were accounted for at cost based on the value of architects' certificate and other direct costs, incurred to 31 July 2016. 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 statement of consolidated income and expenditure in the period of acquisition. Assets other than land and buildings inherited from the Education and Library Board are included in the balance sheet at valuation. All other assets are capitalised at cost.

These assets are depreciated as follows:

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

Where these assets are acquired with the aid of specific grants these are accounted for in accordance with the revenue recognition policies above.

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 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.

INVESTMENT PROPERTY

Fixed asset investments are measured at fair value with any changes in fair value being recognised immediately in the Statement of Comprehensive Income and Expenditure.

FOREIGN CURRENCY TRANSLATION

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

TAXATION

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

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

INVESTMENTS

Investments include sums on short term deposits with major UK financial institutions regulated by the Financial Conduct Authority and Prudential Regulation Authority.

CASH AND CASH EQUIVALENTS

Cash includes cash in hand, deposits payable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. Investments would only be included in this total where the period of deposit is less than three months.

PROVISIONS

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

AGENCY ARRANGEMENTS

The College acts as an agent in the collection and payment of Hardship Funds. Related payments received from DfE/DEL and subsequent disbursements to students are excluded from the Statement of Comprehensive Income and are shown separately in Note 27. The College administers the Hardship Fund applications and payments through a Student Hardship Committee in line with the recommendations from DfE/DEL.

The College acts as an agent in the collection and payment of Care to Learn Grants. Related payments received from DfE/DEL and subsequent disbursements to students are excluded from the Statement of Comprehensive Income and are shown separately in Note 27. The College administers the payments in line with the recommendations from DfE/DEL.

1. DEPARTMENT FOR THE ECONOMY/ DEPARTMENT FOR EMPLOYMENT AND LEARNING INCOME

	2016	2015
	£'000	£'000
Grant in aid received from DfE/DEL		
Recurrent grant	25,503	26,416
Release of unrestricted capital grants	433	306
Restricted capital grants	-	405
Additional support funds	553	655
Learner access and engagement	-	24
Employer support programme – skills focus	215	-
Employer support programme - other	146	285
Students with learning difficulties and/or disabilities (SLDD)	376	354
Higher level apprenticeships	131	131
Youth training programme	509	-
Additional grant – inescapable pension pressures	525	183
Other	487	100
Total grant in aid received from DfE/DEL excluding exceptional item	<u>28,878</u>	<u>28,859</u>
Non-grant in aid received from DfE/DEL		
Education maintenance allowance administration (EMA)	36	41
Higher level apprenticeships	7	-
Youth training programme	55	-
Other non-grant in aid	475	561
Total non-grant in aid received from DfE/DEL	<u>573</u>	<u>602</u>
Total grant received from DfE/DEL excluding exceptional item	<u>29,451</u>	<u>29,461</u>
Exceptional grant – voluntary exit scheme (VES)	<u>538</u>	<u>2,689</u>
Total DfE/DEL income	<u>29,989</u>	<u>32,150</u>

The College was the lead partner in the FE Professional Learning Community Project. The income shown above includes that earned by the College in its capacity as provider and lead partner. All income claimed and payable partners has been excluded from these accounts. Income claimed in the year under this project was as follows;

	2016	2015
	£'000	£'000
Payments to South Eastern Regional College	<u>33</u>	<u>-</u>

2. EDUCATION CONTRACTS

	2016	2015
	£'000	£'000
Entitlement framework	1,403	1,585
Training for success	4,659	4,993
Steps to work	<u>1</u>	<u>26</u>
Total	<u>6,063</u>	<u>6,604</u>

3. TUITION FEES AND CHARGES

	2016	2015
	£'000	£'000
Higher education (HE)	1,591	1,093
Home and other European Union	984	1,063
Non-European Union	<u>1</u>	<u>1</u>
Total	<u>2,576</u>	<u>2,157</u>

Tuition fees funded by bursaries

Included within the above amounts are amounts which fund bursaries of £34k (2015: £0)

4. OTHER GRANT INCOME

	2016	2015
	£'000	£'000
European funds	330	225
Other funds	<u>806</u>	<u>633</u>
Total	<u>1,136</u>	<u>858</u>

5. OTHER OPERATING INCOME

	2016	2015
	£'000	£'000
Catering and residence operations	979	33
Other income generating activities	477	452
Other income	<u>75</u>	<u>242</u>
Total	<u>1,531</u>	<u>727</u>

6. INVESTMENT INCOME

	2016	2015
	£'000	£'000
Other investment income	-	5
Other interest receivable	138	118
	<hr/>	<hr/>
Total	138	123
	<hr/>	<hr/>

7. STAFF COSTS

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

	2016	2015
	No.	No.
Governing body	-	-
Teaching	320	359
Support	125	140
Administration	152	171
Premises	23	22
	<hr/>	<hr/>
Total	620	692
	<hr/>	<hr/>

	2016	2015
	£'000	£'000
Governing body	28	-
Teaching	14,343	15,658
Support	3,089	3,301
Administration	5,535	5,726
Premises	651	602
FRS 102 pension adjustment (note 20)	347	670
	<hr/>	<hr/>
	23,993	25,957
Exceptional staff costs - VES	538	2,689
Exceptional staff costs - Other	-	6
	<hr/>	<hr/>
Total	24,531	28,652
	<hr/>	<hr/>

7. STAFF COSTS (continued)

	2016	2015
	£'000	£'000
Wages and salaries	19,129	20,806
Social security costs	1,273	1,290
Other pension costs (including FRS 102 adjustments)	3,591	3,861
	<u>23,993</u>	<u>25,957</u>
Exceptional staff costs - VES	282	2,518
Exceptional staff costs – VES pension enhancement	256	171
Exceptional staff costs - other	-	6
	<u>-</u>	<u>6</u>
Total	<u>24,531</u>	<u>28,652</u>

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

	Senior post-holders		Other staff	
	2016	2015	2016	2015
	No.	No.	No.	No.
£60,001 to £70,000	1	-	9	7
£70,001 to £80,000	-	-	6	3
£80,001 to £90,000	-	-	-	-
£90,001 to £100,000	2	3	-	-
£100,001 to £110,000	-	-	-	-
£110,001 to £120,000	-	-	-	-
£120,001 to £130,000	1	1	-	-
	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>
Total	<u>4</u>	<u>4</u>	<u>15</u>	<u>10</u>

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 Executive Team which comprises the Chief Executive and three Directors.

	2016	2015
	No.	No.
The number of senior post-holders including the Chief Executive was:	<u>4</u>	<u>4</u>
Senior post-holders' emoluments are made up as follows:		
	2016	2015
	£'000	£'000
Salaries	356	357
Benefits in kind	-	-
Pension contributions	<u>64</u>	<u>53</u>
Total emoluments	<u>420</u>	<u>410</u>

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

	2016	2015
	£'000	£'000
Salaries	111	111
Benefits in kind	<u>-</u>	<u>-</u>
	111	111
Pension contributions	<u>19</u>	<u>17</u>
Total	<u>130</u>	<u>128</u>

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

Compensation for loss of office to a senior post-holder

	2016	2015
	£'000	£'000
Compensation paid to the former post-holder	-	142
Value of other benefits, including pension benefits	<u>-</u>	<u>-</u>
Total emoluments	<u>-</u>	<u>142</u>

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

9. OTHER OPERATING EXPENSES

	2016	2015
	£'000	£'000
Direct teaching	1,599	1,520
Direct support	3,340	3,478
Administration	2,672	1,952
Consultancy Fees	-	-
Premises	5,355	5,308
	<u>12,966</u>	<u>12,258</u>

Other operating expenses include:	2016	2015
	£'000	£'000
Auditors' remuneration:		
Financial statements audit (includes £20k in respect of the college – 2014/15 £22k)	24	22
Internal audit (includes £25k in respect of the college – 2014/15 £21k)	25	21
Other services provided by the Financial Statements auditors	5	2
Other services provided by the internal auditors	2	4
Hire of plant and equipment assets – operating leases	163	169
Hire of other assets – operating leases	106	106

10. INTEREST AND OTHER FINANCE COSTS

	2016	2015
	£'000	£'000
Net charge on pension scheme (note 20)	125	262
	<u>125</u>	<u>262</u>

11. TAXATION

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

	2016	2015
	£'000	£'000
Tax Payable	<u>24</u>	<u>3</u>

12. TANGIBLE FIXED ASSETS

GROUP

	Freehold land & buildings £'000	Assets under construction £'000	Plant & equipment £'000	Computers £'000	Fixtures & fittings £'000	Motor vehicles £'000	Total £'000
Cost or valuation							
At 1 August 2015	51,296	691	3,398	1,151	2,078	196	58,810
Additions	-	1,047	231	224	-	-	1,502
Disposals	(375)	-	(54)	(52)	(115)	-	(596)
Loss on revaluation	(40)	-	-	-	-	-	(40)
Surplus on indexation	2,656	-	-	-	-	-	2,656
At 31 July 2016	53,537	1,738	3,575	1,323	1,963	196	62,332
Depreciation							
At 1 August 2015	-	-	2,606	862	1,718	124	5,310
Charge for the year	2,363	-	295	206	122	38	3,024
Elimination in respect of disposals	(375)	-	(54)	(52)	(115)	-	(596)
Impairment on revaluation	360	-	-	-	-	-	360
At 31 July 2016	2,348	-	2,847	1,016	1,725	162	8,098
Net book value at 31 July 2016	51,189	1,738	728	307	238	34	54,234
Net book value at 31 July 2015	51,296	691	792	289	360	72	53,500

Land and buildings were last subject to a full revaluation at 31 July 2012, an interim revaluation has been carried out by Land and Property Service in August 2015 providing the valuation as at 31 July 2015, the majority of the estate was valued on a depreciated replacement cost basis. The valuations were performed independently by the Land and Property Service, in accordance with Department specifications. Subsequently that revaluation was updated using indices supplied by the Land and Property Service to provide a valuation as at 31 July 2016. These revaluations have been incorporated into the financial statements and the resulting revaluation adjustments have been taken to the revaluation reserve.

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

12. TANGIBLE FIXED ASSETS (continued)

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

	2016 £'000	2015 £'000
Cost	9,995	8,683
Aggregate depreciation based on cost	(4,387)	(4,197)
	<u>5,608</u>	<u>4,486</u>

The depreciation charge for the year is analysed as follows:

	2016 £'000	2015 £'000
Owned assets	3,384	2,852

COLLEGE

	Freehold land & buildings £'000	Assets under construction £'000	Plant & equipment £'000	Computers £'000	Fixtures & fittings £'000	Motor vehicles £'000	Total £'000
Cost or valuation							
At 1 August 2015	50,618	691	3,398	1,151	2,071	196	58,125
Additions	263	1,047	231	224	-	-	1,765
Disposals	-	-	(54)	(52)	(108)	-	(214)
Surplus on indexation	2,656	-	-	-	-	-	2,656
At 31 July 2016	<u>53,537</u>	<u>1,738</u>	<u>3,575</u>	<u>1,323</u>	<u>1,963</u>	<u>196</u>	<u>62,332</u>
Depreciation							
At 1 August 2015	-	-	2,607	860	1,711	124	5,302
Charge for the year	2,348	-	294	208	122	38	3,010
Elimination in respect of disposals	-	-	(54)	(52)	(108)	-	(214)
At 31 July 2016	<u>2,348</u>	<u>-</u>	<u>2,847</u>	<u>1,016</u>	<u>1,725</u>	<u>162</u>	<u>8,098</u>
Net book value at 31 July 2016	<u>51,189</u>	<u>1,738</u>	<u>728</u>	<u>307</u>	<u>238</u>	<u>34</u>	<u>54,234</u>
Net book value at 31 July 2015	50,618	691	791	291	360	72	52,823

13. OTHER RECEIVABLES FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2016 £'000	College 2016 £'000	Group 2015 £'000	College 2015 £'000
Amounts due from subsidiary	-	-	-	180

The £180k within the College related to a loan to Greenshoots-Newry Limited. The loan was settled in full in consideration for the transfer of the assets of Greenshoots-Newry Limited to the College.

14. TRADE AND OTHER RECEIVABLES FALLING DUE WITHIN ONE YEAR

	Group 2016 £'000	College 2016 £'000	Group 2015 £'000	College 2015 £'000
Trade receivables	267	267	228	222
Amounts owed by group undertakings:				
Subsidiary undertakings	-	-	-	3
Prepayments and accrued income:	2,558	2,558	5,016	5,001
Total debtors	2,825	2,825	5,244	5,226

Included within prepayments and accrued income are the following items of income;

	Group 2016 £'000	College 2016 £'000	Group 2015 £'000	College 2015 £'000
DEL/DfE income	1,533	1,533	3,726	3,726

15. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2016 £'000	College 2016 £'000	Group 2015 £'000	College 2015 £'000
Trade payables	919	919	965	960
Taxation and social security	38	38	4	3
Deferred income and payments received in advance	1,124	1,124	776	763
Accruals	1,307	1,369	3,605	3,597
Total	3,388	3,450	5,350	5,323

15. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)

Included within deferred income and payments received in advance are the following items of income which have been deferred until specific performance related conditions have been met;

	Group	College	Group	College
	2016	2016	2015	2015
	£'000	£'000	£'000	£'000
DEL/DfE grant income	205	205	130	130
Capital grant income	426	426	300	287
Other grant income	326	326	160	160
Other income	167	167	186	186
Total	1,124	1,124	776	763

16. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	College	Group	College
	2016	2016	2015	2015
	£'000	£'000	£'000	£'000
Capital grant income	2,191	2,191	1,798	1,238
Total	2,191	2,191	1,798	1,238

17. PROVISIONS FOR LIABILITIES AND CHARGES

	Group and College			
	Pensions	Litigation	Other	Total
	£'000	£'000	£'000	£'000
At 1 August 2015	4,139	-	-	4,139
Expenditure in the period	472	-	-	472
Transferred to statement of comprehensive income	6,349	-	-	6,349
At 31 July 2016	10,960	-	-	10,960

	Group and College			
	Pensions	Litigation	Other	Total
	£'000	£'000	£'000	£'000
At 1 August 2014	7,136	-	-	7,136
Expenditure in the period	932	-	-	932
Transferred to statement of comprehensive income	(3,929)	-	-	(3,929)
At 31 July 2015	4,139	-	-	4,139

18. RESTRICTED RESERVE

	Group and College			
	Unspent Capital Grants	Donations	2016 Total	2015 Total
	£'000	£'000	£'000	£'000
At 1 August	405	-	405	-
New grants	-	-	-	405
Total comprehensive income for the year	-	-	-	405
At 31 July	405	-	405	405

19. CASH AND CASH EQUIVALENTS

	At 1 August 2015 £'000	Cash flows £'000	At 31 July 2016 £'000
Cash and cash equivalents	1,654	1,573	3,227

20. PENSIONS AND SIMILAR OBLIGATIONS

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

Total pension cost for the year

	2016 £'000	2015 £'000
NITPS: contributions paid	2,103	2,013
NILGOSC: Contributions paid	1,141	1,178
NILGOSC: FRS 102 (28) adjustments	347	670
NILGOSC: charge to the Statement of Comprehensive Income (staff costs)	1,488	1,848
	3,591	3,861
Enhanced pension charge to the Statement of Comprehensive Income (staff costs)	256	171
Total pension cost for year	3,847	4,032

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the NITPS was 31 March 2012 and NILGOSC was 31 March 2013.

NITPS

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

20. PENSIONS AND SIMILAR OBLIGATIONS (continued)

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

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

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

Salary*	August 2014– March 2015
Below £15,000	6.4%
£15,001 to £25,999	7.2%
£26,000 to £31,999	8.3%
£32,000 to £39,999	9.5%
£40,000 to £44,999	9.9%
£45,000 to £74,999	11.0%
£75,000 to £99,999	11.6%
£100,000 and above	12.4%

Table 19

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

The employer contribution rates increased to 17.7% from 1 April 2015. On 1st April 2015 the salary bands applicable to member contribution for the NITPS changed. The method of determining which salary band a member falls into also changed. The appropriate contribution rates to be applied are now based on a members’ annual salary rate (actual earnings) as opposed to their full-time equivalent salary.

Salary	April 2015- July 16
Up to £25,999	7.4%
£26,000 to £34,999	8.6%
£35,000 to £41,499	9.6%
£41,500 to £54,999	10.2%
£55,000 to £74,999	11.3%
£75,000 and above	11.7%

Table 20

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 contribution rates.

20. PENSIONS AND SIMILAR OBLIGATIONS (continued)

NILGOSC

NILGOSC is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme Regulations (Northern Ireland) 2002, as amended. It was contracted out of the state pension scheme until 31 March 2016.

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 July 2016 by a qualified actuary.

Principal actuarial assumptions

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

	At 31 July 2016	At 31 July 2015
Rate of increase of salaries	3.3%	3.6%
Rate of increase for pensions in payments/inflation	1.8%	2.1%
Discount rate for scheme liabilities	2.4%	3.6%
Inflation assumption (CPI)	1.8%	2.1%
Commutation of pensions to lump sums	75%	75%

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 2016	At 31 July 2015
Retiring today		
Males	22.3	22.2
Females	24.8	24.7
Retiring in 20 years		
Males	24.5	24.4
Females	27.2	27.0

The college's share of the assets in the scheme were:

	Value at 31 July 2016 £'000	Value at 31 July 2015 £'000
Equities	27,782	24,427
Bonds	4,547	3,758
Property	4,740	4,022
Cash	1,464	758
Fair value of assets	38,533	32,965

20. PENSIONS AND SIMILAR OBLIGATIONS (continued)

Amounts recognised in the balance sheet

	2016	2015
	£'000	£'000
Scheme assets	38,533	32,965
Scheme liabilities	<u>(49,493)</u>	<u>(37,104)</u>
Deficit in the scheme (net pension liability recorded within pension provision)	<u>(10,960)</u>	<u>(4,139)</u>

Analysis of amounts charged to staff costs

	2016	2015
	£'000	£'000
Employer service cost (net of employee contributions)	<u>1,511</u>	<u>1,869</u>
Total operating charge	<u>1,511</u>	<u>1,869</u>

Analysis of pension finance costs

	2016	2015
	£'000	£'000
Expected return on pension scheme assets	1,212	1,162
Interest cost	<u>(1,337)</u>	<u>(1,424)</u>
Net charge to interest payable	<u>(125)</u>	<u>(262)</u>

Analysis of other comprehensive income for pensions

	2016	2015
	£'000	£'000
Actuarial gains on pension scheme assets	2,953	2,108
Actuarial (losses)/gains on the scheme liabilities	<u>(9,302)</u>	<u>1,821</u>
Total of other comprehensive income	<u>(6,349)</u>	<u>3,929</u>

Movement in (deficit) during the year

	2016	2015
	£'000	£'000
Deficit in scheme at 1 August	(4,139)	(7,136)
Employer service cost (net of employee contributions)	(1,511)	(1,869)
Employer contributions	1,340	1,204
Curtailment	(176)	(5)
Net interest on assets	(125)	(262)
Actuarial (loss)/gain recognised in other comprehensive income	<u>(6,349)</u>	<u>3,929</u>
Deficit in scheme at 31 July	<u>(10,960)</u>	<u>(4,139)</u>

20. PENSIONS AND SIMILAR OBLIGATIONS (continued)

Reconciliation of liabilities

	2016 £'000	2015 £'000
Liabilities at start of period	37,104	35,558
Service cost	1,511	1,869
Interest cost	1,337	1,424
Employee contributions	369	376
Actuarial loss/(gain)	9,302	(1,821)
Benefits paid	(306)	(307)
Curtailments	176	5
	<hr/>	<hr/>
Liabilities at end of period	49,493	37,104

Reconciliation of assets

	2016 £'000	2015 £'000
Assets at start of period	32,965	28,422
Expected return on assets	1,212	1,162
Actuarial (loss)/gain	2,953	2,108
Employer contributions	1,340	1,204
Employee contributions	369	376
Benefits paid	(306)	(307)
	<hr/>	<hr/>
Assets at end of period	38,533	32,965

The estimated value of employer contributions for the year ended 31 July 2017 is £1,205k.

History of experience gains and losses

	2016	2015	2014	2013	2012
Experience gains/(losses) on assets					
Amount £'000	N/A	1,556	(783)	3,252	(724)
% of assets	N/A	6.4%	-2.8%	12.3%	-3.4%
Experience (losses)/gains on liabilities*					
Amount £'000	N/A	128	(3,201)	-	(152)
% of liabilities	N/A	0.3%	-9.0%	0.0%	-0.6%

* This item consists of gains/(losses) in respect of liability experience only and excludes any change in liabilities in respect of changes to the actuarial assumptions used.

21. POST BALANCE SHEET EVENTS

In the period between the end of the reporting year (31 July 2016) and the date when the financial statements are authorised for issue (16 November 2016) the College has identified a contingent liability. The contingent liability is disclosed in Note 25 and refers to a funding claim made to the European

21. POST BALANCE SHEET EVENTS (continued)

Commission by the Department for the Economy relating to Programme Led Apprenticeships in the financial years 2010-11, 2011-12, 2012-13, 2013-14 & 2014-15.

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

22. SUBSIDIARY UNDERTAKINGS

The subsidiary company wholly-owned by the College is:

Company	Principal activity	Status
Greenshoots-Newry Limited	Business incubation and support	Ceased trading

At 31 July 2016 the assets were transferred to the College

23. CAPITAL COMMITMENTS

Provision has not been made for the following capital commitments at 31 July

	Group and College	
	2016	2015
	£'000	£'000
Commitments contracted for at 31 July	1,784	-
Authorised but not contracted at 31 July	-	2,643
Total	1,784	2,643

24. FINANCIAL COMMITMENTS

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

	Group and College	
	2016	2015
	£'000	£'000
Land and Buildings		
Expiring within 12 months	20	21
Expiring within two and five years inclusive	86	20
Total	106	41

	Group and College	
	2016	2015
	£'000	£'000
Other		
Expiring within 12 months	1	-
Expiring within two and five years inclusive	159	169
Total	160	169

24. FINANCIAL COMMITMENTS (continued)

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

	Group and College	
	2016	2015
	£'000	£'000
Income		
Expiring within two and five years inclusive	30	30
Expiring in over five	56	56
	<hr/>	<hr/>
Total	86	86
	<hr/> <hr/>	<hr/> <hr/>

25. CONTINGENT LIABILITY

The Department for Employment and Learning (now the Department for the Economy) competitively awarded the College a contract to deliver Programme Led Apprenticeships in the financial years 2010-11, 2011-12, 2012-13, 2013-14 & 2014-15. The contract was one of a number of PLA contracts with the other contractors being Colleges within the Northern Ireland Further Education sector and private training providers.

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

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

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

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

26. RELATED PARTY TRANSACTIONS AND TRANSACTIONS INVOLVING GOVERNING BODY MEMBERS AND SENIOR MANAGEMENT (continued)

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

Governor / Senior Manager of Southern Regional College	Related Organisation	Transactions 2016 £'000	Transactions 2015 £'000	Amount outstanding at 31 July 2016 £'000	Amount outstanding at 31 July 2015 £'000
E Wright*	Southern Education and Library Board	N/A	163	N/A	-
	Southern Area Hospice Services	N/A	1	N/A	-
	Banbridge District Enterprises	N/A	1	N/A	-
B Doran ** J O'Hagan ** J Quinn ** T Redmond*	Greenshoots-Newry Ltd	14	12	1	-
M Clarke*	University of Ulster	N/A	253	N/A	-
N Wilson* K Twyble*	Armagh City, Banbridge and Craigavon Borough Council	4	5	-	1
C Patterson*	Newry Confederation of Community Groups	N/A	1	N/A	-
	Newry Chamber of Trade	N/A	1	N/A	-
B Doran ** A Saunders*	Colleges NI	108	82	-	-
A Coffey*	Translink	N/A	-	N/A	-
T Campbell*	Society of St Vincent De Paul, Armagh	-	1	-	-

**denotes governor, ** denotes member of staff*

Table 21

26. RELATED PARTY TRANSACTIONS AND TRANSACTIONS INVOLVING GOVERNING BODY MEMBERS AND SENIOR MANAGEMENT (continued)

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

Related Organisation		Transactions 2016 £'000	Transactions 2015 £'000	Amount outstanding at 31 July 2016 £'000	Amount outstanding at 31 July 2015 £'000
E Wright*	Southern Education & Library Board	N/A	197	N/A	14
	Southern Health and Social Care Trust	N/A	1	N/A	1
B Doran ** J O'Hagan ** J Quinn ** T Redmond*	Greenshoots-Newry Ltd	34	28	-	2
A Saunders*	Ulster Bank Ltd*	27	28	4	12
A Carson*	Bank of Ireland*	32	23	16	17
M Clarke*	University of Ulster	N/A	95	N/A	17
S McRoberts*	Lisanally Special School	14	20	-	-
	City of Armagh High School	42	42	1	-
	Newtownhamilton High School	17	15	-	-
S McRoberts* N Wilson* K Twyble*	Armagh City, Banbridge and Craigavon Borough Council	107	16	-	1
R Sloan **	St Louis Grammar School	24	22	-	-
T Campbell*	St Catherine's College	44	84	-	-
	PKF FPM Accountants	1	-	-	-
D McKay*	Ulster Supported Employment	N/A	6	N/A	1
B Doran ** A Saunders*	Colleges NI	14	4	5	-

*denotes governor, ** denotes member of staff

Table 22

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

27. AGENCY ARRANGEMENTS

Student Hardship funds are available solely for students; the College acts only as paying agent. The grant and related disbursements are therefore excluded from the Income and Expenditure Account.

	2016	2015
	£'000	£'000
DfE/DEL student hardship grant	513	529
Disbursed to students	<u>(380)</u>	<u>(417)</u>
Balance unspent at 31 July	<u>133</u>	<u>112</u>

Care to learn funds are available solely for students' childcare obligations; the College acts only as paying agent. The grant and related disbursements are therefore excluded from the Income and Expenditure Account.

	2016	2015
	£'000	£'000
DfE/DEL care to learn grant	34	84
Disbursed to students' childcare providers	<u>(34)</u>	<u>(84)</u>
Balance at 31 July	<u>-</u>	<u>-</u>

28. LOSSES AND SPECIAL PAYMENTS

There were 3 instances of losses or suspected losses in the year with a cumulative value not exceeding £3,500. The losses in two of the instances have been recovered in full, one case is ongoing. All instances of losses or suspected losses have been formally reported.

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

29. TRANSITION TO FRS 102 AND THE 2015 SORP

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

29. TRANSITION TO FRS 102 AND THE 2015 SORP (continued)

FINANCIAL POSITION

	1 August 2014		31 July 2015	
	Group £'000	College £'000	Group £'000	College £'000
Total reserves under 2007 SORP	65,938	65,956	61,874	61,868
Holiday pay opening accrual	(397)	(397)	(397)	(397)
Holiday pay movement in 2014-15	-	-	31	31
Capital receipt for land in 2014-15	-	-	405	405
Total effect of transition to FRS 102	(397)	(397)	39	39
Total reserves under 2015 SORP	65,541	65,559	61,913	61,907

FINANCIAL PERFORMANCE

	Year ended 31 July 2015	
	Group £'000	College £'000
Deficit for the year under 2007 SORP	(1,292)	(1,295)
Holiday pay movement in 2014-15	31	31
Capital grant receipt for land in 2014-15	405	405
FRS 102 pension additional staff costs	(54)	(54)
FRS 102 pension net interest adjustment	(498)	(498)
Total effect of transition to FRS 102	(116)	(116)
Total comprehensive income for the year under 2015 SORP	(1,408)	(1,411)

29. TRANSITION TO FRS 102 AND THE 2015 SORP (continued)

Group	1 August 2014			31 July 2015		
	2007 SORP £'000	Effect of transition £'000	2015 SORP £'000	2007 SORP £'000	Effect of transition £'000	2015 SORP £'000
Non Current Assets						
Tangible fixed assets	60,914	-	60,914	53,500	-	53,500
Investments	2,000	-	2,000	-	-	-
	62,914	-	62,914	53,500	-	53,500
Current assets						
Trade and other receivables	2,612	-	2,612	5,244	-	5,244
Cash in hand and at bank	11,398	(11,398)	-	14,456	(14,456)	-
Investments	-	9,740	9,740	-	12,802	12,802
Cash and cash equivalents	-	1,658	1,658	-	1,654	1,654
Total current assets	14,010	-	14,010	19,700	-	19,700
Less: Creditors – amounts falling due within one year	(2,442)	(490)	(2,932)	(4,684)	(666)	(5,350)
Net current assets	11,568	(490)	11,078	15,016	(666)	14,350
Total assets less current liabilities	74,482	(490)	73,992	68,516	(666)	67,850
Less: Creditors – amounts falling due after more than one year	-	(1,315)	(1,315)	-	(1,798)	(1,798)
Provisions:						
Pension provisions	(7,136)	-	(7,136)	(4,139)	-	(4,139)
Net assets including pension liability	67,346	(1,805)	65,541	64,377	(2,464)	61,913
Deferred capital grants	1,408	(1,408)	-	2,503	(2,503)	-
Restricted Reserves						
Income and expenditure account –restricted reserve	-	-	-	-	405	405
Unrestricted Reserves						
Income and expenditure account –unrestricted reserves (excluding pension reserve)	18,075	(397)	17,678	19,154	(366)	18,788
Pension reserve	(7,136)	-	(7,136)	(4,139)	-	(4,139)
Income and expenditure account –unrestricted reserves (including pension reserve)	10,939	(397)	10,542	15,015	(366)	14,649
Revaluation reserve	54,999	-	54,999	46,859	-	46,859
Total reserves	65,938	(397)	65,541	61,874	39	61,913
Total	67,346	(1,805)	65,541	64,377	(2,464)	61,913

29. TRANSITION TO FRS 102 AND THE 2015 SORP (continued)

College	1 August 2014			31 July 2015		
	2007 SORP £'000	Effect of transition £'000	2015 SORP £'000	2007 SORP £'000	Effect of transition £'000	2015 SORP £'000
Non current assets						
Tangible fixed assets	60,241	-	60,241	52,823	-	52,823
Investments	2,000	-	2,000	-	-	-
	62,241	-	62,241	52,823	-	52,823
Other receivables falling due after more than one year	180	-	180	180	-	180
Current assets						
Trade and other receivables	2,603	-	2,603	5,226	-	5,226
Cash in hand and at bank	11,322	(11,322)	-	14,378	(14,378)	-
Investments	-	9,740	9,740	-	12,802	12,802
Cash and cash equivalents	-	1,582	1,582	-	1,576	1,576
Total current assets	13,925	-	13,925	19,604	-	19,604
Less: Creditors – amounts falling due within one year	(2,432)	(477)	(2,909)	(4,670)	(653)	(5,323)
Net current assets	11,493	(477)	11,016	14,934	(653)	14,281
Total assets less current liabilities	73,914	(477)	73,437	67,937	(653)	67,284
Less: Creditors – amounts falling due after more than one year	-	(742)	(742)	-	(1,238)	(1,238)
Provisions:						
Pension provisions	(7,136)	-	(7,136)	(4,139)	-	(4,139)
Net assets including pension liability	66,778	(1,219)	65,559	63,798	(1,891)	61,907
Deferred capital grants	822	(822)	-	1,930	(1,930)	-
Restricted Reserves						
Income and expenditure account –restricted reserve	-	-	-	-	405	405
Unrestricted Reserves						
Income and expenditure account –unrestricted reserves (excluding pension reserve)	18,113	(397)	17,716	19,188	(366)	18,822
Pension reserve	(7,136)	-	(7,136)	(4,139)	-	(4,139)
Income and expenditure account –unrestricted reserves (including pension reserve)	10,977	(397)	10,580	15,049	(366)	14,683
Revaluation reserve	54,979	-	54,979	46,819	-	46,819
Total reserves	65,956	(397)	65,559	61,868	39	61,907
Total	66,778	(1,219)	65,559	63,798	(1,891)	61,907

29. TRANSITION TO FRS 102 AND THE 2015 SORP (continued)

	2007 SORP	STRGL items	Effect of transition	2015 SORP
	£'000	£'000	£'000	£'000
INCOME				
Department for the Economy / Department for Employment and Learning income	29,140	-	321	29,461
Education contracts	6,604	-	-	6,604
Tuition fees and charges	2,157	-	-	2,157
Other grant income	858	-	-	858
Other operating income	727	-	-	727
Investment income	359	-	(236)	123
Total income	39,845	-	85	39,930
EXPENDITURE				
Staff costs	(25,934)	-	(23)	(25,957)
Other operating expenses	(12,342)	-	84	(12,258)
Depreciation	(2,852)	-	-	(2,852)
Interest and other finance costs	-	-	(262)	(262)
Total expenditure	(41,128)	-	(201)	(41,329)
Deficit before exceptional items	(1,283)	-	(116)	(1,399)
Exceptional income – DEL grant – voluntary exit scheme	2,689	-	-	2,689
Exceptional cost - fundamental restructuring costs	(2,695)	-	-	(2,695)
Total exceptional items	(6)	-	-	(6)
Deficit before other gains/losses and share of operating surplus/deficit of joint ventures and associates	(1,289)	-	(116)	(1,405)
Deficit before tax	(1,289)	-	(116)	(1,405)
Taxation	(3)	-	-	(3)
Deficit for the year	(1,292)	-	(116)	(1,408)
Unrealised deficit on revaluation of land and buildings	-	(6,149)	-	(6,149)
Actuarial gain in respect of pension scheme	-	3,377	552	3,929
Total comprehensive income for the year	(1,292)	(2,772)	436	(3,628)

30. ADDITIONAL DISCLOSURES TO COMPLY WITH FINANCIAL REPORTING MANUAL

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

	Notes	2016 £'000	2015 £'000
INCOME			
DfE/DEL income (non grant in aid items)	1	573	602
Education contracts	2	6,063	6,604
Tuition fees and charges	3	2,576	2,157
Other grant income	4	1,136	858
Other operating income	5	1,531	727
Investment income	6	138	123
Total incoming resources		12,017	11,071
EXPENDITURE			
Staff costs	7	(23,993)	(25,957)
Fundamental restructuring costs	7	(538)	(2,695)
Other operating expenses	9	(12,966)	(12,258)
Depreciation	12	(3,384)	(2,852)
Interest and other finance costs	10	(125)	(262)
Total resources expended		(41,006)	(44,024)
Deficit before tax		(28,989)	(32,953)
Taxation	11	(24)	(3)
Deficit for the year		(29,013)	(32,956)
Unrealised surplus/(deficit) on revaluation of land and buildings		2,616	(6,149)
Actuarial (loss)/gain in respect of pension scheme		(6,349)	3,929
Amount transferred to reserves		(32,746)	(35,176)
Analysis of reserves prepared under FReM			
		2016 £'000	2015 £'000
Balance at 1 August		61,913	65,541
Grant in aid received in year excluding exceptional item		28,878	28,859
Grant in aid received in year exceptional item		538	2,689
Amount transferred to reserves		(32,746)	(35,176)
Balance at 31 July		58,583	61,913

30. ADDITIONAL DISCLOSURES TO COMPLY WITH FINANCIAL REPORTING MANUAL (continued)

Note 1

DfE/DEL income (non grant in aid items)	2016	2015
	£'000	£'000
EMA	36	41
Other	537	561
	<hr/>	<hr/>
Balance at 31 July	573	602
	<hr/>	<hr/>

Note 2

Reconciliation of amount transferred to reserves and grant in aid	2016	2015
	£'000	£'000
Amount transferred to reserves	(32,746)	(35,176)
Add back: total comprehensive income for the year	3,330	3,628
	<hr/>	<hr/>
Grant in aid received in year	29,416	31,548
	<hr/>	<hr/>

