



**SOUTHERN REGIONAL COLLEGES
ANNUAL REPORT AND FINANCIAL STATEMENTS**

YEAR ENDED 31 JULY 2013



Southern Regional College Annual Report and Accounts
For the year ended 31 July 2013

Laid before the Northern Ireland Assembly
under the Institutions of Further Education (Public Sector Audit) Order
(Northern Ireland) 2008
by the Department for Employment and Learning
on
13th December 2013

SOUTHERN REGIONAL COLLEGE
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

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SOUTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2012/13

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 2013.

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.

Vision Statement

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

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

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

Mission Statement

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

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

College Values

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

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

SOUTHERN REGIONAL COLLEGE

OPERATING AND FINANCIAL REVIEW 2012/13 (continued)

The College Core Values are:

1. Putting learners first

We believe that:

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

2. Working together to achieve more

We believe that:

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

3. Striving for excellence

We believe that:

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

STRATEGIC AIMS

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

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

The Strategic aims of the College reflect the wider strategic role of the Further Education sector as contained in 'Further Education Means Business'.

SOUTHERN REGIONAL COLLEGE

OPERATING AND FINANCIAL REVIEW 2012/13 (continued)

In meeting the educational needs of the region and within the context of the College's vision and mission, the strategic aims for the planning period to which this report relates are set out below:

1. An Excellent Learning Experience for All

To promote a high quality learning experience for all learners, offering varied and stimulating opportunities for learning, that take account of individual learning needs, and high quality learner support services underpinned by effective quality management systems and continuous professional development opportunities for all staff.

2. Relevant and Meaningful Curriculum Portfolio

To develop a more focused and flexible curriculum that places the College at the heart of lifelong learning and is reflective of the College's role in supporting economic development, enhancing social cohesion by removing barriers to learning, supporting and strengthening collaborative partnerships with schools and their employing authorities and advancing the individual's skills, learning and employment opportunities.

3. Flexible Business Solutions that Improve Competitiveness and Productivity

To support local and regional economic development by providing a range of services to new and existing businesses in partnership with others leading to improved business competitiveness and productivity and identifying and addressing the skills needs of the current and future workforce through effective engagement with the Workforce Development Forum.

4. 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.

5. Effective Governance and Financial Management

To strengthen Governance and Management, maximise funding and ensure the deployment of financial resources in the most efficient and effective way to support delivery of the College's strategic direction.

6. Modern Fit for Purpose College Estate

To develop and implement the College's Estates Strategy, taking account of changes in teaching practice, funding, future needs, sustainability initiatives, strategic developments within the Schools sector and local circumstances.

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 2012-15. 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 were further reviewed during 2012-13 to reflect the changing priorities for the period 2013-16.

The following section provides a summary of progress against each strategic aim and underpinning objectives for the period 1 August 2012 – 31 July 2013 together with an update on progress and refinements against longer term objectives.

1. Strategic Aim: An Excellent Learning Experience for All

To promote a high quality learning experience for all learners, offering varied and stimulating opportunities for learning, that take account of individual learning needs, and high quality learner support services underpinned by effective quality management systems and continuous professional development opportunities for all staff.

Quality Management Systems

During 2012-13, the work of the College was the subject of a number of surveys, reviews and scrutiny inspections carried out by the Education and Training Inspectorate, the Department for Employment and Learning (DEL) FAST audit team and the Quality Assurance Agency for Higher Education. The outcomes were consistently positive and reflected the quality of teaching and learning, support services and programme management.

SOUTHERN REGIONAL COLLEGE

OPERATING AND FINANCIAL REVIEW 2012/13 (continued)

The College's Quality Improvement Unit continued to work towards embedding self assessment and reflective practice across all curricular and functional areas. The annual Self Evaluation Review process is recognised as important in helping teams to critically review their areas of responsibility whilst encouraging and supporting self improvement.

For the second year running, the Education and Training Inspectorate awarded the College the highest level rating of 'high confidence' for its Whole College Self Evaluation and Quality Improvement Plan in March 2013. The College also received a 'high confidence' rating for its annual self evaluation and quality improvement plan for work based learning following an enhanced scrutiny inspection in June 2013. The Inspectorate reported that it has a 'high degree of confidence' in the College self evaluation and quality improvement planning processes which have demonstrated the capacity to address the areas for improvement identified.

In April 2010 the College was invited to participate in a project called the Sensory Engagement Programme. This 3 year project was funded by DEL to raise awareness and support the needs of the 52,000 people in N.I. who have significant challenges with their sight and the 212,000 people in N.I. who experience a loss of hearing. The College views this project as an important stepping stone in support of our strategy for inclusiveness. The College was recognised during the academic year for its commitment to working with people with hearing loss and visual impairment by receiving two charter marks.

- RNIB - Model of Excellence
- Action on Hearing Loss (RNID) - Louder than Words

In addition the College received the Buttle UK Quality Mark in recognition of the support for students from a care background.

In April 2013, the Quality Assurance Agency for Higher Education (QAA) conducted a Summative Review process. The Summative review is undertaken against a nationally agreed set of reference points, known as the UK Quality Code for Higher Education. Summative review reports identify good practice and contain judgements about whether the college is discharging its responsibilities effectively against the first 2 core themes listed above. The judgements are confidence, limited confidence or no confidence. The QAA report was published on its website and commented on three core themes;

Core theme 1: Academic standards: Based upon its analysis of the College's self-evaluation, and other documentary evidence and from its meetings with staff and students, the QAA team concluded that it has confidence that, in the context of the Summative review, the College discharges its responsibilities effectively, as set out in the relevant partnership agreement for the management of the standards of the awards of its awarding bodies.

Core theme 2: Quality of learning opportunities: Based upon its analysis of the College's self-evaluation, and other documentary evidence and from its meetings with staff and students, the team concluded that it has confidence that, in the context of this Summative review, the College discharges its responsibilities effectively, as set out in the relevant partnership agreement for the management of the quality of learning opportunities to enable students to achieve the intended learning outcomes.

Core theme 3: Public information: Based upon its analysis of the College's self-evaluation, and other documentary evidence and from its meetings with staff and students, the team concluded that, in the context of this Summative review, reliance can be placed on the accuracy and completeness of the information that the College is responsible for publishing about itself and the programmes it delivers.

Teaching and Learning

As part of a sector project, the College piloted the Technology in Learning Delivery (TLD) programme. The TLD programme will become the professional development standard in ILT for all lecturing staff and is now a mandatory requirement for lecturers delivering blended learning solutions. The first cohort of staff on the pilot have successfully completed the qualification, a second cohort will undertake the qualification over the next academic year, in line with the targets set out in the College's ILT strategy.

Following the investment of £250k in automation, engineering and control technology to support teaching and learning on the Portadown and Newry Campuses, the College has appointed two Research Lecturers in this curriculum area. A key responsibility of the Research Lecturers, appointed through the College's i3 initiative, is to engage with staff and students to ensure the curriculum meets the needs of business and industry.

SOUTHERN REGIONAL COLLEGE

OPERATING AND FINANCIAL REVIEW 2012/13 (continued)

Plans for the creation of a dedicated Integrated Sustainable Technology Centre (GreenTec) on the College's Greenbank Campus came to fruition with the opening of the Centre in October 2013. This development will facilitate the consolidation of all construction and sustainable energy training onto a single Campus and position the College as the primary provider of sustainable construction techniques and renewables in the region.

An internal review of the Inclusive Learning Strategy for students with learning difficulties and disabilities resulted in an increased offer for mainstream vocational programmes across the region. The strategy was developed to provide a coherent and more relevant curriculum offer for students with learning difficulties and disabilities where mainstream education and training is not appropriate. This review also led to the creation of a new initiative, 'Fresh Start', aimed at addressing the needs of an increasing number of young people not in full time education, training or employment and to offer an in year progression route for young people exiting the Prince's Trust Team programme in year.

Plans are currently being finalised to pilot the use of an open access Science, Technology, Engineering and Mathematics (STEM) Project Laboratory to support students engaged in skills competitions, enterprise activity and cross curricular project work. This innovative concept aims to create an environment that will encourage cross curricular project and enterprise activities and build on the success of skills competitions including the FE sector BEST awards.

The College recognises the increasing importance of providing flexible learning opportunities that can take place outside the confines of College and Community outreach centres. During the 2012-13 academic year the College continued to develop its blended learning capability across all schools. The revalidation of a number of higher education programmes has presented the opportunity for reviewing modes of delivery in a number of units, particularly in the STEM higher education curriculum.

The College revised its Performance Enhancement Programme during the 2012-13 academic year. This led to further improvements in pedagogic support, peer lesson observations and training to all lecturing staff. The College's team of Teaching and Learning Advisers play a key role in the implementation of the lesson observation element of the Performance Enhancement Programme. The appointment of two additional Teaching and Learning Advisors has increased the size of the team to seven lecturers.

As part of the College's Continuous Personal Development (CPD) plan all staff will undertake at least one aspect of the Active Teaching Strategies Programme, Teaching Thinking. At least fifty members of lecturing staff will engage in the Teaching Thinking Certificate during 2013/14 following the highly successful pilot during the 2012-13 academic year.

Student Services

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

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

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

The College increased the number of international exchange partnerships for students and staff by securing over €166,000 (approximately £140,000) for a further five Leonardo Mobility projects:

- Health and Early Years Initiative in Lifelong Learning;
- Special Educational Needs and Disabilities;
- Learning Experiences through Sport Guidance and Opportunities;
- Gaining Experiences through Fitness Industry Training; and
- Steps to Employment

SOUTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2012/13 (continued)

Learning support staff provided a wide range of academic, pastoral and technical support and assistance to students with learning difficulties and disabilities. During the year over 700 mainstream students were provided with direct support to meet their learning needs.

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

The College has successfully deployed Moodle as its main Virtual Learning Environment (VLE) platform and continues to develop it's VLE with the aim of achieving a 'hosted' solution during 2013-14. The College also plans to launch a new intranet service as part of our strategy to further develop communications and collaborative working and to take advantage of modern up to date information systems technology. A pilot project involving Human Resources, the Quality Assurance Unit and the School of Computing and Business will be used to inform a much bigger deployment across the whole College in 2013. This development is part of a wider unified communications strategy including an update to the existing telephony system and deployment of Microsoft Lync as the primary communication tool across College campuses.

The ratio of networked PC 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.

2. Strategic Aim: Relevant and Meaningful Curriculum Portfolio

To develop a more focused and flexible curriculum that places the College at the heart of lifelong learning and is reflective of the College's role in supporting economic development, enhancing social cohesion by removing barriers to learning, supporting and strengthening collaborative partnerships with schools and their employing authorities and advancing the individual's skills and learning.

Learner Recruitment and Performance - Overview

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

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

The changing economic situation continued to impact directly on the level of intake across the majority of areas of the curriculum during 2012-13. Despite the economic difficulties and reduced levels of funding this did not distract from the College's mission to 'transform lives through meaningful and enjoyable learning experiences'. The continuing high level demand for full-time Further Education experienced in previous years was repeated again in 2012-13 in most areas, with the exception of areas such as construction, civil engineering and manufacturing engineering. The College once again prioritised resources to ensure that it responded to the needs of young people across the region.

The curriculum offered by the College is targeted to meet the current and future needs of the local and regional economy and we believe the outreach to the employers in the region is unsurpassed in any other Further Education area in Northern Ireland. The College is one of the largest skills training providers in Northern Ireland with vocational training provided in more than 25 areas to over 1,500 trainees/apprentices delivered in skills training centres in Armagh, Newry and Portadown. These centres were the main focus of sub-contracting and partnership arrangements with other delivery agents.

The College's performance over the course of the 2012-13 academic year can best be viewed in the context of the level of participation in the five main areas of our core business, namely:

SOUTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2012/13 (continued)

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

Enrolment Analysis 2012-13

The total College enrolment (including training and cost recovery provision) for the academic year 2012-13 was 34,846, compared to an enrolment of 35,050 in 2011-12. The enrolment pattern continues to reflect the high level of demand for full-time Further Education and training in the majority of areas. However, the demand for part-time Further Education has fallen back to levels previously experienced in 2008-09, **see Figure 1**.

The year on year decrease in enrolments was particularly noticeable across our regional community outreach programme, **see Figure 2**. The demand for community based education continues to change year on year. The College's community outreach team continued to provide a wide range of accredited and recreational courses in 80 outreach centres across the four district council areas of Armagh, Banbridge, Craigavon and Newry and Mourne. The College's short course initiative led to a significant increase in non-accredited provision during the second semester of 2012-13. This initiative was used to inform future curricular developments and to further improve the admissions and enquiry system. There was a significant decrease in the demand for Essential Skills classes compared to 2011-12, with the most significant reduction experienced in the demand for ICT classes.

The College enrolled 5,214 full-time students, trainees and apprentices in 2012-13 compared to 5,431 in 2011-12. Despite this drop this still represents a high demand for full-time education and training compared to the position prior to the economic recession. This reflects the difficulties experienced by many young people who traditionally would have sought employment on leaving school and who have opted to remain in full time education and training.

The demand for the highly successful Adult Access course remained high during the year with over 502 enrolments, of which 172 were full-time (34%). Adult returners continue to use the course as a progression pathway to higher education study in the College and at University.

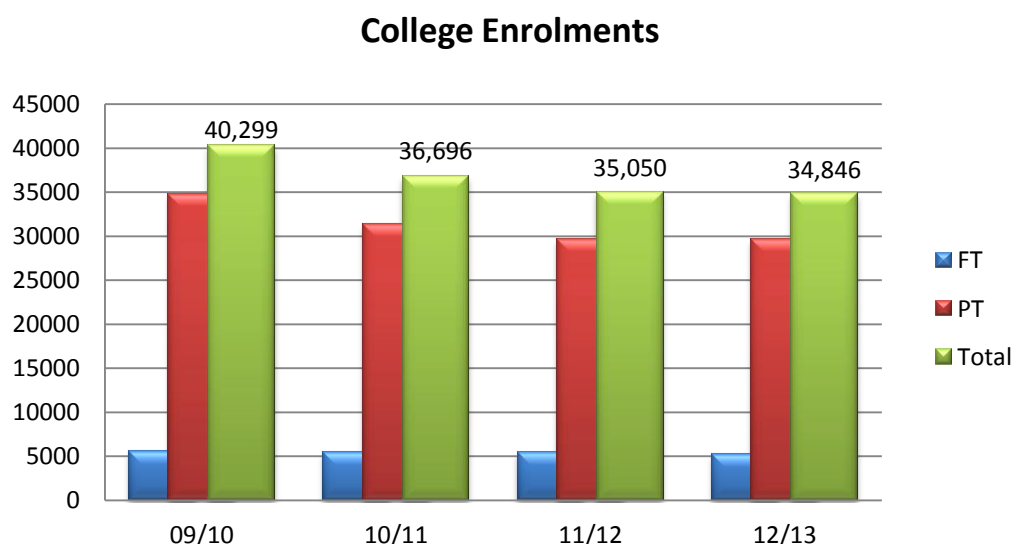


Figure 1

Community Based Enrolments

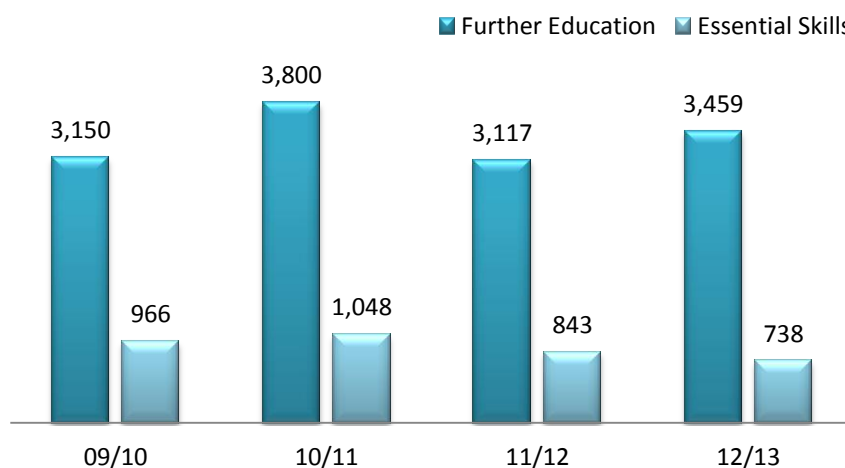


Figure 2

Funded Learning Unit (FLU) Targets

The recurrent grant budget allocation to the College in 2012-13 to support Essential Skills, Further and Higher Education was £26.13m. This represents an actual reduction of £0.96m from that received in the 2010-11 academic year and a reduction of £0.11m for the previous academic year, **see Table 1**.

The resource allocated for the 3 year period 2010-13 is summarised in **Table 1**.

Academic Year	Resource Allocation (FLU)	Funding (£m)	Shift (£m)
2010-11	7,966	27.08	
2011-12	7,721	26.24	-0.84
2012-13	7,685	26.13	-0.11

Table 1

The actual Funding Learning Unit (FLU) delivery target agreed with DEL for 2012-13 was increased by 171 FLU from 8,333 in 2011-12 to 8,504 in 2012-13. The College received a resource allocation equating to 7,685 FLU. Thus the College was set a delivery target in 2012-13 of 819 FLU above that funded by the Department for Employment and Learning compared to an over delivery target of 612 FLU in 2011-12. The over delivery target of 819 FLU represented 27% of the total over delivery targets for the Further Education sector. This over delivery target had two elements;

- an efficiency target of 322 FLU (College contribution to an overall sector efficiency target of £4m); and
- an additional over delivery target of 497 FLU to be funded directly by the College.

The College delivered a total of 8,100 FLU, exceeding the resource allocation by 415 FLU (£1.4m), **Table 2**, thus meeting the efficiency target of 322 FLU but falling short of the additional over delivery target of 497 FLU by 404 FLU.

SOUTHERN REGIONAL COLLEGE
OPERATING AND FINANCIAL REVIEW 2012/13 (continued)

2012-13	Further Education	Essential Skills	Higher Education	Total
Delivery Targets	6,547	624	1,333	8,504
Actual End Year Delivery	6,367	523	1,267	8,100
Level of over /(under) delivery against target	(180)	(101)	(66)	(404)
Resource allocation	---	---	---	7,685
Level of over /(under) delivery against resource allocation	---	---	---	415

Table 2

Although falling short of the overall target the College has exceeded its efficiency target for the fourth year in succession delivering significantly above that for which funding was received from the Department, **see Figure 3**. The College over delivery performance as a percentage of the total resource allocation for 2012-13 was 5.4% compared to 4.5% in 2011-12 and 5.1% in 2010-11, **see Table 3**.

FLU Funding Analysis

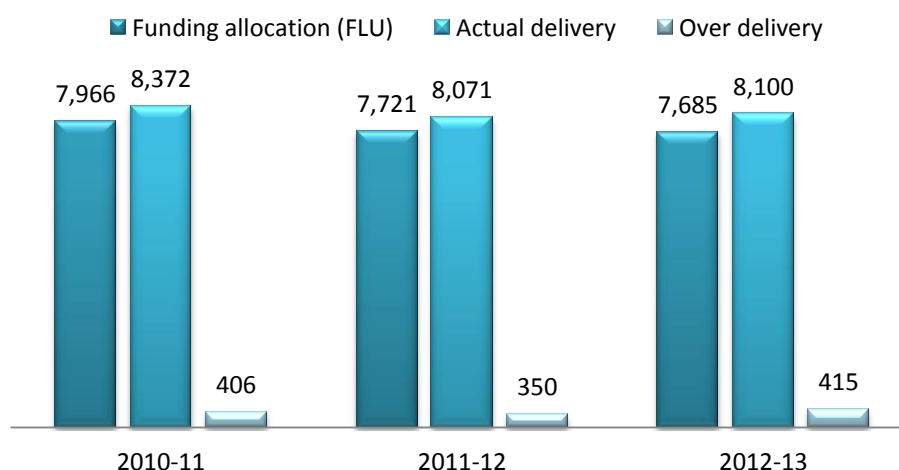


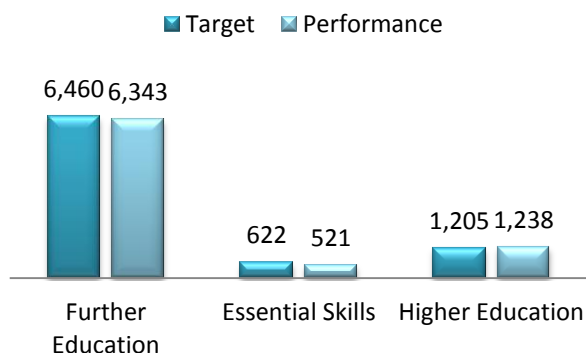
Figure 3

Over delivery	2010-11	2011-12	2012-13
Resource Allocation (FLU)	7,966	7,721	7,685
Over delivery (FLU)	406	350	415
Over delivery as % of resource allocation	5.1%	4.5%	5.4%
Shortfall in funding (£)	£1.38m	£1.19m	£1.40m

Table 3

Figures 4a and **4b** illustrate the FLU and Enrolment performance for Essential Skills and Further and Higher Education against the agreed targets for 2012-13 compared to the previous year.

FLU Performance 2011-12



FLU Performance 2012-13

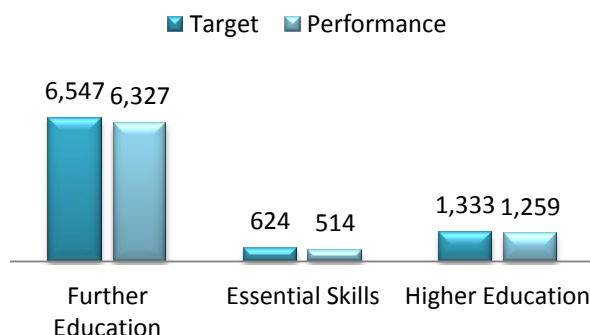
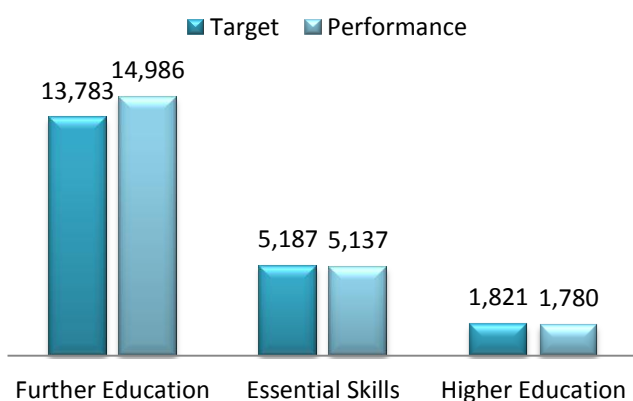


Figure 4a

Enrolments 2011-12



Enrolments 2012-13

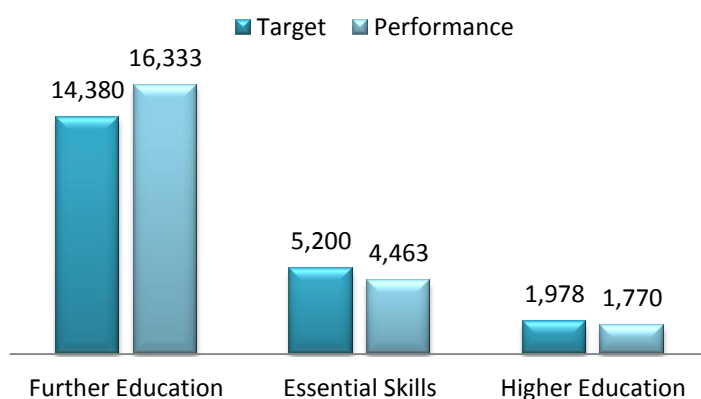


Figure 4b

Whilst the overall FLU delivery targets for Essential Skills and Further and Higher Education were not met, enrolment targets for part-time Further Education exceeded target by over 19% (2,074 enrolments). The total enrolment for Essential Skills was over 700 enrolments below target.

The FLU target agreed with the Department for Employment and Learning for 2013-14 has been reduced to 8,084 FLU from a target of 8,504 FLU in 2012-13. The grant allocation for 2013-14 equates to 7,765 FLU. The College has agreed to continue to support the over delivery target of 319 FLU through increased efficiency measures and the use of reserves. The College remains concerned that the continued level of over delivery is not sustainable long term. Whilst the College is committed to increased efficiencies in delivering these targets there is a danger that the level of over delivery will ultimately place the College in financial difficulties. The College welcomes the reduced target set for 2013-14 and the discussions that have taken place with the Department for Employment and Learning on the long term resource implications and financial stability of the College.

The following section provides a more detailed analysis of enrolments contributing to the overall FLU position for 2012-13. Readers should note the figures presented for 2012-13 are those at 8 August 2013 and are not final validated figures presented to the Department for Employment and Learning for the year end position.

Full-time Further Education

Over recent years the College has responded to the changing economic environment that emerged since 2008. The total number of full time Further Education students enrolled has fallen year on year since 2009-10, however the enrolment of 3,465 full time students in 2012-13 is still some 230 students more than in 2008-09, see **Figure 5**.

The decrease in enrolments in full time Further Education is consistent with the demographics for young people in full time education at 16. However, when this is considered together with the continuing difficult economic situation, it is predicted that the demand for full-time Further Education at all levels will remain high for the foreseeable future.

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

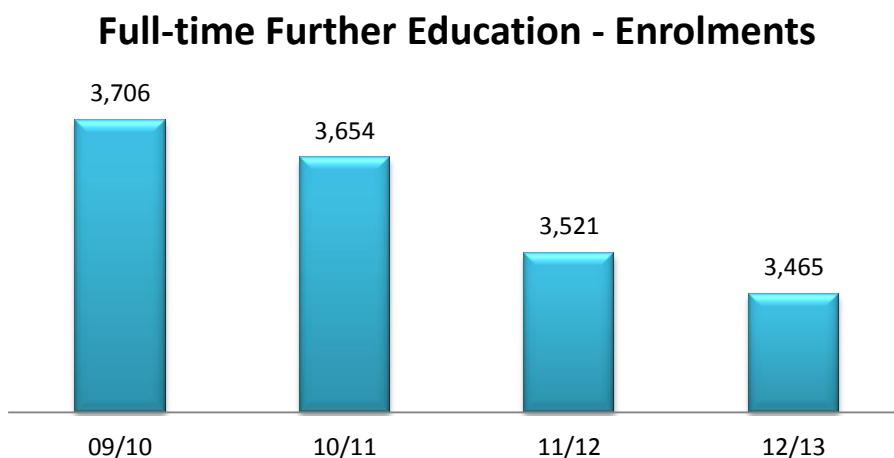


Figure 5

When one considers the total number of new starts rather than simply the total enrolment by Level a number of interesting points are evident. The actual percentage of students enrolling on Level 3 courses as new starts in 2012-13 fell to 80.6% compared to 85.3% in 2011-12. However, the percentage of new starts enrolling on full time provision at Level 2 or below, rose from 14.6% to 19.3%. Whilst the College has responded to the needs of new students by introducing a varied curriculum offer at Level 2 and below the changing pattern of new starts at both Level 2 and 3 may point to a shift in the academic profile of students entering Further Education with schools retaining young people to undertake the more academic route at A Level.

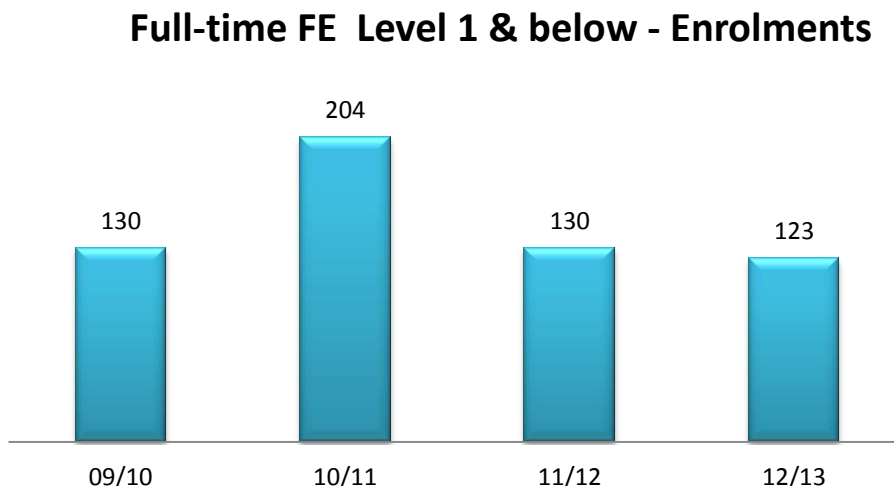


Figure 6

Full-time FE Level 2 Enrolments

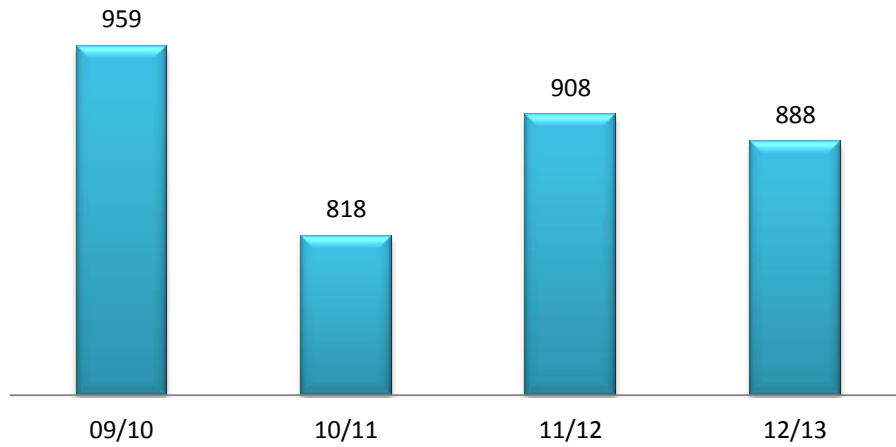


Figure 7

Full-time FE Level 3 Enrolments

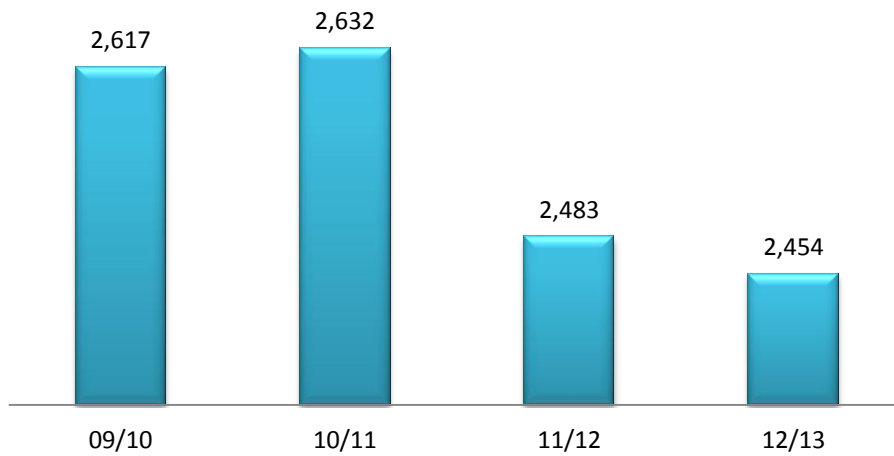


Figure 8

Part-time Further Education

The College launched its 'short course' initiative in January 2013. This initiative aimed to trial the use of smaller 'bite sized' units of learning to help inform the re-design of the College's course enquiry system. The short course initiative resulted in over 700 additional enrolments for the period between January - June 2013. The total evening enrolment thus increased from 4,737 in 2011-12 to 5,703 in 2012-13, **see Figure 9**.

Evening Enrolments

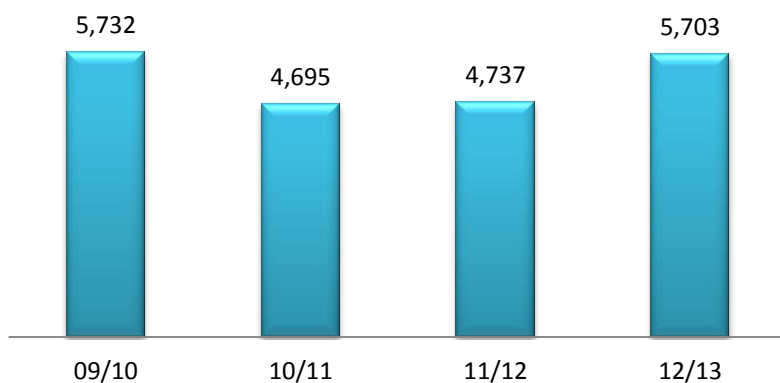


Figure 9

The growth in recreational or non-accredited evening enrolments continued in 2012-13 largely as a result of the short course initiative, **see Figure 10**.

Recreational Enrolments

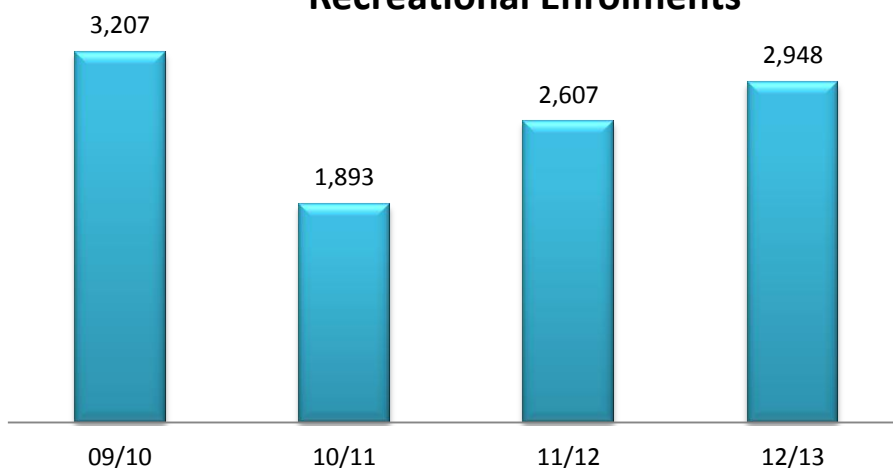


Figure 10

Part-time evening accredited provision at Level 1 - 3 also increased in 2012-13 with small increases across all 3 levels, **see Figure 11**.

Evening Enrolments by Level

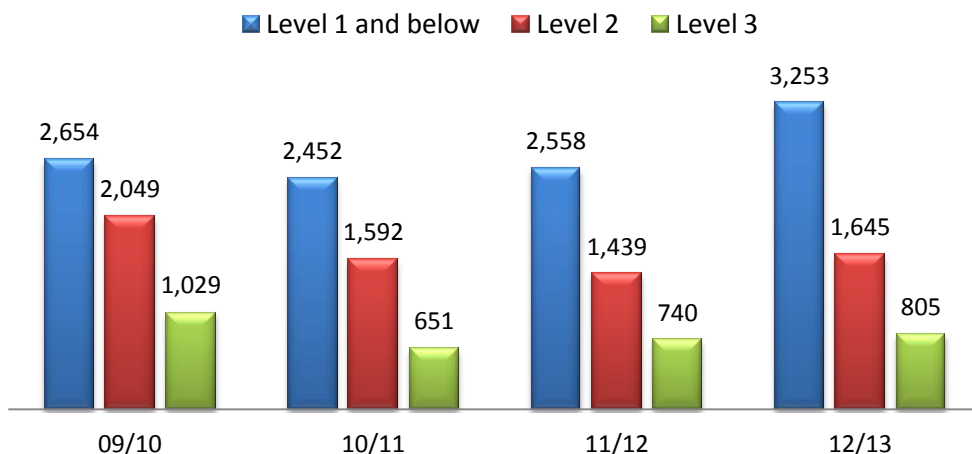


Figure 11

A further indicator of the impact of the current economic situation on part-time enrolments is the number of students registered as TSN (Targeting Social Need) receiving tuition fee concessions. The number of part-time Further Education students registered as TSN increased from 2,085 in 2011-12 to 2,256 in 2012-13 which is an increase of 8.2%, see Figure 12.

TSN Registered Students - Part time

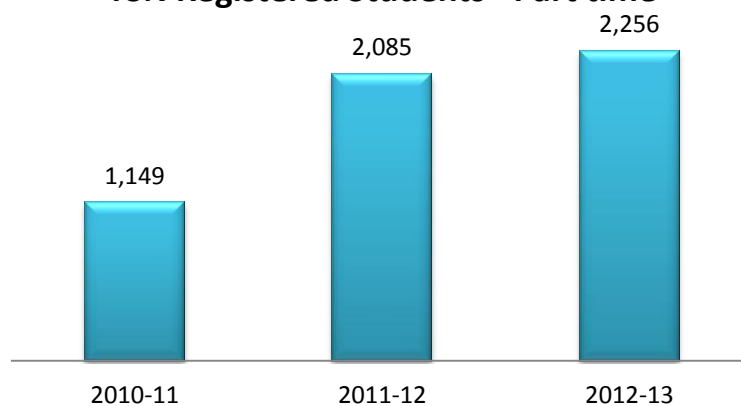


Figure 12

Externally Accredited Provision

Externally accredited provision accounted for 98.2% of the total FLU provision with over 12,666 enrolments against a target of 96.5% of total FLU delivery. Full-time Further Education accounted for 76.7% and part-time 21.5% of total FLU funded provision. The College delivered 4,850 externally regulated full-time FLU against a target of 5,153 FLU. The College delivered 1,361 externally regulated part-time FLU against a target of 1,162 FLU.

Vocational Provision

Similarly, the extent of provision classed as vocational remained at a similar level to 2011-12. The College delivered 4,596 vocational full-time FLU against a target of 4,844 FLU. The College delivered 1,284 vocational part-time FLU against a target of 1,092 FLU. Vocational enrolments accounted for 92.9% of total FLU provision.

Essential Skills

The College experienced a significant drop in the number of Essential Skills learners over the course of the year compared to previous years. The College enrolled only 4,416 learners against a target enrolment of 5,200, see **Figure 13**.

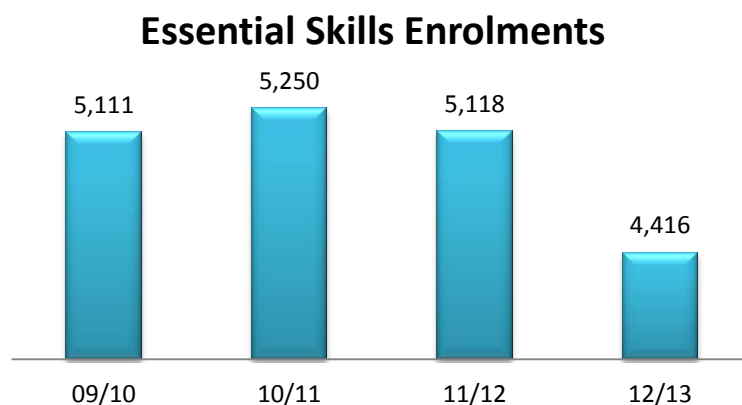


Figure 13

Whilst there was a decrease in enrolments across all three Essential Skills areas, the drop was most significant in the area of ICT with over 500 enrolments fewer than in 2011-12, see **Figure 14**. This can partially be attributed to a greater number of new full time students having already obtained an equivalent Level 2 qualification in ICT prior to joining the College. Despite this decrease, ICT remains the most popular of the three Essential Skills.

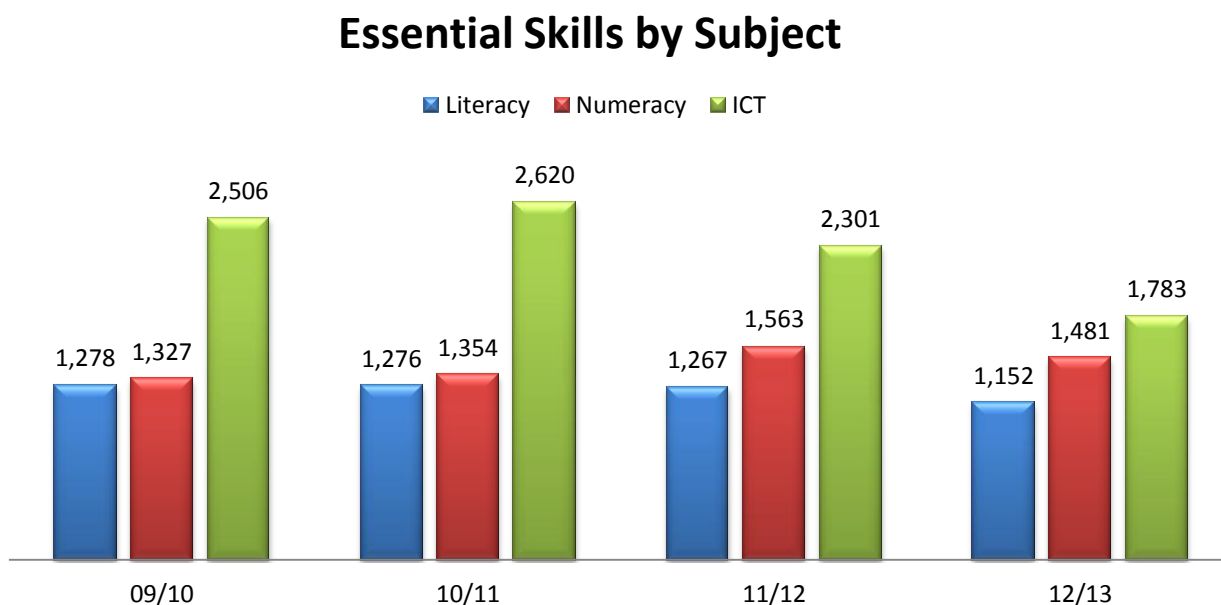


Figure 14

Priority Skills

The total enrolment for full-time priority skills areas increased by 10.1% compared to the previous year, **see Figure 15**. The number opting for applied science and software and computing has also increased.

The increase in part time priority skills enrolments is also attributed to the increased enrolment in accredited ICT courses. In 2012-13 the College replaced recreational ICT courses with an Entry Level ICT accredited programme of study. This accounted for over 650 enrolments during the year.

Priority Skills - Enrolments

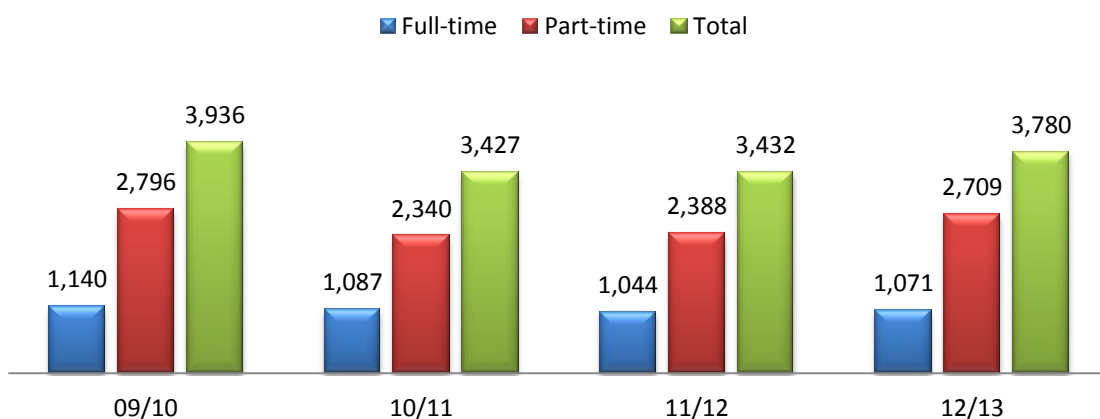


Figure 15

Higher Education

The College’s portfolio of university validated courses aims to provide students with the opportunity to further their education by developing higher level skills as well as improving their career prospects. With over 1,800 Higher Education enrolments annually this is an increasingly important element of work for the College. Many students are finding that choosing to study locally can significantly help reduce the costs of Higher Education study and the demand for part-time study continues to increase. The Foundation Degree remains the primary intermediary higher level qualification for full-time provision. However, the Edexcel Higher National award remains popular for re-skilling through part-time modes of study. The College is committed to replacing Higher National awards with Foundation Degrees where this is deemed appropriate and relevant to the needs of the local economy. The College offers a number of Foundation Degree, Associate Bachelor Degree and Honours Degree courses validated by the University of Ulster, Queen’s University Belfast and John Moore’s University Liverpool.

The Department for Employment and Learning has set a cap on the total number of student enrolments for full-time Higher Education. The College restricted its full time intake in line with the MaSN cap to 539 places (+1%) in 2012-13.

The enrolment for part-time Higher Education continued at a similar level to that over the previous 3 years, **see Figure 16**. It is important to note that the trend for increasing part-time Higher Education experienced since 2008, is in contrast to that experienced in part-time Further Education and is largely reflective of the desire to obtain higher level qualifications and skills that will enhance career and employment prospects. It is anticipated that the demand for both full-time and part-time Higher Education will remain high for the foreseeable future.

Higher Education

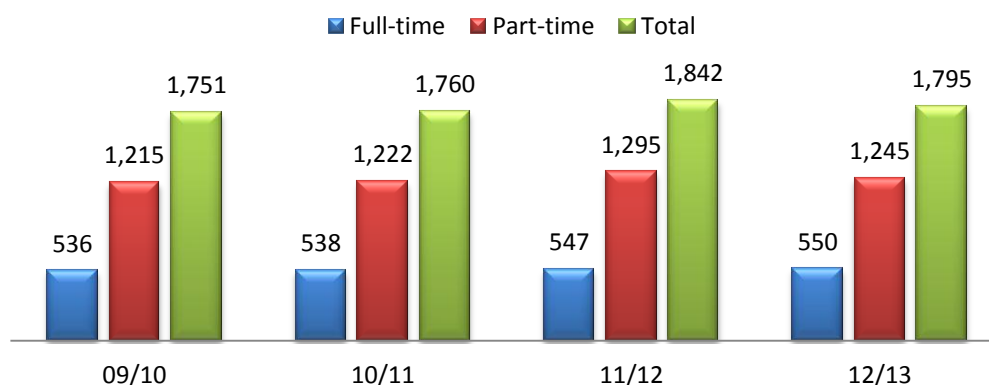


Figure 16

Skills Training - Training for Success and Apprenticeship Training

The College provides skills training through two DEL contracted programmes; Training for Success and Apprenticeship NI. The College bid for new contracts in both areas for the period 2011-14. Despite being notified of the award of contracts for both Training for Success and Apprenticeships a legal challenge prevented the College from marketing and promoting the new contracts during the 2012-13 year. In addition, the College had to re-engage with other training providers through sub-contracting arrangements in order to support delivery for plumbing and electrical engineering at Level 3 at a local level.

The strands of Training for Success delivered during 2012-13 are outlined below:

- **Skills for Your Life – (Personal Development)** – to address the personal and development needs of young people who have disengaged from learning and/or have significant obstacles;
- **Skills for Work** – to help young people gain skills and a vocational related qualification leading to employment or to progress to programme led apprenticeships/apprenticeship training; and
- **Programme Led Apprenticeship (PLA)** – to provide young people with the opportunity to work towards the achievement of a Level 2 apprenticeship framework. Introduced in 2009 as an intervention measure during the economic downturn.

The number of 'new starts' (registered between 1 April 2012 – 31 March 2013) on Training for Success strands decreased by over 100 compared to the same period last year, see Figure 17. In 2012-13 the total number of new starts was 578 of which 330 (57%) registered under the Programme Led Apprenticeship strand. The numbers opting for the Programme Led Apprenticeship route is reflective of the difficulties experienced by the majority of young people in seeking employment and progressing to an apprenticeship route.

The current economic situation has had a profound impact on the local construction industry. The number of construction companies operating in the region has reduced resulting in fewer opportunities for work placement for Programme Led Apprentices and other trainees. The areas hit hardest include plastering, electrical, plant and plumbing. Whilst construction trades continue to decline in significance, the demand for areas such as motor vehicle and body repair remains high.

The number of new start apprentices has also decreased from a figure of 423 in 2011-12 to 276 in 2012-13. This is largely due to changes introduced by the Department for Employment and Learning to restrict all age apprenticeships to priority skill areas. Consequently the College experienced a significant drop in the number of apprentices recruited in a number of areas including pharmacy, meat technology, health care and childcare.

TFS & Apprenticeships - New Starts

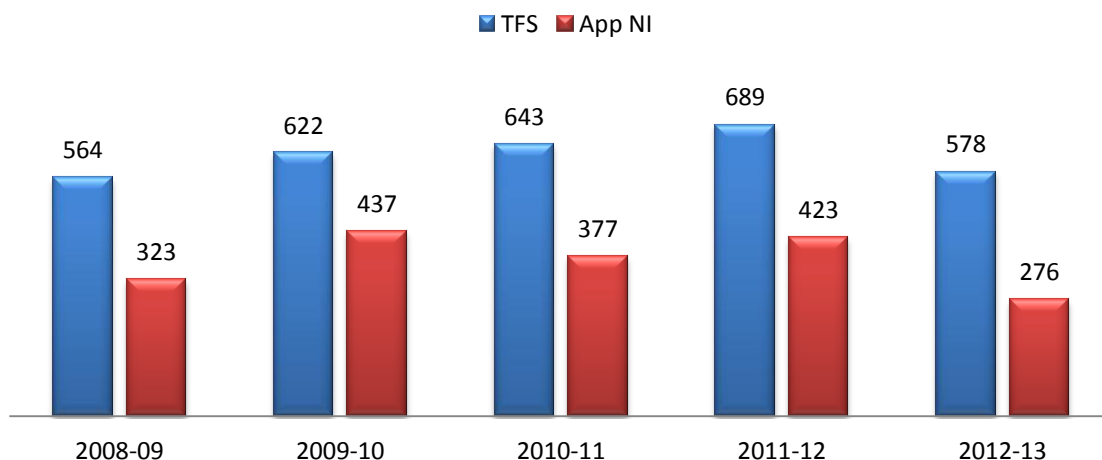


Figure 17

Schools' Partnership

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

The College has established an effective partnership with 38 post-primary schools in the region. This work is coordinated and planned through the four Area Learning Communities in Armagh, Banbridge, Craigavon and Newry.

There was a small drop in the number of enrolments at Level 2 or below with enrolments falling to 3,818 in 2012-13, Figure 18. The number of students enrolled on Level 3 provision has continued to fall. The decisions made by schools are clearly influenced by the level of uncertainty in regard to continued funding by the Department of Education.

Schools' Partnership

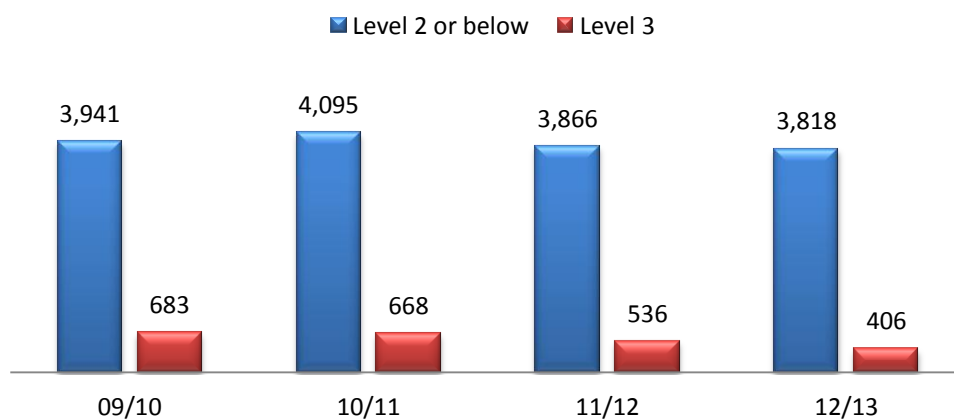


Figure 18

SOUTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2012/13 (continued)

Over the early part of the year there was real concern that when the Entitlement Framework became statutory in 2013, (as indicated under the Department for Education Circular DE 2012/09) delivery of all aspects of the curriculum including the Entitlement Framework would be funded from within the schools' core grant. The College welcomed the additional money committed by DE to support entitlement framework funding until 2015. However, the concerns regarding the long term funding of schools partnership remain. The earmarked funding to support school-college collaboration will disappear from 2015 with the expectation that schools must fund collaborative activity from within their block funding. Consequently, it is anticipated that the current level of delivery supported by the College at Key Stage 4 and post GCSE is likely to reduce from 2014 onwards with an inevitable impact on the level of resource needed to deliver future partnership programmes.

Community Engagement

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

The College continues to be a leading player in the delivery of the regional Neighbourhood Renewal strategy and has been instrumental in the development of targeted projects to tackle the perennial challenges of lack of participation and achievement in education and employment of those living within the five Neighbourhood Renewal Areas (NRA) in Armagh, Brownlow, Lurgan, Newry and Portadown.

During 2012-13 the College's Community Learning Team promoted and delivered a number of innovative programmes including:

- CancerWise Programme (all Areas) research was conducted into a community based hospice and cancer support within the 5 Neighbourhood Renewal Areas in the Southern Region and provided accredited training in Adult Health & Social Care including work placements for 38 participants;
- Training & Employment Opportunities Programme (TOPs) (all areas) a programme that provided mentoring support to young people engaged in the Southern Regional College (SRC) School Partnership Programme additional targeted mentoring to young people progressing from SPP to SRC FE & Training Programmes. TOPs also provides recognised accredited training programmes to expand potential and enhance employability and to date has resulted in securing 25 jobs for those previously unemployed;
- Grow Programme provided accredited horticultural training for participants in NRAs of Lurgan, Portadown and Brownlow;
- Enterprise Programme - the programme allowed participants to participate in an entrepreneurial training programme leading to the achievement of a nationally recognised qualification;
- The Big Lottery funded Transforming Communities project continued to recruit significant numbers of people from the traveler and migrant-worker communities and has exceeded its targets by 50%. It has now successfully moved travelers and migrants from the programme to mainstream Further Education. This project has been shortlisted for a Beacon Award; and
- Specialist Provision for Industry using College Expertise (SPICE) in supporting the implementation of the 'Pathways to Success' Strategy for young people who are not in Education, Employment or Training (NEET), SRC devised the SPICE programme. It is designed to engage with 240 NEETs over a two year period to provide mentoring and facilitate unique programmes of vocational training to the post 16 age group.

SRC is recognised as the leader of innovative programmes in support of the Department for Social Development's strategy People and Place.

- 25 NRA residents who prior to our Neighbourhood Renewal programmes were unemployed have now found employment as a direct result of SRC's engagement. 15 residents have found full time employment, 8 residents have found part time employment and 1 resident has started her own business; and

**SOUTHERN REGIONAL COLLEGE
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- As part of our Employ-Me programme, 137 unemployed participants' graduated from 6 different curriculum areas including IT, Engineering, Finance and Retail. 19 participants, who were previously unemployed found employment as a direct result of taking part in this programme.

The total enrolment (including cost recovery work) for community outreach provision in both Further Education and Essential Skills, **see Figure 16**, was lower than that experienced in the previous year. The decrease was evident in both FLU based and cost recovery provision delivered through Neighbourhood Renewal programmes. The decrease in FLU based provision can be partly explained as a result of the DEL funded Learner Access and Engagement pilot coming to an end during the academic year resulting in a decrease in enrolments from our contracted partners. The College welcomes the decision to mainstream the Learner Access and Engagement programme for the 2012-13 academic year and anticipates a return to enrolment levels experienced in 2010-11.

Community Enrolments

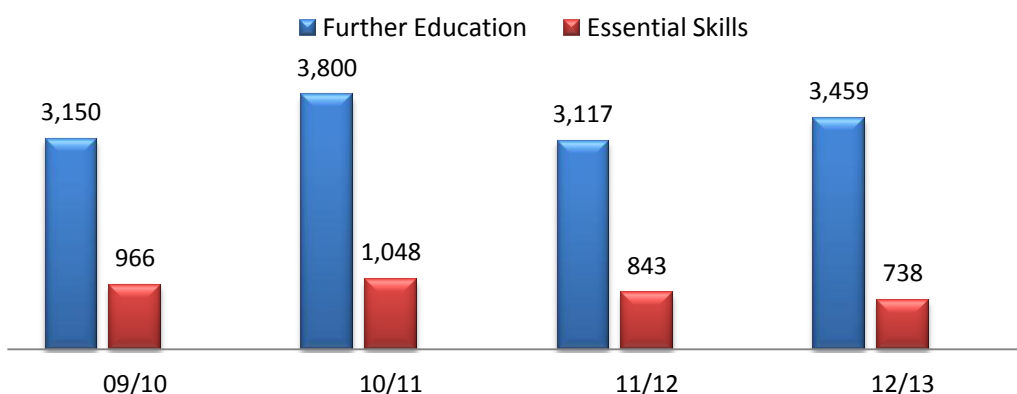


Figure 19

MARKETING ACTIVITIES

During the 2012-13 academic year the marketing team produced a number of publications to promote and inform the wider community of the work of the college including the annual prospectus, 2 newspapers (which are distributed to over 135,000 homes), an in-house magazine for staff 'SRCzine' and an external magazine for stakeholders 'Source' which are published monthly. The team has established working relationships with local press to promote student success and the wider work of the College.

A number of high profile events were hosted throughout the year including the Higher Education Graduation, the FE Celebrations of Achievement, Student Recognition Awards, the Schools' Partnership Awards and numerous other celebratory awards ceremonies to mark student and staff achievements. The team promoted the College's curriculum offer at over 101 external events including schools careers fairs and information evenings across the Southern Region.

The team continued to make more effective use of e-marketing. The team has revised the College website resulting in increased activity with over 150,000 hits per month. The use of social media continued to grow and last year the number of active followers who registered on the College's Facebook page was up 48% on the previous year. Similarly the College's Twitter feed was up 10% and our LinkedIn profile activity increased by 58%.

SOUTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2012/13 (continued)

STUDENT ACTIVITIES (AND ACHIEVEMENTS) 2012-13

The College places great importance on the use of skills competitions to complement teaching and learning programmes. The College believes that participation in such activities contributes to:

- raising standards;
- promoting excellence in skills;
- injecting ambition and aspiration;
- building confidence and self esteem; and
- providing meaningful and enjoyable learning experiences.

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

Our commitment to skills competitions is demonstrated through our participation in local, regional and national competitions across many vocational areas.

During the 2012-13 academic year the College:

- sent 23 trainees to a two day Skillbuild Regional Finals event and they returned with an unprecedented 15 awards. The trainees picked up 13 individual awards including 5 Gold, 5 Silver and 3 Bronze Medals as well as the Skillbuild NI Chairpersons Cup and the Skillbuild NI DEL Cup;
- had two students who received BEST Awards. Darragh Loughran a student on Level 3 Extended Diploma in Engineering took first place in the 16-18 year old category and Klaudia Lisek, a HND Graphic Design student won the overall prize in the over 18 category;
- celebrated Jacqueline McCaughey's success when she was awarded VQ Learner of the Year, after completing the Level 5 Diploma in Leadership for Health and Social Care;
- increased the use of skills competitions for learners on our Schools' Partnership Programme with 83 pupils participating in our annual intercampus skills competition;
- achieved continued success in regional competitions in a number of sports including Hockey, Volleyball, Gaelic Football and Soccer; and
- had 4 students on the Schools' Partnership Programme named as Learners of the Year by CCEA. The students winning awards were Grainne O'Hare for Business & Services, Brian Lavery for Engineering, Jonathon Annett for Engineering Services and, Clare Berry for Design & Creativity.

Other notable student successes in skills competitions, awards and academic performance included:

- Anna Pawlowska - winner in the Recognition Award category at the prestigious Apprentice of the Year Awards Ceremony held in Belfast;
- Karen Foy a student on Creative Craft Floral Crafts won the CCEA Celebrating Achievements Award;
- Three Media students, Clifford Bailie, Matthew McCaughey and Daniel Runciman, from Banbridge Campus who made it through to the semi final of the UK Skills Media Competition;
- Four SRC students achieved success at the NI Heat of the World Skills Floristry Competition held at Greenmount. Marion McGee was awarded first place in the Advanced Level while Anne Lavery, Roslyn Millar and Elaine Groves were awarded first, second and third place respectively in the Intermediate Level;

SOUTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2012/13 (continued)

- Nikita Herron, a Health and Social Care Student at Banbridge Campus, secured 2nd place at the WorldSkills UK Caring Competition held in Blackpool;
- George Haugh from Portadown and Caroline Gordon from Craigavon jointly clinched the County Armagh Award at the Essential Skills ceremony which took place in Hillsborough Castle;
- Jamie Maxwell, a Foundation Degree in Travel and Tourism student was awarded the NI Travel Student of the Year at the NI Travel Awards;
- The Boys Gaelic Team won the Ulster Further Education 7's in September, the Ulster Magee Cup in November and the All Ireland Higher Education Division 3 League in December. The high point of the year came in February when they were successful in winning the All Ireland Corn Na Mac Lien Championship;
- The Girls Hockey Team Armagh Campus won the final of the McDowell Plate against Ballyclare High School;
- Geoff McGrath, HND photography student at Lurgan Campus, won gold in the Society of Wedding and Portrait Photographers Competition;
- The Rotary Club of Portadown presented awards to five students from Southern Regional College for their outstanding education achievements in a variety of vocational areas. Laura Donaldson (Business), Joshua Bell (Engineering), Andrew Nugent (Construction), Milena Topolska (Computing) and Patricia Zamorska (Hospitality);
- Almost 700 students from local high schools celebrated their success at awards ceremonies for students participating on the Schools' Partnership Programme (SPP) at Southern Regional College;
- Conor Boden an HND Engineering student was awarded the prestigious Rooney Fellowship Award for 2013-14;
- Paula Fialho, Ethan McNichol, Joel Kane and Brian Adams were recognised for their outstanding work in the field of Architecture and were awarded prizes from local architectural companies HPA Architecture Ltd and Paul McAllister Architects;
- Matthew Kennedy, Portadown Campus and Martin Carol, Newry Campus progressed to the final of the All Ireland Student Chef of Year Competition;
- Three Business Studies students were awarded at the Federation of Small Business Future Student of Business Awards, Matthew Cartmill, Timothy Conn and Victoria McKnight;
- Gintare Lenkeviciute a student in Creative Media Production at Armagh was awarded a three year Scholarship from JP McManus;
- Jessica Thompson, a Foundation Art student from Lurgan was runner up in the NI Colleges Fashion Design Competition – Off the Cuff;
- Two students were recognised at the Bank of Ireland Awards. Oliver Donnelly, a Media student was presented with the award for community spirit and Victoria McKnight, a Business student, was presented with the entrepreneurial award;
- Nikita Harron, a student on HND in Health and Social Care at Banbridge Campus, was selected as this year's winner of the Sister Michele O'Leary Bursary;
- The BT Award for Excellence in Blended Learning is awarded to an outstanding student who has successfully completed one of the College's blended learning courses. Mr Kevin McEnoy from BT presented the award to Majella Gollogly who completed the Edexcel Strategic Management and Leadership programme; and
- Professor James Haughey presented the winner of the Norbrook Prize for 2012-13 to Business Studies Student Victoria McKnight at the annual Higher Education Graduation Ceremony.

SOUTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2012/13 (continued)

International Engagement 2012-13

SRC is increasingly working in partnership with a wider international community to develop a more comprehensive, economically relevant curriculum offer. One of the College's key strategic aims is to promote an outward and forward looking College through the development of international links supporting staff, students and knowledge exchange. Engagement with other countries permits international benchmarking and thus ensures the curriculum offering is at the cutting edge of industry developments providing highly skilled, knowledgeable and competent people who can add significant value to employers when they enter the workforce.

The College's International strategy seeks to position staff and students for life and work in a globalised economy and multicultural society. The College supports the mobility of its staff and students by creating staff and learner placements, exchanges and study visits between regions and communities internationally. Partnerships and collaborative approaches to learning, curriculum development and delivery have developed and matured and this will continue as the pursuit of excellence intensifies.

Since 2011, SRC has obtained European funding in excess of €1.25m to facilitate a range of international projects. 181 students have gained real skills and experience through work placements in European countries such as Malta, Germany, France, Spain, Portugal, Finland and Italy. 36 staff accompanied these students and formed strong links with staff of the host organisations. Staff and students have also attended and participated in World Skills Competitions. A further 98 students will benefit from European placements in 2013.

SRC is represented on Colleges NI International Working group and this group has had useful ongoing engagement with Invest NI, UK Trade and Investment and the British Council about opportunities for bringing training to markets in India, China, Brazil and the Middle East. SRC staff participated in Invest NI funded Business Missions to India in 2012 to explore opportunities for doing Technical and Vocational training. India is a developing economy that lacks a vocational training structure and it is estimated that 75 to 80 million jobs will be created in India over the next five years and 75% to 90% of all additional employment will require some vocational training. There is a huge skills gap and although 90% of the jobs in India are "skill based" and require vocational training, only 5% of the youth in India are vocationally trained.

College staff visited Bangalore, Mumbai and New Delhi to meet Government and Private Training Institutes, human resources and staffing agencies and some major companies. An application has been submitted to the UK India Education and Research Initiative (UKIERI) for funding to further develop relationships with two of the organisations visited.

An ongoing relationship with colleges in the United States continues with the Rooney fellowship based in Pittsburgh and with two Sister City relationships. Southern Pines and Sandhills Community College in North Carolina have a Sister City relationship with Newry and Mourne District Council and West Georgia Community College has a Sister City relationship with Craigavon District Council. Staff and students from each of these Colleges were hosted by the College during the year.

SRC was the first college in Northern Ireland to host a European Transversal Study Visit with 11 professionals from 10 European countries participating. The title of the study visit was 'Promoting Education and Training Opportunities for Learners from Disadvantaged backgrounds'. The participants stayed in Armagh City Hotel and met College representatives, local Council, Department of Social Development and community organisations. The College also hosted a Finnish Health and Social Care student and 20 French students and assisted them in obtaining work placements in a range of businesses. The Europa Vocational School in Weiden sent 15 students and 6 staff to Northern Ireland for 2 weeks in March 2013. SRC staff arranged a series of industrial visits with manufacturing companies in Engineering and Mechatronic disciplines and allowed students to participate in SRC classes.

In 2011 the Stems Partnership, led by the College was successful in securing almost €300,000 for a new EU Transfer of Innovation project. The Stems project (supporting the transfer of education and mobility strategies) enabled the College to work with European partners to develop a Transfer of Mobility good practice handbook during 2012-13. This handbook was designed to create a framework to further promote and share expertise in advancing Leonardo da Vinci opportunities across Europe. Through the project the partnership also developed the 'Diversity in and through Sport' course and has shared this programme to new organisations, countries, target groups and sectors. Each European partner has adapted, piloted and further developed the innovative content to create new exciting resources which have now been integrated into training systems and practices across Europe.

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Learner Retention and Achievement 2012-13

Readers should note the figures presented for 2012-13 are those at 1 September 2013 and are not final validated figures presented to DEL for the College's year end position.

Further and Higher Education							
		Targets 2012-13			Performance 2012-13		
	Mode	Ret.	Ach.	Success	Ret.	Ach.	Success
Higher Education	Full-time	95%	93%	89%	92.4%	96.6%	89.3%
	Part-time	95%	90%	89%	93.4%	89.7%	83.7%
Further Education	Full-time	90%	93%	85%	89.5%	93.9%	84.1%
	Part-time	90%	90%	87%	93.1%	92.4%	87.4%
Essential Skills	Part-time	88%	80%	70%	86.2%	78.8%	68%

Table 4

Achievement rates across all areas of full-time and part-time provision either met or exceeded target with the exception of Essential Skills. Despite the performance targets not being met the College's performance in Essential Skills continues to improve year on year with 78.8% of students achieving, compared to 78% in 2011-12, 71% in 2010-11 and 65% in 2009-10.

Retention targets were not met in the majority of areas with the exception of part time further education. Despite this, performance across both full time and part time modes of study is excellent. The largest drop out of full time further education students was experienced in provision at Level 1 or below (14.5% drop out) compared to Level 2 (5.5% drop out) and Level 3 (7% drop out).

The retention across each of the three Essential Skills areas varies with 17.7% of students dropping out of ICT classes compared to 11.6% drop out in Literacy and 10.7% in Numeracy.

The College had another successful year in the provision of AS and A-Levels through our Armagh Campus with 88% of students obtaining grades A - C. Several subject areas achieved 100% pass rate including Biology, Chemistry, Economics, Eng Literature, Geography, ICT, Physics, and Religion.

Schools' Partnership Engagement

There were in excess of 4,000 enrolments on the Schools' Partnership programme in 2012-13. The performance across all areas and all levels of the Schools' Partnership programme was excellent with retention figure of 99.2% and an overall achievement rate of 95.1%, **see Table 5.**

Schools' Partnership provision					
		Enrolment	Retention	Achievement	Success
2011-12	Level 3	525	97.90%	91.60%	89.70%
	Level 2 or below	3,621	99.30%	97.30%	96.70%
	Total	4,146	99.10%	96.70%	95.80%
2012-13	Level 3	387	95.30%	85.50%	81.50%
	Level 2 or below	3,807	99.70%	96%	95.80%
	Total	4,194	99.20%	95.10%	94.40%

Table 5

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

To support local and regional economic development by providing a range of services to new and existing businesses leading to improved business competitiveness and productivity and identifying and addressing the skills needs of the current and future workforce through effective engagement with the Workforce Development Forum.

Business Engagement

In the current NI Economic Strategy, *Priorities for Sustainable Growth and Prosperity*, we are presented with an economic vision for 2030 where the Northern Ireland economy is 'characterised by a sustainable and growing private sector, where a greater number of firms compete in global markets and there is growing employment and prosperity'. The Southern Regional College remains committed to contributing to this vision by delivering flexible and responsive provision, working effectively with employers and employer-support organisations and meeting their skills and development needs. The College recognises that it must be flexible, fast moving and responsive to change. Not only must the College be able to give young people and adults access to the enhanced vocational learning they need to succeed in a modern economy but it must also be able to provide support to businesses to enable them to access the knowledge and technology they will require to compete in ever-challenging markets, local, regional, national and global.

In the 2012-13 academic year the College further strengthened its commitment to economic development and support for employers following the launch of the i3 initiative – Industry, Innovation and Incubation. i3 was designed to address two major challenges:

- To ensure our curriculum offering is both relevant to the needs of the Northern Ireland economy and enable learners to progress to employment or Further and Higher Education ; and
- To provide a more flexible service offering to business and industry.

Officially launched in January 2013, the i3 initiative has built on the work and achievements of the College's Business Support Centre with the introduction of eight Research Lecturers to work alongside the Business Support team. i3 has enabled the College to develop expertise in a number of industry areas thus providing an enhanced level of knowledge transfer, skills development and specialist support to help foster innovation and growth in local companies.

In tandem with their industry liaison work the Research Lecturers have played key roles in curriculum development. Research Lecturers are now key drivers in ensuring the needs of business and industry are met in the classroom through the delivery of learning programmes tailored to their needs. Although still in its infancy, the i3 initiative has already shown its potential, for example, in the development of a number of new higher level apprenticeship programmes and in the securing of a number of new work-based contracts with larger employers in the region to develop and deliver bespoke skills development programmes.

Although 2012-13 was a year of change and challenge due to the introduction of i3 and the associated changes to roles and responsibilities of Business Support team members, we have continued to provide a top class service to business and industry. i3 has continued to provide support to employers through a range of programmes including: DEL Employer Support Programme; DEL Customised Training Programme; Knowledge Transfer Partnerships; FUSION; InvestNI Innovation Vouchers; ConnectED programmes as well as full-cost recovery provision.

Below are some examples of the achievements in 2012-13:

- We had 927 engagements with local companies delivering a range of services including knowledge transfer, technical mentoring, research and development, innovation support and skills training delivery;
- We secured £225,000 through the DEL Customised Training Programme delivering on-site training to 57 companies;
- We secured 17 InvestNi Innovation Vouchers and 3 FUSION projects to support companies in the development of new products and services.

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i3 Business Support Engagement 2008-13					
	2008/9	2009/10	2010/11	2011/12	2012/13
No. companies	255	950	672	645	927
Full cost recovery income	£157k	£177k	£188k	£186k	£215k
Other income	£814k	£2,270k	£2,543k	£1,278k	£720k*

Table 6

* excluding i3 Apprenticeship activity and associated income

4. Strategic Aim: People and Organisation

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

Over the course of the year, the College continued to support staff through a range of continuing professional development (CPD) activity. An annual Employee Development Plan was approved by the College's Staffing Committee and agreed actions were based on an analysis of information from a variety of sources including the self evaluation processes, staff appraisal and school reviews. A series of mandatory and optional development activities were planned for the designated Employee Development days set out in the College's academic calendar. The College also increased its portfolio of on line employee development courses thus providing a more flexible and innovative form of learning for all staff. The College also supported individual requests for professional development including supporting staff through teacher training (PGCFE & PGDFE), professional and higher level courses as well as job related training. The College also promoted the University of Ulster's Part-Time Tutor Education Pilot Programme to all part time lecturing staff. A total of 10 part time lecturers have been chosen to participate in the programme during the 2013-14 academic year.

Following the achievement of Investors in People in 2012, the College continued to use the standard as an improvement tool. The College has opted to use the rolling review approach to assess our progress against the standard and is scheduled to have an interim review during the early part of the 2013-14 academic year.

The College achieved a number of Charter marks for work undertaken through the student services team. College staff engaged in a number of training exercises and reviews that led to the following Charter marks being awarded:

- Buttle UK Quality Mark in recognition of the support for students from a care background;
- Royal National Institute for the Blind (RNIB) Model of Excellence Charter mark recognised the College as a Model of Excellence in relation to how blind and partially sighted people are supported; and
- Royal National Institute for the Deaf (RNID), Action on Hearing Loss Louder Than Words Charter mark. In Recognition of the College's commitment to working with people with hearing loss.

The College continued to embed the Technology in Learning Delivery (TLD) qualification to support lecturing staff engaged in blended learning delivery. The College aims to have all lecturing staff complete the TLD qualification by 2015. Future ILT employee development will be aligned to support this aim. The qualification is now a mandatory DEL requirement for any staff delivering on designated blended learning courses.

The College launched its Process Improvement Project in June 2012 aimed at bringing about improvements across a number of key business process areas. More specifically this piece of work aimed to develop a shared understanding of individual and team responsibilities, better customer service, more efficient operations and more effective use of technology to support business process areas.

SOUTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2012/13 (continued)

Progress against the improvement action plan was mixed leading to the appointment of a Project Improvement Manager to take forward the key areas of work in 2013-14.

The College Human Resources department continues to support the wider staff complement in managing and supporting staff in accordance with the College's staff absence management policy. The staff attendance rate for 2012-13 was 95.34%.

5. Strategic Aim: Effective Governance and Strategic Management

To strengthen governance and management, maximise funding and ensure the deployment of financial resources in the most efficient and effective way to support delivery of the College's strategic direction.

Progress against this strategic aim is included under the Financial Objectives section of the Annual Report.

6. Strategic Aim: Modern Fit for Purpose College Estate

To develop and implement the *College's Estates Strategy*, taking account of changes in funding, future needs, sustainability initiatives, strategic developments within the Schools sector and local circumstances.

The College's desire to progress the development and implementation of an estates strategy remains a key priority. During the 2012-13 academic year the College appointed Deloitte as technical advisers to progress the outline business case and economic appraisal. The outline business case was submitted to the Department for Employment and Learning in May 2013. It is anticipated that the Outline Business Case (OBC) will be approved early in the new academic year. The College has established a Project Board to take forward the design and procurement phases during the 2013-14 academic year.

The College's programme of refurbishment and enhancements across campuses was scaled back in comparison to previous years and was largely restricted to sites that are not identified within the main OBC. A more strategic approach to future maintenance and refurbishment is largely dependent on the progress made following submission of the OBC and will need to be kept under review.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE: 2013-16

Whilst the College remains on target to achieve the objectives and performance targets set out in its Development Plan, the projections on student intake to Further and Higher Education for the period 2013-16 is dependent on the level of future funding provided by the Department for Employment and Learning. The College's projected enrolments for the period 2013-16 is based on growth in demand for both full-time and part-time provision. The College recognises the importance of using existing College reserves to support the projected enrolment targets set out in the College Development Plan for the period 2013-16, however, this can only be done in a manner that does not threaten the financial stability of the College.

In light of the anticipated challenging fiscal position during the current Government spending review period, the College recognises the need to prioritise its resources to fulfill its role as a key driver in support of the local and regional economy and to ensure young people are provided with the opportunity to continue in full-time Further Education and / or training. Consequently, the College will be forced to review and adjust some of its previous projections to reflect the changing financial climate. This is likely to include:

- prioritising reduced funding to support the needs of full-time learners;
- earmarking FLU funding to support externally regulated provision only;
- protecting priority skills provision;
- adjusting our commitment to community outreach provision; and
- introducing increased fees for full-time Higher Education courses.

SOUTHERN REGIONAL COLLEGE

OPERATING AND FINANCIAL REVIEW 2012/13 (continued)

The revised College Development Plan for the period 2013-16 reflects some of these changes and will be updated in accordance with changing Government priorities. Some of these priorities have already been addressed through the business plan for 2013-14, including:

- using College reserves to support an agreed level of over delivery for 2013-14;
- supporting increasing demands for Adult Access provision and Level 1 provision;
- supporting the College's Fresh Start programme which targets those young people not in education, training or employment;
- development of pilot higher level apprenticeships;
- replacement of Higher National awards with Foundation Degrees where this is deemed more appropriate;
- establishing partnership agreement with University of Ulster leading to an enhanced curriculum offer;
- adjusting our projections for community provision – reduced delivery target of 250 FLU annually (Further Education and Essential Skills);
- increasing European mobility projects;
- increased community project work through Neighbourhood Renewal Project areas – in excess of £1.3m; and
- increased i3 income to £1.4m.

Since 2008 the Department of Education (DE) has provided additional funding to support schools in reviewing and expanding their curricular offer at Key Stage 4 and Post 16 to meet the requirements of the Entitlement Framework. The College remains committed to supporting local schools in the delivery of the Entitlement Framework through the provision of professional and technical training. Despite the additional funding provided to schools for 2013-15, DE expects that the Entitlement Framework will be fully in place and that delivery including collaboration partnerships will be undertaken within the schools' delegated LMS budget allocation. It therefore remains unclear if the current level of provision offered by the College will be maintained when the additional funding is eventually removed. The absence of a joint 14-19 strategy between DE and DEL and the absence of Further Education from area planning continues to hinder the longer term plans for Schools' Partnership Provision and the confirmed position of the Further Education sector as the primary provider of vocational education.

The College is a leading provider of skills training through Training for Success and Apprenticeship contracts. The delayed announcement of the award of apprenticeship contracts due to a legal challenge has presented the College with significant difficulties in recruiting new start apprentices in 2013-14. In addition, the changes to funding of adult apprenticeships introduced in 2012 have led to revisions in delivery across a number of areas particularly in the health care and the food technology sectors.

FINANCIAL OBJECTIVES

The Southern Regional College's core values are putting the learner first, working together to achieve more and striving for excellence and this values driven approach is also applied in our approach to financial management and governance. The primary College financial objectives flow from the overarching strategic aim of effective governance and strategic management which states our intention to strengthen governance and management, maximise funding and ensure the deployment of financial resources in the most efficient and effective way to support the College's strategic direction. The more detailed financial objectives are articulated in the College Development Plan and the Balanced Scorecards used at College, Directorate and operational levels.

SOUTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2012/13 (continued)

The College's key financial objectives for 2012-13 were:

1. To provide a range of quality value for money products that meet the needs of learners and business customers while ensuring effective financial management and governance operates across Southern Regional College

Supporting Actions

- Budgets and financial targets were agreed with the Governing Body;
- 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 reports on procurement activity;
- The Governing Body received a full update on the College's financial position at every meeting throughout the academic year;
- The Senior Management Team in conjunction with curriculum managers monitored performance through an agreed set of Key Performance Indicators (KPIs) including student recruitment, retention and achievement targets;
- In conjunction with colleagues in the Human Resources Department, staff attendance and sickness absence was monitored throughout the year;
- The Finance Department operated the Agresso computer system to support raising requisitions and purchase order approvals and this was rolled out further across the College;
- Practical support and advice was provided by the Finance Department throughout the financial year, including procurement support; and
- DEL financial monitoring returns were completed to schedule.

2. To ensure risk management, financial control and governance processes are working effectively within the college.

Supporting Actions

- Risk management processes continued to operate and formal risk management principles are well embedded into existing management structures;
- The operation of the College Risk Management Policy and procedure was reviewed by the Audit Committee;
- All functional area risk registers were reviewed with relevant managers;
- The Corporate Risk Register was reviewed and updated against an agreed annual schedule;
- Reports were provided to the Audit Committee on a regular basis taking account of reviews of individual functional area risk registers; and
- Recommendations and actions flowing from the College's internal auditor and the external auditor were implemented.

3. To maximize funding and ensure the efficient and effective deployment of financial resources.

Supporting Actions

- Internal financial management reports were produced on a monthly basis;
- The College has moved from an in-year planned operating deficit of £0.63m to an end year deficit of £1.06m and a historic cost surplus of £0.59m;
- Delegated budgets were issued to relevant College managers;
- Financial procedures and controls were operated throughout the year with advice, guidance and training provided to staff as required;
- The effectiveness of internal control systems was reviewed and assessed; and
- Financial and procurement policies and procedures were kept up to date in accordance with best practice.

SOUTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2012/13 (continued)

4. To develop proposals and implement actions to deliver efficiencies across the College.

Supporting Actions

- A College Efficiency Delivery Plan was prepared and approved by the Finance and General Purposes Committee of the Governing Body;
- The Efficiency Plan included income generating, cash releasing and productivity improvement measures and actions;
- Reports and updates on progress were presented to the Executive Team and the Governing Body on a regular basis;
- Staff at all levels were encouraged to contribute to the efficiency and effectiveness of the College;
- The College's portfolio of courses was kept under review to ensure financial viability;
- A senior manager was appointed in-year to take forward the Process Improvement Project; and
- A senior manager was also assigned specific responsibility during the year for developing opportunities to increase income generating activity.

5. To progress towards the provision of a modern fit for purpose estate.

- Spend on College estates was reviewed in line with wider College objectives and a number of key projects brought forward;
- The Integrated Sustainable Buildings Technology project was progressed towards completion;
- The outline business case for investment in campuses in the Armagh, Banbridge and Craigavon areas was drafted and submitted to the Department for approval;
- A five strand approach to implementing the College Estates Strategy has been developed; and
- Consultation with staff, students and stakeholders continues with regard to investment in our estates.

FINANCIAL OBJECTIVES COVERING THE STRATEGIC PERIOD 2013-16

The financial objectives covering the strategic period 2013–16 and set out in the most recent College Development Plan and corporate Balanced Score Card are to:

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

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
- approval of the Outline Business Case for estates investment and commencement of the first phase of the procurement process.

Operational performance is addressed earlier in the Annual Report, under the section relating to the implementation of the strategic plan.

SOUTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2012/13 (continued)

FINANCIAL POSITION

Financial Results

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

The consolidated operating deficit for the year was £1.06m (2011/12 – surplus of £2.14m).

Total income decreased on the previous year by £0.89m. Total expenditure increased by £2.34m.

Total historic cost outturn was a surplus of £0.59m (2011/12 – surplus of £3.12m) compared with the College's original estimate as per the College Development Plan of £0.35m surplus. Overall the financial performance was very much in line with the College Development Plan and reflects a number of revisions to income and expenditure lines effected through the quarterly monitoring process.

Asset Indices provided by Land and Property Services were applied to the Group's Land and Buildings to provide valuations at 31 July 2013. This resulted in a decrease in net book value on 31st July 2013 of £0.06m. The total net book value of Land and Buildings at 31st July 2013 is £56.90m.

The College has significant reliance on the Department for Employment and Learning (DEL) as its principal funding source, largely from recurrent grants. In 2012-13, DEL provided 62.44% of the College's total income through allocated recurrent grant. This represented 17.9% of the total recurrent grant available to the sector.

Reserves

The Group has total net assets of £69.42m and cash balances of £11.78m as at 31st July 2013. A relatively high level of reserves was inherited from the legacy colleges but this continues to fall reflecting the more challenging financial climate the College is operating within.

The College ear-marked reserves during 2012-13 to support a number of planned estates related projects and refurbishments and the agreed level of over delivery in Further Education. Financial performance during the year meant that a call on reserves was not required. Going forward into 2013-14 and beyond, the College plans to use its reserves to address a number of short and medium term projects and accommodation issues. In addition, the College has agreed to support a further level of over delivery of Further Education in 2013-14. In the longer term reserves will be used to support the investment strands of the Estates Strategy. Projects and priorities identified for 2014-15 include:

- progressing the implementation of the Estates new build projects;
- completing delivery of telephony and communications systems and the Integrated Sustainable Buildings Technology centre (re-branded as greenTEC);
- supporting unfunded curriculum delivery;
- investing in specialised equipment to support curriculum delivery; and
- supporting refurbishment and maintenance of classrooms and student areas across campus buildings.

The College has established an Estates Project Group with representation from the Governing Body, DEL and the Central Procurement Directorate of the Department of Finance and Personnel to oversee the implementation of the College estates strategy. A full-time Estates Project Manager has been employed to work closely with the advisers appointed to complete the outline business case for investment in new campus buildings in the Armagh, Banbridge and Craigavon areas. It is expected the outline business case will be approved and the procurement of the first phase of the project commenced during 2013-14. College reserves will be a crucial funding stream to enable the delivery of the estates strategy and to help contribute towards the level of investment that is required.

SOUTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2012/13 (continued)

This estates strategy will set the direction of travel for the next 5 to 7 years and will be delivered through a number of core strands including:

- compliance with statutory and health and safety requirements;
- refurbishment and minor works required to meet the short and medium term curricular needs of the College;
- investment in new build and state of the art facilities to meet the longer term curricular and business support needs of the College;
- portfolio management to include disposal of surplus or under used properties and to maximise the contribution towards investment in new build;
- facilities management of estates related services such as catering, cleaning, reprographics and telephony;
- development of new ways of delivering teaching and learning through the use of ICT and technology, flexible and adaptable working spaces; and
- improvements in the efficiency and effectiveness in the use of accommodation for example consolidating to single sites in key locations, reducing costs and improving productivity.

The College has agreed to support the delivery of 319 unfunded FLUs (£1.09m) through increased efficiencies and the use of cash reserves for the 2013-14 academic year. The College plans to use any remaining reserves for specific projects, working capital and contingencies.

TREASURY POLICIES AND OBJECTIVES

Treasury Management

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

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

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

Bank of Ireland	-	£0.50m
Santander	-	£1.50m
Danske Bank	-	£3.17m
Ulster Bank	-	£3.60m
First Trust Bank	-	£2.07m

- 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 Financial Controller is responsible for arranging and operating a group bank account structure and ensuring all balances held earn investment interest;
- the Financial Controller 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 Financial Controller (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 Financial Controller carries out an appropriate exercise which will seek to minimise risk and optimise return.

SOUTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2012/13 (continued)

Borrowing

Any cash requirements identified by the Financial Controller shall be reported to the Chief Executive. The decision on future borrowings and loans shall be based on a comprehensive report setting out:

- a range of realistic options;
- sources and conditions of available funds; and
- a full report must be provided to the Finance and General Purposes Committee before seeking approval for any borrowings. The Southern Regional College had no borrowings during 2012-13.

Cash Flows

Cash outflow was £0.18m (2011/12 £1.06m inflow). The net cash outflow was largely due to a decrease in income from Education Contracts and an increase in Other Operating Expenses.

PAYMENT PERFORMANCE

The Late Payment of Commercial Debts (Interest) Act 1988, which came into force on 1 November 1998, requires the College, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%.

During the accounting period 1 August 2012 to 31 July 2013, the College paid 80.83% of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

POST BALANCE SHEET EVENTS

There were no post balance sheet events.

FUTURE DEVELOPMENTS

The College recognises the challenging nature of the prevailing economic environment and takes this into account when projecting its future student intake and budget planning. The College relies heavily on recurrent grant and contracts from the Department for Employment and Learning and continues to diversify the range of income generating activities and cost recovery activity.

Work based training and apprenticeship delivery represents another important source of income. The Department for Employment and Learning has awarded new contracts to support the delivery of apprenticeships and training for success. The impact and implications of these new contracts on College income will become clearer during 2013-14. In addition trainees who started training programmes under the previous contracts will continue to completion and consequently income from those contracts will decline over the next twelve months.

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 is expected to be approved in 2013-14 and the procurement process commenced. Costs incurred at the 31 July 2013 of £38k have been capitalised and included within fixed assets.

In October 2010, the Office of National Statistics reclassified Further Education Colleges from Non-Profit Institutions Serving Households to the General Government sector. From 1 April 2012 it was confirmed that for Northern Ireland, the Further Education colleges would be brought within the budgetary responsibility of the Department for Employment and Learning (and required to accord with the same budgeting and reporting disciplines as other Non Departmental Public Bodies). To date the Department of Finance and Personnel have confirmed that this position is in place at least until 31 March 2015. The College is currently working with the Department for Employment and Learning to determine the future impacts and implications of the change.

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

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

SOUTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2012/13 (continued)

The **i3** Business Engagement strategy will continue to be central to the College's role in supporting regional business and industry and will contribute to increased levels of income generation and cost recovery training over the next three year period.

The Department's approach to considering past performance in determining future funding has been strengthened through the introduction of the Quality Performance Adjustment (QPA) scheme. The QPA was used during the annual College Development Planning (CDP) process for the 2013-14 and the subsequent budget allocation from DEL. The focus of the QPA is on outputs, and necessitates a much greater priority on student retention and, in particular, the achievement of qualifications. The QPA sets out the use of course success rates as a means of introducing penalties where a College's performance falls below a minimum threshold. The College data for the 2011-12 academic year has been used by DEL to inform the level of adjustment within the 2013-14 budget settlement.

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 2013
	£'000
Armagh College Hill & Lonsdale Campus	5,560
Armagh, Station Rd Complex	90
Armagh, Lisanally Campus	6,073
Banbridge Campus	3,273
Banbridge Factory Site	248
Lurgan Campus	5,741
Newry East Campus	10,154
Newry West Campus	9,771
Newry Corry Square Campus	81
Newry Model Campus	1,765
Newry Greenbank Campus	2,288
Greenshoots (Newry) Ltd	613
Kilkeel Campus	809
Portadown Campus	10,394

Financial

The consolidated net assets at 31 July 2013 were £69.42m (including £3.03m pension liability). There was no long term debt at 31 July 2013.

People

The average number of people employed by the College during 2012-13 was 969 (equating to FTE 721.12 staff) of whom 377.02 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 4.97% for 2012-13.

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.

SOUTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2012/13 (continued)

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's risk management policy embodies the principles set out in HM Treasury's 'The Orange Book: Management of Risk – Principles and Concepts' issued in October 2004.

The College has established a Risk Management Committee with overall responsibility for the administration and implementation of the risk management process. During 2012-13 it:

- identified and evaluated the significant risks faced by the College and presented these for consideration by the Governing Body and Audit Committee through the Corporate Risk Register;
- provided information to the Audit Committee on the status of risks and controls;
- proposed amendments to and removed risks from the Corporate Risk Register;
- provided reports and updates on risk management action plans to the Audit Committee; and
- carried out an annual review of the operation of risk management in Southern Regional College and the effectiveness of the system of internal control which is summarised in a report to the Audit Committee and Governing Body.

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 Risk Register and risk management action plan was compiled by the Risk Management Committee and this helped to facilitate the identification, assessment and ongoing monitoring of those significant risks to the College. Emerging risks were added as required during the year and improvement actions and risk indicators were monitored on a regular basis.

The key corporate risks facing the organisation and management actions to address or mitigate them were reported in some detail in the Corporate Risk Register at each Audit Committee meeting during the course of the year. This included individual assessments of risks, risk ratings, risk factors, and existing controls and their effectiveness and details of actions to reduce or minimise the risk.

**SOUTHERN REGIONAL COLLEGE
OPERATING AND FINANCIAL REVIEW 2012/13 (continued)**

The main corporate risks identified during 2012-13 can be summarised as follows:

Summary of Corporate Risks:	Commentary:
Financial viability of the College	<ul style="list-style-type: none"> - Management of delegated budgets and regular financial reporting to the Chief Executive, Finance and General Purposes Committee and DEL represented key actions and controls in this area. Delivery of efficiency measures and development of a budget plan to support the CDP for the incoming year reflected other important actions. Specific issues arising and addressed in-year included lobbying to retain funding for the School Partnership Programme, review of TFS and Apprenticeships income. <p>One matter remains ongoing and that concerns engagement with the Department with regard to pay remits.</p>
Reputation of the College	<ul style="list-style-type: none"> - The school review process, course folder audit process, embedding of the Performance Enhancement Programme (PEP), established governance and management structures, union and staff consultation and a pro-active approach to marketing activities all contributed to managing and mitigating this risk. Some specific actions taken forward during the course of the year included a review of risks associated with external business engagements, consultation with councils on the College estates plans and responding effectively to adverse publicity generated in respect of the PEP process.
Safe working environment and compliance with Health and Safety legislation	<ul style="list-style-type: none"> - The Health and Safety Committee met regularly and a report on Health and Safety was produced quarterly. Health and Safety training was delivered in a number of areas and routine inspections were carried out across College campuses. Student safeguarding procedures were reviewed and updated, an action plan in response to two suspected asbestos incidents was drawn up and implemented and a full review of the operation of asbestos registers was carried out and improvements put in place. College safeguarding officers co-operated with social services and other agencies on a number of student cases through case conferencing meetings.
Provision of quality Teaching and Learning	<ul style="list-style-type: none"> - External quality assurance (ETI, QAA, Awarding Bodies) and Internal Teaching Controls (Internal Verification, Course Folder Review, KPIs and School Reviews, Student Surveys) remain key to managing this risk. School Development Plans and an Employee Development Programme are in place and supported through the College Virtual Learning Environment (VLE) and Management Information Systems (MIS). In addition the Performance Enhancement Programme was embedded across the College including a peer lesson observation process. <p>Self Evaluation Reviews were completed and the Whole College Quality Improvement plan updated. The GreenTEC integrated sustainable building project was taken forward and the i3 initiative aimed at improving employer engagement and curriculum development was launched.</p>
Effective ICT Infrastructure	<ul style="list-style-type: none"> - Core ICT systems continued to be delivered through the NICIS and NIRAN contracts. Other key controls operating in this area include regular monitoring of network performance, firewalls and antivirus counter measures, established back-up processes and procedures and ongoing training and development of staff.

Summary of Corporate Risks:	Commentary:
	<p>Specific actions in-year included the implementation of new telephony systems and technology and a move towards unified telecommunications. The ILT strategy was updated and approved by the Senior Management Team and a business case was developed and approved to take forward a Sharepoint implementation. The College also provided input to the Shared Services Working Group on the future provision of more effective and efficient college information systems.</p>
Optimisation of College Resources	<p>- The College Development Plan and financial planning play a key role in ensuring resources are optimised. During the course of the year the College continued to progress the Process Improvement Project and has embarked on a review of the risk management process to ensure better integration with College planning processes including the balanced scorecard</p>
Integrity of College Information	<p>- Key data and information policies are in place (Data Protection, Freedom of Information, Network Security) and are reviewed in line with the policy review schedule. There are well established processes for capturing, recording and managing information (students, staff, management) with extensive use of ICT systems. User access controls, firewalls, backup procedures, contingency arrangements are in place as well as physical security – (locked cabinets, store rooms). Enrolment procedures were reviewed and updated to take account of UK Border Agency requirements.</p>
Reclassification and realignment of the FE sector.	<p>- The College continued to engage with the Department regarding the impacts and implications of the Office of National Statistics (ONS) reclassification and this matter remains ongoing.</p>

Table 8

College Income

The College has considerable reliance on continued central government funding through DEL. In 2012-13 this represented 62.44% of the College's total income through allocated recurrent grant and this level of requirement is expected to continue. The overall level of income decreased from £42.77m in 2011-12 to £41.88m in 2012-13 (2.09%). Operating expenditure increased from £40.58m in 2011-12 to £42.91m in 2012-13 (5.75%).

The following issues have the potential to impact on future funding:

- reduction in the block grant allocation from DEL resulting from continued downward pressure on public sector funding;
- failure to meet Funded Learning Unit (FLU) targets resulting reductions in levels of funding, or claw back in the following year;
- changes in funding to adult apprenticeships;
- reduced levels of tuition fee income resulting from increased demand on concession fees;
- the need to achieve a longer term funding solution to support delivery of the Entitlement Framework;
- the downturn in the Northern Ireland economy which is adversely impacting on the number of trainees opting for an apprenticeship in the construction and engineering trades. This is likely to result in a reduced level of sub-contracted work for the College and consequently reduced income;
- the introduction of the Performance Quality Adjustment scheme from 2013-14; and
- failure to implement the new TFS and Apprenticeship contracts effectively.

The College will monitor these issues closely and will take mitigating actions, as appropriate, during 2013-14.

SOUTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2012/13 (continued)

College Reserves

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

In addition, reserves form an important source of funding for investment in the College infrastructure necessary to support teaching and learning. The College ear-marked reserves during 2012-13 to support a number of planned estates related projects and refurbishments and the agreed level of over delivery in Further Education. Financial performance during the year resulted in a decrease of £180k in cash reserves. The College plans to use its reserves to address a number of short and medium term projects and accommodation issues. In the longer term College reserves will form a crucial element of the funding stream that will enable the delivery of the estates strategy and help contribute towards the level of investment that is required in the Southern Regional College infrastructure. Any sudden or unplanned diminution in reserves has the potential to adversely impact on the College's ability to respond to financial uncertainty and to take forward investment plans in respect of estates.

The risk is mitigated in a number of ways:

- ensuring reserves are invested carefully to minimise financial risk exposure and to maximise the return to the College and ultimately the public purse;
- ensuring that the DEL is informed of College plans through the College Development Plan and the annual budget process and that appropriate capital and revenue budget cover is in place;
- taking forward the development of an overarching estates strategy;
- putting in place an estates maintenance and refurbishment plan for 2013-14;
- engaging with DEL with regard to the College's longer term investment plans; and
- reviewing the College's strategy for managing reserves, investing for the future and securing the longer term financial viability of the College.

STAKEHOLDER RELATIONSHIPS

In line with other colleges and with universities, the College has many stakeholders. These include:

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

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

The College considers good communication with its staff to be very important and regular meetings are held at campus level. The College uses electronic communication, web conferencing, its intranet and Managed 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 introduced 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.

The College also operates a Governors' link scheme through which Governors meet with section and function heads and their staff in order to develop a better understanding of the operation of the College.

EQUALITY OF OPPORTUNITY 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 and to have 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 dependants 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 2012-13 included

- appointment of additional Learning Support staff to address the increased number of referrals from trainees and students of the College;
- initial pre-entry assessments by the College's Team of Learning Support Coordinators (LSC) are carried out to ensure that support measures are in place in advance of a learner beginning his/her programme of study;
- 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;
- a contract with Disabled Go to produce an accessibility guide for potential users of our buildings;
- access by the Learning Support Team to a range of assistive technology that is deployed to learners as required;
- publication of the College Admissions Policy for all students on the College website and in all prospectuses.
- use of the DEL Additional Support Funding to provide direct learning support to over 700 students during 2012-13;
- counselling and welfare services were described in the Student Diary, and issued to students together with the Complaints and Disciplinary Procedure information at induction;
- achievement of the Buttle UK Quality Mark in recognition of the support for students from a care background.

The College was the first in Northern Ireland to achieve two further prestigious charter marks:

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

SOUTHERN REGIONAL COLLEGE
OPERATING AND FINANCIAL REVIEW 2012/13 (continued)

FINANCES AND GOING CONCERN

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

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

PERSONAL DATA RELATED INCIDENTS

No personal data related incidents occurred during the year.

CHARITABLE AND TAXATION STATUS

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

CHARITABLE/POLITICAL DONATIONS

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

PROFESSIONAL ADVISERS

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

SOUTHERN REGIONAL COLLEGE
OPERATING AND FINANCIAL REVIEW 2012/13 (continued)

MEMBERS OF THE GOVERNING BODY

Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committees Served
Mr Raphael Bustos	14/2/2013	30/09/2013		Student Member	-
Mrs Sinead Challinor	01/08/2011	31/07/2015		Member	Education
Mrs Maureen Clark	01/08/2011	31/07/2015		Member	Chair – Education, Audit, Staffing
Mrs Angela Coffey	01/08/2011	31/07/2015		Vice Chair – Gov Body	Finance & General Purposes, Staffing
Mr Hugh Cox	01/08/2011	31/07/2015		Member	Interim Chair: Audit, Education, Fin & Gen Purposes
Mr Brian Doran	28/01/2008			Accounting Officer & CEO	Education, Finance & General Purposes, Staffing
Mr Eric Ferguson	01/08/2011	31/07/2015		Member	Chair - Finance & General Purposes, Education
Mr Gordon Gough	01/08/2011	31/07/2015		Member	Finance & General Purposes
Mr Donald Mackay	01/08/2011	31/07/2015		Member	Audit, Staffing
Mr Henry McCloy	27/02/2012	26/02/2016		Staff Governor	Audit
Mrs Sylvia McRoberts	03/04/2012	02/04/2016		Member	Staffing
Dr Conor Patterson	01/08/2011	31/07/2015		Member	Finance & General Purposes
Mr Michael Purcell	27/02/2012	26/02/2016		Staff Governor	Finance & General Purposes, Education
Mr Andrew Saunders	01/08/2011	31/07/2015		Chair- Gov Body	Education
Mrs Eileen Wright	03/04/2012	02/04/2016		Member	Chair – Staffing, Audit, Education
Mrs Nicola Wilson	01/08/2012	31/07/2016		Member	Education
Two new appointments were made to the Governing Body for the incoming year:					
Mrs Teresa Campbell	20/02/2013	19/02/2017		Member (co-optee)	Finance & General Purposes
Mr Arder Carson	20/02/2013	19/02/2017		Member (co-optee)	Audit

For and on behalf of the members of the Governing Body

A.P.S
Mr Andrew Saunders
Chairman

26/11/13
Date

SOUTHERN REGIONAL COLLEGE REMUNERATION REPORT

Remuneration Policy

Members of the Governing Body

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

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

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

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

The Chief Executive and Second Tier Officers (Senior Staff)

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

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

Minimum Pay Levels

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

Progression

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

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

Performance Pay

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

Total Reward Package

Senior staff within the College have access to the Northern Ireland Teachers' Pension Scheme (NITPS). This is a defined benefit scheme, which is externally funded and contracted out of the State Earnings-Related Pension Scheme (SERPS).

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

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

Employment contracts

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

**SOUTHERN REGIONAL COLLEGE
REMUNERATION REPORT (continued)**

Salary and Pension Entitlements

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

Name	Post	Salary inc allowance 2012-13 £'000	Salary inc allowance 2011-12 £'000	Benefits in kind 2012-13 £'000	Benefits in kind 2011-12 £'000
Brian Doran	Chief Executive	£106k-£110k	£106k-£110k	£0	£0
John Quinn	Director	£76k-£80k	£76k-£80k	£0	£0
Jim O'Hagan	Director	£76k-£80k	£76k-£80k	£0	£0
Justin Edwards	Director	-	£6k-£10k (£76k-£80k full year equivalent)	£0	£0
Gerard Devlin	Director	£76k-£80k	£71k-£75k (£76k-£80k full year equivalent)-	£0	£0

	2012-13 £'000	2011-12 £'000
Band of highest paid directors total remuneration	£105k-£110k	£105k-£110k
Median total remuneration	25,042	26,217
Ratio*	4.3	4.1

*The ratio has increased in line with the increased full time staff equivalent.

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).

Name	Post	Accrued pension at age 60 as at 31/7/13 and related	Real increase in pension and related lump sum at age 60	Value of CETV at 31/07/13	Value of CETV at 31/07/12	Real increase in CETV during year
Brian Doran	Chief Executive	£149k	£5k	£672k	£616k	£32k
John Quinn	Director	£139k	£4k	£745k	£690k	£32k
Jim O'Hagan	Director	£46k	£1k	£68k	£48k	£11k
Gerald Devlin	Director	£96k	£5k	£470k	£422k	£32k

SOUTHERN REGIONAL COLLEGE REMUNERATION REPORT (continued)

Pension arrangements

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

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

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

The actuarial factors used in the CETV calculations were changed as of 6 July 2010, due to changes in demographic assumptions and the move from the Retail Prices Index (RPI) to the Consumer Prices Index (CPI) as the measure used to uprate pensions.

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 2013**

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

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

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

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

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

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

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

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

Approved by order of the Governing Body members on 13th November 2013 and signed on its behalf by:

A. P. S. Saunders

Chairman

Mr Andrew Saunders

26/11/13

Date

SOUTHERN REGIONAL COLLEGE GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 JULY 2013

Background, Purpose and Governance Framework

The Southern Regional College is committed to exhibiting best practice in all aspects of corporate governance. This Statement describes the manner in which the College has complied with guidance from the Department of Finance and Personnel, the Department for Employment and Learning and as applicable the principles of the Corporate Governance Code.

The College endeavours to structure its governance arrangements and conduct its business in accordance with seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) and with the guidance to colleges of Further and Higher Education which is provided by the Department for Employment and Learning from time to time. The purpose of the 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 College is a registered charity and an incorporated body whose legal status derives from the Further Education (Northern Ireland) Order 1997. The College operates within a strong framework of regulation, including an instrument of government, articles of government and a financial memorandum issued by the Department for Employment and Learning. Not only does the College comply with all mandatory requirements but it also strives to operate that guidance which represents best practice.

A key element of the governance framework is the Governing Body and Committee structure which operates within the College. This is summarized as follows:

Governing Body

The College's Governing Body comprises members appointed by the Minister for Employment and Learning, members nominated by the Education and Library Board for the area, staff and students of the College, the Chief Executive Officer (CEO) and members co-opted by the Governing Body. The role of the Chairman of the Governing Body is separate and distinct from the role of the Chief Executive who is the designated Accounting Officer of the College. The Governing Body is responsible for the ongoing strategic direction of the College whilst the Chief Executive and the Executive Team are responsible for the operational management of the College. The Governing Body approves all major developments and receives regular reports on the activities of the College and its subsidiary companies. The Governing Body met eight times during the 2012-13 year, two of which were special meetings, and is supported by a number of committees, including the Staffing Committee, Finance and General Purposes Committee, Education Committee and the Audit Committee. All of these committees are formally constituted with terms of reference and comprise mainly members of the Governing Body.

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

The Governing Body and each Committee individually and collectively undertakes an annual process of self evaluation and a review of performance and effectiveness, 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 is responsible for reviewing the effectiveness of the College's accounting procedures and systems of internal control. It provides a channel of communication from the College's auditors, which is independent of College management. It also must satisfy itself that adequate arrangements are in place to promote economy, efficiency and effectiveness. The Committee met four times during the 2012-13 year to discuss reports from the External and Internal Auditors and the relevant responses. The College's Internal Auditors and External Auditors were represented at all Audit Committee meetings. The Committee also receives and considers any reports from the Department for Employment and Learning and reviews the College's annual financial statements to ensure compliance with legislation and accounting standards. Whilst Executive Officers and other officials attend meetings of the Audit Committee as necessary, they are not members of the Committee. The Committee can meet with both the internal and external auditors on their own for independent discussions.

**SOUTHERN REGIONAL COLLEGE
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 JULY 2013 (Continued)**

Finance and General Purposes Committee

The Finance and General Purposes Committee inter alia has oversight of all matters relating to the finance and accounts of the College and the receipt of its income and expenditure. The main business of the Finance and General Purposes Committee is to monitor, determine and advise the Governing Body on the College's solvency, recommend for approval the annual estimate of income and expenditure, and monitor performance in relation to the approved budget. 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 2012-13 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. The Committee met three times during the 2012-13 year.

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. The Committee met four times during the 2012-13 year.

Chief Executive and Accounting Officer and the Senior Management Team

The Chief Executive of the College exercises considerable influence upon the development of institutional 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 and Student Services, the Director of Workforce Development and External Relations and the Director of Finance and Corporate Services all of whom contribute in various ways to these aspects of the work, but the ultimate responsibility for what is done rests with the Chief Executive and Accounting Officer. In addition to the Executive Team there is a Senior Management Team (SMT) which comprises the Chief Executive, the Executive Directors, the five Assistant Directors, the Financial Controller, the Head of Human Resources and Development and the Process Improvement Project Manager. The Executive Team and the Senior Management Team meet on a monthly basis to discuss, review and progress a range of strategic and operational matters.

The Chief Executive is the designated Accounting Officer of the College and has responsibility for maintaining a sound system of internal control 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

The Governing Body of the College is of the view that there is an ongoing process for identifying the principal risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. This process has been in place and has operated for the year ended 31 July 2013.

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

- The Governing Body and its supporting Committees met on a regular basis to provide strategic oversight and to monitor performance and achievement against plans, targets and budgets;
- There is clear definition of the responsibilities and authority of the Governing Body, Committees and the Executive;

**SOUTHERN REGIONAL COLLEGE
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 JULY 2013 (Continued)**

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

In addition to these, other specific actions taken during 2012-13 to enhance risk management and internal control include:

- a review of risk management process, within the College, with a focus on greater integration with the business planning process. This has entailed a detailed review of balanced scorecard objectives and the identification of risks associated with those objectives and the subsequent alignment with the College risk management system and process;
- a presentation and training on the risk management process operating within the College for new Governing Body members; and
- nine internal audit reports were completed during the year, including a follow-up review and an annual report summarizing the work of the independent Internal Auditors. Based on the Internal Audit work that was performed during 2012-13 the Internal Auditors provided a satisfactory assurance over the internal control environment.

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 2012-13 where access to personal data did not comply with Data Protection requirements.

Pay Remits

The College is required to comply each year with DFP guidance on the approval of pay remits. During the year it was identified that pay progression increments had been made to staff without receiving the required approval from DFP. Despite the payments being made in line with contractual obligations, the absence of DFP approval represents a breach of controls and has resulted in the payments being deemed irregular. The value of the payments in the current year that did not receive approval was £503,067. Approval was also not received for 2009-10, 2010-11 and 2011-12. The value of payments deemed irregular in each of these years was £34,165, £124,798 and £347,452 respectively. This issue affects all six Colleges in the FE Sector. The irregularity is as a result of a failure to submit business cases to DFP for approval in advance of payment.

An issue has also been identified in relation to compliance with the pay remit guidance going forward. Clarification is needed on how the approvals process should be followed in circumstances where the contractual obligation for payment of progression increments to staff falls due prior to the issuing of the annual pay remit guidance by DFP. This matter will be discussed with DEL and DFP to establish the correct process to be followed.



Accounting Officer

26/11/13

Date

SOUTHERN REGIONAL COLLEGE

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

I certify that I have audited the financial statements of the Southern Regional College for the year ended 31 July 2013 under the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Historical Surpluses and Deficits, Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Governing Body and auditor

As explained more fully in the Statement of Responsibilities of the Governing Body, the Governing Body is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to examine, certify and report on the financial statements in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008. I 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. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Qualified opinion on regularity arising from a failure to obtain Department of Finance and Personnel (DFP) approval in advance of contractual salary payments made to staff

During the year it was identified that pay progression increments had been made to staff without receiving the required approval from DFP. Despite the payments being made in line with contractual obligations, the absence of DFP approval represents a breach of controls and has resulted in the payments being deemed irregular by DFP. The value of the payments in the current year, and included within these financial statements, that did not receive approval was £503,067. Approval was also not received for payments made in 2009-10, 2010-11 and 2011-12. The value of payments deemed irregular in each of these years was £34,165, £124,798 and £347,452 respectively. This issue affects all six Colleges in the Further Education Sector in Northern Ireland. The irregularity is as a result of a failure to submit business cases to DFP for approval in advance of payment.

In my opinion, except for the irregular expenditure of £503,067 incurred where proper approval was not obtained, in all material respects the expenditure and income have been applied to the purposes intended by the Assembly and the financial transactions 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 2013 and of its deficit, cash flows and total recognised gains and losses for the year then ended; and
- the financial statements have been properly prepared in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008 and the Department for Employment and Learning directions made thereunder.

Opinion on other matters

In my opinion:

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

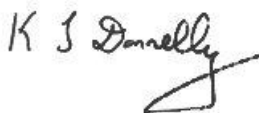
Matters on which I report by exception

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

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

Report

Other than referred to above, and on which basis I have qualified my audit opinion, 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*

29th November 2013

**SOUTHERN REGIONAL COLLEGE
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 JULY 2013**

	Notes	2013 £'000	2012 £'000
INCOME			
Department for Employment and Learning grants	2	28,006	27,878
Education contracts	3	9,547	10,581
Tuition fees and charges	4	2,255	2,363
Other grant income	5	1,122	943
Other operating Income	6	621	539
Investment income	7	328	467
Total income		41,879	42,771
EXPENDITURE			
Staff costs	8	(25,799)	(25,150)
Other operating expenses	10	(14,918)	(14,064)
Interest Payable	11	(47)	-
Depreciation	14	(2,150)	(1,365)
Total expenditure before exceptional items		(42,914)	(40,579)
(Deficit)/Surplus on continuing operations after depreciation of assets at valuation and before tax and before exceptional items		(1,035)	2,192
Exceptional items			
Exceptional costs - staff	8	(29)	(51)
		(29)	(51)
(Deficit)/Surplus on continuing operations after depreciation of assets at valuation and before tax		(1,064)	2,141
Taxation	12	-	-
(Deficit)/Surplus on continuing operations after depreciation of assets at valuation and tax	13	(1,064)	2,141

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

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

**SOUTHERN REGIONAL COLLEGE
CONSOLIDATED STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS
FOR THE YEAR ENDED 31 JULY 2013**

	Notes	2013	2012
		£'000	£'000
(Deficit)/Surplus on continuing operations after depreciation of assets at valuation and tax		(1,064)	2,141
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	20	1,651	983
Realisation of property revaluation gains of previous years		-	-
		<hr/>	<hr/>
Historical cost surplus for the year		587	3,124
		<hr/> <hr/>	<hr/> <hr/>

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

SOUTHERN REGIONAL COLLEGE
CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 JULY 2013

	Notes	2013 £'000	2012 £'000
(Deficit)/Surplus on continuing operations after depreciation of assets at valuation and tax		(1,064)	2,141
Unrealised (loss)/surplus on revaluation of fixed assets	20	(62)	13,070
Actuarial gain/(loss) in respect of pension scheme	22	2,473	(3,694)
		<hr/>	<hr/>
Total recognised gains since last report		<u>1,347</u>	<u>11,517</u>
Reconciliation			
Opening reserves		66,245	54,728
Total recognised gains for the year		1,347	11,517
		<hr/>	<hr/>
Closing reserves		<u>67,592</u>	<u>66,245</u>

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

SOUTHERN REGIONAL COLLEGE
BALANCE SHEET AS AT 31 JULY 2013

	Notes	Group 2013 £'000	College 2013 £'000	Group 2012 £'000	College 2012 £'000
Fixed assets					
Tangible assets	14	58,064	57,453	59,226	58,631
Investments	15	2,000	2,000	2,000	2,000
Total Fixed Assets		60,064	59,453	61,226	60,631
Debtors – Amounts falling due after more than one year	16	-	180	-	180
Current assets					
Debtors	17	2,434	2,425	2,774	2,758
Cash at bank and in hand		11,757	11,682	11,937	11,857
Total current assets		14,191	14,287	14,711	14,615
Less: Creditors – amounts falling due within one year	18	(1,808)	(1,800)	(2,675)	(2,656)
Net current assets		12,383	12,487	12,036	11,959
Total assets less current liabilities		72,447	71,940	73,262	72,770
Net assets excluding pension liability		72,447	71,940	73,262	72,770
Net pension liability	22	(3,026)	(3,026)	(5,298)	(5,298)
Net assets including pension liability		69,421	68,914	67,964	67,472
Deferred capital grants	19	1,829	1,277	1,719	1,181
Reserves					
Income and expenditure account excluding pension reserve	21	18,572	18,617	17,784	17,830
Pension reserve	22	(3,026)	(3,026)	(5,298)	(5,298)
Income and expenditure account including pension reserve	21	15,546	15,591	12,486	12,532
Revaluation reserve	20	52,046	52,046	53,759	53,759
Total reserves		67,592	67,637	66,245	66,291
Total		69,421	68,914	67,964	67,472

The financial statements on pages 51-77 were approved by the Governing Body of Southern Regional College on 13th November 2013 and were signed on its behalf on 26th November 2013 by:

Mr A Saunders 
Chair Southern Regional College

Mr B Doran 
Director Southern Regional College

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

**SOUTHERN REGIONAL COLLEGE
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2013**

	Notes	2013 £'000	2012 £'000
Cash outflow from operating activities	23	367	2,952
Returns on investments and servicing of finance	24	328	336
Taxation	12	-	-
Capital expenditure and financial investment	25	(875)	(2,230)
		<hr/>	<hr/>
(Decrease)/Increase in cash in the year		<u>(180)</u>	<u>1,058</u>
 Reconciliation of net cash flow to movement in net funds			
(Decrease)/increase in cash in the period		(180)	1,058
Net funds at 1 August		<hr/> 11,937	<hr/> 10,879
Net funds at 31 July		<u><u>11,757</u></u>	<u><u>11,937</u></u>

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

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

**SOUTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2013**

1. ACCOUNTING POLICIES

Statement of accounting policies

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

Basis of preparation

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

Basis of accounting

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

Going Concern

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

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

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

Basis of consolidation

In accordance with Financial Reporting Standard (FRS) 2 (amended), the consolidated financial statements of Southern Regional College include the College and its subsidiary, Greenshoots-Newry Limited. Intra-group sales and profits are eliminated fully on consolidation. All financial statements are made up to 31 July 2013.

Recognition of income

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

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

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

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

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

SOUTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2013

1. ACCOUNTING POLICIES (continued)

Pension scheme

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

The NITSS 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 NITSS 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 NITSS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

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

Changes in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by the College are charged to the income and expenditure account or the statement of total recognised gains and losses, in accordance with FRS 17.

Tangible Fixed Assets

• **Land and buildings**

Land and buildings (including those inherited from the Education and Library Board) are stated in the balance sheet at valuation on the basis of depreciated replacement cost (inclusive of non-recoverable VAT), as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis. Properties which are surplus to requirements are valued on the basis of market value. Valuations are obtained on a regular basis, with a professional valuation being undertaken by a qualified valuer every year. Land and buildings acquired since the last valuation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College as advised by the Land and Property Services. Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis which is consistent with the depreciation policy.

Land and buildings were subject to a professional valuation by Land and Property Services (LPS) on 31 July 2012 on a depreciated replacement cost basis. The valuations were subsequently updated using indices supplied by the Land and Property Services to provide a valuation as at 31 July 2013.

• **Assets Under Construction**

Assets under construction were accounted for at costs incurred to 31 July 2013. They are not depreciated until they are brought into use.

SOUTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2013

1. ACCOUNTING POLICIES (continued)

Tangible Fixed Assets (continued)

• **Assets other than land and buildings**

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

These assets are depreciated as follows:

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

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

Leased Assets

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

Investments

Fixed asset investments are carried at historical cost less any provision for a permanent diminution in their value.

Foreign currency translation

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

Taxation

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

The College is exempted from levying VAT on most of the services it provides to students. For this reason the College is generally unable to recover input VAT it suffers on goods and services provided.

Liquid Resources

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

Agency Arrangements

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

SOUTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2013

2. DEPARTMENT FOR EMPLOYMENT AND LEARNING GRANTS

	2013	2012
	£'000	£'000
		<i>Restated</i>
Recurrent grant	26,613	26,478
Release of deferred capital grants	80	36
Additional support funds	476	490
Education maintenance administration (EMA)	52	66
Learner access and engagement	30	50
Care to learn	170	143
Innovation fund	208	178
Students with learning difficulties and/or disabilities (SLDD)	22	31
Other	355	406
	<hr/>	<hr/>
Total	28,006	27,878
	<hr/>	<hr/>

The College was the lead partner in a consortium to deliver Employer Support Programme (Open Source) in Northern Ireland. The 2012 income shown above includes that earned by the College in its capacity both as provider and as the consortium lead. All other income claimed from Department for Employment and Learning and payable to the consortium partners was excluded from these accounts. This project completed during 2012. Total income claimed in 2012 under this arrangement and the related payments to partners was as follows:-

	2013	2012
	£'000	£'000
Employer Support Programme (Open Source) Income	-	116
Payments to College Partners	-	(116)
	<hr/>	<hr/>
Total	-	-
	<hr/>	<hr/>

3. EDUCATION CONTRACTS

	2013	2012
	£'000	£'000
Entitlement framework	1,743	1,854
Training for success	7,540	8,510
Steps to work	72	122
Training - other	192	95
	<hr/>	<hr/>
Total	9,547	10,581
	<hr/>	<hr/>

4. TUITION FEES AND CHARGES

	2013	2012
	£'000	£'000
Higher education (HE)	1,077	1,057
Home and other European Union	1,168	1,292
Non-European Union	10	14
	<hr/>	<hr/>
Total	2,255	2,363
	<hr/>	<hr/>

Tuition fees funded by bursaries

The College has no tuition fees funded by bursaries.

SOUTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2013

5. OTHER GRANT INCOME

	2013	2012
	£'000	£'000
European funds	361	338
Other funds	761	605
Total	1,122	943

6. OTHER OPERATING INCOME

	2013	2012
	£'000	£'000
Catering and residence operations	69	65
Other income generating activities	437	376
Other income	115	98
Total	621	539

7. INVESTMENT INCOME

	2013	2012
	£'000	£'000
Other investment income	61	39
Other interest receivable	267	297
FRS17 pension finance income (Note 22)	-	131
Total	328	467

8. STAFF COSTS

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

	2013	2012
	No.	No.
Teaching	377.02	376.48
Support	129.09	126.46
Administration	190.54	187.13
Premises	24.47	24.64
Total	721.12	714.71

Staff costs for the above persons

	2013	2012
	£'000	£'000
Teaching	15,838	15,770
Support	2,998	2,822
Administration	6,144	5,919
Premises	665	598
FRS 17 adjustment (note 22)	154	41
Exceptional staff costs	29	51
Total	25,828	25,201

SOUTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2013

8. STAFF COSTS (continued)

	2013	2012
	£'000	£'000
Wages and salaries	21,659	21,230
Social security costs	1,428	1,411
Other pension costs (including FRS 17 adjustments)	2,712	2,509
	<u>25,799</u>	<u>25,150</u>
Exceptional staff costs – redundancy cost	29	51
	<u>29</u>	<u>51</u>
Total	<u>25,828</u>	<u>25,201</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	
	2013	2012	2013	2012
	No.	No.	No.	No.
	<i>Restated</i>		<i>Restated</i>	
£60,001 to £70,000	-	-	6	6
£70,001 to £80,000	-	-	1	-
£80,001 to £90,000	1	2	-	-
£90,001 to £100,000	2	1	-	-
£100,001 to £110,000	-	-	-	-
£110,001 to £120,000	-	-	-	-
£120,001 to £130,000	1	1	-	-
Total	<u>4</u>	<u>4</u>	<u>7</u>	<u>6</u>

9. SENIOR POST HOLDERS EMOLUMENTS

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

	2013	2012
	No.	No.
The number of senior post-holders including the Chief Executive was:	<u>4</u>	<u>4</u>

SOUTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2013

9. SENIOR POST HOLDER EMOLUMENTS (continued)

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

	2013	2012
	£'000	£'000
		<i>Restated</i>
Salaries	346	341
Benefits in kind	-	-
Pension contributions	47	46
	<hr/>	<hr/>
Total emoluments	393	387
	<hr/> <hr/>	<hr/> <hr/>

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

	2013	2012
	£'000	£'000
		<i>Restated</i>
Salaries	108	108
Benefits in kind	-	-
	<hr/>	<hr/>
Pension contributions	15	15
	<hr/>	<hr/>
Total	123	123
	<hr/> <hr/>	<hr/> <hr/>

The pension contributions in respect of the Chief Executive and senior post-holders are in respect of employer's contributions to the Teachers' Superannuation Scheme is paid at the same rate as for other employees. The members of the College other than the Chief Executive and the staff members did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

10. OTHER OPERATING EXPENSES

	2013	2012
	£'000	£'000
Direct teaching	1,957	2,252
Direct support	4,915	4,921
Administration	2,185	2,282
Consultancy Fees	-	6
Premises	5,861	4,603
Interest Payable	-	-
	<hr/>	<hr/>
Total	14,918	14,064
	<hr/> <hr/>	<hr/> <hr/>

Other operating expenses include:	2013	2012
	£'000	£'000
Auditors' remuneration:		
Financial statements audit	21	21
Internal audit	21	24
Other services provided by the Financial Statements auditors	2	2
Other services provided by the internal auditors	1	1
Hire of other assets – operating leases	86	86

SOUTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2013

11. INTEREST PAYABLE

	2013	2012
	£'000	£'000
Pension finance costs (note 22)	47	-
	<u>47</u>	<u>-</u>
Total	<u>47</u>	<u>-</u>

12. TAXATION

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

	2013	2012
	£'000	£'000
Tax Payable	<u>-</u>	<u>-</u>

13. (DEFICIT)/SURPLUS ON CONTINUING OPERATIONS FOR THE YEAR

	2013	2012
	£'000	£'000
The (deficit)/surplus on continuing operations for the year is made up as follows:		
College's (deficit)/surplus for the year	(1,065)	2,132
Retained by subsidiary undertaking	<u>1</u>	<u>9</u>
Total	<u>(1,064)</u>	<u>2,141</u>

SOUTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2013

14. TANGIBLE FIXED ASSETS

GROUP

	Freehold land & buildings £'000	Plant & equipment £'000	Computer: £'000	Fixtures & fittings £'000	Motor vehicles £'000	Total £'000
Cost or valuation						
At 1 August 2012	58,958	2,322	2,151	1,487	179	65,097
Additions	38	277	254	400	81	1,050
Disposals	-	-	(3)	-	-	(3)
Deficit on indexation	(62)	-	-	-	-	(62)
At 31 July 2013	58,934	2,599	2,402	1,887	260	66,082
Depreciation						
At 1 August 2012	202	2,154	2,045	1,291	179	5,871
Charge for the year	1,863	107	123	66	20	2,179
Impairment reversal on indexation of Greenshoots-Newry Ltd	(29)	-	-	-	-	(29)
Elimination in respect of disposals	-	-	(3)	-	-	(3)
At 31 July 2013	2,036	2,261	2,165	1,357	199	8,018
Net book value at 31 July 2013	56,898	338	237	530	61	58,064
Net book value at 31 July 2012	58,756	168	106	196	-	59,226

	2013 £'000	2012 £'000
If land and buildings (including those that were inherited) had not been revalued they would have been included at the following amounts:		
Cost	8,827	8,788
Aggregate depreciation based on cost	(3,978)	(3,792)
Net book value based on cost	4,849	4,996
	2013 £'000	2012 £'000
The depreciation charge for the year is analysed as follows:		
Owned assets	2,150	1,454

Land and buildings were last subject to a full revaluation at 31 July 2012 on a depreciated replacement cost basis. The valuations were performed independently by the Land and Property Service, in accordance with Department specifications. Subsequently that revaluation was updated using indices supplied by the Land and Property Service to provide a valuation as at 31 July 2013.

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

SOUTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2013

14. TANGIBLE FIXED ASSETS (continued)

COLLEGE

	Freehold land & buildings £'000	Plant & equipment £'000	Computer: £'000	Fixtures & fittings £'000	Motor vehicles £'000	Total £'000
Cost or valuation						
At 1 August 2012	58,161	2,322	2,145	1,480	179	64,287
Additions	38	277	254	400	81	1,050
Disposals	-	-	-	-	-	-
Deficit on indexation	(62)	-	-	-	-	(62)
At 31 July 2013	58,137	2,599	2,399	1,880	260	65,275
Depreciation						
At 1 August 2012	-	2,154	2,039	1,284	179	5,656
Charge for the year	1,852	107	121	66	20	2,166
At 31 July 2013	1,852	2,261	2,160	1,350	199	7,822
Net book value at 31 July 2013	56,285	338	239	530	61	57,453
Net book value at 31 July 2012	58,161	168	106	196	-	58,631

	2013 £'000	2012 £'000
If land and buildings (including those that were inherited) had not been revalued they would have been included at the following amounts:		
Cost	8,029	7,991
Aggregate depreciation based on cost	(3,793)	(3,592)
Net book value based on cost	4,236	4,399
	2013 £'000	2012 £'000
The depreciation charge for the year is analysed as follows:		
Owned assets	2,166	1,442

SOUTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2013

15. INVESTMENTS

	2013	2012
	£'000	£'000
Investment	2,000	2,000

The College, with approval from the Department, made available £2,000k to Belfast Metropolitan College to help support the implementation of its improvement plan.

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

	Group	College	Group	College
	2013	2013	2012	2012
	£'000	£'000	£'000	£'000
Long term debtors				
Amounts due from subsidiary	-	180	-	180

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

17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	College	Group	College
	2013	2013	2012	2012
	£'000	£'000	£'000	£'000
			<i>Restated</i>	<i>Restated</i>
Trade debtors	205	198	372	366
Amounts owed by group undertakings:				
Subsidiary undertakings	-	5	-	10
Prepayments:				
Prepayments to central government bodies	545	540	508	502
Prepayments to local authorities	10	10	11	11
Other Prepayments	258	258	340	340
Accrued Income:				
Amounts due from the Department	741	741	1,159	1,159
Amounts due from other central government bodies	121	121	56	56
Amounts due from local authorities				
Other Accrued Income	554	552	328	314
Total	2,434	2,425	2,774	2,758

SOUTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2013

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

	Group	College	Group	College
	2013	2013	2012	2012
	£'000	£'000	£'000	£'000
			<i>Restated</i>	<i>Restated</i>
Trade creditors	1,027	1,017	1,065	1,065
Taxation and social security	28	29	53	47
Payments received in advance:				
Payments received in advance from the Department	40	40	133	133
Other payments received in advance	215	215	224	224
Accruals:				
Amounts owed to the Department	-	-	-	-
Amounts owed to other central government bodies	20	20	38	38
Amounts owed to local authorities	-	-	-	-
Other amounts owed	478	479	1,162	1,149
Total	1,808	1,800	2,675	2,656

19. DEFERRED CAPITAL GRANTS

GROUP

	DEL Grants £'000	Other Grants £'000	Total £'000
At 1 August 2012			
Land and buildings	806	913	1,719
Other assets	-	-	-
Cash received			
Other assets	175	-	175
Released to income and expenditure account			
Land and buildings	(40)	(12)	(52)
Other assets	(39)	-	(39)
Greenshoots – reversal of impairment on revaluation	-	26	26
Total	902	927	1,829
At 31 July 2013			
Land and buildings	765	927	1,692
Other assets	137	-	137
Total	902	927	1,829

SOUTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2013

19. DEFERRED CAPITAL GRANTS (continued)

COLLEGE

	DEL Grants £'000	Other Grants £'000	Total £'000
At 1 August 2012			
Land and buildings	806	375	1,181
Other assets	-	-	-
Cash received			
Other assets	175	-	175
Released to income and expenditure account			
Land and buildings	(40)	-	(40)
Other assets	(39)	-	(39)
Total	902	375	1,277
At 31 July 2013			
Land and buildings	765	375	1,140
Other assets	137	-	137
Total	902	375	1,277

20. REVALUATION RESERVE

	Group 2013 £'000	College 2013 £'000	Group 2012 £'000	College 2012 £'000
At 1 August 2012	53,759	53,759	41,672	41,672
Revaluations in the period (as per note 14)	(62)	(62)	13,070	13,070
Transfer from revaluation reserve to general reserve in respect of:				
Depreciation on revalued assets	(1,651)	(1,651)	(983)	(983)
At 31 July 2013	52,046	52,046	53,759	53,759

SOUTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2013

21. MOVEMENT ON GENERAL RESERVE

	Group	College	Group	College
	2013	2013	2012	2012
	£'000	£'000	£'000	£'000
At 1 August 2012	12,486	12,532	13,056	13,111
(Deficit)/surplus retained for the year	(1,064)	(1,065)	2,141	2,132
Transfer from revaluation reserve				
Relating to current year	1,651	1,651	983	983
Relating to prior years	-	-	-	-
Actuarial gain/(loss) in respect of pension scheme	2,473	2,473	(3,694)	(3,694)
At 31 July 2013	15,546	15,591	12,486	12,532
Balance represented by:				
Pension reserve	(3,026)	(3,026)	(5,298)	(5,298)
Income and expenditure account reserve excluding pension reserve	18,572	18,617	17,784	17,830
At 31 July 2013	15,546	15,591	12,486	12,532

Of the group operating loss for the year of £1,064k an operating loss of £1,065k has been dealt with in the accounts of the holding company.

22. PENSIONS AND SIMILAR OBLIGATIONS

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

Total pension cost for the year charged to staff costs

	2012/13	2011/12
	£'000	£'000
NITPS: contributions paid	1,632	1,603
NILGOSC:		
Contributions paid	925	865
FRS 17 charge	154	41
NILGOSC: charge to the income and expenditure account (staff costs)	1,079	906
Greenshoots (staff costs)	-	-
Total pension cost for year charged to staff costs (note 8)	2,711	2,509

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the NITPS was 31 March 2014 and NILGOSC was 31 March 2010.

22. PENSIONS AND SIMILAR OBLIGATIONS (Continued)

NITPS

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

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

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:-

Below £15,000	6.4%
£15,001 to £25,999	7.0%
£26,000 to £31,999	7.3%
£32,000 to £39,999	7.6%
£40,000 to £74,999	8.0%
£75,000 to £111,999	8.4%
£112,000 and above	8.8%

FRS 17

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

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

NILGOSC

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

FRS 17

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

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

SOUTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2013

22. PENSIONS AND SIMILAR OBLIGATIONS (continued)

NILGOSC

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

FRS 17

The following information is based upon a full actuarial valuation of the fund at 31 March 2010 updated to 31 July 2013 by a qualified actuary. Work on a new full fund valuation as at 31 March 2013 is currently ongoing.

Principal actuarial assumptions

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

	At 31 July 2013	At 31 July 2012	At 31 July 2011
	%	%	%
Pension increase rate	2.8	2.2	2.7
Salary increase rate	5.1	4.5	5.0
Expected return on assets	5.8	4.9	6.4
Discount rates for liabilities	4.6	4.1	5.3

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 2013	At 31 July 2012	At 31 July 2011
Current pensioners – retiring today			
Males	22.9	22.9	22.9
Females	25.7	25.7	25.7
Future pensioners – retiring in 20 years			
Males	24.9	24.9	24.9
Females	27.7	27.7	27.7

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

	Long-term rate of return expected at 31 July 2013	Value at 31 July 2013	Long-term rate of return expected at 31 July 2012	Value at 31 July 2012
		£'000		£'000
Equities	6.4%	20,059	5.5%	15,434
Bonds	4.0%	3,167	3.5%	2,749
Property	4.6%	2,111	3.7%	1,903
Cash	3.4%	1,056	2.8%	1,057
Total market value of assets		26,393		21,143
Present value of scheme liabilities		(29,419)		(26,441)
Deficit in the scheme		(3,026)		(5,298)

SOUTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2013

22. PENSIONS AND SIMILAR OBLIGATIONS (continued)

The amounts recognised in the balance sheet are as follows:

	2013	2012
	£'000	£'000
Present value of funded obligations	(29,411)	(26,434)
Fair value of plan assets	26,393	21,143
	<u>(3,018)</u>	<u>(5,291)</u>
Present value of unfunded obligations	<u>(8)</u>	<u>(7)</u>
Net Liability	<u>(3,026)</u>	<u>(5,298)</u>

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

	2013	2012
	£'000	£'000
Employer service cost (net of employee contributions)	1,079	906
Past Service Cost	-	-
	<u>1,079</u>	<u>906</u>

Analysis of pension finance income/(charge)

	2013	2012
	£'000	£'000
Expected return on pension scheme assets	1,059	1,291
Interest on pension liabilities	(1,106)	(1,160)
Pension finance charge	<u>(47)</u>	<u>131</u>

Actual return on plan assets	4,316	573
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Amount recognised in the statement of total recognised gains and losses (STRGL)

	2013	2012
	£'000	£'000
Actual return less expected return on pension scheme assets	3,252	(724)
Experience gains and losses arising on the scheme liabilities	-	-
Change in financial and demographic assumptions underlying the scheme liabilities	<u>(779)</u>	<u>(2,970)</u>
Actuarial gain/(loss) recognised in STRGL	<u>2,473</u>	<u>(3,694)</u>

Movement in (deficit) during the year

	2013	2012
	£'000	£'000
Surplus/(Deficit) in scheme at 1 August	(5,298)	(1,694)
Employer service cost (net of employee contributions)	(1,079)	(906)
Employer contributions	925	865
Past service cost	-	-
Net Interest/return on assets	(47)	131
Actuarial gain or (loss)	<u>2,473</u>	<u>(3,694)</u>
Deficit in scheme at 31 July	<u>(3,026)</u>	<u>(5,298)</u>

SOUTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2013

22. PENSIONS AND SIMILAR OBLIGATIONS (continued)

Asset and liability reconciliation

	2013	2012
	£'000	£'000
Reconciliation of present value of scheme liabilities		
Liabilities at start of period	26,441	21,468
Service cost	1,079	906
Interest cost	1,106	1,160
Employee contributions	302	296
Experience gains and losses on scheme liabilities	-	-
Actuarial loss/(gain)	779	2,970
Benefits paid	(288)	(359)
Past service cost	-	-
	<u>29,419</u>	<u>26,441</u>

	2013	2012
	£'000	£'000
Reconciliation of fair value of scheme assets		
Assets at start of period	21,143	19,774
Expected return on assets	1,059	1,291
Actuarial (loss)/gain	3,252	(724)
Employer contributions	925	865
Employee contributions	302	296
Benefits paid	(288)	(359)
	<u>26,393</u>	<u>21,143</u>

The estimated value of employer contributions for the year ended 31 July 2014 is £954k.

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

	2013	2012	2011	2010	2009
	£'000	£'000	£'000	£'000	£'000
Fair value of plan assets	26,393	21,143	19,774	16,680	13,185
Present value of defined benefit obligation	(29,419)	(26,441)	(21,468)	(22,343)	(20,032)
Deficit	(3,026)	(5,298)	(1,694)	(5,663)	(6,847)

History of experience gains and losses

	2013	2012	2011	2010	2009
	£'000	£'000	£'000	£'000	£'000
Difference between the expected and actual return on assets	3,252	(724)	1,193	1,682	(2,166)
Experience losses/(gains) on liabilities	-	(152)	2,941	-	-
Total Amount recognised in STRGL	2,473	(3,694)	4,026	49	(4,842)

SOUTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2013

23. RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2013	2012
	£'000	£'000
(Deficit)/surplus on continuing operations after depreciation of assets at valuation and tax	(1,064)	2,141
Depreciation (note 14)	2,179	1,454
Impairment – Greenshoots building (note 14)	(29)	(89)
Deferred capital grants released to income (note 19)	(65)	30
Pension cost less contributions payable (notes 8 and 22)	154	41
Decrease/(increase) in debtors	340	(163)
(Decrease)/increase in creditors	(867)	5
FRS 17 net interest payable/(receivable) (notes 7 and 11)	47	(131)
Investment income receivable (note 7)	(328)	(336)
	<hr/>	<hr/>
Net cash inflow from operating activities	367	2,952

24. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2013	2012
	£'000	£'000
Interest received (note 7)	328	336
	<hr/>	<hr/>
Net cash inflow from returns on investment and servicing of finance	328	336

25. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2013	2012
	£'000	£'000
Purchase of tangible fixed assets (note 14)	(1,050)	(230)
Investment in Belfast Metropolitan College (note 15)	-	(2,000)
Deferred capital grants received (note 19)	175	-
	<hr/>	<hr/>
Net cash outflow from capital expenditure and financial investment	(875)	(2,230)

26. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 August	Cash flows	Non cash	At 31 July
	2012		movements	2013
	£'000	£'000	£'000	£'000
Cash in hand, and at bank	11,937	(180)	-	11,757
	<hr/>	<hr/>	<hr/>	<hr/>
	11,937	(180)	-	11,757

SOUTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2013

27. MAJOR NON-CASH TRANSACTIONS

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

28. CONTINGENT LIABILITY

There are no outstanding cases of litigation.

29. POST BALANCE SHEET NON-ADJUSTING EVENT

There are no post balance sheet events.

30. RELATED PARTY TRANSACTIONS AND TRANSACTIONS INVOLVING GOVERNING BODYMEMBERS AND SENIOR MANAGEMENT

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

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

Governor / Senior Manager of Southern Regional College	Related Organisation	Transactions 2013 £'000	Transactions 2012 £'000	Amount outstanding at 31 July 2013 £'000	Amount outstanding at 31 July 2012 £'000
Mrs E Wright	Southern Education & Library Board	1,402	456	-	1
Mr B Doran Mr J O'Hagan Mr J Quinn	Greenshoots , Newry	9	2	-	-
Mrs M Clarke	University of Ulster	205	206	-	-
Mrs S McRoberts	Armagh City & District Council	9	9	-	-
Dr C Patterson	Newry Confederation of Community Groups	1	2	-	-
Mr B Doran Mr A Saunders	ANIC/Colleges NI	111	110	-	-
Mr G Gough	Enterprise NI	-	-	-	-
Dr C Patterson	Newry Chamber of Commerce & Trade	-	6	-	-
Mrs F Caherty	Newry & Mourne District Council Tourism Partnership & Sister Cities Committee	38	32	-	-
Mrs T Campbell	St Vincent de Paul Society	6	-	-	-

SOUTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2013

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

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

Governor / Senior Manager of Southern Regional College	Related Organisation	Transactions 2013 £'000	Transactions 2012 £'000	Amount outstanding at 31 July 2013 £'000	Amount outstanding at 31 July 2012 £'000
Mrs E Wright	Southern Education & Library Board	233	213	10	7
Mr B Doran Mr J O'Hagan Mr J Quinn	Greenshoots-Newry Ltd	35	35	1	4
Mr A Saunders Mr Arder Carson	Ulster Bank Ltd*	117	125	28	40
Mrs M Clarke	University of Ulster	87	80	15	13
Mrs S McRoberts	Armagh City & District Council	2	2	-	-
Mrs S McRoberts	Lisanally Special School	29	39	-	-
Mrs S McRoberts	City of Armagh High School	45	49	-	-
Mrs S McRoberts	Newtownhamilton High School	21	19	-	-
Mr R Sloan	St Louis Grammar School	18	27	-	-
Mrs E Wright	Banbridge Academy	21	30	-	-
Mrs A Coffey	Northern Ireland Housing Exec	1	2	-	2
Mrs F Caherty	Newry & Mourne District Council Tourism Partnership & Sister Cities Committee	17	-	8	-
Mrs T Campbell	St Catherine's College	38	-	-	-
Mrs T Campbell	St Vincent de Paul Society	1	-	-	-

*The College places funds with Ulster Bank, the figure quoted relates to interest earned on these deposits.

31. CAPITAL COMMITMENTS

	Group and College	
	2013 £'000	2012 £'000
Commitments contracted for at 31 July	254	93
Authorised but not contracted at 31 July	-	-
Total	254	93

SOUTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2013

32. FINANCIAL COMMITMENTS

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

	Group and College	
	2013	2012
	£'000	£'000
Land and Buildings		
Expiring within two and five years inclusive	86	86
	<hr/>	<hr/>
Total	86	86
	<hr/>	<hr/>

33. HARDSHIP FUNDS

	2013	2012
	£'000	£'000
DEL Grants	386	525
	<hr/>	<hr/>
	386	525
Disbursed to students	(358)	(427)
	<hr/>	<hr/>
	(358)	(427)
Balance unspent at 31 July	<hr/> 28 <hr/>	<hr/> 98 <hr/>

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

34. LOSSES AND SPECIAL PAYMENTS

Losses and special payments for the year totalled £1k.

The theft of laptops, a projector and minor classroom materials were reported to the Department for Employment and Learning.

Claims abandoned for the year related to bad debt written off totalled £9k:

- | | |
|--|-----|
| • Bad debts written off less than £1k (31 cases) | £5k |
| • Bad debts written off greater than £1k (2 cases) | £4k |
| • Amounts written off in respect of Salary Overpayment not Recovered | nil |