



Southern Regional College

**Southern Regional College
Annual Report and Accounts
For the year ended 31 July 2012**

The Accounting Officer authorised these
financial statements for issue

on

20th November 2012

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

20th December 2012

**SOUTHERN REGIONAL COLLEGE'S
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2012**

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SOUTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2011/12

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 2012.

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 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 the lives of learners 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 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.

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

The College Core Values are:

1. Putting learners first

We believe that:

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

2. Working together to achieve more

We believe that:

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

3. Striving for excellence

We believe that:

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

STRATEGIC AIMS

The College's strategic aims and objectives are set in the context of the wider policy environment and relevant priorities as outlined in the Northern Ireland Executive's Programme for Government. 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':

"to place Further Education at the heart of lifelong learning in order to strengthen economic development, enhance social cohesion and advance the individual's skills and learning.

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, 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.

SOUTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2011/12 (continued)

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 realisable targets that were set out in the College Development Plan 2011-14. The underpinning strategic objectives and supporting actions take account of the wider policy decisions, changing Government priorities and anticipated pressures on public finances.

The following section provides a summary of progress against each strategic aim and underpinning objectives for the period 1 August 2011 – 31 July 2012 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 2011-12 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.

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.

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 2012. The College also received a 'confidence' rating for its annual self evaluation and quality improvement plan for work based learning following an enhanced scrutiny inspection in early July 2012. The Inspectorate reported that it has confidence in our self evaluation and quality improvement planning processes which have demonstrated the capacity to address the areas for improvement identified.

SOUTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2011/12 (continued)

In April 2010 the College was invited to participate in a project called the Sensory Engagement Programme. This 3-year project is 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. As part of this work the College aims to achieve the following two charter marks during the new academic year:

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

The College is also currently working towards the achievement of the Training Excellence quality standard for employer engagement.

Teaching and Learning

As part of a sector project, the College piloted the Technology in Learning Delivery (TLD) programme with a group of twelve lecturers. 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 College now aims to deliver the programme to a minimum of fifty staff during the first year and to all lecturing staff by 2015.

Following the priority skills re-inspection of manufacturing and mechanical engineering, the College has invested over £250k in automation, engineering and control technology to support teaching and learning on the Portadown and Newry Campuses. In addition, the College invested in a new science laboratory on our Portadown Campus to support the increased demand for full-time and part-time science programmes. Plans are also underway to develop a dedicated Integrated Sustainable Technology Centre on the College's Greenbank Campus. 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.

The College also launched its Inclusive Learning Strategy for students with learning difficulties and disabilities including 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.

The College was selected as a Peter Jones Enterprise Academy Spoke thus facilitating the development of a new and exciting enterprise and entrepreneurial curriculum offer. This programme will be piloted with the Department for Social Development within one of the Neighbourhood Renewal Areas in the southern region. The College also successfully introduced the Career Academy in the area of computing and IT. The College has further plans to extend the academy to science and engineering during the 2012-13 academic year.

A Retail Training Store has been established on our Portadown Campus to support the delivery of a range of retail training programmes including apprenticeship and master classes for local retail providers.

The College also plans to pilot the use of an open access 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 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 2011-12 academic year the College increased the number of 'blended learning' programmes including delivery of A-Level Law as part of the Schools Partnership Programme.

Plans are also in place to increase the number of Teaching and Learning Advisors. This will provide the necessary resource to deliver the College's Performance Enhancement Programme including ILT and pedagogic support, peer lesson observations and training to all lecturing staff. The Teaching and Learning Advisors will have a key role in the implementation of the lesson observation element of the Performance Enhancement Programme introduced previously in 2010.

Learner 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 and 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 completed a programme of work to 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. During the academic year the College was recognised by ETI following inspection as an organisation with 'good safeguarding arrangements'.

The College increased the number of international exchange partnerships for students and staff by securing over €166,000 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

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 680 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 also completed a detailed survey of our students to ascertain attitudes to Health that will be used to inform future plans.

The transition to the Moodle based Virtual Learning Environment for staff and students was completed during the 2011-12 academic year. The College has successfully deployed Moodle as its main Virtual Learning Environment (VLE) platform and decommissioned the previous VLE, ITCampus at the end of the academic year. Further to the RSCni ILT Health Check, the College is confident that it is on track to achieve 'embedded status'.

Access to information will be further improved in 2012-13 with the launch of the student mobile app. This app will provide access to a range of student information sources, policies and procedures operating across the College. 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 2011-12. 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 2011-12 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 2011-12 academic year can best be viewed in the context of the level of participation in the five main areas of our core business, namely:

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

Enrolment Analysis 2011-12

The total College enrolment (including training and cost recovery) for the academic year 2011-12 was 35,050, compared to an enrolment of 36,696 in 2010-11. The enrolment pattern continues to reflect the high level of demand for full-time further education and Training for Success 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. Community enrolments dropped from 4,848 in 2010-11 to 3,901 in 2011-12 (19.5% drop), see Figure 2. Enrolments in essential skills classes however remained at similar levels to previous years with the most significant drop coming in accredited further education courses.

**SOUTHERN REGIONAL COLLEGE
OPERATING AND FINANCIAL REVIEW 2011/12 (continued)**

The College enrolled 5,431 full-time students, trainees and apprentices in 2011-12 compared to 5,029 in 2008-09. The increase in demand for full-time education and training reflects the difficulties experienced by many young people who traditionally would have sought employment on leaving school.

The demand for the highly successful Adult Access course continued during the year with over 530 enrolments, of which 182 were full-time (34%). This compares to a total of 204 enrolments in 2009-10 (160% increase). This increase is in direct response to the identified need of adult returners who are seeking progression pathways to higher education study in the College and at University.

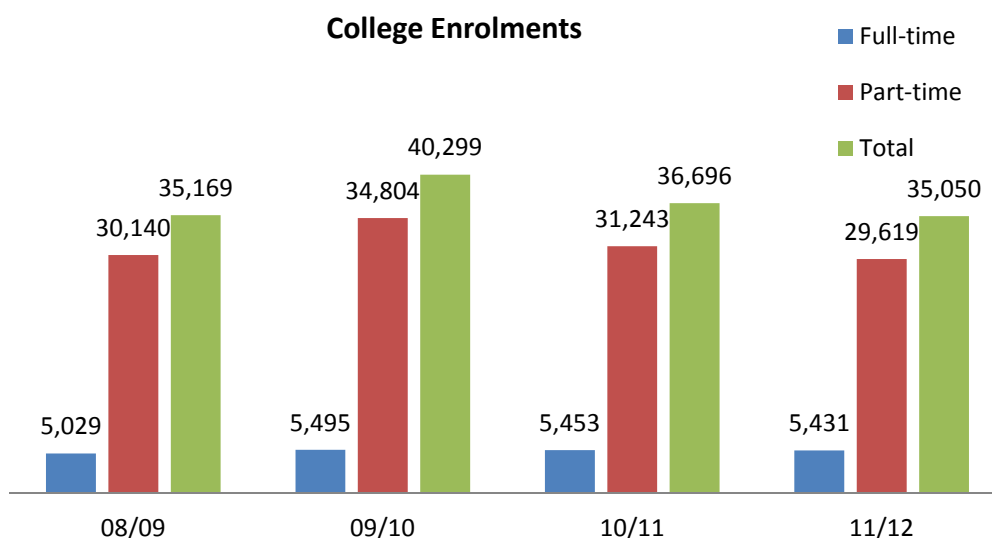


Figure 1

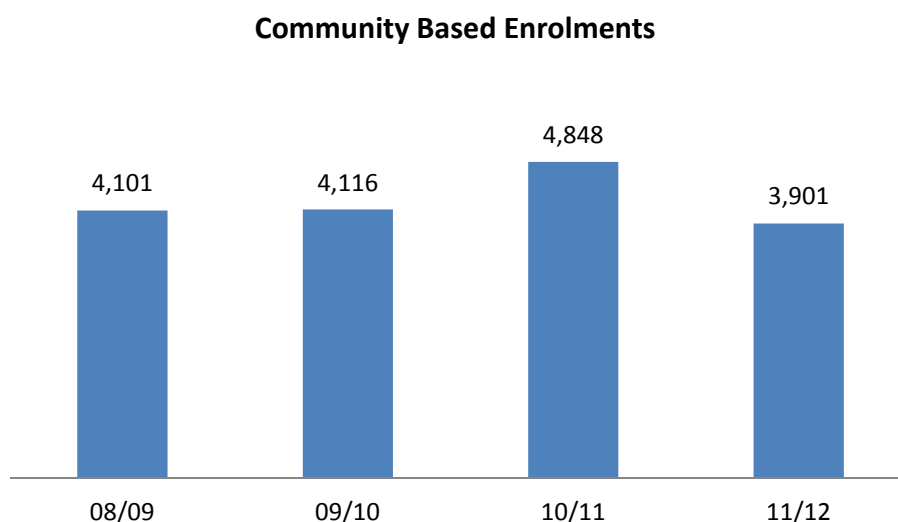


Figure 2

Funded Learning Unit (FLU) Targets

The recurrent grant budget allocation to the College in 2011-12 to support Essential Skills, Further and Higher Education was originally set at £26.09m. DEL secured an additional £900k in year to support increased delivery in part-time Higher Education of which £154k was allocated to the Southern Regional College, bringing the total recurrent block grant allocation to £26.24m representing a 3.1% (£0.84m) reduction on that received in 2010-11.

SOUTHERN REGIONAL COLLEGE
OPERATING AND FINANCIAL REVIEW 2011/12 (continued)

The resource allocated is summarised as follows:

Funding	2010-11		2011-12		Shift
	FLU Allocation	Funding	FLU Allocation	Funding	
Recurrent Block Grant	7,906	£26.88m	7,675	£26.09m	
Additional In Year Element	60	£0.20m	46	£0.15m	
Total Funded Provision	7,966	£27.08m	7,721	£26.24m	(£0.84m)

Table 1

The actual FLU delivery targets agreed with DEL for 2011-12 were 8,333 Funding Learning Units for further, higher education and essential skills. This included an over delivery target of 612 Funded Learning Units (FLU) above that funded by the Department for Employment and Learning.

The College was therefore asked to deliver an over delivery target of 612 FLU compared to an over delivery target of 302 FLU in 2010-11 with a reduction in recurrent grant of £0.84m.

The over delivery target of 612 FLU consisted of two elements;

- efficiency target of 298 FLU; and
- additional over delivery target of 314 funded directly by the College.

At year end the College delivered a total of 8,102 FLU, exceeding the funding allocation by 381 FLU, Table 2. Thus meeting the efficiency target of 298 FLU but falling short of the additional over delivery target by 231 FLU.

2011-12	Further Education	Essential Skills	Higher Education	Total
Delivery Targets	6,460	622	1,251	8,333
Actual End Year Delivery	6,343	521	1,238	8,102
Level of over /(under) delivery	(117)	(101)	(13)	(231)

Table 2

The total level of delivery for 2011-12 beyond that funded by the Department was therefore 381 FLU (£1.3m) Table 3. Although falling short of the overall target the College has exceeded its efficiency target for the third year in succession delivering significantly above that for which funding was received from the Department.

Over delivery	2009-10	2010-11	2011-12
Over delivery (FLU)	1,070	446	381
Shortfall in funding (£)	£3.6m	£1.5m	£1.3m

Table 3

Figures 3a and 3b illustrate the FLU and Enrolment performance respectively for Essential Skills and Further and Higher Education against the agreed targets for 2011-12 compared to the previous year.

SOUTHERN REGIONAL COLLEGE
OPERATING AND FINANCIAL REVIEW 2011/12 (continued)

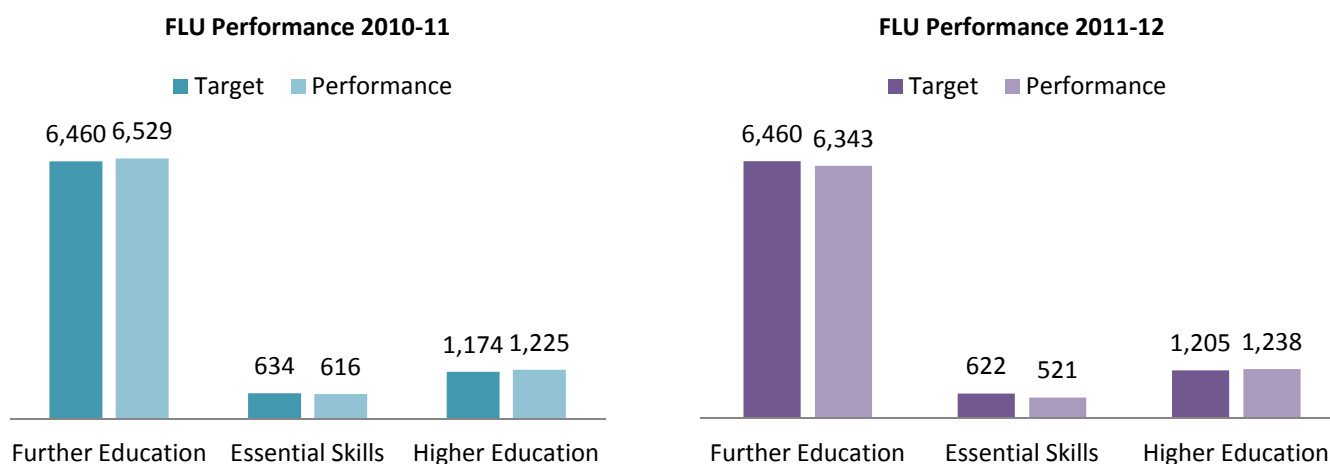


Figure 3a

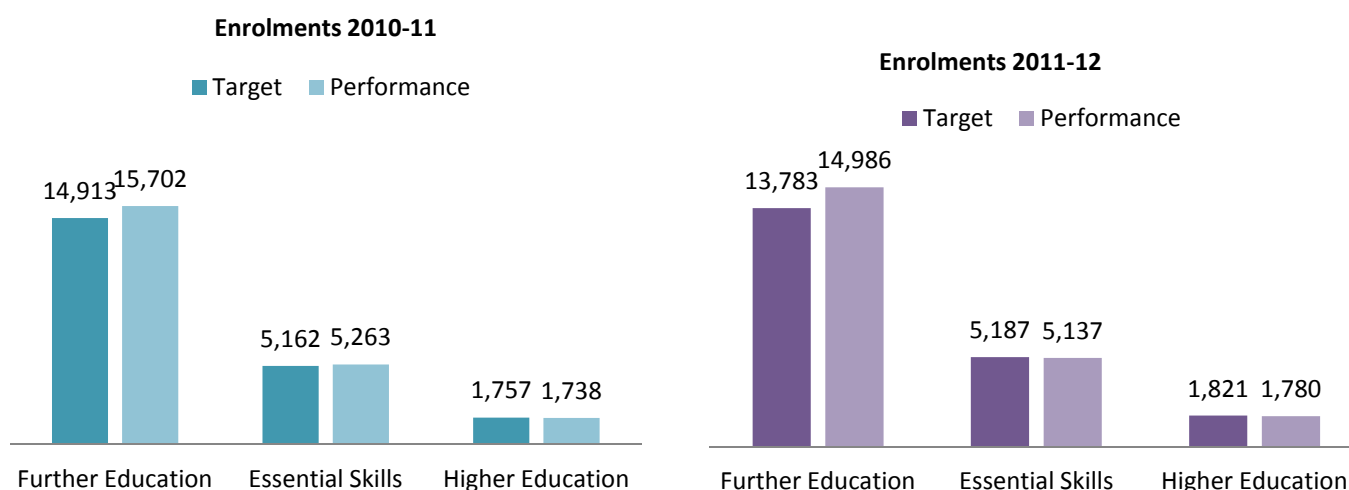


Figure 3b

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 12% (1,300 enrolments). Enrolment targets for essential skills and higher education were within 1% and 2% of target respectively.

The College has been set an even more significant over delivery target for 2012-13. The College's budget allocation has been reduced further from £26.24m to £26.14m but once again the over delivery target has been increased from 612 FLU to 819 FLU in 2012-13. The College has agreed to use its reserves to support the additional over delivery target but cannot sustain this level of over delivery long term. Whilst the College is committed to increasing provision there is a danger that the year on year increases in the level of over delivery will ultimately place the College in financial difficulties. The commitment to deliver the non funded FLU delivery targets will require investment in human and physical resources. It is therefore imperative that when agreeing annual targets with the Department that decisions are based on a wider consideration of 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 2011-12. Readers should note the figures presented for 2011-12 are those at 1 August 2012 and are not final validated figures presented to DEL for the year end position.

SOUTHERN REGIONAL COLLEGE
OPERATING AND FINANCIAL REVIEW 2011/12 (continued)

Full-time Further Education

The College responded to the changing economic environment that emerged in 2008 by recruiting significantly more full-time further and higher education students than that funded by the Department for Employment and Learning. The increased demand for further and higher education across a majority of areas was in direct response to the reduced employment opportunities across a number of sectors and this trend has largely continued in 2011-12.

The total full-time FE enrolment, see Figure 4, has increased from 3,228 students in 2008-09 to over 3,521 in 2011-12. It is predicted that the demand for full-time further education at all levels will remain high for the foreseeable future.

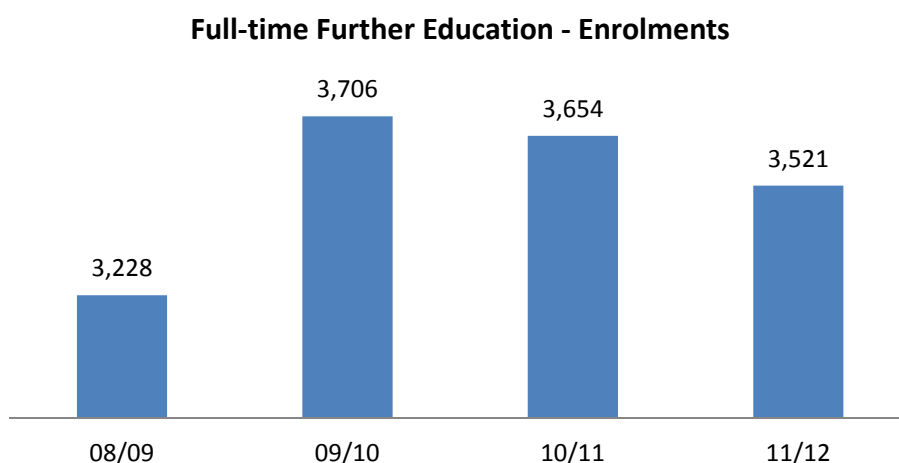


Figure 4

The increase in full-time FE provision between 2008-09 and 2011-12 is evident across the majority of programmes and at all levels. In 2010-11 we experienced a slight shift in provision with an increased number of students enrolled on Level 1 programmes compared to Level 2, see Figures 5-6. Last year the position was reversed with more students enrolling on Level 2 programmes of study as opposed to Level 1 and below.

It is also significant that whilst the number of students progressing to year 2 of a two year Level 3 course remained the same, the number of new starts on Level 3 programmes was over 200 less than in 2010-11.

Figures 5-7 below illustrate the shifts in full-time enrolments by level since 2008-09.

Full-time FE Level 1 & below - Enrolments

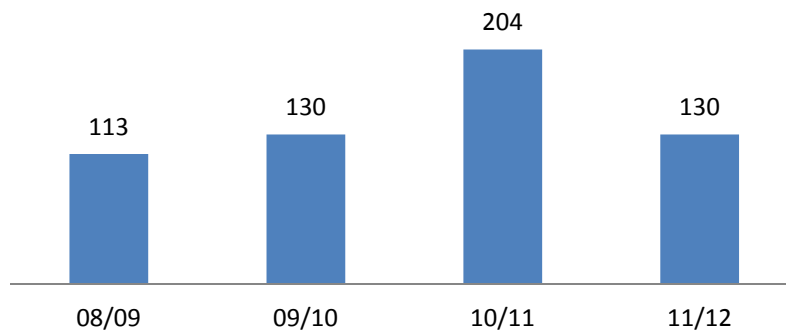


Figure 5

Full-time FE Level 2- Enrolments

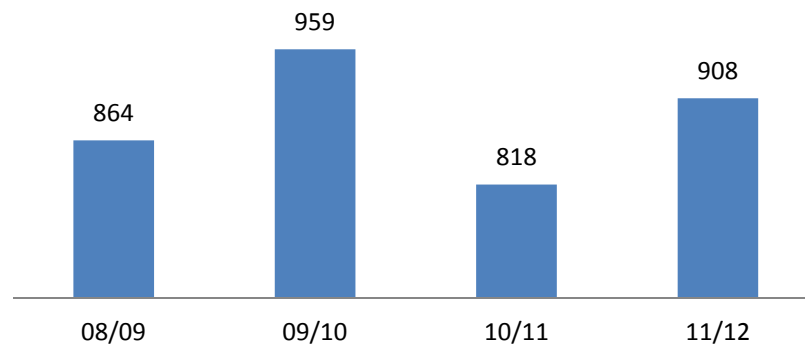


Figure 6

Full-time FE Level 3- Enrolments

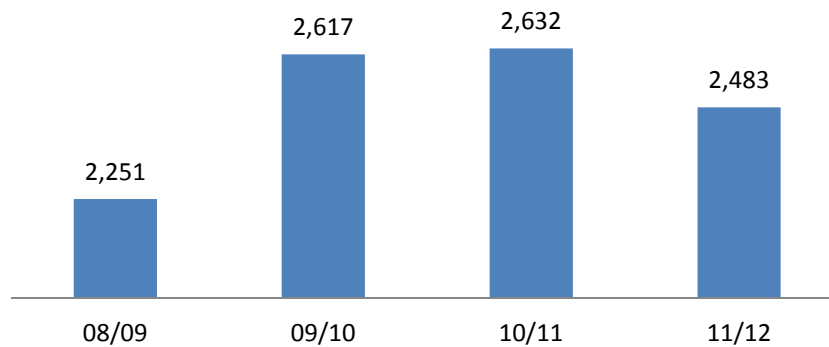


Figure 7

Part-time Further Education

The continuing economic position has also had a direct impact on the uptake for part-time further education over recent years. Notwithstanding the current economic difficulties there was a slight increase in the number of evening enrolments compared to 2010-11, see Figure 8, with enrolments increasing from 4,695 in 2010-11 to 4,737 in 2011-12.

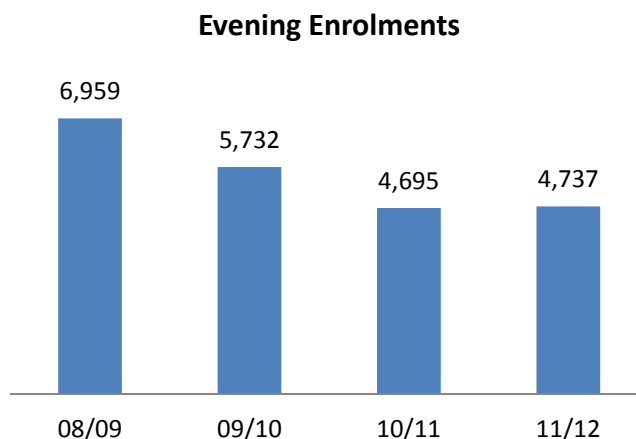


Figure 8

Despite the downward trend in part-time evening provision over recent years the College did exceed its overall part-time enrolment target of 10,316 enrolments in 2011-12 by over 1,300 enrolments.

There were some significant shifts in enrolment patterns over the last year. Recreational or non-accredited provision increased by over 2,600 enrolments, a 38% increase compared to 2010-11, see Figure 9.

Part-time accredited provision at Level 1 and Level 3 remained relatively static, however accredited provision at Level 2 declined by over 600 enrolments compared to 2010-11.

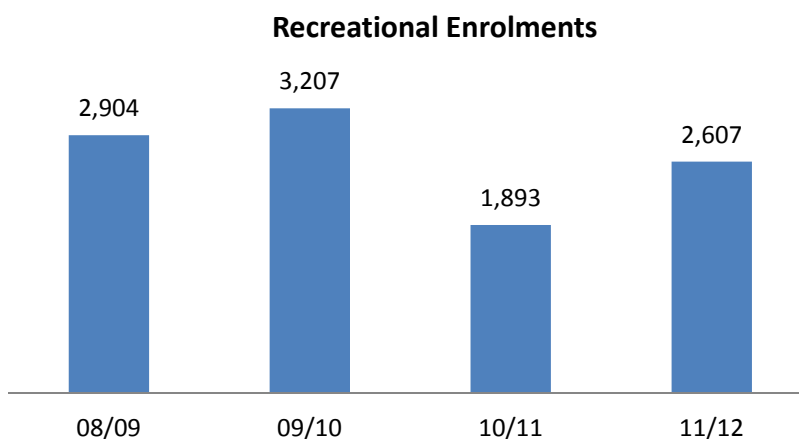


Figure 9

The downward trend in part-time FE enrolments over the last 4 years should be viewed in conjunction with the increase in Essential Skills provision during the same period and in particular the impact following the introduction of the third essential skill in ICT in 2009-10.

SOUTHERN REGIONAL COLLEGE
OPERATING AND FINANCIAL REVIEW 2011/12 (continued)

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 1,149 in 2010-11 to 2,085 in 2011-12, see Figure 10.

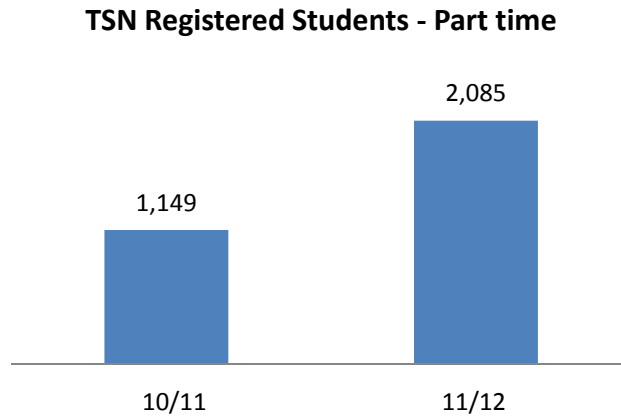


Figure 10

Externally Accredited Provision

Externally accredited provision accounted for 98.3% of the total FLU provision with over 11,790 enrolments, a similar position to 2010-11. Of this, full-time further education accounted for 77% and part-time just over 21% of total FLU funded provision. The College delivered 4,886 externally regulated full-time FLU against a target of 5,064 FLU. The College delivered 1,349 externally regulated part-time FLU against a target of 1,201 FLU.

Vocational Provision

Similarly, the extent of provision classed as vocational remained at a similar level to 2010-11. The College delivered 4,618 vocational full-time FLU against a target of 4,716 FLU (down 98 FLU). The College delivered 1,272 vocational part-time FLU against a target of 1,163 FLU (up 109 FLU). Vocational enrolments accounted for 92.9% of total FLU provision compared to 92.4% in 2010-11.

Essential Skills

Since 2008-09, the College has experienced significant growth across all three Essential Skills of numeracy, literacy and ICT as shown in Figure 11. The College has enrolled over 5,000 learners annually in Essential Skills over the last three years compared to an enrolment of just 2,000 in 2008-09.

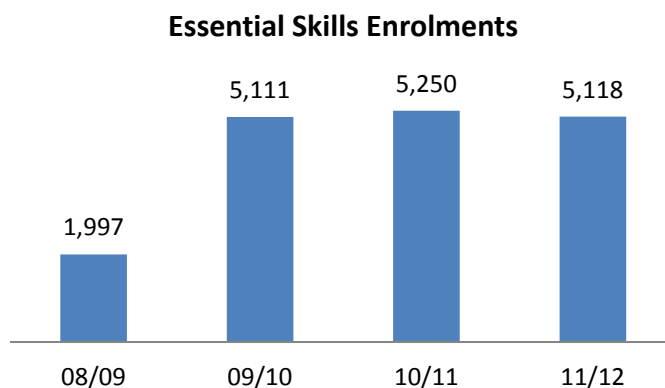


Figure 11

SOUTHERN REGIONAL COLLEGE
OPERATING AND FINANCIAL REVIEW 2011/12 (continued)

In 2009-10, the College altered its policy regarding Information Communication Technology (ICT) provision for lower level courses, in line with DEL guidelines, replacing European Computer Driving License and other long standing qualifications in favour of the Essential Skill in ICT.

The College's strategy of promoting Essential Skills with local employers and across the network of community organisations has been extremely successful leading to the aforementioned increases in enrolments in all three essential skills.

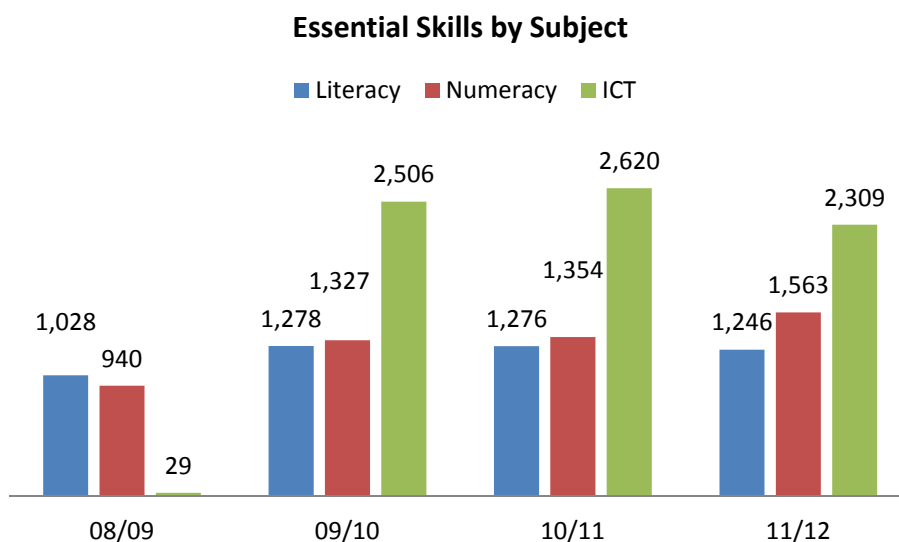


Figure 12

The number of student enrolments in numeracy increased by over 200, however ICT remains the most popular essential skill area accounting for over 45% of total provision, see Figure 12.

Priority Skills

The total enrolment for full-time priority skills areas has remained relatively static over the 4 year period 2008-12. There have been minor reductions in the numbers undertaking hospitality and tourism, construction and engineering compared to the position in 2010-11. However, the number opting for software and computing has increased slightly.

The success of essential skills has had a detrimental impact on the total part-time enrolments recorded for the priority skill ICT. The policy decision to replace traditional ICT qualifications such as ECDL and other long standing qualifications with the essential skill in ICT has led to a decrease in the part-time priority skills enrolment since 2008-09.

Unlike ICT qualifications, such as ECDL, Essential Skills ICT enrolments do not contribute to the count of priority skills ICT enrolments as defined by the Department, resulting in a significant drop in priority skills enrolments, see Figure 13. However, it is worth noting that, for comparative purposes if the essential skills ICT enrolments in 2011-12 had been classed as Priority Skills ICT enrolments, the total priority skill enrolments would have exceeded the 2008-09 level.

Priority Skills - Enrolments

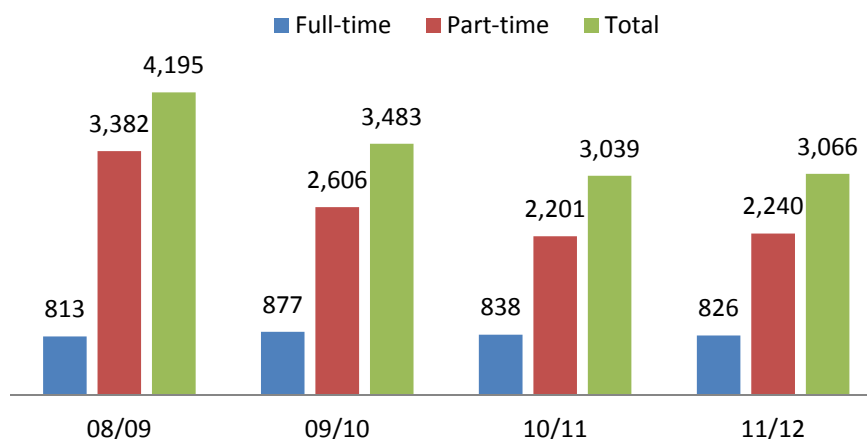


Figure 13

Higher Education

Our expanding 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 business 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 continues to develop partnerships with a number of universities including the University of Ulster, Queen’s University Belfast and John Moore’s University Liverpool culminating in the provision of an increasingly diverse range of Foundation Degree, Associate Bachelor Degree and Honours Degree courses.

The Department for Employment and Learning has set a cap on the total number of student enrolments for full-time higher education. This increased from 465 in 2008-09 to 539 places in 2011-12.

The demand for part-time higher education also continues to increase year on year with enrolments annually having grown by 28% since 2008-09, see Figure 14. It is important to note that the trend for increasing part-time higher education 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 continue to grow for the foreseeable future.

Higher Education Enrolments

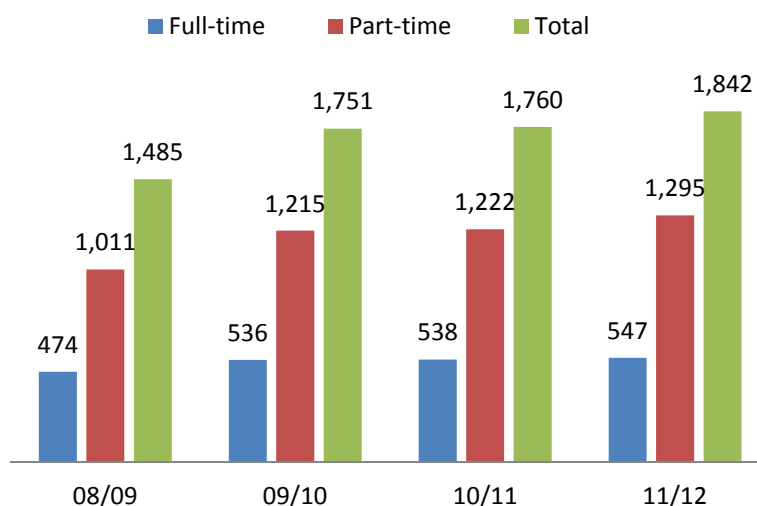


Figure 14

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 has prevented the College from marketing and promoting the new contracts. The delay in operating under the new contracting arrangement has resulted in the College having to adjust delivery plans based on new operational guidelines. In addition, the College has had to re-engage with other training providers through sub-contracting arrangements in order to secure some delivery for plumbing and electrical engineering at Level 3.

The strands of Training for Success delivered during 2011-12 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 2011 – 31 March 2012) on Training for Success strands has increased year on year since 2007, see Figure 15. In 2011-12 the total number of new starts was 689 of which 416 (60%) 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 downturn in opportunities within the construction industry in areas such as plastering, brickwork and joinery has resulted in a continued demand for areas such as motor vehicle and body repair.

Tfs and Apprenticeships - New Starts

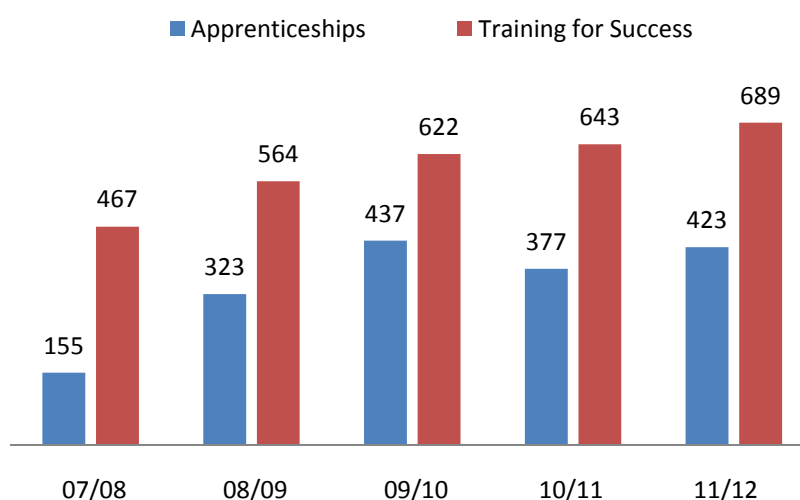


Figure 15

The College has increased the number of new start apprentices. Whilst the number of new apprentices employed within areas such as engineering and construction continues to reflect the state of the construction industry the College has developed other apprenticeships in areas such as Childcare, Health & Social Care, Customer Care, Food & Hospitality and Retail.

**SOUTHERN REGIONAL COLLEGE
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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 36 post-primary schools in the region. This work is co-ordinated and planned through the four Area Learning Communities in Armagh, Banbridge, Craigavon and Newry. The number of schools supported across the Area Learning Communities will increase to 38 in 2012-13.

The College has consistently performed well across the sector in terms of the level of engagement. The College's engagement at Key Stage 4 increased from 2,711 enrolments in 2010-11 to 3,099 (38.99% of the sector total) in 2011-12. However our engagement in post 16 provision decreased from 968 to 694 enrolments over the same period, accounting for 20.7% of the total sector provision at post GCSE level. (Table 4).

Area	2008/09 Enrolments	% of Sector Total	2009/10 Enrolments	% of Sector Total	2010/11 Enrolments	% of Sector Total	2011/12 Enrolments	% of Sector Total
Key Stage 4	2,972	37.26%	2,774	34.99%	2,711	35.31%	3,099	38.99%
Sector Total	7,977		7,929		7,677		7,949	
Post 16	720	21.86%	899	24.39%	968	25.22%	694	20.70%
Sector Total	3,294		3,686		3,838		3,352	

Table 4

The Department for Education Circular DE 2012/09 has indicated that when the Entitlement Framework becomes statutory in 2013, delivery of all aspects of the curriculum (including the Entitlement Framework) will be undertaken from within the schools' delegated budget allocation. The earmarked funding to support school-college collaboration will disappear from 2014 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 2013 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 our five Neighbourhood Renewal Areas in Armagh, Brownlow, Lurgan, Newry and Portadown.

During 2011-12 the College's Community Learning Team promoted and delivered a number of innovative programmes including: Steering to Success (Craigavon); Building Your Pathway to Success (Armagh) and Success to Employment in the Health Trust (All areas). The Big Lottery funded Transforming Communities project continues to recruit significant numbers of people from the traveller and migrant-worker communities.

SOUTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2011/12 (continued)

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.

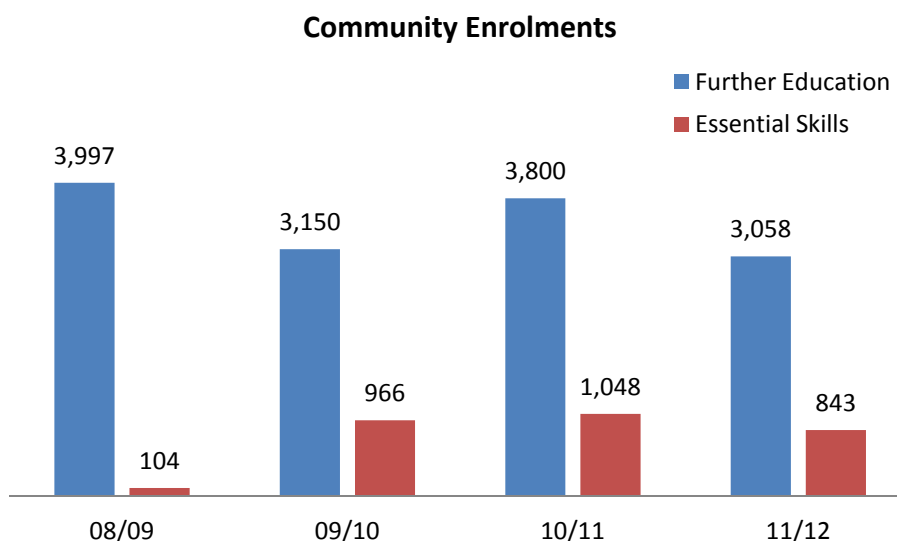


Figure 16

STUDENT ACTIVITIES (AND ACHIEVEMENTS) 2011-12

The College places great importance on the use of skills competitions in complementing teaching and learning programmes by:

- 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 2011-12 academic year the College:

- had over 500 students participating in competitions;
- participated in a number of regional and national skills competitions with 3 apprentices selected to the UK squad for the World Skills competition in Leipzig in 2013;

SOUTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2011/12 (continued)

- took part in its most successful competition at the Skillbuild NI regional final with a total of 31 trainees selected to participate, winning an unprecedented sixteen individual awards as well as two team awards including an award for the most successful skills team;
- had four Southern Regional College students who competed in the UK National Skillbuild final: John Morgan from Newry (UK Skills Silver Medal - Floor and Wall Tiling), Alexander Gordon from Kilkeel, (UK Skills Finalist Joinery), Ryan O'Gorman from Newry (UK Skills Finalist - Painting and Decorating) and Steven Irwin from Hillsborough (UK Skills Gold Medal - Cabinet Making);
- enhanced its reputation for excellence in hospitality training by winning a total of 20 medals at the IFEX competition, Northern Ireland's largest and only International Food, Drink, Retail and Hospitality Exhibition;
- had further success at national level when a group of Level 3 Media Students were selected for the UK Skills Moving Image finals. Matthew Reed, Joe Cooke and Matthew Hutchinson from Year 1 Extended Diploma in Creative Media Production on the Banbridge Campus finished an impressive 6th out of over 200 entries from all over the UK, in the recent UK World Skills Moving Image competition, held at Warwickshire and Hinkley College;
- increased participation in the Colleges NI BEST skills competition winning the overall 19+ category;
- launched the Retail Skills Academy with the primary aim of providing access to world class skills and to provide business support to retailers of all sizes across the region;
- increased the use of skills competitions for learners on our Schools' Partnership Programme; and
- achieved continued success in regional competitions in a number of sports including Volleyball, Gaelic Football and Soccer.

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

- Southern Regional College's BSc Business Studies graduate, John McKinney, was named as a finalist in the prestigious 'Think Outside the Box Awards';
- A-Level students at Southern Regional College have excelled with an overall pass rate of 92%, with 85% achieving grades A - C. Of these 10.61% achieved A* / A Grades (national average 8.73%);
- Newry student, Liam Grant, has been recognised by the Helena Kennedy Foundation for successfully progressing from Southern Regional College to the University of Liverpool;
- A group of 13 young people from Southern Regional College's Newry Campus have turned their lives around with help from the Prince's Trust. They picked up a prestigious award that recognised their positive contribution to the Newry community. The team who raised money for a life-saving defibrillator for Newry Olympic Hockey Club scooped the Vodafone Community Impact Award at The Prince's Trust and L'Oreal Paris Celebrate Success Awards;
- Two Southern Regional College students from the Accounting Technicians Ireland course were recognised for their achievements by finishing top in Northern Ireland in different modules. Caitriona Mallon from Armagh, was first in Northern Ireland in the Tax II module and Monica Duffy from Newry, was first in Northern Ireland for the Tax I module and was among the top 10 out of 1,400 students in Ireland overall;
- Award winning Southern Regional College student, Brendan Baxter, was part of the judging line up for the prestigious ChefSkills at IFEX awards. Brendan, who has previously won 3 gold medals at the IFEX Professional Chef competition in Belfast, judged over 220 competitors at the 3 day competition on 24th – 26th April 212;
- Southern Regional College student, Georgia Hyland won the Northern Ireland heat of the Rotary Chef of the Year competition. Georgia is currently a first year chef student, completing the Diploma in Professional Cookery course;
- Three Southern Regional College students; Leanne McCaughtry from Banbridge, Ethan Fiddes from Portadown and Paul Smith from Newry, from the foundation Degree Interactive Multimedia on the Newry Campus, won the 19+ category at the Colleges NI BEST awards for the animation film which has gained global recognition via internet forums and YouTube;

SOUTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2011/12 (continued)

- Southern Regional College won Boys and Girls competitions in the Schools Cup Volleyball competition, held at the Lisburn Racquets Club;
- Portadown student, Jack McClean, was awarded the Queen's Jubilee Scholarship Trust by the Institution of Civil Engineers;
- Residents of Neighbourhood Renewal Areas in Armagh celebrated their success in completing Catering qualifications at Southern Regional College. This group of Armagh students was the first to graduate from the TOPs (Training and Employment Opportunities Programme);
- As part of the Student Activities programme, Southern Regional College students from all five campuses have taken part in a new national competition to find the most innovative way that young learners can improve their money management skills. Five entries were submitted from across the College with two team entries selected to represent Southern Regional College at the Northern Ireland National Finals on 17th April 2012 in Stormont;
- Student, Ally Finnegan, was presented with a Commendation from City & Guilds for her success and commitment to study on the Level 3 Diploma Health and Social Care;
- Past student, Richard Dawson, landed a top job as Site Engineer at Heathrow Airport in London. Richard moved to Southern Regional College after his GCSE's to complete the National Diploma in Construction and the Built Environment and followed this up with a three year HND in Building Engineering including a year's industrial placement;
- Southern Regional College students, Cathy Cole and Matthew Cunningham, received a highly commended award at the Essential Skills Awards at Hillsborough Castle;
- Southern Regional College celebrated the successes of the first cohort of 84 students who completed the Employ Me programme. Students from Armagh, Kilkeel, Lurgan, Newry and Portadown campuses attended the awards ceremony on Wednesday 25th April 2012 which was held in the Seagoe Hotel, Portadown;
- Daniel Runciman, a student on the Schools Partnership Programme landed a freelance graphic design position at Flavour magazine whilst studying a BTEC Level 3 Subsidiary in Creative Media Production;
- Over 500 Students from local high schools celebrated their success at awards ceremonies for students participating on the School Partnerships Programme (SPP) at Southern Regional College;
- Kenny Anderson from Portadown, received an Institute of Road Transport Engineers (IRTE) award for achievement of the top exam marks in Northern Ireland for the theory element of his Level 2 NVQ;
- Jane McAleenan, a Level 2 Hairdressing student, picked up a first place award in the Junior Day Style category and second place in the overall competition in the County Down Hairdressing Championships;
- Aine Magee was nominated for the Most Promising First Year award at the Apprentice of the Year Awards Ceremony, held in Belfast;
- The Rotary Club of Portadown awarded five students from Southern Regional College for their outstanding educational achievements in a variety of vocational areas. Winners included: Katie Lawless (Business), Emma Jameson (Catering), Jonathan McEvoy (Construction), David Willis (Engineering), and Bleu Dickson (IT);
- Sarah Law, a Business and Finance Higher National Diploma student, was selected for the Southern Regional College's prestigious Rooney Fellowship Award for 2012-13;
- Kevin Teggart, a Foundation Degree Student in Computing and Network Systems at Southern Regional College, was selected as this year's winner of the Sister Michele O'Leary Bursary;
- James Niblock, a Southern Regional College student from Mayobridge, was recognised for outstanding achievement at an awards ceremony held in Parliament Buildings, Stormont;
- The Prince's Trust Team 9 from the Armagh Campus, is the first team to receive the newly formed qualification from the Prince's Trust as an awarding body. Each team member received a Level 1 Certificate in Employment, Teamwork and Community Skills;
- Alan Haugh, who is currently studying for an Apprenticeship in Food Manufacturing at Southern Regional College and working as an apprentice at Linden Foods, was awarded a Recognition Award at the Apprentice of the Year finals held in Belfast;

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- A Southern Regional College student has reached a milestone of over 1 million views for his YouTube Channel. David Taggart has based his YouTube channel, named BombCentralGaming, on his passion for gaming. As a result, David is in the process of becoming a YouTube Partner;
- Three groups of students who study on the Extended Diploma in Music at Southern Regional College 's Armagh campus achieved distinction and merit grades at the London College of Music Ensemble Level 4 and 5 exams;
- Local Portadown architectural companies have once again awarded prizes to students from Southern Regional College for their outstanding work in the field of architecture throughout the year. Winners of the McAllistair Awards were: Jack McClean & Joel Kane. Winners of the HPA Architects Awards were: Brain Adams, Paulo Fialho & Ethan McNicholl;
- Jim Eastwood was the guest speaker at a recent Southern Regional College event for graduates of the Practice Firm programme. Thirty-nine participants graduated from the programme with a Level 2 ILM Award in Business Enterprise and World Host Sales Powered by Service and Principles of Customer Service;
- Members of the Prince's Trust Team 11 from Southern Regional College in Armagh, have each achieved a Level 1 Certificate in Employability, Teamwork and Community Skills; an official award from the Prince's Trust. For some of these team members, this was their first ever qualification;
- 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 Sam Trotter from BT presented the award to Carmel Mohan who completed the Edexcel Strategic Management and Leadership programme; and
- The Honourable Professor James Haughey presented the winner of the Norbrook Prize for 2011-12 to Adult Access Student Patrick Lundy at the Higher Education Graduation Ceremony on 5 September 2012. Patrick is the first student to have been accepted by Bristol University to study for veterinary medicine.

Learner Retention and Achievement 2011-12

Readers should note the figures presented for 2011-12 are those at 1 August 2012 and are not final validated figures presented to DEL for the year end position.

Further and Higher Education							
	Mode	Target 2011-12			Performance 2011-12		
		Ret.	Ach.	Success	Ret.	Ach.	Success
Higher Education	Full-time	95%	93%	88%	92%	99%	91%
	Part-time	95%	90%	86%	94%	91%	85%
Further Education	Full-time	90%	93%	79%	89%	95%	85%
	Part-time	90%	88%	79%	96%	93%	89%
Essential Skills	Part-time	85%	78%	66%	87%	79%	68%
TFS & Apprenticeship Training		85%	80%	72%	88%	86%	76%

Ret – Retention
Ach – Achievement

Table 5

SOUTHERN REGIONAL COLLEGE
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Achievement rates across all areas of full-time and part-time provision exceeded target. The College's performance in essential skills continues to improve year on year with 78% of students achieving, compared to 71% in 2010-11 and 65% in 2009-10.

Retention targets were met with the exception of full-time further education with the largest relative drop out experienced in Level 1 courses (19.6% of full-time withdrawals) compared to Level 2 (11.7%) and Level 3 (10.3%) provision.

The College is on target to achieve the retention and achievement rates set out in the College Development Plan for 2011-14.

The College had another successful year in the provision of AS and A-Levels through our Armagh Campus with a 92% achievement rate and 85% of students obtaining grades A - C. Seven subject areas achieved 100% pass rate including Geography, English and Biology with 97% pass rate in ICT and a 91% pass rate in Chemistry. Students achieved A* grades in Biology, Chemistry, History, ICT, Art, Law, Sociology and Maths. Of the total A Level cohort 10.61% of students achieved A* or A grades (national average 8.73%).

Schools' Partnership Engagement

Information obtained for the 2010-11 academic year shows that the College has outperformed the sector in terms of student achievement on schools partnership provision (Table 6). Information for the 2011-12 academic year was not available at time of writing.

SOUTHERN REGIONAL COLLEGE				
Achievement Results 2010-11				
Outcome	Sector	SRC	Sector %	SRC %
Achievement	8,237	2,977	66.71%	74.54%
Non Achievement	564	127	4.57%	3.18%
Partial Achievement	1,094	61	8.86%	1.53%
Study Continuing *	1,589	732		
Referred	0	0	0.00%	0.00%
Not Known	57	25	0.46%	0.63%
Blank	1,303	0	10.55%	0.00%
Duplicate	1,080	804	8.75%	20.13%
In full time schooling	12	0	0.10%	0.00%
Grand Total	12,347	3,994		
* Not included in Grand Total				

Table 6

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. We recognise that the College must be flexible, fast moving, respond to change and be in a position to give adults and young people access to the enhanced vocational learning they need to succeed in a modern economy. We also recognise that the College needs to 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.

During the 2011-12 academic year the Business Support Unit continued to provide a wide range of high quality training and support services to business and industry clients. Initiatives, including the DEL Employer Support Programme, Knowledge Transfer Partnerships, FUSION and Invest NI Innovation Vouchers and ConnectED have resulted in the development of much stronger ties with local and regional business and industry. Lecturing staff with relevant expertise are now engaged in a wide range of technology transfer projects with local companies. The College's Business Support Unit continued its work with the Department's Skills Solution Service to increase provision leading to first time qualifications and re-skilling for part qualifications at Level 2 and Level 3 for employees. In addition, the College committed to working in partnership with Colleges NI and the Department to ensure that we play our part in supporting engagement with Invest NI and Department of Enterprise Trade and Investment (DETI) through the 'Skills Pipeline' initiative.

There is little doubt that the current economic climate presented major challenges to the Business Support team during 2011-12. The majority of businesses were engaged in non-training related activities illustrating the heightened role the College plays in assisting business start-up, knowledge transfer and business growth. In summary, during the 2011-12 academic year the Business Support team:

- increased the number of Workforce Development Forum sector sub groups with the introduction of 4 new groups including Creative Industries, Sustainable Build and Retrofit, Bakery and Business Services;
- provided a range of services including knowledge transfer, technical mentoring, research and development (R&D), innovation support and skills training delivery to over 645 companies across the region;
- enrolled 3,359 company employees from across the region on industry specific training programmes;
- secured over £350k through the DEL customised Training Programme which enabled the provision of on site customised training to 79 companies in the region;
- signed Partnership Agreements with 12 new companies;
- secured a range of DEL and other external funding sources including KTP /FUSION & Invest NI Innovation Vouchers to enable the delivery of a range of innovation/ R&D projects to over 100 companies;
- increased the occupancy rates for the College's technology and incubation centre, Greenshoots Newry Ltd;
- embedded a centralised customer related management system across Southern Regional College with the aim of improving the level of customer service offered to business clients;

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- developed the **i3** (industry, innovation and incubation) concept to delivery phase introducing a new team of R&D Lecturers and Technical Associates to strengthen the College's capacity to provide R&D and Innovation support to an increasing number of business clients; and
- continued to inspire students to develop their business skills through the College's Interact programme which led to a number of students securing project work with 18 clients who opted to have development work undertaken by students.

Business Support Centre Engagement 2008-12				
	2008/9	2009/10	2010/11	2011/12
No. companies	255	950	672	645
No. enrolments	3,488	3,217	2,756	3,359
Full cost recovery income	£157k	£177k	£188k	£186k
Other income	£814k	£2,270k	£2,543k	£1,278k*

* excludes ESF Employ Me project

Table 7

i3 Initiative

Over recent years the College, through the work of our award winning Business Support Unit, has increased the range of support services to businesses beyond the delivery of courses and training programmes to include knowledge and technology transfer activities. Initiatives, including the DEL Employer Support Programme, Knowledge Transfer Partnerships, FUSION and Invest NI Innovation Vouchers and ConnectED have resulted in the development of much stronger ties with local and regional business and industry. Lecturing staff with relevant expertise are now engaged in a wide range of technology transfer projects with local companies. The College now plans to build on the work that has taken place to date through the launch of its **i3 (Industry, Innovation and Incubation)** initiative.

i3 aims to further develop our capacity to support business and industry in applied research and technology transfer across a number of areas. The **i3** Business Engagement strategy encompasses a variety of activities and services grouped under three broad interlinked themes:

- Enterprise, Entrepreneurship & Business Start;
- Training & Workforce Development; and
- Knowledge Transfer & Innovation.

This approach will ensure the development of a range of interlinked initiatives along a continuum spanning enterprise initiatives for learners through to business start up for new companies and knowledge transfer and innovation services for existing companies. Services provided by **i3** teams will therefore include:

- Technology Transfer, innovation and R&D support;
- Technical solutions through 1 to1 mentoring;
- Provision of specialist training;
- Advice and support to Small Medium Enterprises (SME) relating to business growth and innovation;
- Enterprise and Innovation;
- Signposting service to other support organizations; and
- Commercialisation of ideas.

Each **i3** team will consist of a number of post-holders including Research Lecturers, Industrial Associates and Business Development Officers. In the first year of operation the College is committed to appointing up to 18 specialist Research Lecturers and Industrial Associates across the areas shown in Table 8.

**SOUTHERN REGIONAL COLLEGE
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i3 Food, Drink & Tourism	i3 Retail Management & Quality	i3 Sustainable Construction & Renewables
i3 Software, Electronics & IT Solutions	i3 Creative industries	i3 Applied Science / Pharmaceutical
i3 Health Care Industries Health & Safety	i3 Advanced Engineering/ Manufacturing	i3 Enterprise & Entrepreneurship

Table 8

The overall aims of **i3** can be summarized as follows:

- help companies innovate, compete and grow through the provision of a unique mix of technical and business know-how, research and development services;
- support industry focused curriculum enhancement and innovation in key vocational areas;
- increase employer/college engagement to underpin, develop and strengthen innovative and flexible approaches to meeting current and future skills needs;
- enhance the skills and job prospects of learners through a range of company/college initiatives; and
- build a reputation for excellence in vocational and technical learning, knowledge and technology transfer, innovation and enterprise.

The support services offered through **i3** will be closely aligned with the curriculum offered to support skills development and lifelong learning. In addition to the staffing requirements to support **i3**, the College will commit to resourcing a number of Centres of Specialism with equipment and facilities that can be used to support applied research and technology transfer as part of the **i3** initiative. These resources will also be used by College students to develop skills relevant to the needs of local and regional industry.

i3 will also contribute to the development of a curriculum offering that is at the cutting edge of industry developments thus ensuring that we are providing our students with more meaningful opportunities of gaining employment. This in turn will lead to more meaningful delivery of vocational education and training.

The **i3** initiative will be launched in the early part of the 2012-13 academic year and aims to address two major challenges currently facing Southern Regional College:

- to progress curriculum developments and industry specialism at Southern Regional College to ensure a curriculum offering that is both relevant to industry needs and also one that adequately equips students and lecturers with the knowledge and skills required to match employer requirements; and
- to provide a more flexible service offering to business and industry.

The College has appointed a number of research lecturers and industrial associates with the aim of having the full complement of staff in place by November 2012.

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 is approved by the College's Staffing Committee and is 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 are planned on 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 continues to support 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 achieved the Investors in People standard following the implementation of a detailed action plan put in place following the initial assessment exercise in 2010-11. The achievement of the Investors in People Standard reflects the good practice across the College and is a recognition of the organisation's commitment as a good employer through effective management and development of staff. The College plans to continue to use Investors in People as an improvement tool and to encourage staff to engage with the change process.

The College also achieved the Matrix Quality Standard on 9 May 2012 for its work in Careers Advice and Guidance. The Matrix Standard is the unique quality standard for organisations to assess and measure their advice and support services, which ultimately supports individuals in their choice of career.

In May 2011, the Quality Assurance Agency for Higher Education (QAA) conducted a Developmental engagement on the theme of assessment. An action plan was produced identifying good practice and making recommendations for improvement. A follow up review of progress made against the original action plan was conducted in May 2012. The review concluded that the College is on course to successfully complete the plan and commended the College on its approach to achieving the targets. It reported that the College's higher education provision is benefiting from significantly increased and effective connectedness between teaching staff, course coordinators, heads of schools, the head of quality, and the senior management team. The report also highlighted that there has also been significant development of links with other colleges in the University of Ulster partnership.

The College launched the Technology in Learning Delivery (TLD) qualification on a pilot basis during 2011-12. The TLD qualification has been developed by the sector 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 immediate improvements across a number of key business process areas. More specifically this piece of work aims 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. A project steering group has been established to oversee the resulting work plan across the College.

The College HR 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 2011-12 was 96.1%.

SOUTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2011/12 (continued)

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 addressed 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 2011-12 academic year the College received approval from the Department for Employment and Learning for a Strategic Outline Case for the delivery of an accommodation solution. This enabled the College to move forward on the appointment of technical advisers to progress the outline business case and economic appraisal. This work is proceeding in conjunction with the Northern Regional College through a joint project board. It is anticipated that the Outline Business Case (OBC) will be submitted to the Department by January 2013.

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 will not be identified within the 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: 2012-15

Whilst the College remains on target to achieve the majority of objectives and performance targets, our projections on student intake to further and higher education for the period 2013-15 is dependent on the level of future funding provided by the Department for Employment and Learning. The College's projected enrolments for the period 2013-15 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 plan set out in the College Development Plan for the period 2012-15 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 that 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.

The revised College Development Plan for the period 2012-15 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 2012-13, including:

- using College reserves to support an agreed level of over delivery for 2012-13;
- supporting increasing demands for Adult Access provision and Level 1 provision;
- adjusting our projections for community provision – reduced delivery target of 450 FLU by 2013 to the current level of 260 FLU annually;
- increasing Essential Skills delivery through our community outreach programme from 75 FLU to 150 FLU; and
- increasing the number of businesses supported through our Business Support Centre from 500 to 1,000 annually.

SOUTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2011/12 (continued)

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 at Key Stage 4 and Post 16. The recent DE budget 2011-15 has highlighted that savings will be made in the current delivery of the Entitlement Framework. After 2013 it is DE's expectation 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 additional funding is removed. The absence of a joint 14-19 strategy between DE and DEL 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 delays in re-contracting both Training for Success and Apprenticeships will present significant challenges to delivering against projected income targets and delivery of skills training outcomes across the College. In addition, the changes to funding of adult apprenticeships will also lead to revisions in delivery across a number of areas particularly in the health care and food technology sectors. Whilst the College has been notified that it has secured contracts for the delivery of the strands of Training for Success and Apprenticeships at Level 2 and Level 3, the uncertainty pertaining to the new contracting arrangements has resulted in a re-prioritising and reallocation of resources across the College.

FINANCIAL OBJECTIVES

The College recognises the importance of sound financial management and governance. In accordance with the Financial Memorandum between the Department for Employment and Learning and the Southern Regional College, the Governing Body seeks to:

- ensure that the College operates efficiently and effectively;
- operate within a robust system of internal financial management and control;
- plan within available resources; and
- develop good financial management practice throughout the College.

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 financial 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.

The College's key financial objectives for 2011-12 were:

- 1. To provide a range of quality value for money services to support learners 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 including recruitment, retention and achievement targets;
- In conjunction with colleagues in the Human Resources Department, staff attendance and sickness absence was monitored throughout the year;

SOUTHERN REGIONAL COLLEGE
OPERATING AND FINANCIAL REVIEW 2011/12 (continued)

- The Finance Department operated the Agresso computer system to support raising requisitions and purchase order approvals;
- Practical support and advice was provided by the Finance Department throughout the financial year, including procurement support and the introduction of budget clinics;
- The Finance and General Purposes Sub Committee of the Governing Body, in conjunction with College Management, reviewed the College's Financial Strategy and adjusted it as necessary in light of performance and College priorities; 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 Department's Internal Audit Service review, 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 surplus of £1.96m to an end year surplus of £3.1m;
- 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 policies and procedures were kept up to date in accordance with best practice.

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

Supporting Actions

- A College Efficiency 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 improved productivity 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;
- Training for Success and Apprenticeship income was increased during the year; and
- Opportunities to increase income generating activity through the Business Support Unit continued.

SOUTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2011/12 (continued)

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;
- A full-time Estates Project Manager was appointed;
- Advisers were appointed to prepare an outline business case for investment in campuses in the Armagh, Banbridge and Craigavon areas;
- A five strand approach to implementing the College Estates Strategy has been developed; and
- Consultation with staff, students and stakeholders is underway regarding investment in our Estates.

FINANCIAL OBJECTIVES COVERING THE STRATEGIC PERIOD 2012–15

The financial objectives covering the strategic period 2012–15 and set out in the most recent College Development Plan and College Balanced Score Card are to:

- maximise funding and ensure the efficient and effective deployment of financial resources;
- provide a range of quality value for money services to support learners, while ensuring effective financial management and governance operates across the College;
- develop proposals and implement actions to deliver efficiencies across the College;
- ensure risk management, financial control and governance processes are working effectively 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;
- delivery of the College Efficiency Plan;
- overall satisfactory assurance on internal control framework and risk management process; and
- outline Business Case for estates investment completed and approved.

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

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 surplus for the year was £2.14m (2010/11 – surplus of £2.06m).

Total income decreased on the previous year by £0.30m. Total expenditure decreased by £0.15m.

Total historic cost outturn was a surplus of £3.12m (2010/11 – surplus of £3.04m) compared with the College's original estimated deficit as per the College Development Plan of £1.35m. In that plan estimates for income from Education Contracts were based on the implementation of new contracts for both Training for Success and Apprenticeships. A legal challenge prevented the implementation of the new contracts and the existing contracts remained in place for the year resulting in a significantly higher level of income to the College. Other variances in year end performance include, an increase in DEL grants (£0.81m) and an increase in Other Grant Income (£0.32m). In addition, savings were achieved in other operating expenses (£0.23m).

SOUTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2011/12 (continued)

The Group's Land and Buildings were subject to a professional valuation by Land and Property Services to provide valuations at the 31 July 2012. This resulted in an increase in value on 31 July 2012 of £13.07m. The total net book value of Land and Buildings at 31 July 2012 is £58.76m.

The College has significant reliance on the Department for Employment and Learning as its principal funding source, largely from recurrent grants. In 2011-12, DEL provided 61.88% of the College's total income through allocated recurrent grant. This represented 18.40% of the total recurrent grant available to the sector.

Reserves

The Group has total net assets of £67.96m and cash balances of £11.94m as at 31st July 2012. 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 2011-12 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 2012-13 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 2012-13. In the longer term reserves will be used to support the investment strands of the Estates Strategy. Projects and priorities identified for 2012-13 include:

- Support towards the implementation of the Estates strategy project;
- Telephony and communications systems;
- Support for unfunded curriculum delivery;
- Investment in specialised equipment to support curriculum delivery;
- Enhancement of the ILT infrastructure across a number of campuses;
- Development of a Sustainable Technology Centre of Excellence; and
- Refurbishment and maintenance of classrooms and student areas across a number of campus buildings.

The College has established an Estates Project Group with representation from the Governing Body, DEL and the Strategic Investment Board 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 an 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 completed and approved in 2012-13. 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.

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 819 unfunded FLUs (£2.78m) through increased efficiencies and the use of cash reserves for the 2012-13 academic year. The College plans to use any remaining reserves for specific projects, working capital and contingencies.

During 2011-12 the College, with the approval of the Department, made available the use of funds from its reserves to a value of £2m to Belfast Metropolitan College to help support the implementation of its College improvement plan.

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 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 annually, 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 FSA. At the balance sheet date the College had the following investments:-

Bank of Ireland	-	£2.50m
Northern Bank	-	£1.27m
Ulster Bank	-	£4.52m
First Trust Bank	-	£3.03m

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.

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; and
 - Sources and conditions of available funds.
- 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 2011-12.

Cash Flows

Cash inflow was £1.06m (2010/11 £3.58m inflow). The net cash inflow was largely due to an increase in income from DEL Grants and Education Contracts.

SOUTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2011/12 (continued)

PAYMENT PERFORMANCE

The Late Payment of Commercial Debts (Interest) Act 1988, which came into force on 1 November 1998, requires 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 2011 to 31 July 2012, the College paid 89.27% 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 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 through cost recovery activity by its Business Support Unit.

Work based training and apprenticeship delivery represents another important source of income. The decision by Department for Employment and Learning to postpone the award of contracts to support the delivery of apprenticeships and training for success following a legal challenge from a private training organization will potentially impact on our future plans in both areas. The College continues to operate under the previous contracting arrangements.

The implementation of the Estates Strategy remains a major priority and indeed a challenge for the College moving forward over the coming years. A full-time Estates Project Manager has been employed to work closely with the advisers appointed to complete an 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 completed and approved in 2012-13.

In October 2010, the Office of National Statistics reclassified Further Education Colleges from Non-Profit Institutions Serving Households to Central Government that is from the private to the public sector. From 1 April 2012 it was confirmed that for Northern Ireland, the further education colleges would be brought within the budgetary responsibility of the 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.

It is expected that funding for the Entitlement Framework will be mainstreamed within schools' delegated budgets in 2013. This has the potential to impact adversely on income generated by the College through the Schools Partnership Programme.

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

The **i3** Business Engagement strategy is central to the College's role in supporting regional business and industry. The investment made by the College through the appointment of a team of research lecturers and industrial associates during the first year of operation will be offset by the increased level of income generation and training income projected over the next three year period.

The Department's approach to considering past performance in determining future funding will be further strengthened through the introduction of the Quality Performance Adjustment scheme. It is proposed that the QPA will become an integral part of the annual CDP process for the 2013-14 budget allocations. The focus will be on outputs, and necessitates a much greater priority on student retention and, in particular, the achievement of qualifications. The proposal 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 will thus inform the level of adjustment within the 2013-14 budget settlement.

SOUTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2011/12 (continued)

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 2012
	£'000
Armagh College Hill & Lonsdale Campus	5,734
Armagh, Station Rd Complex	100
Armagh, Lisanally Campus	6,350
Banbridge Campus	3,442
Banbridge Factory Site	275
Lurgan Campus	5,901
Newry East Campus	10,275
Newry West Campus	10,168
Newry Corry Square Campus	90
Newry Model Campus	1,908
Newry Greenbank Campus	2,359
Greenshoots (Newry) Ltd	597
Kilkeel Campus	859
Portadown Campus	10,699

Financial

The consolidated net assets at 31 July 2012 were £67.96m (including £5.30m pension liability). There was no long term debt at 31 July 2012.

People

The average number of people employed by the College during 2011/12 was 947 (equating to 714.71 FTE staff) of whom 554 were teaching staff. The College undertakes active management of sickness absence through a number of established processes including sickness absence monitoring, review meetings and occupational health referrals. Sickness absence for the College was recorded at 3.99% for 2011/12.

Reputation

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

Risk management practice and process is now 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.

**SOUTHERN REGIONAL COLLEGE
OPERATING AND FINANCIAL REVIEW 2011/12 (continued)**

The College has established a Risk Management Committee with overall responsibility for the administration and implementation of the risk management process. During 2011/12 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 was 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 maintained 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.

The main corporate risks identified that faced the Southern Regional College during 2011/12 can be summarised as follows:

Summary of Corporate Risks:	Response to risk:
Financial viability of the College	- 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.
Reputation of the College	- The school review process continued to contribute to maintaining and improving standards. Oversight arrangements for Greenshoots were operated within the context of the main College risk management processes. The action plan falling from the Department’s Internal Audit Service (IAS) review was implemented and training was provided for new Governing Body members.
Safe working environment and compliance with Health and Safety legislation	- The Health and Safety Committee met regularly and reviewed the quarterly Health and Safety Report. Health and Safety training was delivered in a number of areas and routine inspections carried out across College campuses. An area of asbestos identified at the Lurgan Campus was removed by specialist contractors.

**SOUTHERN REGIONAL COLLEGE
OPERATING AND FINANCIAL REVIEW 2011/12 (continued)**

Summary of Corporate Risks:	Response to risk:
<p>Core Business – Teaching & Learning</p>	<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 College Virtual Learning Environment and Management Information System. <p>A reorganisation of schools saw the creation of the School of Engineering and Automotive Studies and the School of Construction and the Build Environment.</p> <p>The i-3 concept was brought forward to help improve employer engagement and curriculum development.</p>
<p>Core Infrastructure</p>	<ul style="list-style-type: none"> - A number of ICT controls have been developed and enhanced. Significant progress was made in year in developing and testing business continuity management plans and responding to Internal Audit recommendations. The College worked with Colleges Northern Ireland to ensure appropriate support was in place for key college information systems. A business case for investment in telephony infrastructure was prepared and a number of system hardware components were replaced to improve system performance and resilience.
<p>Optimisation of College Resources</p>	<ul style="list-style-type: none"> - The College Development Plan and financial planning play a key role in ensuring resources are optimised. During the course of the year the College achieved the Investors in People standard.
<p>Integrity of College Information</p>	<ul style="list-style-type: none"> - Key data and information policies are in place (Data Protection, FOI, Network Security). A New Record Management Policy was implemented in-year. Well established processes for capturing, recording and managing information are deployed with extensive use of ICT systems. User ID and user access controls, firewalls, backup procedures, contingency arrangements are in place as well as physical security – (locked cabinets, store rooms)
<p>Reclassification and realignment of the FE sector</p>	<ul style="list-style-type: none"> - A new risk was added to the College corporate risk register. This related to the reclassification of colleges by the Office for National Statistics. The College worked with the Department to address the financial reporting and management issues associated with this. The College will continue to engage with the Department regarding other related work streams.

College Income

The College has considerable reliance on continued central government funding through DEL. In 2011-12 this represented 61.88% 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 £43.07m in 2010-11 to £42.77m in 2011-12 (0.70% decrease). Operating expenditure decreased from £40.73m in 2010-11 to £40.58m in 2011-12 (0.37% decrease).

SOUTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2011/12 (continued)

The following issues may impact on future funding:

- The reduction in the block grant allocation from DEL resulting from anticipated cuts in public sector funding;
- The most significant element of College income is determined by the Funded Learning Unit (FLU) funding model which takes into account a series of factors including actual timetabled activity and attendance of students and is used to measure performance against pre-determined targets. The level of funding will be ascertained by reference to achievement against targets and failure to reach targets may result in a claw back of funding the following year;
- Programme Led Apprenticeships continue to be delivered as part of the Department's response to the recession but concerns remain over delivery requirements for trainees who fail to secure work placement;
- Changes in funding to adult apprenticeships;
- Reduced levels of tuition fee income resulting from increased demand on concession fees;
- The loss of earmarked funding to local schools in support 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
- Ongoing uncertainty with regard to TFS and Apprenticeship contracts from 2012-13 onwards.

These risks are mitigated in a number of ways:

- By ensuring high data quality standards and better quality management information is available to help inform decision making;
- By seeking to increase the level of funding from alternative provision including cost recovery work with local businesses;
- By ensuring effective strategies are in place across the College to deliver high quality education and training, stimulate demand for curriculum offerings, encourage greater uptake of accredited provision and increase retention of students on courses;
- Ensuring that the College is able to respond to the future needs of local and regional industry including the priority skills areas;
- Working with DEL to ensure adequate funding is made available for vocational qualifications, including Programme Led Apprenticeship provision;
- Effective marketing of College provision across sectors emphasising the flexibility and alternatives offered by the College, i.e. Apprenticeship or FE route;
- Continued use of Programme Led Apprenticeship provision;
- Development of partnerships with other training organisations where it is in the best interests of the College to do so;
- Enhancing the reputation of the College with the school sector;
- Succeeding in securing contracts for TFS and Apprenticeship training to Level 3;
- Application of quality assurance and review processes to ensure high quality and cost effective delivery against contracts; and
- Monitoring use of College hardship funds and keeping tuition fee levels under review.

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 2011-12 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. As already stated in this report 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 take forward investment plans in respect of estates.

SOUTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2011/12 (continued)

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;
- Taking forward the development of an overarching estates strategy;
- Putting in place an estates maintenance and refurbishment plan for 2012-13;
- 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 all 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, Southern Regional College Zine, 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 has introduced a senior management core briefing process through which teams are briefed 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 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 Order (Northern Ireland) 2005 (SENDO) and 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 seeks to achieve the objectives set down in the legislation. The College's Learning Support Policy sets out the College's 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 2011-12 included:

- The appointment of additional Learning Support Co-ordinators to address the increased number of referrals from trainees on Training for Success Programmes.
- The College's Team of Learning Support Coordinators (LSC) carried out initial pre-entry assessments 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.
- The College continued to review its estate and works with students, staff and external agencies to identify and resolve any issues of accessibility.
- The College has contracted Disabled Go to produce an accessibility guide for potential users of our buildings.
- The Learning Support Team had access to a range of assistive technology that is deployed to learners as required.
- The admissions policy for all students was published on the College website and in all prospectuses. Appeals against a decision not to offer a place were dealt with under the complaints policy.
- The College used the Additional Support Funding provided by DEL to provide direct learning support to over 688 students during 2011-12.
- Counselling and welfare services were described in the Student Diary, and issued to students together with the Complaints and Disciplinary Procedure information at induction.
- The College is engaged with RNIB and RNID on the Sensory Engagement Programme.

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 agreement 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.

SOUTHERN REGIONAL COLLEGE
OPERATING AND FINANCIAL REVIEW 2011/12 (continued)

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:	Pricewaterhouse Coopers Waterfront Plaza 8 Laganbank Road Belfast BT1 3LR
Bankers:	Bank of Ireland 4-8 High Street Belfast BT1 2BA		Northern 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
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 BT7 2FY		Arthur Cox Associates Capital House 3 Upper Queen Street Belfast BT1 6PU

**SOUTHERN REGIONAL COLLEGE
OPERATING AND FINANCIAL REVIEW 2011/12 (continued)**

MEMBERS OF THE GOVERNING BODY

Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committees Served
Mr Peter Aiken	01/08/2011		07/09/2012	Member	Finance & General Purposes Chair – Education, Audit, Staffing
Mrs Maureen Clark	01/08/2011	31/07/2015		Member	Finance & General Purposes, Staffing
Mrs Angela Coffey	01/08/2011	31/07/2015		Vice Chair – Governing Body	Education, Finance & General Purposes
Mr Hugh Cox	01/08/2011	31/07/2015		Member	Chair – Finance & General Purposes
Mr Pat Cumiskey	01/08/2011		01/10/2012	Member	Education, Finance & General Purposes, Staffing
Mr Brian Doran	01/08/2008			Accounting Officer and Chief Executive	Chair -Finance & General Purposes, Education
Mr Eric Ferguson	01/08/2011	31/07/2015		Member	Audit
Mr Henry McCloy	27/02/2012	31/07/2016		Staff Governor	Staffing
Mrs Sylvia McRoberts	03/04/2012	31/07/2016		Member	Finance & General Purposes
Dr Conor Patterson	01/08/2011	31/07/2015		Member	Chair- Governing Body
Mr Andrew Saunders	01/08/2011	31/07/2015		Member	Education Chair – Staffing, Audit, Education
Mrs Eileen Wright	03/04/2012	31/07/2016		Member	-
Miss Rowena Flynn	01/12/2011	31/07/2012		Student Member	Education
Mrs Sinead Challinor	01/08/2011	31/07/2015		Member	Staffing
Dr Peter Cunningham	01/08/2011		21/03/2012	Member	Finance & General Purposes Finance & General Purposes, Education
Mr Gordon Gough	01/08/2011	31/07/2015		Member	Education
Mr Michael Purcell	27/02/2012	31/07/2016		Staff Governor	

A new appointment was made to the Governing Body for the incoming year:

Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committees Served
Mrs Nicola Wilson	01/08/2012	31/07/2016		Member	Education

For and on behalf of the members of the Governing Body

A.P.S.M.
Chairman

20th November 2012
Date

SOUTHERN REGIONAL COLLEGE FURTHER EDUCATION 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 2011-12 £'000	Salary inc allowance 2010-11 £'000	Benefits in kind 2011-12 £'000	Benefits in kind 2010-11 £'000
Brian Doran	Chief Executive	£111k-£115k	£106k-£110k	£0	£0
John Quinn	Director	£81k-£85k	£76k-£80k	£0	£0
Jim O'Hagan	Director	£76k-£80k	£76k-£80k	£0	£0
Justin Edwards	Director	£6k-£10k (£76k-£80k full year equivalent)	£76k-£80k	£0	£0
Gerard Devlin	Director	£71k-£75k (£76k-£80k full year equivalent)	-	£0	£0

- Brian Doran was appointed as Chief Executive on 1 January 2008. Prior to this, he was Deputy Director from 01/08/07 until 31/12/07. Pre merger Mr Doran held the position of Acting Director for Newry and Kilkeel Institute.
- John Quinn was appointed as Director of Workforce Development and External Relations on 2 July 2008.
- Jim O'Hagan was appointed as Director of Finance and Corporate Services on 16 April 2009.
- Justin Edwards was appointed as Director of Curriculum and Student Services on 15 September 2008. Mr Edwards tendered his resignation from his position with effect from 31 August 2011.
- Gerard Devlin took up the post of Director of Curriculum and Student Services on 16 September 2011.

	2011-12 £'000	2010-11 £'000
Band of highest paid directors total remuneration	£111k-£115k	£106k-£110k
Median total remuneration	26,217	23,811
Ratio*	4.2	4.5

*The ratio has decreased as a result of incremental progression of staff.

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	Total value of accrued pension and lump sum at 65 at 31/07/12 £'000	Real increase in pension and lump sum at 65 £'000	Value of CETV at 31/07/12 £'000	Value of CETV at 31/07/11 £'000	Real increase in CETV during year £'000
Brian Doran	Chief Executive	£140k	£5k	£616k	£518k	£64k
John Quinn	Director	£133k	£1k	£690k	£634k	£18k
Jim O'Hagan	Director	£4k	£1k	£48k	£27k	£14k
Gerald Devlin	Director	£88k	£1k	£422k	-	£5k

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
CORPORATE GOVERNANCE AND ACCOUNTABILITY
FOR THE YEAR ENDED 31 JULY 2012**

The following statement is given to assist readers of the Financial Statements to obtain an understanding of the Governance procedures applied by the Governing Body of the College.

The College is an incorporated body established under the Further Education (Northern Ireland) Order 1997. Like most public bodies it operates within a strong framework of regulation. Not only does the College comply with all mandatory requirements but it also strives to operate that guidance which represents best practice.

SUMMARY OF THE COLLEGE'S STRUCTURE OF CORPORATE GOVERNANCE

Governing Body

The College's Governing Body comprises of 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 people co-opted by the Governing Body. The role of the Chairman of the Governing Body is separate from the role of the College Director as Chief Executive. The Governing Body is responsible for the ongoing strategic direction of the College whilst the Executive Officers 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 ten times during the 2011-12 year, two of which were special meetings, and has several committees, including a Staffing Committee, Finance and General Purposes Committee, Education Committee and an Audit Committee. All of these committees are formally constituted with terms of reference and comprise mainly members of the Governing Body.

Full 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. Formal agendas, papers and reports are supplied to the Governing Body members in a timely manner.

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 not controlled by 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 2011-12 year to discuss reports from the External and Internal Auditors and the relevant responses. It also receives and considers reports from the Department for Employment and Learning. It 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 auditors on their own for independent discussions.

Finance and General Purposes Committee

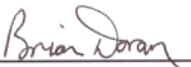
The Finance and General Purposes Committee inter alia supervises all matters relating to the finance and accounts of the College and the receipt of its income and expenditure. The main business of the Finance and General Purposes Committee is to monitor, determine and advise the Governing Body on the College's solvency, matters relating to estimates, budgets and presentation of accounts of the college, and other matters as the Governing Body may from time to time remit to it. The Committee met four times during the 2011-12 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 four times during the 2011-12 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 2011-12 year.



Accounting Officer

20th November 2012
Date

**STATEMENT OF THE RESPONSIBILITIES OF THE GOVERNING BODY
FOR THE YEAR ENDED 31 JULY 2012**

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 14th November 2012 and signed on its behalf by:


Chairman
Mr Andrew Saunders

20th November 2012
Date

**SOUTHERN REGIONAL COLLEGE
ACCOUNTING OFFICER'S REPORT TO THE GOVERNING BODY
FOR THE YEAR ENDED 31 JULY 2012**

STATEMENT ON INTERNAL CONTROL

Scope of Responsibility

As Accounting Officer, I have 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 I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money Northern Ireland.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Southern Regional College for the year ended 31 July 2012 and up to the date of approval of the annual report and accords with DFP guidance. I have fully embedded the processes which the Department for Employment and Learning has agreed should be established and confirmed their robustness.

Capacity to Handle Risk

I have carried out appropriate procedures to ensure that I have identified the College's objectives and risks and determined a control strategy for each of the significant risks. As a result, risk ownership is allocated to the appropriate staff and the College has set out its attitude to risk to the achievement of the College objectives. Staff are trained and equipped to manage risk in a way appropriate to their authorities and duties.

The Risk and Control Framework

The Governing Body has instructed that procedures are in place for verifying that aspects of risk management and internal control are regularly reviewed and reported on. There has been a full risk and control assessment before reporting on the year ending 31 July 2012. Risk management has been incorporated fully into the corporate planning and decision making processes of the College.

The Governing Body has received periodic reports concerning internal control. The appropriate steps have been taken to manage risks in significant areas of responsibility and progress on key projects has been monitored.

The College is moving into its sixth year of operation and risk management is now well established across the various business and operational areas within the College. Risk management forms part of the College's internal control and corporate governance arrangements and the process followed is set out in the 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's Risk Management Committee is chaired by the Chief Executive/Accounting Officer and comprises the Director of Finance and Corporate Services, the Director for Curriculum and Student Services and the Director of Workforce Development and External Relations. The Risk Management Committee has overall responsibility for the administration and implementation of the risk management process in the College. In meeting this responsibility during 2011/12 the Group:

- 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 removal of risks from the Corporate Risk Register;
- Provided reports and updates on risk management action plans to the Audit Committee;
- Carried out an annual review of the operation of risk management in the College and the effectiveness of the system of internal control which was presented to the Audit Committee and Governing Body;
- Revised the Risk Management Processes;
- Regularly reviewed and updated the record of risks facing the organisation;
- Maintained the system of key performance and risk indicators; and
- Maintained the organisation-wide risk register.

SOUTHERN REGIONAL COLLEGE
ACCOUNTING OFFICER'S REPORT TO THE GOVERNING BODY (continued)
FOR THE YEAR ENDED 31 JULY 2012

The Greenshoots-Newry Ltd Risk Register was included within the schedule of reviews during the 2011/12 year. Work was taken forward with regard to improving business planning following the introduction of the balanced scorecard and it is envisaged that in the longer term this will lead to a greater degree of integration between risk management and business planning.

Risk management is well established through the management tiers in the College and is operating satisfactorily. The control environment is sound and this is reflected in the Annual Internal Audit report. Risk management processes are in place to ensure the timely identification and assessment of significant risks and prioritisation of risks including allocation of resources to address areas of high exposure. Information on risks is reported regularly to the Audit Committee and Governing Body and systems to monitor risks and take corrective actions is operating effectively.

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

Review of Effectiveness

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

The Internal Audit Assurance Statement to the College's Audit Committee in respect of the year ended 31 July 2012 provided a substantial assurance in relation to the adequacy of the systems of internal control in place within the College.

Significant Internal Control Problems

There were no significant internal control problems reported during 2011/12.



Accounting Officer

_____ 20th November 2012

Date

SOUTHERN REGIONAL COLLEGE

THE CERTIFICATE 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 2012 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, the 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.

Opinion on Regularity

In my opinion, 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 2012 and of its surplus, 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 issued thereunder.

Opinion on other matters

In my opinion:

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

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

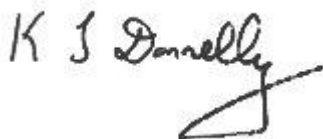
Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.



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

27 November 2012

**SOUTHERN REGIONAL COLLEGE
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 JULY 2012**

	Notes	2012 £'000	2011 £'000
INCOME			
			<i>Restated</i>
Department for Employment and Learning grants	2	27,878	28,939
Education contracts	3	10,581	10,058
Tuition fees and charges	4	2,363	2,198
Other grant income	5	943	979
Other operating Income	6	539	689
Investment income	7	467	210
Total income		42,771	43,073
EXPENDITURE			
Staff costs	8	(25,150)	(25,763)
Other operating expenses	10	(14,064)	(13,349)
Interest Payable	11	-	(83)
Depreciation	14	(1,365)	(1,535)
Total expenditure before exceptional items		(40,579)	(40,730)
Surplus on continuing operations after depreciation of assets at valuation and before tax and before exceptional items		2,192	2,343
Exceptional items			
Exceptional costs - staff	8	(51)	(285)
		(51)	(285)
Surplus on continuing operations after depreciation of assets at valuation and before tax		2,141	2,058
Taxation	12	-	-
Surplus on continuing operations after depreciation of assets at valuation and tax	13	2,141	2,058

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 2012**

	Notes	2012	2011
		£'000	£'000
Surplus on continuing operations after depreciation of assets at valuation and tax		2,141	2,058
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	20	983	983
Realisation of property revaluation gains of previous years		-	-
		<hr/>	<hr/>
Historical cost surplus for the year		3,124	3,041
		<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 2012**

	Notes	2012 £'000	2011 £'000
Surplus on continuing operations after depreciation of assets at valuation and tax		2,141	2,058
Unrealised surplus/(loss) on revaluation of fixed assets	20	13,070	(1,895)
Actuarial (loss)/gain in respect of pension scheme	22	(3,694)	4,026
		<hr/>	<hr/>
Total recognised gains since last report		<u>11,517</u>	<u>4,189</u>
Reconciliation			
Opening reserves		54,728	50,539
Total recognised gains for the year		11,517	4,189
		<hr/>	<hr/>
Closing reserves		<u>66,245</u>	<u>54,728</u>

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

SOUTHERN REGIONAL COLLEGE
BALANCE SHEET AS AT 31 JULY 2012

	Notes	Group 2012 £'000	College 2012 £'000	Group 2011 £'000	College 2011 £'000
Fixed assets					
Tangible assets	14	59,226	58,631	47,291	46,773
Investments	15	2,000	2,000	-	-
Total Fixed Assets		61,226	60,631	47,291	46,773
Debtors – Amounts falling due after more than one year	16	-	180	-	180
Current assets					
Debtors	17	2,774	2,758	2,611	2,596
Cash at bank and in hand		11,937	11,857	10,879	10,809
Total current assets		14,711	14,615	13,490	13,405
Less: Creditors – amounts falling due within one year	18	(2,675)	(2,656)	(2,670)	(2,664)
Net current assets		12,036	11,959	10,820	10,741
Total assets less current liabilities		73,262	72,770	58,111	57,694
Net assets excluding pension liability		73,262	72,770	58,111	57,694
Net pension liability	22	(5,298)	(5,298)	(1,694)	(1,694)
Net assets including pension liability		67,964	67,472	56,417	56,000
Deferred capital grants	19	1,719	1,181	1,689	1,217
Reserves					
Income and expenditure account excluding pension reserve	21	17,784	17,830	14,750	14,805
Pension reserve	22	(5,298)	(5,298)	(1,694)	(1,694)
Income and expenditure account including pension reserve	21	12,486	12,532	13,056	13,111
Revaluation reserve	20	53,759	53,759	41,672	41,672
Total reserves		66,245	66,291	54,728	54,783
Total		67,964	67,472	56,417	56,000

The financial statements on pages 54-80 were approved by the Governing Body of Southern Regional College on 14th November 2012 and were signed on its behalf by:

Mr A Saunders A.P.S.A.M.
 Chair Southern Regional College

Mr B Doran Brian 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 2012**

	Notes	2012 £'000	2011 £'000
Cash inflow from operating activities	23	2,952	3,873
Returns on investments and servicing of finance	24	336	210
Taxation	12	-	-
Capital expenditure and financial investment	25	(2,230)	(504)
		<hr/>	<hr/>
Increase/(Decrease) in cash in the year		<u>1,058</u>	<u>3,579</u>
 Reconciliation of net cash flow to movement in net funds			
Increase in cash in the period		1,058	3,579
Net funds at 1 August		<hr/> 10,879	<hr/> 7,300
Net funds at 31 July		<u><u>11,937</u></u>	<u><u>10,879</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 2012**

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 (the 'Department').

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 2012.

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 2012

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 resulting in an upward valuation of £13,070k. The valuation adjustment includes the cost of non-recoverable VAT.

**SOUTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2012**

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 over their useful economic lives as follows:

Computers	-	three years straight line
Fixtures and Fittings	-	five years straight line
Motor vehicles	-	four years straight line
Plant and equipment	-	five years straight line

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 2012

2. DEPARTMENT FOR EMPLOYMENT AND LEARNING GRANTS

	2012	2011
	£'000	£'000
		<i>Restated</i>
Recurrent grant	26,478	27,233
Release of deferred capital grants	36	48
Additional Support funds	490	441
Education Maintenance Administration Administration	66	49
Learner access and engagement	50	54
Essential Skills	8	-
Care to Learn	143	151
Other	607	963
	<hr/>	<hr/>
Total	27,878	28,939

The College is the lead partner in a consortium to deliver Employer Support Programme (Open Source) in Northern Ireland. The 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 has been excluded from these accounts. Total income claimed in the year under this arrangement and the related payments to partners was as follows:-

	2012	2011
	£'000	£'000
Employer Support Programme (Open Source) Income	116	149
Payments to College Partners	(116)	(149)
	<hr/>	<hr/>
Total	-	-

3. EDUCATION CONTRACTS

	2012	2011
	£'000	£'000
Entitlement Framework	1,854	1,863
Training for Success	8,510	7,905
Steps to Work	122	133
Training - other	95	157
	<hr/>	<hr/>
Total	10,581	10,058

4. TUITION FEES AND CHARGES

	2012	2011
	£'000	£'000
Higher Education (HE) income	1,057	965
Home and other European Union	1,292	1,219
Non-European Union	14	14
	<hr/>	<hr/>
Total	2,363	2,198

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 2012

5. OTHER GRANT INCOME

	2012	2011
	£'000	£'000
European funds	338	322
Other funds	605	657
Total	943	979

6. OTHER OPERATING INCOME

	2012	2011
	£'000	£'000
Catering and residence operations	65	167
Other income generating activities	376	375
Other income	98	147
Total	539	689

7. INVESTMENT INCOME

	2012	2011
	£'000	£'000
Other investment income	39	-
Other interest receivable	297	210
FRS17 Pension Finance Income (Note 22)	131	-
Total	467	210

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:

	2012	2011
	No.	No.
Teaching	376.48	405.58
Support	126.46	107.79
Administration	187.13	200.20
Premises	24.64	34.18
Total	714.71	747.75

Staff costs for the above persons

	2012	2011
	£'000	£'000
Teaching	15,770	16,253
Support	2,822	2,417
Administration	5,919	6,380
Premises	598	739
FRS 17 adjustment (note 22)	41	(26)
Exceptional staff costs	51	285
Total	25,201	26,048

SOUTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2012

8. STAFF COSTS (continued)

	2012	2011
	£'000	£'000
Wages and salaries	21,230	21,887
Social security costs	1,411	1,425
Other pension costs (including FRS 17 adjustments)	<u>2,509</u>	<u>2,451</u>
	<u>25,150</u>	<u>25,763</u>
Exceptional staff costs – redundancy cost	<u>51</u>	<u>285</u>
	<u>51</u>	<u>285</u>
Total	<u>25,201</u>	<u>26,048</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	
	2012	2011	2012	2011
	No.	No.	No.	No.
		<i>Restated</i>		<i>Restated</i>
£60,001 to £70,000	-	-	9	7
£70,001 to £80,000	-	-	1	-
£80,001 to £90,000	-	2	1	-
£90,001 to £100,000	2	1	-	-
£100,001 to £110,000	1	-	-	-
£110,001 to £120,000	-	-	-	1
£120,001 to £130,000	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>
Total	<u>4</u>	<u>4</u>	<u>11</u>	<u>7</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.

	2012	2011
	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 2012

9. SENIOR POST HOLDER EMOLUMENTS (continued)

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

	2012	2011
	£'000	£'000
		<i>Restated</i>
Salaries	347	344
Benefits in kind	-	-
Pension contributions	46	47
	<u>393</u>	<u>391</u>
Total emoluments	393	391

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

	2012	2011
	£'000	£'000
		<i>Restated</i>
Salaries	111	108
Benefits in kind	-	-
	<u>111</u>	<u>108</u>
Pension contributions	15	15
	<u>126</u>	<u>123</u>
Total	126	123

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

	2012	2011
	£'000	£'000
		<i>Restated</i>
Direct teaching	2,252	1,643
Direct support	4,921	4,868
Administration	2,282	2,307
Consultancy Fees	6	14
Premises	4,603	4,517
Interest Payable	-	-
	<u>14,064</u>	<u>13,349</u>
Total	14,064	13,349

Other operating expenses include:

	2012	2011
	£'000	£'000
Auditors' remuneration:		
Financial statements audit	21	26
Internal audit	24	28
Other services provided by the Financial Statements auditors	2	3
Other services provided by the internal auditors	1	3
Hire of other assets – operating leases	86	43

SOUTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2012

11. INTEREST PAYABLE

	2012	2011
	£'000	£'000
Pension finance costs (note 22)	-	83
	<u>-</u>	<u>83</u>
Total	<u>-</u>	<u>83</u>

12. TAXATION

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

	2012	2011
	£'000	£'000
Tax Payable	<u>-</u>	<u>-</u>

13. SURPLUS ON CONTINUING OPERATIONS FOR THE YEAR

	2012	2011
	£'000	£'000
The surplus on continuing operations for the year is made up as follows:		
College's surplus for the year	2,132	2,059
Retained by subsidiary undertaking	<u>9</u>	<u>(1)</u>
Total	<u>2,141</u>	<u>2,058</u>

SOUTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2012

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 2011	48,230	2,208	2,042	1,480	179	54,139
Additions	-	114	109	7	-	230
Disposals	-	-	-	-	-	-
Surplus/(deficit) on revaluation	10,728	-	-	-	-	10,728
At 31 July 2012	58,958	2,322	2,151	1,487	179	65,097
Depreciation						
At 1 August 2011	1,451	2,095	1,900	1,223	179	6,848
Charge for the year	1,182	59	145	68	-	1,454
Impairment reversal on revaluation of Greenshoots-Newry Ltd	(89)	-	-	-	-	(89)
Elimination in respect of disposals	-	-	-	-	-	-
Revaluation at July 2012	(2,342)	-	-	-	-	(2,342)
At 31 July 2012	202	2,154	2,045	1,291	179	5,871
Net book value at 31 July 2012	58,756	168	106	196	-	59,226
Net book value at 31 July 2011	46,779	113	142	257	-	47,291

	2012 £'000	2011 £'000
If land and buildings (including those that were inherited) had not been revalued they would have been included at the following amounts:		
Cost	8,788	8,788
Aggregate depreciation based on cost	(3,792)	(3,681)
Net book value based on cost	4,996	5,107
	2012 £'000	2011 £'000
The depreciation charge for the year is analysed as follows:		
Owned assets	1,454	1,470

Land and buildings were subject to a full revaluation as at 31 July 2012 on a depreciated replacement cost basis resulting in an upward valuation of £13,070k. The valuations were performed independently by LPS, by a qualified chartered surveyor and RICS Registered Valuer, in accordance with Department specifications. These revaluations have been adjusted for non-recoverable VAT and incorporated into the financial statements and the resulting revaluation adjustments have been taken to the revaluation reserve. The last full valuation was 31 July 2007.

There are four surplus assets – properties located at Lisanally Lane, Armagh and Station Road, Armagh each with a Net Book Value of £100k, premises at Corry Square, Newry with a Net Book Value of £90k and premises at Scarva Road, Banbridge with a Net Book Value of £275k.

SOUTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2012

14. TANGIBLE FIXED ASSETS (continued)

COLLEGE

	Freehold land & buildings £'000	Plant & equipment £'000	Computers £'000	Fixtures & fittings £'000	Motor vehicles £'000	Total £'000
Cost or valuation						
At 1 August 2011	47,433	2,208	2,036	1,473	179	53,329
Additions	-	114	109	7	-	230
Disposals	-	-	-	-	-	-
Surplus/(deficit) on revaluation	10,728	-	-	-	-	10,728
At 31 July 2012	58,161	2,322	2,145	1,480	179	64,287
Depreciation						
At 1 August 2011	1,171	2,095	1,894	1,217	179	6,556
Charge for the year	1,171	59	145	67	-	1,442
Elimination in respect of disposals	-	-	-	-	-	-
Revaluation at July 2012	(2,342)	-	-	-	-	(2,342)
At 31 July 2012	-	2,154	2,039	1284	179	5,656
Net book value at 31 July 2012	58,161	168	106	196	-	58,631
Net book value at 31 July 2011	46,262	113	142	256	-	46,773
					2011	2010
					£'000	£'000
If land and buildings (including those that were inherited) had not been revalued they would have been included at the following amounts:						
Cost					7,991	7,991
Aggregate depreciation based on cost					(3,592)	(3,401)
Net book value based on cost					4,399	4,590
					2012	2011
					£'000	£'000
The depreciation charge for the year is analysed as follows:						
Owned assets					1,442	1,456

SOUTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2012

15. INVESTMENTS

	2012 £'000	2011 £'000
Investment	<u>2,000</u>	<u>–</u>

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 2012 £'000	College 2012 £'000	Group 2011 £'000	College 2011 £'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 2012 £'000	College 2012 £'000	Group 2011 £'000	College 2011 £'000
Amounts due from the Department	235	235	65	65
Trade debtors	377	366	369	355
Prepayments and accrued income	2,162	2,147	2,177	2,170
Amounts owed by subsidiary	-	10	-	6
Total	<u>2,774</u>	<u>2,758</u>	<u>2,611</u>	<u>2,596</u>

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

	Group 2012 £'000	College 2012 £'000	Group 2011 £'000	College 2011 £'000
Trade creditors	1,065	1,065	816	816
Taxation and social security	53	46	9	9
Accruals	1,419	1,407	1,669	1,663
Other Creditors	138	138	176	176
Total	<u>2,675</u>	<u>2,656</u>	<u>2,670</u>	<u>2,664</u>

SOUTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2012

19. DEFERRED CAPITAL GRANTS

GROUP

	DEL Grants £'000	Other Grants £'000	Total £'000
At 1 August 2011			
Land and buildings	842	847	1,689
Other assets	-	-	-
Cash received			
Other assets	-	-	-
Released to income and expenditure account			
Land and buildings	(36)	(10)	(46)
Other assets	-	-	-
Greenshoots – reversal of impairment on revaluation	-	76	76
	806	913	1,719
Total	806	913	1,719
At 31 July 2012			
Land and buildings	806	913	1,719
Other assets	-	-	-
Total	806	913	1,719

COLLEGE

	DEL Grants £'000	Other Grants £'000	Total £'000
At 1 August 2011			
Land and buildings	842	375	1,217
Other assets	-	-	-
Cash received			
Other assets	-	-	-
Released to income and expenditure account			
Land and buildings	(36)	-	(36)
Other assets	-	-	-
	806	375	1,181
Total	806	375	1,181
At 31 July 2012			
Land and buildings	806	375	1,181
Other assets	-	-	-
Total	806	375	1,181

SOUTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2012

20. REVALUATION RESERVE

	Group	College	Group	College
	2012	2012	2011	2011
	£'000	£'000	£'000	£'000
At 1 August 2011	41,672	41,672	44,550	44,550
Revaluations in the period (as per note 14)	13,070	13,070	(1,895)	(1,895)
Transfer to income and expenditure account reserve				
- Relating to current year	(983)	(983)	(983)	(983)
- Relating to prior years	-	-	-	-
At 31 July 2012	53,759	53,759	41,672	41,672

21. MOVEMENT ON GENERAL RESERVE

	Group	College	Group	College
	2012	2012	2011	2011
	£'000	£'000	£'000	£'000
At 1 August 2011	13,056	13,111	5,989	6,043
Surplus/(deficit) retained for the year	2,141	2,132	2,058	2,059
Transfer from revaluation reserve				
- Relating to current year	983	983	983	983
- Relating to prior years	-	-	-	-
Actuarial gain/(loss) in respect of pension scheme	(3,694)	(3,694)	4,026	4,026
At 31 July 2012	12,486	12,532	13,056	13,111
Balance represented by:				
Pension reserve	(5,298)	(5,298)	(1,694)	(1,694)
Income and expenditure account reserve excluding pension reserve	17,784	17,830	14,750	14,805
At 31 July 2012	12,486	12,532	13,056	13,111

Of the group operating surplus for the year of £2,141k an operating surplus of £2,132k has been dealt with in the accounts of the holding company.

SOUTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2012

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

	2011/12	2010/11
	£'000	£'000
NITPS: contributions paid	1,603	1,682
NILGOSC:		
Contributions paid	865	794
FRS 17 charge	41	(26)
NILGOSC: charge to the income and expenditure account (staff costs)	906	768
Greenshoots (staff costs)	-	1
Total pension cost for year charged to staff costs (note 8)	2,509	2,451

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the NITPS was 31 March 2008 and NILGOSC was 31 March 2010.

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 unit credit 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%

**SOUTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2012**

22. PENSIONS AND SIMILAR OBLIGATIONS (continued)

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

The following information is based upon an interim valuation of the fund at 31 March 2010 updated to 31 July 2012 by a qualified actuary.

Principal actuarial assumptions

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

	At 31 July 2012	At 31 July 2011	At 31 July 2010
	%	%	%
Pension increase rate	2.2	2.7	2.9
Salary increase rate	4.5	5.0	4.9
Expected return on assets	4.9	6.4	6.7
Discount rates for liabilities	4.1	5.3	5.4

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 2012	At 31 July 2011	At 31 July 2010
Current pensioners – retiring today			
Males	22.9	22.9	20.8
Females	25.7	25.7	24.1
Future pensioners – retiring in 20 years			
Males	24.9	24.9	22.3
Females	27.7	27.7	25.7

SOUTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2012

22. PENSIONS AND SIMILAR OBLIGATIONS (continued)

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

	Long-term rate of return expected at 31 July 2012	Value at 31 July 2012	Long-term rate of return expected at 31 July 2011	Value at 31 July 2011
		£'000		£'000
Equities	5.5%	15,434	7.0%	14,633
Bonds	3.5%	2,749	4.6%	2,966
Property	3.7%	1,903	5.1%	1,384
Cash	2.8%	1,057	4.0%	791
Total market value of assets		21,143		19,774
Present value of scheme liabilities		(26,441)		(21,468)
Deficit in the scheme		(5,298)		(1,694)

The amounts recognised in the balance sheet are as follows:

	2012	2011
	£'000	£'000
Present value of funded obligations	(26,434)	(21,461)
Fair value of plan assets	21,143	19,774
	(5,291)	(1,687)
Present value of unfunded obligations	(7)	(7)
Net Liability	(5,298)	(1,694)

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

	2012	2011
	£'000	£'000
Employer service cost (net of employee contributions)	906	768
Past Service Cost	-	-
Total operating charge	906	768

Analysis of pension finance income/(charge)

Expected return on pension scheme assets	1,291	1,142
Interest on pension liabilities	1,160	(1,225)
Pension finance charge	131	(83)

Actual return on plan assets	573	2,349
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SOUTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2012

22. PENSIONS AND SIMILAR OBLIGATIONS (continued)

Amount recognised in the statement of total recognised gains and losses (STRGL)

	2012	2011
	£'000	£'000
Actual return less expected return on pension scheme assets	(724)	1,193
Experience gains and losses arising on the scheme liabilities	-	-
Change in financial and demographic assumptions underlying the scheme liabilities	(2,970)	2,833
	<u>(3,694)</u>	<u>4,026</u>
Actuarial gain/(loss) recognised in STRGL	<u>(3,694)</u>	<u>4,026</u>

Movement in (deficit) during the year

	2012	2011
	£'000	£'000
Surplus/(Deficit) in scheme at 1 August	(1,694)	(5,663)
Employer service cost (net of employee contributions)	(906)	(768)
Employer contributions	865	794
Past service cost	-	-
Net Interest/return on assets	131	(83)
Actuarial gain or (loss)	(3,694)	4,026
	<u>(5,298)</u>	<u>(1,694)</u>
Deficit in scheme at 31 July	<u>(5,298)</u>	<u>(1,694)</u>

Asset and liability reconciliation

	2012	2011
	£'000	£'000
Reconciliation of present value of scheme liabilities		
Liabilities at start of period	21,468	22,343
Service cost	906	768
Interest cost	1,160	1,225
Employee contributions	296	291
Experience gains and losses on scheme liabilities	-	-
Actuarial loss/(gain)	2,970	(2,833)
Benefits paid	(359)	(326)
Past service cost	-	-
	<u>26,441</u>	<u>21,468</u>
Liabilities at end of period	<u>26,441</u>	<u>21,468</u>

	2012	2011
	£'000	£'000
Reconciliation of fair value of scheme assets		

Assets at start of period	19,774	16,680
Expected return on assets	1,291	1,142
Actuarial (loss)/gain	(724)	1,193
Employer contributions	865	794
Employee contributions	296	291
Benefits paid	(359)	(326)
	<u>21,143</u>	<u>19,774</u>
Assets at end of period	<u>21,143</u>	<u>19,774</u>

The estimated value of employer contributions for the year ended 31 July 2013 is £920k.

SOUTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2012

22. PENSIONS AND SIMILAR OBLIGATIONS (continued)

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

	2012	2011	2010	2009	2008
	£'000	£'000	£'000	£'000	£'000
Fair value of plan assets	21,143	19,774	16,680	13,185	13,543
Present value of defined benefit obligation	(26,441)	(21,468)	(22,343)	(20,032)	(15,414)
Deficit	(5,298)	(1,694)	(5,663)	(6,847)	(1,871)
Difference between the expected and actual return on assets	(724)	1,193	1,682	(2,166)	(1,503)
Experience (gain)/losses on liabilities	(152)	2,941	-	-	(1,110)
Total Amount recognised in STRGL	(3,694)	4,026	49	(4,842)	(393)

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

	2012	2011
	£'000	£'000
Surplus on continuing operations after depreciation of assets at valuation and tax	2,141	2,058
Depreciation (note 14)	1,454	1,470
Impairment – Greenshoots building (note 14)	(89)	65
Deferred capital grants released to income (note 19)	30	(114)
Pension cost less contributions payable (notes 8 and 22)	41	(26)
(Increase)/decrease in debtors	(163)	(248)
Increase/(decrease) in creditors	5	795
FRS 17 Net Interest (Receivable)/Payable (notes 7 and 11)	(131)	83
Investment income receivable (note 7)	(336)	(210)
	<hr/>	<hr/>
Net cash inflow from operating activities	<u>2,952</u>	<u>3,873</u>

24. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2012	2011
	£'000	£'000
Interest received (note 7)	336	210
	<hr/>	<hr/>
Net cash inflow from returns on investment and servicing of finance	<u>336</u>	<u>210</u>

SOUTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2012

25. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2012	2011
	£'000	£'000
Purchase of tangible fixed assets (note 14)	(230)	(504)
Investment in Belfast Metropolitan College (note 15)	(2,000)	-
Deferred capital grants received	-	-
	<hr/>	<hr/>
Net cash outflow from capital expenditure and financial investment	(2,230)	(504)

26. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 August	Cash flows	Non cash	At 31 July
	2011		movements	2012
	£'000	£'000	£'000	£'000
Cash in hand, and at bank	10,879	1,058	-	11,937
	<hr/>	<hr/>	<hr/>	<hr/>
	10,879	1,058	-	11,937

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.

SOUTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2012

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

Owing to the nature of the College's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the 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 2012 £'000	Transactions 2011 £'000	Amount outstanding at 31 July 2012 £'000	Amount outstanding at 31 July 2011 £'000
Mrs E Wright	Southern Education & Library Board	456	328	1	149
Mr B Doran Mr P Aiken Mr J O'Hagan Mr J Quinn	Greenshoots , Newry	2	11	-	-
Mrs M Clarke	University of Ulster	206	201	-	-
Mrs S McRoberts	Armagh City & District Council	9	11	-	-
Dr C Patterson	Newry Confederation of Community Groups	2	3	-	-
Mr P Cumiskey	Banbridge District Council	4	3	-	-
Mr B Doran	JISC	-	2	-	-
Mr B Doran	ANIC/Colleges NI	110	100	-	-
Mr G Gough	Enterprise NI	-	3	-	-
Dr C Patterson	Newry Chamber of Commerce & Trade	6	1	-	-
Mrs F Caherty	Newry & Mourne District Council Tourism Partnership	32	34	-	-

SOUTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2012

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 2012 £'000	Transactions 2011 £'000	Amount outstanding at 31 July 2012 £'000	Amount outstanding at 31 July 2011 £'000
Mrs E Wright	Southern Education & Library Board	213	188	7	16
Mr B Doran Mr P Aiken Mr J O'Hagan Mr J Quinn	Greenshoots-Newry Ltd	35	36	4	4
Mr A Saunders	Ulster Bank Ltd*	125	41	40	45
Mrs M Clarke	University of Ulster	80	97	13	-
Mrs S McRoberts	Armagh City & District Council	2	1	-	-
Mrs S McRoberts	Lisanally Special School	39	-	-	-
Mrs S McRoberts	City of Armagh High School	49	69	-	-
Mrs S McRoberts	Newtownhamilton High School	19	25	-	-
Mr P Cumiskey	Banbridge District Council	2	61	-	-
Mr E Ferguson	SkillBuild NI Ltd	-	-	-	1
Mr R Sloan	St Louis Grammar School	27	23	-	-
Mrs M Connolly	Sacred Heart Grammar School	14	-	-	-
Mrs E Wright	Banbridge Academy	30	53	-	-
Mrs A Coffey	Northern Ireland Housing Exec	2	-	2	-
Mr B Doran	JISC	2	2	-	-
Mr G Gough	Enterprise NI	-	21	-	-

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

SOUTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2012

31. CAPITAL COMMITMENTS

	Group and College	
	2012	2011
	£'000	£'000
Commitments contracted for at 31 July	93	-
Authorised but not contracted at 31 July	-	-

32. FINANCIAL COMMITMENTS

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

	Group and College	
	2012	2011
	£'000	£'000
Land and Buildings		
Expiring within two and five years inclusive	86	172
Total	86	172

33. HARDSHIP FUNDS

	2012	2011
	£'000	£'000
DEL Grants	525	535
	525	535
Disbursed to students	(427)	(446)
	(427)	(446)
Balance unspent at 31 July	98	89

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 £7k:-

- Theft of laptops, claim for full cost currently being assessed by College insurer £7k

The theft of laptops was reported to the Department for Employment and Learning.

Total claims abandoned for the year related to bad debt written off totaling £37k:

- Bad debts written off less than £1k (119 cases) £19k
- Bad debts written off greater than £1k (7 cases) £15k
- Amounts written off in respect of Salary Overpayment not Recovered £3k