

South West College
Annual Report and Financial Statements

Year Ended 31 July 2015

*The Accounting Officer authorised these
financial statements for issue*

on

18 November 2015

*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

9 December 2015

SOUTH WEST COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2015
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**SOUTH WEST COLLEGE
OPERATING AND FINANCIAL REVIEW
FOR THE YEAR ENDED 31 JULY 2015**

NATURE, OBJECTIVES AND STRATEGIES

The South West College provides education and training opportunities to a wide range of learners in counties Tyrone and Fermanagh. This includes pupils engaging from local schools in the 14-19 Entitlement Framework, through full and part time vocational educational programmes and contracted training, to an expanding higher education delivery including a number of undergraduate programmes and some degree provision. The College supports the Lifelong Learning agenda in the context of skills development, while recognising the need for social inclusion and cohesion in its curriculum and service planning. The South West College is pioneering economic engagement work in the further education sector through its InnoTech Centre which aims to provide 'city type' innovation and technical transfer services to a rural region.

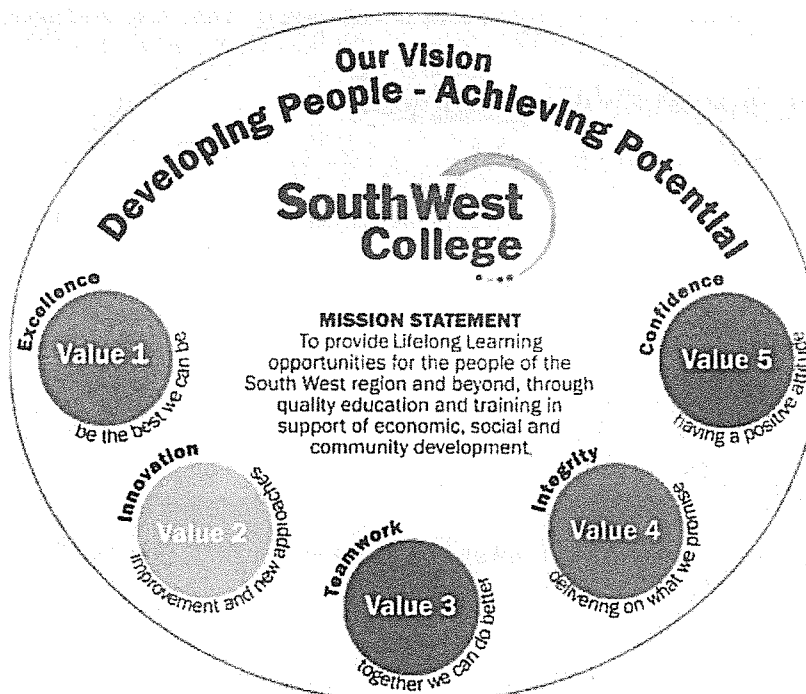
Legal Status

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

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

Mission Statement

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



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Implementation of Strategic Plan

The Strategic Objectives of the College are as follows:

1. CURRICULUM

- *To develop and expand quality provision for further and higher education and training, including the Entitlement Framework, in line with the needs of the South West region and beyond, in support of the regional economy.*
- *To develop and embed the use of information and learning technologies through the whole curriculum and the development of Centres of Excellence, thereby enhancing and enriching the learning experience.*
- *To place students at the centre of any strategic quality improvement and marketing initiatives.*

2. ECONOMIC DEVELOPMENT

- *To improve the knowledge and skills levels of the current and potential workforce through a range of flexible, industry relevant education and training programmes.*
- *To work in collaboration with external stakeholders to develop high level technology and innovation support for Small and Medium Enterprises (SMEs) in the South West region and beyond.*

3. PEOPLE AND ORGANISATION DEVELOPMENT

- *To support excellent organisational performance through ongoing recruitment, development and deployment of a highly skilled workforce.*
- *To actively promote a culture and working environment that will empower staff to consistently achieve their potential and encourage innovation for the benefit of all stakeholders.*

4. PARTNERSHIP

- *To partner with appropriate public, private and voluntary organisations to respond to the educational, economic and social needs of the region and beyond.*

5. FINANCIAL SUSTAINABILITY

- *To secure and use College funds to effectively and efficiently resource the delivery of all College services through sound financial management.*

6. INTERNATIONAL LINKS

- *To create an outward and forward looking College by building on a range of international links supporting staff, students and knowledge exchange.*

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Financial objectives

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

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

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

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

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Performance Indicators

A new College Development Plan has been prepared for period 2015-2018 and this sets out the strategic challenge, targets and milestones for 2015/16 and beyond such as the following:

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

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

FINANCIAL POSITION

Financial Results

The South West College generated a deficit on continuing operations of £2.099M in the year (2013/14 – surplus £666k). This deficit was achieved after recognising an exceptional gain of £346k as a result of an insurance rebate from BES Limited after a benchmarking exercise. The College also reported an exceptional cost of £2.196M as a result of the Voluntary Exit Scheme, but this is covered by DEL funding which negates the cost. The South West College reported an historic cost deficit of £1.062M (2013/14 – surplus £1.516M).

The College's turnover decreased by £1.046M (2.52%) to £40.388M as a result the wind-down of the Steps to Work Programme. Staff costs have increased by £712k (3.35%) to £21.966M as a result of a 2.2% pay increase for support staff, an increase of 4.1% in employer contribution to teacher's pension and also the FRS17 charge has increased by £200k compared to prior year. Other operating expenses have decreased by £1.258M (7.8%) and this is largely due the Steps to Work Programme expenditure being reduced significantly and also to a reduction in planned maintenance expenditure.

The South West College has significant reliance on DEL for its principal funding source, largely from recurrent grants. In 2014/15, DEL provided 43.04% of the College's total income through allocated recurrent grant. This represented 11.42% of the total recurrent grant available to the sector.

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

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The interest charges of £2.908M relate to the notional interest calculated in respect of the PFI contracts and a small finance credit in relation to accounting for pensions under FRS17.

Reserves

The South West College has accumulated reserves of £36.899M, including a property revaluation reserve of £39.915M. There was an interim valuation carried out by LPS to Land and Buildings at 31st July 2015 which resulted in an increase in the revaluation reserve of £4.202M. The South West College has cash balances of £4.687M and a general income and expenditure reserve of £1.777M.

The reported general reserve position represents 4.4% of College income for the year and this falls just outside the target range of 5-10% set within the Financial Memorandum. The College considers that its liquidity is sound and the cash balances represent 44 days of College operations which is in excess of the target of 25-35 days. The College Development Plan 2016-18 provides detailed information on resource allocation plans which assist in:

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

The revaluation reserve of £39.915M has accumulated through revaluation of land and buildings over the cost, capitalised value or in respect of assets inherited at no cost from another party.

Finances and Going Concern

The College generated an operating cash outflow in the period of £465k and has cash reserves in place at the year-end of £4.687M. The College recognises the uncertainty surrounding reductions in public funding and the fact that as a largely publically funded body, this will impact directly on core funding and also potentially on training contracts. The economic climate has had limited impact on other income streams such as tuition fees and other operating income and there are some suggestions of gradual improvement. Nevertheless, budgets are in place up to 2017 and they show that there are sufficient resources in place to meet the requirements of the college. The College has to date demonstrated that it has appropriate financial management processes in place and is capable of meeting financial targets set in its budgets agreed with DEL and this is expected to continue going forward. The continued support of the DEL gives further comfort in relation to the Colleges ability to continue as a going concern.

The Financial Statements are therefore prepared on the going concern basis.

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Treasury policies and objectives

Treasury Management

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

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

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

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

Cash flows

The operating cash flow for the College for the year was stable, reflected in the movement of net funds in the Cash Flow Statement. During the year the College had significant working capital requirements as it funded the minor works projects and contractual commitments on a short-term basis. The College had no borrowings at the year end or during the year.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student Numbers

The South West College's student establishment increased by 10.49% during the year, giving a total establishment of 5,592 full time equivalent (FTE) students (2013/14 – 5,061). This comprised of 3,876 further and higher education FTE students funded by DEL and 1,716 FTE students who are separately funded through training, cost recovery or other programme arrangements.

Student achievements

The College's retention rate for 2014/15 was 92.17% (2013/14 – 91.77%) and the overall achievement rate for students in 2014/15 was 84.4% (2013/14 – 85.67%).

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Curriculum Developments

The 2014-15 year has been very successful at the College with staff building on the achievement of a grade 1 'Outstanding' following the whole college inspection in April 2014.

Higher Education has continued to grow and the increased Maximum Student Numbers (MaSN) allocation from DEL was filled and remains on target at the end of the academic year. The milestone of 565 full-time HE students was surpassed this year and that figure was supplemented by approximately 1,050 part-time HE students.

The College has continued to plan for the Rural University (Project 10) and the new academic year should see the first Level 6 cohort recruited under the banner of 'Project 10'. A group of approximately 12 students will be recruited to the Level 6 BSc honours degree in Energy, Environment and Sustainability (QUB validated).

There was significant success at a range of international competitions with SWC students excelling in most discipline and the SWC representation on SkillBuild teams continues to be strong.

The capital development of the CREST Centre was completed in January 2015 officially and a range of new programmes were validated for delivery from the Centre. Each of the College Innovation Centres has been linked with a Higher Level Apprenticeship and a proposal to offer 11 different Higher Level Apprenticeships has been approved for delivery in the 2015-16 academic year.

The Confucius Hub had another successful year, with in excess of 1,200 students undertaking a Chinese Mandarin qualification through the four area learning communities which the College supports. This Mandarin Chinese provision will be expanded further with ten additional tutors being appointed for 2015-16. Provision of Business Mandarin modules will be a feature of the provision going forward and the preparations for that and new foundation degrees with Chinese language content have been put in place.

Further Education Reclassification

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

Payment Performance

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

During the accounting period 1 August 2014 to 31 July 2015, the College paid 90% (2014 - 89%) of its invoices within 30 days, and 60% within 10 days. The College incurred no interest charges in respect of late payment for this period.

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

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

SOUTH WEST COLLEGE OPERATING AND FINANCIAL REVIEW FOR THE YEAR ENDED 31 JULY 2015

Post Balance Sheet Events

There are no post balance sheet events which materially affect College activities or the reported results.

Future Developments

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

The Governing Body is satisfied that the South West College is a going concern on the basis that it has a reasonable expectation that the South West College will continue in operation for the foreseeable future. Consideration has been given to the Sharman Inquiry when coming to this conclusion.

Resources

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

Estate

The South West College's estate includes:	Cookstown Campus	£2,845,626
	Dungannon Campus	£29,965,395
	Enniskillen Campus	£7,827,431
	Skills Centre Campus	£13,442,982
	Omagh Campus	£31,921,803

Financial

Net assets at 31 July 2015 were £52.935M (including £4.793 pension liability) and the South West College has long term debt of £38.674M.

People

The South West College employs 620 people (expressed as full time equivalents), of whom 337 are teaching staff.

The average number of days lost to sickness absence by all staff in 2014/15 was 6.4 days (2013/14 – 7.9 days) which compares favourably against benchmarks for the sector.

Reputation

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

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PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

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

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

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

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

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

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PRINCIPAL RISKS AND UNCERTAINTIES (CONT'D) Arial

	Risk Factor	Commentary
1.	Workforce Resource, Planning and Development, including Staff Management	Bid submitted to VES fund and approved. Applications submitted by staff. Impact of loss of staff and skills to be managed.
2.	Estates Strategy – Enniskillen Development Project	Site acquired for development from Fermanagh & Omagh District Council. New Project Sponsor appointed and tender documents being prepared in conjunction with the CPDNI, for the appointment of the ICT team.
3.	Financial Constraints/Viability and implications of budget cuts	Impact from potential public sector funding cuts and savings to be made from payroll due to exits under VES. Diversity of College income and increased risk from different income streams.
4.	Changes to Government/DEL Policy	College strategy impacted directly by government policies and priorities, including proposed structural changes to government departments, higher level apprenticeship development, shared services initiative and additional HE growth.
5.	Quality – Retention, achievement, success and performance measurement and impact from the introduction of new qualifications	Demands of HE teaching and additional staff development requirements. Increased monitoring through DEL/ETI and inspection schedule.
6.	Implementation of changes to internal technology systems and ongoing management of cyber risks	Pilot scheme for BYOD (Bring Your Own Device) running. Ongoing management of changes and technology updates. Introduction of further information security and data retention measures.
7.	Internationalisation of the South West College	Further engagement with external stakeholders to explore potential opportunities in the international market. In country visit by our Quality Assurance Manager in relation to ongoing Malaysia project.
8.	Not achieving student related targets	Review of curriculum including Level 3 courses and requirements for upskilling of staff. Increasing competition from schools and potential impact of loss of key staff through VES, absences, retirements etc.
9.	Accountability issues associated to management and delivery of externally funded projects (CREST, Employer Support Programme, SUSE, HATCH)	Conditions for timescales and delivery and administration of projects particularly onerous. Increasing accountability and compliance requirements.

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STAKEHOLDER RELATIONSHIPS

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

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

Equal Opportunities and employment of disabled persons

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

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

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

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

Disability Statement

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

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

Disclosure of Information to Auditors

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

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

Personal Data Related Incidents

The college had no personal data related incidents reported during the year.

Charitable and Taxation Status

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

Charitable/Political Donations

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

Professional Advisers

External Auditors: Name and address	Northern Ireland Audit Office 106 University Street, Belfast, BT7 1EU
Internal Auditors: Name and address	KPMG Stokes House, 17-25 College Square East, Belfast, BT1 6DH
Bankers: Name and address	First Trust Bank High Street, Omagh, Co. Tyrone, BT78 1BH

**SOUTH WEST COLLEGE
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Members

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

GOVERNOR	DATE OF APPOINTMENT	TERM OF OFFICE	DATE OF RESIGNATION	STATUS OF APPOINTMENT	COMMITTEES SERVED
Mr Joseph Martin	1 September 2010	1 September 2010 – 31 August 2018	N/A	Chair	• Staffing Committee
Mr Thomas Bradley	22 November 2011	22 November 2011 – 21 November 2015	N/A	Staff Member	• Education, Quality & Performance Committee • Finance & General Purposes Committee
Miss Tamara Schofield	20 October 2014	20 October 2014 – 30 September 2015	N/A	Student Member	• Education, Quality & Performance Committee
Mr Aquinas Devlin	22 November 2011	22 November 2011 – 21 November 2015	N/A	Staff Member	• Education, Quality & Performance Committee • Audit & Risk Committee
Dr Mark Kelly	1 August 2011	1 August 2011 – 31 July 2015	N/A	Business, Industry & Professional Member	• Education, Quality & Performance Committee
Mrs Margaret Martin	1 August 2011	1 August 2011 – 31 July 2019	N/A	Business, Industry & Professional Member	• Staffing Committee
Mr Wilson Matthews	10 June 2010	10 June 2010 – 9 June 2018	N/A	Co-optee	• Finance & General Purposes Committee (Chair) • Education, Quality & Performance Committee
Mr Wilbert Mayne	25 October 2010	25 October 2010 – 24 October 2018	N/A	Education & Library Board Nominee	• Audit & Risk Committee
Mr Malachy McAleer	28 September 2009	When leaves Director's post	N/A	Director	• Education, Quality & Performance Committee • Finance & General Purposes Committee • Staffing Committee
Mrs Monica McGeary	1 August 2011	1 August 2011 – 31 July 2019	N/A	Business, Industry & Professional Member	• Audit & Risk Committee • Staffing Committee
Mr Gerard O'Hanlon	1 August 2011	1 August 2011 – 31 July 2019	N/A	Business, Industry & Professional Member	• Education, Quality & Performance Committee
Dr Nicholas O Shiel	1 August 2011	1 August 2011 – 31 July 2015	N/A	Business, Industry & Professional Member	• Education, Quality & Performance Committee (Chair) • Finance & General Purposes Committee
Councillor Thomas O'Reilly	21 July 2008	21 July 2008 – 20 July 2016	N/A	Education & Library Board Nominee	• Education, Quality & Performance Committee • Finance & General Purposes Committee
Mr Michael Skuce	1 August 2011	1 August 2011 – 31 July 2019	N/A	Business, Industry & Professional Member	• Audit & Risk Committee • Staffing Committee (Chair)
Mrs Diane Stevenson	1 August 2007	1 August 2007 – 31 July 2015	N/A	Business, Industry & Professional Member	• Audit & Risk Committee (Chair) • Staffing Committee
Mr Derek Weir	1 August 2011	1 August 2011 – 31 July 2019	N/A	Business, Industry & Professional Member	• Finance & General Purposes Committee
Mr Peter Archdale	1 August 2012	31 July 2016	N/A	Business, Industry & Professional Member	• Education, Quality & Performance Committee
Mrs Patricia McCaffrey	28 May 2014	28 May 2014 – 31 July 2019	N/A	Co-Optee	• Audit & Risk Committee

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

Chairman Joseph Martin

Date 18.11.15

SOUTH WEST COLLEGE REMUNERATION REPORT FOR THE YEAR ENDED 31 JULY 2015

Members of the Governing Body

Members of the Governing Body and the Chairman are appointed by DEL 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 Chairman receives a pension contribution from the College or DEL. The College reimburses the Chairman and members of the Governing Body for any incidental expenses incurred for carrying out their duties relevant to the organisation.

The Director and Senior Management Team

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

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

Minimum pay levels

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

Progression

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

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

Performance Pay

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

Total reward package

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

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Service contracts

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

Salary and pension entitlements (Audited)

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

	2014-15		2013-14	
	Salary (audited) £'000	Benefits in kind £	Salary (audited) £'000	Benefits in kind £
M McAleer – Director	95-100	-	95-100	-
C McCartan – Deputy Director	75-80	-	70-75	-
M McAlister – Deputy Director	75-80	-	70-75	-
L Murphy – Deputy Director (resigned 31st July 2014)	-	-	70-75	-

	2014-15	2013-14
	£'000	£'000
Bank of highest paid directors total remuneration	95-100	95-100
Median total remuneration	28,952	29,533
Ratio	3.4	3.3

Salary

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

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. No senior officials received any benefits in kind. The salary and pension entitlements of the most senior staff members of the College for the year ended 31 July 2015 are detailed below.

**SOUTH WEST COLLEGE
REMUNERATION REPORT
FOR THE YEAR ENDED 31 JULY 2015**

Pension entitlements

	Accrued pension at pension age as at 31/7/15 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/7/15	CETV at 31/7/14	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
M McAleer	29 87	1 4	669	647	21
C McCartan	30 0	1 0	322	290	32
M McAlister	26 79	1 3	529	483	46
L Murphy (resigned 31st July 2014)	- -	- -	-	441	-

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.

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.

**SOUTH WEST COLLEGE
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The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NILGOSC pension arrangements and for which the Fund has received a transfer payment commensurate with the additional pension liabilities being assumed. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real Increase in CETV

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

Jaill Mait
Chairman

18.11.15
Date

Shahy D. Deor
Director

18/11/15
Date

**SOUTH WEST COLLEGE
STATEMENT OF THE RESPONSIBILITIES OF THE GOVERNING BODY
FOR THE YEAR ENDED 31 JULY 2015**

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

Within the terms and conditions of the Financial Memorandum agreed between DEL and the Governing Body of the South West College, the Governing Body through its Chairman, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the South West College and the result for that year.

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

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

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

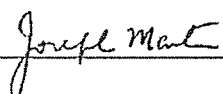
The Governing Body is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the South West College and enable it to ensure that the financial statements are prepared in accordance with the relevant legislation and other relevant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

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

The Governing Body is responsible for ensuring that funds from DEL are used only in accordance with the Financial Memorandum agreed with DEL and other conditions which DEL 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 South West College's resources and expenditure, so that the benefits that should be derived from the application of public funds by DEL are not put at risk.

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

Chairman



Date

18.11.15

**SOUTH WEST COLLEGE
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 JULY 2015**

Introduction

The Governance Statement has been prepared in line with guidance issued by the Department of Finance and Personnel (DAO (DFP) 10/12) and contained within Annex 3.1 of Managing Public Money Northern Ireland (MPMNI).

As Accounting Officer for South West College, I am responsible for maintaining a sound system of risk management and internal control that supports the achievements of the college's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in by MPMNI.

This Governance Statement sets out how these duties have been carried out during the financial year ended 31 July 2015. It includes an assessment of the corporate governance and risk management systems in place within South West College that have ensured the governance responsibilities have been met.

The Governance Framework 2014/15

South West College is a non-departmental public body, within the budgetary responsibility of the DEL. South West College is also a self-governing incorporated body established under the Further Education (NI) Order 1997.

A Financial Memorandum is in place within the Department, which sets out certain aspects of the financial framework within which South West College is required to operate, in accordance with MPMNI. South West College complied with the conditions and requirements in this Financial Memorandum during the financial year ended 31st July 2015.

Summary of the South West College's Structure of Corporate Governance

Governing Body

The South West College's Governing Body comprises lay and academic persons appointed under the articles of the South West College, the majority of whom are non-executive. The role of the Chairman of the Governing Body is separate from the role of the South West College Director as Chief Executive. The Governing Body is responsible for the ongoing strategic direction of the South West 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 South West College. The Governing Body met six times during the 2014/15 year and has four committees – an Audit & Risk Committee, an Education, Quality & Performance Committee, a Finance and General Purposes Committee and a Staffing Committee. All of these committees are formally constituted with terms of reference and comprise members of the Governing Body.

Minutes of Governing Body meetings are available from the Secretary of the Governing Body or on the College website. The Secretary to the Governing Body maintains a register of financial and personal interests of 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 & Risk Committee

The Audit & Risk Committee of the South West College operates in accordance with the Code of Guidance on Audit for the Governing Bodies of Further Education Colleges ('The Audit Code') issued in July 2008 (amended August 2012). A new Audit Code has been issued with effect from 1 August 2015.

**SOUTH WEST COLLEGE
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 JULY 2015**

The Audit & Risk Committee is responsible for reviewing the effectiveness of the South West 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 2014/15 year to discuss reports from the external and internal auditors and the relevant responses. It also receives and considers reports from DEL. It reviews the college's annual report and financial statements to ensure compliance with legislation and accounting standards.

The Audit & Risk Committee provides a forum for the scrutiny of South West College's corporate governance, risk and internal control systems and promotes a climate of robust financial discipline and control. It has formally agreed terms of reference, which are reviewed on an annual basis. The Audit & Risk Committee comprises nominated Governing Body members, at least one of whom had recent and relevant experience in finance, accounting or auditing. Meetings are held at least four times per year and are normally attended by internal and external audit as well as a DEL representative. Whilst executive officers and other officials attend meetings of the Audit & Risk Committee as necessary, they are not members of the committee. The committee held independent meetings with the auditors in advance of each scheduled meeting. This provided an opportunity for discussions between the parties where the executive was not present.

The minutes of the Audit & Risk Committee are circulated to all members of the Governing Body and the Committee Chair provides a verbal report to the Governing Body in support of the minutes.

The Audit & Risk Committee has access to all internal audit reports, risk registers and management reports and considers all external financial and governance reporting, which informs me, as Accounting Officer, on its accuracy and appropriateness prior to release. Agenda items considered by the Audit & Risk Committee include:

- Internal Audit Reports
- External Audit Reports
- Corporate Risk Register
- Departmental Risk Registers
- Annual Report and Financial Statements
- Assurance Statements
- Policy Reviews
- Reports on Procurement, Freedom of Information and Data Protection
- Fraud

The Audit & Risk Committee undertakes an annual review of its effectiveness, in line with best practice issued by the National Audit Office. The review undertaken for 2014/15 demonstrated that the Audit & Risk Committee had been effective in ensuring that South West College had functioned in accordance with good governance and accounting and auditing standards and had adopted appropriate risk management during the 2014/15 academic year. This review informs the Annual Report of the committee to the Governing Body which is prepared in accordance with the format provided in the Audit Code.

**SOUTH WEST COLLEGE
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 JULY 2015**

Education, Quality & Performance Committee

The Education, Quality & Performance Committee is responsible for overseeing the curricular provision of the College, especially the nature, quality and performance of the provision and the extent to which it meets the needs of the community the College seeks to serve.

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

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

The minutes of the Education, Quality & Performance Committee are circulated to all members of the Governing Body and the Committee Chair provides a verbal report to the Governing Body in support of the minutes.

The committee meets five times per academic. Agenda items considered by the Education, Quality & Performance Committee include:

- Excellence in Teaching and Learning
- Higher Education
- 14 – 19 Agenda
- Training Provision
- Economic Engagement
- Virtualisation
- Internationalisation (Curriculum)
- Externally Funded Projects
- KPI Progress Reports
- College Development Plan and Annual Operating Plans Progress Reports
- FE College Health Check Reports
- Marketing Reports
- Student Services Reports

**SOUTH WEST COLLEGE
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FOR THE YEAR ENDED 31 JULY 2015**

- Safeguarding of Children and Vulnerable Adults
- Quality Unit Reports
- Student Related Policy Reviews
- Freedom of Information and Data Protection Reports
- Departmental Performance and Strategic Plan Reports

The Education, Quality & Performance Committee undertakes an annual review of its effectiveness, in line with the committee Terms of Reference and the Annual Programme of Business agreed at the beginning of the year. The review undertaken for 2014/15 demonstrated that the Education, Quality & Performance Committee had been effective in advising and informing the Governing Body on all of the above items and all other areas of education, quality & performance activity as appropriate.

Finance & General Purposes Committee

The Finance & General Purposes Committee inter alia supervises matters relating to the finance of the South West College, including estimates of budgets and presentation of accounts and any other relevant matters.

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

The minutes of the Finance & General Purposes Committee are circulated to all members of the Governing Body and the Committee Chair provides a verbal report to the Governing Body in support of the minutes.

The Committee meets five times per academic year. Agenda items considered by the Finance & General Purposes Committee include:

- Annual Reports and Financial Statements
- Financial Management Reports
- NDPB Status Monthly Financial Returns
- Provisions and Liabilities
- Cashflow Projections
- FE College Health Check Reports
- DEL accountability Returns Timetable
- Estates Issues
- Budgetary Management Processes
- Debtors and Creditors Reports
- Fixed Assets and Capital Expenditure
- Investments Strategy & Plan
- Student Finance

SOUTH WEST COLLEGE GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 JULY 2015

- Externally Funded Projects
- Policy Reviews
- Departmental Financial Performance Reports
- Consultancy Expenditure Reports
- Actuarial Valuation Reports
- Treasury Management
- Financial Projections

The Finance & General Purposes Committee undertakes an annual review of its effectiveness, in line with the committee Terms of Reference and the Annual Programme of Business agreed at the beginning of the year. The review undertaken for 2014/15 demonstrated that the Finance & General Purposes Committee had been effective in advising and informing the Governing Body on all areas of finance and general purposes activity as appropriate.

Staffing Committee

The Staffing Committee is responsible for developing and reviewing human resources and equality policy and strategy which underpins the College's strategic objectives for people and organisation development. The committee reviews all health, safety and wellbeing policy and strategy for the management of workplace health, safety and wellbeing. It is also responsible for reviewing arrangements for the recruitment, selection and promotion of staff, other than senior staff as defined within the Articles of Government.

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

The minutes of the Staffing Committee are circulated to all members of the Governing Body and the Committee Chair provides a verbal report to the Governing Body in support of the minutes.

The Committee meets five times per academic year. Agenda items considered by the Staffing Committee include:

- Health, Safety & Wellbeing
- Equality & Diversity Matters
- Staff Resources including appointments, staff requests, resignations, retirements, redundancies and fixed term contracts
- Monthly Sickness Absence Management
- Employee Relations Issues
- Sectoral Issues
- Policy Reviews
- Workforce Planning & Development

SOUTH WEST COLLEGE GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 JULY 2015

- Departmental Resource Planning and Workforce Development reports

The Staffing Committee undertakes an annual review of its effectiveness, in line with the committee Terms of Reference and the Annual Programme of Business agreed at the beginning of the year. The review undertaken for 2014/15 demonstrated that the Staffing Committee had been effective in advising and informing the Governing Body on all relevant staffing matters including current and projected staffing needs, redundancy matters and the development and review of all staffing related strategies, policies and procedures.

College Development Plan

The South West College has a 3 year Development Plan covering the period 2015-18 which sets out objectives over that period together with appropriate targets and key performance measures. This 3 year plan is supported by an Annual Operating Plan which sets out strategic challenges, key commitments and milestones/outputs for 2015/16.

The Management Team of the College regularly reviews performance and progress against objectives and key performance measures and this is reported to the Governing Body.

Responsibilities of the Governing Body

The responsibilities of the Governing Body are set out in detail in the 'Statement of Governing Body Responsibilities' detailed on page 20 of this report.

Governing Body Performance

DEL require an annual assessment of the performance of each member of the Governing Body as well as the Governing Body as a whole. A key feature of this process is a self-assessment questionnaire, which identifies areas of performance that are strongest and those that need improvement and to inform priority areas for the Governing Body to focus on and to ensure improved effectiveness over the next few years.

The outcome of the 2014/15 evaluation demonstrated that the Governing Body operates effectively and that effective processes are in place to ensure robust monitoring of South West College and its performance.

A schedule of membership and attendance for the 2014/15 financial year is shown in the table overleaf:

**SOUTH WEST COLLEGE
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 JULY 2015**

Governing Body Performance (cont'd)

A schedule of membership and attendance for the 2014/15 financial year is shown in the following table:

Governor's attendance at Governing Body & Committee Meetings for the year 2014/15

Number of meetings held 2014/15	Governing Body	Audit & Risk Committee	Education, Quality & Performance Committee	Finance & General Purposes Committee	Staffing Committee
Governor	6 Meetings	4 Meetings	5 Meetings	5 Meetings	5 Meetings
Peter Archdale	5	-	5	-	-
Thomas Bradley	5	-	4	4	-
Aquinas Devlin	5	2	4	-	-
Mark Kelly	6	-	5	-	-
Joseph Martin	6	-	-	-	5
Margaret Martin	4	-	-	-	5
Wilson Mathews	4	-	3	5	-
Wilbert Mayne	5	4	-	-	-
Malachy McAleer	6	-	5	5	5
Patricia McCaffrey	6	4	-	-	-
Monica McGeary	5	4	-	-	4
Gerald O'Hanlon	3	-	3	-	-
Thomas O'Reilly	5	-	1	3	-
Nicolas O'Shiel	3	-	4	4	-
Tamara Schofield	3	-	0	-	-
Michael Skuce	5	4	-	-	4
Diane Stevenson	2	2	-	-	1
Derek Weir	3	-	-	3	-

Average attendance recorded at Governing Body meetings for 2014/15 was 78%

**SOUTH WEST COLLEGE
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 JULY 2015**

Risk Management and Internal Control

The system of internal control within the South West College is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of South West College's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. A robust system of internal control has been in place in South West College for the year ended 31 July 2015 and up to the date of approval of the annual report and accords with DFP guidance.

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

As part of our risk management process, risk registers have been developed for key departments within the College. A Statutory Risk and Compliance Committee has been established which meets monthly and is attended by senior managers and key personnel. Risk Management is monitored regularly and high level risks reported at the Committee meeting and also to the Audit & Risk Committee. The main overall corporate risks formulate the basis of the quarterly risk register review report which is discussed and updated at the Risk and Compliance Committee meetings and provided to the Audit & Risk Committee. The effectiveness of the system of internal controls in place is reviewed at least annually. In May 2015, the corporate risk register was reviewed in depth and summarised in the Annual Corporate Risk Register report.

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

South West College also participates in the National fraud Initiative's (NFI) data matching exercise for the purpose of the prevention and detection of fraud. Data matching involves comparing sets of data of a body against records held by the same or other participating bodies, for the purpose of allowing potential fraudulent claims to be identified. During 2014/15, the Audit & Risk Committee was kept informed of progress. South West College is currently reviewing the data and working with the sector to determine a strategy for investigation.

The security of personal data is of utmost importance to South West College. Acceptable use is part of all staff induction. Staff also undertake training in the form of a mandatory online module on Data Protection. A robust IT Disaster Recovery Plan, technical safeguards and procedures are in place to protect the security of information and cyber risks.

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

In the coming year the South West College plans to:

- regularly review and update the record of risks facing the organisation;
- maintain the system of key performance and risk indicators;

**SOUTH WEST COLLEGE
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 JULY 2015**

- maintain the organisation-wide risk register;
- arrange for regular reports from the Heads of Departments on risk managements and internal control activities; and
- review and test business continuity plans.

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

During the 2014/15 year, the internal audit programme was carried out in the South West College according to plan. The assurance rating by area reviewed is set out below:

<u>Key Process</u>	<u>Assurance Rating</u>
Review of Core Financial Processes	Substantial
Review of Procurement	Substantial
Review of Data Protection and Management of Information	Satisfactory
Review of IT Fraud Arrangements and UK Bribery Act Requirements	Substantial
Review of Management of Third Party Contracts	Satisfactory
Review of Payroll	Substantial
Review of QA over Teaching and Learning	Substantial
Review of Sustainability	Substantial

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

Fraud Reporting

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

The College reports all suspected or detected frauds to the Department for Employment and Learning in line with Appendix D (Section 3) of the 'Financial Memorandum between the Department for Employment and Learning and the Further Education Colleges'. During 2014-15 the College had one instance of detected fraud.

Pay Remit

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

**SOUTH WEST COLLEGE
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 JULY 2015**

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

Significant Governance Issues

No other significant governance or internal control issues were identified from the review of the effectiveness of the system of risk, governance and internal control for the year ended 31st July 2015 that require reporting in this Statement.

Review of effectiveness

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

Assurance Summary

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

The review of the effectiveness of the systems and processes that comprise the governance framework for 2014/15 demonstrate that key systems are operating soundly and that there are no significant weaknesses or areas for undue concern.


Accounting Officer

18/11/15
Date

SOUTH WEST 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 South West College for the year ended 31 July 2015 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, Balance Sheet, Cash Flow Statement, Statement of Historical Surpluses and Deficits, Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Governing Body and auditor

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

Scope of the audit of the financial statements

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

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of South West College's affairs as at 31 July 2015 and of its deficit, cash flows and total recognised gains and losses for the year then ended; and
- the financial statements have been properly prepared in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further

Education (Public Sector Audit) Order (Northern Ireland) 2008 and the Department for Employment and Learning directions 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 and the unaudited part of the Remuneration Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.



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

26 November 2015

**SOUTH WEST COLLEGE
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 JULY 2015**

	Notes	2015 £'000	2014 £'000
Income			
Department for Employment and Learning Grants	2	26,410	25,135
Education Contracts	3	9,191	11,611
Tuition Fees and Charges	4	2,243	2,021
Other Grant Income	5	2,132	2,144
Other Operating Income	6	376	449
Endowment and Investment Income	7	36	74
Total Income		40,388	41,434
Expenditure			
Staff costs	8	21,966	21,254
Other operating expenses	10	14,784	16,042
Interest payable	11	2,908	2,931
Depreciation	14	3,062	2,664
Total expenditure before exceptional items		42,720	42,891
(Deficit) on continuing operations after depreciation of assets at valuation and before tax and before exceptional items		(2,332)	(1,457)
Exceptional items			
Exceptional costs - staff	8	(2,196)	(4)
Exceptional gain – non staff	10	346	2,127
Exceptional gain – staff	8	2,083	
(Deficit)/Surplus on continuing operations after depreciation of assets at valuation and before tax		(2,099)	666
Taxation		-	-
(Deficit)/Surplus on continuing operations after depreciation of assets at valuation and tax		(2,099)	666

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

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

**SOUTH WEST COLLEGE
STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS
FOR THE YEAR ENDED 31 JULY 2015**

	Notes	2015 £'000	2014 £'000
(Deficit)/Surplus on continuing operations after depreciation of assets at valuation and tax		(2,099)	666
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	20	1,037	850
Historical cost (Deficit)/Surplus for the year		(1,062)	1,516

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

**SOUTH WEST COLLEGE
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 JULY 2015**

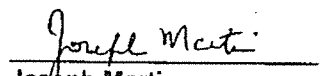
	Notes	2015 £'000	2014 £'000
(Deficit)/Surplus on continuing operations after depreciation of assets at valuation and tax		(2,099)	666
Unrealised gain on revaluation of fixed assets	20	5,239	9,121
Actuarial gain/(loss) in respect of pension scheme	21	1,953	(5,045)
Prior Period Adjustment		-	(962)
Total recognised gains since last report		5,093	3,780
Reconciliation			
Opening reserves		31,806	28,026
Total recognised gains/(losses) for the year		5,093	3,780
Closing reserves		36,899	31,806


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

**SOUTH WEST COLLEGE
BALANCE SHEET
AS AT 31 JULY 2015**

	Notes	2015 £'000	2014 £'000
Fixed assets			
Tangible assets	14	92,058	86,299
Total fixed assets		92,058	86,299
Current assets			
Debtors	15	6,355	5,075
Cash at bank and in hand		4,687	4,828
Total current assets		11,042	9,903
Less: Creditors – amounts falling due within one year	16	(6,687)	(5,253)
Net current assets		4,355	4,650
Total assets less current liabilities		96,413	90,949
Less: Creditors – amounts falling due after more than one year	17	(38,674)	(39,559)
Less: Provisions for liabilities	18	(11)	(11)
Net assets excluding pension liability		57,728	51,379
Net pension liability	22	(4,793)	(6,442)
Net assets including pension liability		52,935	44,937
Deferred capital grants	19	16,036	13,131
Income and expenditure account excluding pension deficit	21	1,777	2,535
Pension deficit	22	(4,793)	(6,442)
Income and expenditure account including pension deficit	21	(3,016)	(3,907)
Revaluation reserve	20	39,915	35,713
Total reserves		36,899	31,806
TOTAL		52,935	44,937

The financial statements on pages 33 to 69 were approved by the Governing Body of the South West College on 18th November 2015 and were signed on its behalf on that date by:


Joseph Martin
Chairman of Governing Body – South West College


Malachy McAleer
Director - South West College

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

**SOUTH WEST COLLEGE
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2015**

	Notes	2015 £'000	2014 £'000
Cash (outflow)/inflow from operating activities	23	(465)	31
Returns on investments and servicing of finance	24	36	74
Capital expenditure and financial investment	25	288	(1,541)
Net cash inflow before financing		(141)	(1,436)
Financing		-	-
(Decrease)/Increase in cash in the year		(141)	(1,436)
Reconciliation of net cash flow to movement in net funds			
(Decrease)/Increase in cash in the period		(141)	(1,436)
Movement in net funds in the period		(141)	(1,436)
Net funds at 1 August 2014		4,828	6,264
Net funds at 31 July 2015	26	4,687	4,828

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

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

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

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 revalued amounts. They also conform to the Accounts Direction issued by the Department for Employment and Learning (DEL).

Basis of accounting

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

Going concern

The activities of the South West 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 and liquidity are described in the financial statements and accompanying notes.

Accordingly the South West 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.

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

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

Pension Scheme

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

SOUTH WEST COLLEGE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

The NITPS is an unfunded contributory, voluntary membership scheme administered by the Department of Education. The current regulations under which the scheme operates are the *Teachers' Superannuation Regulations (NI) 1998 (as amended)*. The NITPS is a multi-employer scheme and the South West College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. Accordingly, the South West College avails of the exemption available under FRS 17 in respect of multi-employer schemes. The NITPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

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

Changes in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by the South West College are charged to the income & 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 including irrecoverable 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 costs of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis. Land and buildings acquired since the last valuation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings and buildings under Private Finance Initiative (PFI) contract are depreciated over their expected useful economic life to the South West College. Where land and buildings are acquired with the aid of specific grants, 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.

Valuations are obtained on a regular basis, with a full professional valuation being undertaken by Land and Property Services (LPS) every five years, with revaluation using indices provided by LPS in intervening years and an interim valuation being carried out after three years. An interim valuation was carried by LPS at 31 July 2015 and there will be a full valuation carried out at 31 July 2017.

- **Assets under construction**

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July 2015. They are not depreciated until they are brought into use.

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

• **Assets other than land and buildings**

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

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

Computers:	three years
Motor vehicles:	four years
Plant and equipment:	five years
Fixtures and fittings included in PFI assets:	fifteen years
Fixtures and fittings not included in PFI assets:	five years

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

Private Finance Initiative

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

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

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

Leased Assets

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

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright and are capitalised at their fair value at the

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

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 partially exempt in respect of VAT, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to costs of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

Liquid resources

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

Provisions

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

Agency Arrangements

The South West College acts as an agent in the collection and payment of Support Funds. Related payments received from DEL and subsequent disbursements to students are excluded from the Income and Expenditure Account and are shown separately in Note 32.

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

2. DEPARTMENT FOR EMPLOYMENT AND LEARNING GRANTS

	2015	2014
	£'000	£'000
Recurrent grant	17,385	16,860
Additional Support Funds	312	263
Educational Maintenance Allowance administration	22	23
Learner Access and Engagement	74	24
Care to Learn	69	1
Employer Support Programme (ESP)	334	453
Private Finance Initiative (PFI)	6,241	5,969
Students with learning difficulties and disabilities (SLDD)	182	191
Release of deferred capital grants	917	758
Other	874	593
Total	26,410	25,135

In 2013 the College acted as lead partner in relation to the Innovation Fund Programme project funded through the Department, detailed as 'Employer Support Programme (ESP)' above. This arrangement ended in August 2013. Income claimed in the year 2013/14 under this arrangement and related payments to partners was as follows:

	2015	2014
	£'000	£'000
Income claimed in respect of payments to College partners	-	113
Net income	-	113

3. EDUCATION CONTRACTS

	2015	2014
	£'000	£'000
Entitlement framework	1,181	1,098
Jobskills and Training for Success	6,501	6,957
Steps to Work	1,507	3,544
Training – other	2	12
Total	9,191	11,611

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

4. TUITION FEES AND CHARGES

	2015 £'000	2014 £'000
Higher education income	1,526	1,429
Home and other European Union	717	592
Total	2,243	2,021

Tuition fees funded by bursaries

Included within the above amounts are tuition fees funded by bursaries of £64,000 (2014: £63,000)

5. OTHER GRANT INCOME

	2015 £'000	2014 £'000
European funds	2,050	2,114
Other funds	82	30
Total	2,132	2,144

6. OTHER OPERATING INCOME

	2015 £'000	2014 £'000
Catering and residence operations	83	76
Other income generating activities	84	205
Other income	209	168
Total	376	449

7. INVESTMENT INCOME

	2015 £'000	2014 £'000
Other interest receivable	36	74
Total	36	74

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

8. STAFF COSTS

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

	2015	2014
	No.	No.
Teaching	337	324
Support	118	111
Administration	147	154
Premises	19	15
Total	621	604

	2015	2014
	£'000	£'000
Staff costs for the above persons		
Teaching	13,792	13,267
Support	2,583	2,479
Administration	4,800	4,963
Premises	409	363
Non teaching - FRS 17 pension charge/(gain)	382	182
	21,966	21,254
Staff redundancy	113	4
Voluntary Exit Scheme	2,083	-
	2,196	4
Total	24,162	21,258

Voluntary Exit Scheme cost of £2.083M funded by Department of Employment and Learning and disclosed as an Exceptional Gain

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

8. STAFF COSTS (CONT'D)

	2015	2014
	£'000	£'000
Wages and salaries	18,059	17,778
Social security costs	1,058	1,108
Other pension costs (including FRS 17 adjustments of £382,000; (2013/14: £182,000))	2,849	2,368
	21,966	21,254
Exceptional staff costs (VES/redundancy/retirement)	2,196	4
Total	24,162	21,258

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	
	2015	2014	2015	2014
	No.	No.	No.	No.
£60,001 to £70,000	-	-	11	6
£70,001 to £80,000	-	-	4	4
£80,001 to £90,000	-	-	-	-
£90,001 to £100,000	2	3	-	-
£110,001 to £120,000	-	-	-	-
£120,001 to £130,000	1	1	-	-
	3	4	15	10

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

9. SENIOR POST-HOLDERS' EMOLUMENTS

Senior post-holders are defined as the Director and holders of the other senior posts whom the Governing Body has selected for the purposes of the Articles of Government of the South West College relating to the appointment and promotion of staff who are appointed by the Governing Body.

	2015 No.	2014 No.
The number of senior post-holders including the Director was:	<u>3</u>	<u>4</u>

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

	2015 No.	2014 No.
Salaries	283	358
Benefits in kind	-	-
Pension contributions	<u>38</u>	<u>44</u>
Total emoluments	<u>321</u>	<u>402</u>

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

	2015 No.	2014 No.
Salaries	111	109
Benefits in kind	-	-
	<u>111</u>	<u>109</u>
Pension contributions	<u>15</u>	<u>13</u>
Total	<u>126</u>	<u>122</u>

The above emoluments were all paid to the Director during the year ended 31 July 2015.

The pension contributions in respect of the Director and senior post-holders are in respect of employer's contributions to the Teachers' Superannuation Scheme and are paid at the same rate as for other employees.

The members of the Governing Body of the South West College other than the Director and the staff members did not receive any payment from the South West College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

Overseas activities

Members of South West College staff and students participated in a number of European Programmes which involved specific overseas activity. The Director and some senior post holders made trips overseas in pursuance of the on-going work of the College.

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

10. OTHER OPERATING EXPENSES

	2015 No.	2014 No.
Direct Teaching	917	976
Direct Support	6,301	6,397
Administration	2,209	2,791
Premises	1,543	2,368
Planned maintenance	20	135
Service charge element of PFI contracts	3,794	3,375
	<u>14,784</u>	<u>16,042</u>
Exceptional – PFI Insurance Rebate	<u>(346)</u>	<u>(2,127)</u>
	<u>14,438</u>	<u>13,915</u>

Other operating expenses include:

	2015 £'000	2014 £'000
Auditors' remuneration:		
Financial statements audit	21	21
Internal audit	25	19
Other services provided by the internal auditors - KPMG	1	27
Operating Lease	56	42

The College has 30 year PFI agreements in respect of the provision of facilities and associated services at Omagh and Dungannon campuses. The terms of these agreements provide for benchmarking of insurance costs to compare actual costs with costs provided at the outset in the financial model. The exceptional gain of £346k represents the 2015 share of the £1.073M monies owed for three years to 31st July 2015 in respect of a rebate of insurance costs in accordance with the provisions of the contract.

11. INTEREST PAYABLE

	2015 £'000	2014 £'000
Pension finance (credit)/costs (note 23)	(78)	(128)
Notional interest charged imputed on PFI/PPP contracts	<u>2,986</u>	<u>3,059</u>
Total	<u>2,908</u>	<u>2,931</u>

12. TAXATION

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

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

13. SURPLUS ON CONTINUING OPERATIONS FOR THE YEAR

	2015	2014
	£'000	£'000

The surplus/(deficit) on continuing operations for the year is made up as follows:

South West College's (deficit)/surplus for the year	(2,099)	666
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14. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	PFI assets £'000	Plant and Equipment £'000	Computers £'000	Fixtures and Fittings £'000	Motor Vehicles £'000	Total £'000
Cost or valuation							
At 1 August 2014	27,972	61,239	2,957	3,377	793	401	96,739
Additions	1,813	-	1,078	618	66	6	3,581
Revaluation	(1,898)	649	-	-	-	-	(1,249)
At 31 July 2015	27,887	61,888	4,035	3,995	859	407	99,071
Depreciation							
At 1 August 2014	1,434	2,669	2,389	3,060	718	170	10,440
Revaluation	(2,288)	(4,200)	-	-	-	-	(6,488)
Charge for the year	854	1,531	285	271	52	68	3,061
At 31 July 2015	-	-	2,674	3,331	770	238	7,013
Net book value at 31 July 2015	27,887	61,888	1,361	664	89	169	92,058
Net book value at 31 July 2014	26,538	58,570	568	317	75	231	86,299
Asset Financing							
Owned	27,887	-	1,361	664	89	169	30,170
PFI contracts	-	61,888	-	-	-	-	61,888
Net Book Value at 31 July 2015	27,887	61,888	1,361	664	89	169	92,058

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

14. TANGIBLE FIXED ASSETS (CONT'D)

Land and buildings were last subject to a full revaluation at 31st July 2012 on a depreciated replacement cost basis. The valuations were performed independently by the Land and Property Service in accordance with Department specifications. Subsequently that revaluation was updated using indices supplied by the Land and Property Service to provide valuations as at 31st July 2013 and 31st July 2014. An interim revaluation has been carried out by Land and Property Services in August 2015 providing the valuation as at 31st July 2015. These revaluations have been incorporated into the financial statements and the resulting revaluation adjustments have been taken to the revaluation reserve.

	2015	2014
	£'000	£'000
If inherited land and buildings had not been revalued they would have been included at the following mounts:		
Cost	8,018	7,808
Aggregate depreciation based on cost	(2,468)	(2,245)
Net book value based on cost	5,550	5,563

All depreciation relates to owned assets, with the exception of £1,530,960 which relates to depreciation on PFI assets.

	2015	2014
	£'000	£'000
If PFI assets had not been revalued they would have been included at the following amounts:		
Cost	43,101	43,101
Aggregate depreciation based on cost	(12,079)	(11,001)
Net book value based on cost	31,022	32,100

15a. DEBTORS

	2015	2014
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	461	348
Prepayments and accrued income	2,155	2,792
Amounts due from the Department	3,739	1,935
Total debtors	6,355	5,075

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

15b. DEBTORS INTRA-GOVERNMENT BALANCES

	2015	2014
	£'000	£'000
Balances with central government bodies	3,739	1,935
Sub-total: intra-government balances	<u>3,739</u>	<u>1,935</u>
Balances with bodies external to Government	2,616	3,140
Total debtors	<u>6,355</u>	<u>5,075</u>

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

16a. CREDITORS: AMOUNTS FALLING DUE IN LESS THAN ONE YEAR

	2015 £'000	2014 £'000
Obligations under finance leases in respect of PFI contracts	885	849
Payments received in advance	-	32
Trade creditors	623	612
Taxation and social security	518	477
Other creditors and accruals	4,661	3,283
Total creditors less than one year	6,687	5,253

16b. CREDITORS: INTRA-GOVERNMENT BALANCES

	2015 £'000	2014 £'000
Balances with Central Government bodies	894	477
Sub-total intra-government balances	894	477
Balances with bodies external to Government	5,793	4,776
Total creditors less than one year	6,687	5,253

17. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2015 £'000	2014 £'000
Obligations under finance leases in respect of PFI contracts	38,674	39,559
Total	38,674	39,559
Obligations under finance leases fall due as follows:		
Between one and two years	1,373	885
Between two and five years	2,535	3,570
In more than five years	34,766	35,104
Total	38,674	39,559

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

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

18. PROVISIONS FOR LIABILITIES AND CHARGES

	Litigation £'000	Other £'000	Total £'000
At 1 August 2014	-	11	11
Movement in Provision			
Released to the income and expenditure account	-	-	-
At 31 July 2015	-	11	11

The provision comprises a general legal provision of £6k and Insurance excess of £5k

19. DEFERRED CAPITAL GRANTS

	DEL grants £'000	Other grants £'000	Total £'000
At 1 August 2014			
Land and buildings	12,875	96	12,971
Other assets	135	25	160
	13,010	121	13,131
Received during year			
Land and buildings	1,270	888	2,158
Other assets	1,610	101	1,711
	2,880	989	3,869
Released to income and expenditure account			
Land and buildings	606	28	634
Other assets	311	19	330
Total	917	47	964
At 31 July 2015			
Land and buildings	13,539	956	14,495
Other assets	1,434	107	1,541
Total	14,973	1,063	16,036

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

20. REVALUATION RESERVE

	2015 £'000	2014 £'000
At 1 August 2014	35,713	28,444
Prior Period Adjustment	-	(1,002)
	<u>35,713</u>	<u>27,442</u>
Revaluations in the period		
Cost	(1,249)	9,121
Accumulated Depreciation	6,488	
	<u>5,239</u>	<u>9,121</u>
Transfer from revaluation reserve to general reserve in respect of: Depreciation on revalued assets	(1,037)	(850)
At 31 July 2015	<u>39,915</u>	<u>35,713</u>

21. MOVEMENT ON GENERAL RESERVE INCLUDING PENSION RESERVE

	2015 £'000	2014 £'000
Income and Expenditure account reserve		
At 1 August 2014	(3,907)	(418)
Prior Period Adjustment	-	40
	<u>(3,907)</u>	<u>(378)</u>
(Deficit)/Surplus retained for the year as previously reported	(2,099)	666
Transfer from revaluation reserve	1,037	850
Actuarial gain/(loss) in respect of pension scheme	1,953	(5,045)
At 31 July 2015	<u>(3,016)</u>	<u>(3,907)</u>
Balance represented by:		
Pension deficit	(4,793)	(6,442)
Income and expenditure reserve excluding pension deficit	1,777	2,535
At 31 July 2015	<u>(3,016)</u>	<u>(3,907)</u>

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

22. PENSIONS AND SIMILAR OBLIGATIONS

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

Total pension cost for the year	2015 £'000	2014 £'000
NITPS: contributions paid	1,676	1,405
NILGOSC: contributions paid	791	778
NILGOSC: FRS 17 charge	382	182
NILGOSC: charge to the income and expenditure account (staff costs)	1,173	960
Enhanced pension charge to the income and expenditure account (staff costs)	-	-
Total pension cost for the year	2,849	2,365

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 2013. The FRS 17 charge in the year is due to changes in the actuarial assumptions used regarding inflation, pension increases and salary increases.

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

22. PENSION AND SIMILAR OBLIGATIONS (CONT'D)

NITPS

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

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

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

From 1 April 2012 the employers' contribution rates was 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%
£15,000 to £25,999	7.2%
£26,000 to £31,999	8.3%
£32,000 to £39,999	9.5%
£40,000 to £44,999	9.9%
£45,000 to £74,999	11.0%
£75,000 to £99,999	11.6%
£100,000 and above	12.4%

The employer contribution rate increased to 17.7% from 1 April 2015.

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

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

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

Accordingly, the South West 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 South West College has set

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

out above the information available on the scheme and the implications for the South West 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 a full actuarial valuation of the fund at 31 March 2014 updated to 31 July 2015 by a qualified actuary.

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

22. PENSION AND SIMILAR OBLIGATIONS (CONT'D)

Principal actuarial assumptions

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

	At 31 July 2015 % pa	At 31 July 2014 % pa	At 31 July 2013 % pa
Rate of increase in salaries	3.6	4.2	5.1
Rate of increase for pensions in payment/inflation	2.1	2.7	2.8
Discount rate for liabilities	3.6	4.0	4.6
Expected return on assets	n/a	5.9	5.8

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 2015	At 31 July 2014
Retiring today		
Males	22.2	22.0 years
Females	24.7	24.5 years
Retiring in 20 years		
Males	24.4	24.2 years
Females	27.0	27.7 years

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

	Value at 31 July 2015 £'000	Long-term rate of return expected at 31 July 2014	Value at 31 July 2014 £'000	Long-term rate of return expected at 31 July 2013	Value at 31 July 2013 £'000
Equities	13,162	6.6%	11,268	6.4%	12,008
Bonds	2,025	3.3%	1,827	4.0%	1,896
Property	2,167	4.7%	1,827	4.6%	1,264
Cash	408	3.6%	305	3.4%	632
Total market value of assets	17,762		15,227		15,800
Present value of scheme liabilities	(22,555)		(21,669)		(17,143)
(Deficit) in the scheme	(4,793)		(6,442)		(1,343)

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

22. PENSION AND SIMILAR OBLIGATIONS (CONT'D)

The amounts recognised in the balance sheet are as follows:

	At 31 July 2015 £'000	At 31 July 2014 £'000
Present value of funded obligations	(22,555)	(21,604)
Fair value of plan assets	17,762	15,227
	<u>(4,793)</u>	<u>(6,377)</u>
Present value of unfunded obligations	-	(65)
Net (Liability)	<u>(4,793)</u>	<u>(6,442)</u>

Analysis of the amount charged to income and expenditure account:

	2015 £'000	2014 £'000
Employer service cost (net of employee contributions)	1,185	977
Interest cost	-	(4)
Losses on curtailments and settlements	8	-
Total operating charge	<u>1,193</u>	<u>973</u>

Analysis of pension finance income / (costs):

	2015 £'000	2014 £'000
Expected return on pension scheme assets	909	938
Interest on pension liabilities	(888)	(810)
Pension finance (costs)	<u>21</u>	<u>128</u>
Actual return on plan assets	1,745	1,397

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

	2015 £'000	2014 £'000
Actual return less expected return on pension scheme assets	1,953	(2,304)
Experience gains and losses arising on the scheme liabilities	-	(2,741)
Actuarial gain/(loss) recognised in STRGL	<u>1,953</u>	<u>(5,045)</u>

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

22. PENSION AND SIMILAR OBLIGATIONS (CONT'D)

Asset and liability reconciliation:

	2015 £'000	2014 £'000
Reconciliation of liabilities		
Liabilities at start of period	21,669	17,144
Service cost	1,185	977
Interest cost	888	810
Employee contributions	248	247
Actuarial loss	(1,182)	2,741
Benefits paid	(261)	(250)
Curtailments	8	-
Liabilities at end of period	22,555	21,669
Reconciliation of assets		
Assets at start of period	15,227	15,800
Expected return on assets	909	938
Actuarial gain/(loss)	836	(2,303)
Employer contributions	803	795
Employee contributions	248	247
Benefits paid	(261)	(250)
Assets at end of period	17,762	15,227

History of experience gains and losses

	2015	2014	2013	2012	2011
Difference between the expected and actual return on assets Amount £'000	836	(2,304)	1,955	(438)	1,916
Experience gains and losses on scheme liabilities Amount £'000	122	(2,583)	(4)	(145)	2,539
Total amount recognised in STRGL Amount £'000	1,953	(5,045)	1,517	(2,267)	4,434

The estimated value of employer contributions for the year ended 31 July 2016 is £803,000

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

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

	2015 £'000	2014 £'000
(Deficit)/surplus on continuing operations after depreciation of assets at valuation	(2,099)	666
Depreciation (note 14)	3,062	2,664
Deferred capital grants released to income (note 19)	(963)	(763)
Interest receivable (note 7)	(36)	(74)
FRS 17 pension cost less contributions payable (note 8)	382	182
(Increase) in debtors	(1,280)	(1,908)
Increase in creditors	547	(573)
Decrease in provisions	-	(35)
Pension finance cost	(78)	(128)
Net cash (outflow)/inflow from operating activities	(465)	31

24. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2015 £'000	2014 £'000
Bank interest received	36	74
Net cash inflow from returns on investment and servicing of finance	36	74

25. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2015 £'000	2014 £'000
Purchase of tangible fixed assets	(3,581)	(1,989)
Deferred capital grants received	3,869	448
Net cash outflow from capital expenditure and financial investment	288	(1,541)

26. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 August 2014 £'000	Cash flows £'000	At 31 July 2015 £'000
Cash at bank and in hand	4,828	(141)	4,687
Total	4,828	(141)	4,687

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
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27. POST BALANCE SHEET EVENTS

There have been no material post balance sheet events.

28. CAPITAL COMMITMENTS

	2015	2014
	£'000	£'000
Commitments contracted for at 31 July 2015	-	-

29. COMMITMENTS UNDER PFI CONTRACT

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

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

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

Under FRS 5, the assets are treated as assets of the College. The substance of the contract is that the College has a finance lease and payments comprise four elements: imputed finance lease charges, service charges, overheads and lifecycle charges.

	South West College	
	2015	2014
	£'000	£'000
Rentals due within one year	7,651	6,500
Rentals due within two to five years	31,183	25,783
Rentals due thereafter	119,890	110,018
	<u>158,724</u>	<u>142,301</u>
Less interest element	38,692	41,678
Imputed finance lease obligations	<u>120,032</u>	<u>100,623</u>

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

29. COMMITMENTS UNDER PFI CONTRACT (CONT'D)

The total amount charged in the Income and Expenditure Account in respect of the service charges, overheads and lifecycle charges element PFI of on-balance sheet transactions was £3.795 million (year ended 31 July 2014 £3.298 million); and the payments to which the South West College is committed during year ended 31 July 2015, analysed by the period during which the commitment expires, is as follows:

	2015	2014
	£'000	£'000
Expiring within one year	4,722	3,514
Expiring within two and five years inclusive	20,335	14,623
Expiring within six and ten years inclusive	28,199	22,680
Expiring within eleven and fifteen years inclusive	27,690	22,116
Expiring within sixteen and twenty years inclusive	33,005	26,407
Expiring within twenty-one and twenty-five years inclusive	6,081	11,283
	120,032	100,623

30. CONTINGENT LIABILITY

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

SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015

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

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

Governor/ Senior Manager	Company	Amount Paid 2014 £	Amount Paid 2015 £	Amount received 2014 £	Amount received 2015 £	Amount outstanding at 31 July 2014 £	Amount outstanding at 31 July 2015 £	Nature of Transactions
Mr Malachy McAleer (Staff Member/Governor)	Member – Cappagh Parish Finance Committee	-	-	-	-	-	-	
	Member – DFPNI Environmental Working Group	-	-	-	-	-	-	
	Fellow of the Institute of Innovation and Knowledge Exchange	-	-	-	-	-	-	
	Member – New Engineering Foundation	-	-	-	-	-	-	
	Director – Colleges NI	150,000	8,025	-	-	-	-	Subscriptions & Business services
Mrs Celine McCartan (Staff Member)	Director – South West College	-	-	-	-	-	-	
	Employer's representative on board of NILGOSC	778,572	791,181	-	-	-	-	Pension scheme contributions & charges
	Husband employed by Bank of Ireland	-	8,334	-	-	-	-	Interest received by College on deposits
	Member – Cappagh Parish Finance Committee	-	-	-	-	-	-	
	Member – Independent Audit Committee for Omagh District Council (to 31Mar 2015)	8,151	12,591	-	-	-	-	Hire of Facilities & Registration Fees
Mr Joseph Martin (Governor)	Voluntary Advisor for Rainbow Gateway Club and Friendly Care Group, Temonmaguirc	-	-	-	-	-	-	
	Member – Ulster District Society	-	1,663	-	-	-	-	Licence fees
	Association Accounting Technicians Ireland	-	-	-	-	-	-	
	Dept Education Representative to the Board of Governors of Loreto Grammar School Omagh	-	-	-	-	-	-	
	Member – GB St Angela's College, Sligo	-	-	-	-	-	-	
	Director – Colleges NI	-	-	-	-	-	-	

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
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31. RELATED PARTY TRANSACTIONS AND TRANSACTIONS INVOLVING GOVERNING BODY MEMBERS AND SENIOR MANAGEMENT (CONT'D)

Governor/ Senior Manager	Company	Amount Paid 2014 £	Amount Paid 2015 £	Amount received 2014 £	Amount received 2015 £	Amount outstanding at 31 July 2014 £	Amount outstanding at 31 July 2015 £	Nature of Transactions
Mr Gerard O'Hanlon (Governor)	Director and Senior Consultant - Stredia (to March 2014) Member – Omagh Chamber of Commerce & Industry Member – NI Chamber of Commerce & Industry (to September 2013) Northern Health & Social Care Trust Project Manager	160	160	-	-	-	-	Membership Fee
Mr Michael Skuce (Governor)	Assistant Treasurer – Inishmacsaint Parish Church Chair – Derrygonnelly & District Community Partnership Member – Fermanagh and Omagh District Council LAG	-	-	-	-	-	-	
Mr Aquinas Devlin (Staff Member/Governor)	Full Time Lecturer - South West College, Omagh Campus	-	-	-	-	-	-	
Dr Mark Kelly (Governor)	CEO – Lamhroe Ltd	-	-	-	-	-	-	
Mr Tom Bradley (Staff Member/Governor)	Equality Officer - South West College Governor - Omagh Academy Governor - Sion Mills Primary School	-	280	13,950	16,397	-	-	Entitlement Framework

31. RELATED PARTY TRANSACTIONS AND TRANSACTIONS INVOLVING GOVERNING BODY MEMBERS AND SENIOR MANAGEMENT (CONT'D)

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**SOUTH WEST COLLEGE
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31. RELATED PARTY TRANSACTIONS AND TRANSACTIONS INVOLVING GOVERNING BODY MEMBERS AND SENIOR MANAGEMENT (CONT'D)

Governor/ Senior Manager	Company	Amount Paid 2014 £	Amount Paid 2015 £	Amount received 2014 £	Amount received 2015 £	Amount outstanding at 31 July 2014 £	Amount outstanding at 31 July 2015 £	Nature of Transactions
Cllr Thomas O'Reilly (Governor)	Member - Fermanagh District Council Member - Fermanagh and Omagh District Council Member - Clones Erne East Partnership Member - Erne East Partnership Governor - St Marys PS, Newtownbutler Governor - St Comhghalls, Lisnaskea Governor - Bunscoil an Traonaigh, Lisnaskea Director - Newtownbutler Playschool	1,048	3,469 1,100	6,206	-	-	-	Hire of facilities/Waste services/Shared Services Facility Contribution 3D Model Animation Entitlement Framework/ Classroom support
Mr Wilbert Mayne (Governor)	Self Employed Farmer Member-Agriculture Wages Board Member - SWARD Local Action Group Governor - Orritor Primary School Governor - Donaghney Primary School Board Member - Ulster Farmers Union Member - NI Rural Development Programme Monitoring Board Chair - Shop Mobility, Cookstown/Dungannon Chair - Cookstown Rural Community Transport Vice Chair - Ulsters Farmers Union Environment Committee Trustee - Agri-Search	-	-	-	-	-	-	
Dr Nicholas O'Shiel (Governor)	Chief Executive - Omagh Enterprise Group Member - Omagh Chamber of Commerce Member - SIF Western Zone Steering Group	41,053 160	45,376 160	350	-	-	-	STW sub- contractor Mentoring Programme Membership Fee

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
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31. RELATED PARTY TRANSACTIONS AND TRANSACTIONS INVOLVING GOVERNING BODY MEMBERS AND SENIOR MANAGEMENT (CONT'D)

Governor/ Senior Manager	Company	Amount Paid 2014 £	Amount Paid 2015 £	Amount received 2014 £	Amount received 2015 £	Amount outstanding at 31 July 2014 £	Amount outstanding at 31 July 2015 £	Nature of Transactions
Mr Wilson Matthews (Governor)	Commissioner – Legal Services Commission (retired 31 st August 2013) Member – Pharmacy National Appeals Panel	-	-	-	-	-	-	
Mr Derek Weir (Governor)	Head of International Office – Queens University Belfast Governor – Cookstown High School Member – Molesworth Presbyterian Church Committee Head of Legal Administration – Queens University Belfast	-	17,550	22,305	21,532	-	-	Sponsored Tuition & Validation Fees, Training/Marketing Entitlement Framework fees
Mrs Diane Stevenson (Governor)	Assistant Director - NI Environment Agency Governor – Enniskillen Collegiate Grammar Elder – Enniskillen Presbyterian Church	-	-	23,500	20,947	-	-	Entitlement Framework
Mrs Margaret Martin (Governor)	Executive – Network of Sacred Heart Schools, Ireland/Scotland Chair – Mount Anville Education Trust (Ireland) Trustee – Gaelscoil Aodh Rua, Dungannon	-	-	-	-	-	-	
Mrs Patricia McCaffrey (Governor)	Paid employment with Waterways Ireland Member – Audit Committee of the Ulster Scots Agency Director – Inverstown Credit Union	-	-	-	-	-	-	
Mrs Monica McGeary (Governor)	Sales & Marketing Consultant – Self employed Director/Company Secretary – PMG Sales Ltd Parent Support Group – Edendork Primary School	-	-	-	-	-	-	

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
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31. RELATED PARTY TRANSACTIONS AND TRANSACTIONS INVOLVING GOVERNING BODY MEMBERS AND SENIOR MANAGEMENT (CONT'D)

Governor/ Senior Manager	Company	Amount Paid 2014 £	Amount Paid 2015 £	Amount received 2014 £	Amount received 2015 £	Amount outstanding at 31 July 2014 £	Amount outstanding at 31 July 2015 £	Nature of Transactions
Jill Cush (Staff Member)	Director – Dungannon and Cookstown Business Education Partnership	-	100	-	-	-	-	
Maria Hackett (Staff Member)	Director – Dungannon and Cookstown Business Education Partnership	-	-	-	-	-	-	
Mr Michael McAlister (Staff Member)	Chair – RSCM Advisory Board, NI	-	-	-	-	-	-	
Mr Tom McBride (Staff Member)	Board – Governing Body Special School Director – Fermanagh Community Transport	-	-	-	-	-	-	
Susanne Workman (Staff Member)	Chair – Professional Association of Catering Education NI	-	-	-	-	-	-	

**SOUTH WEST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

32. SUPPORT FUNDS

	2015 £'000	2014 £'000
DEL Grants	287	293
	<u>287</u>	<u>293</u>
Disbursed to students	(287)	(293)
Audit fees	-	-
	<u>-</u>	<u>-</u>
Balance unspent at 31 July 2015	<u>-</u>	<u>-</u>

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

33. LOSSES AND SPECIAL PAYMENTS

	£
Bad debts written off:	
0 cases exceeding £1,000	-
41 cases under £1,000	7,931
	<u>7,931</u>

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



COLLEGE DEVELOPMENT PLAN

2015/18

Foreword



The South West College Development Plan for 2015-18 captures the ambitious and challenging strategic targets established by the Governing Body as it seeks to serve students, industry, and the wider community of the region and beyond.

Excellence is at the core of this ambition and, over recent years, College staff have provided a service that has been classified as outstanding by several external assessments. The Whole College Inspection of the Further Education and Work-Based Learning Provision in the South West College 2014 delivered the ultimate accolade with the achievement of Grade 1 (Outstanding) recognition. Additionally, the Whole College

Self Evaluation and Quality Improvement Plans have been awarded the Highest Degree of Confidence by the Education & Training Inspectorate for the fourth consecutive year. These acknowledgements provide the stimulus to set ambitious targets for 2015/18.

The volume of curriculum delivery has grown by 30% in the last five years. Student performance has been outstanding and retention and success rates have been consistently high. Students have regularly achieved award-winning standards in NI, UK, European and international competitions.

The College recognises its role in helping to modernise industry and improve employment opportunities in the region. It will also play a crucial role in improving the quality of life by working in partnership with key influencers and organisations, including Fermanagh & Omagh District Council and Mid Ulster District Council, partnering schools, industry bodies, relevant Government Departments, especially the Department of Enterprise, Trade and Investment, and the PSNI. Synergetic developments are already advanced or planned and these include SMART Region Planning, Community Plans for Fermanagh & Omagh District Council and Mid Ulster District Council, regional EU and

Peace Funding bids, integrated curriculum offers with schools and shared service capital developments.

The Virtual College initiative is now well developed and is providing increased support for industry and encouraging higher education participation. The rurality of the region has challenged management and staff to use technology to make College services more accessible to learners.

Foreword



A beneficial corollary of this has been the growth of international links, exemplified by the development of the Chinese Confucius Hub in the region; the teaching of Computer Science into a Zambian school, US partnerships and the myriad of European Student Exchange programmes.

Industry Support Services through the Inno Tech Centre continue to develop and strengthen and this is exemplified by the success of the four Innovation Centres: IDEA, IMAGE, STEM and CREST, where students and industry have the opportunity to work together to design and research innovative solutions for industry using world class technology.

The College's ambitions can only be achieved through the excellence and commitment of a motivated staff. The College continues to subscribe strongly to a vision of "Developing People" and "Achieving Potential", underpinned by value system objectives of Excellence, Innovation, Teamwork, Integrity and Confidence. There will be an accelerated investment in staff development to ensure they are prepared to implement fully the emerging Department for Employment & Learning strategies in areas such as Higher Education, Further Education, Apprenticeships and Youth Training.

Stewardship of considerable public and private funding is key to an effective and

efficient College. Corporate and curriculum governance will be an important part of all the College's operations. The Governing Body is focussed on ensuring the College plays a vital role in improving the quality of life and increasing the dynamism of the region. It recognises the important role that higher education and modern high level skills play in creating conditions for economic growth and wealth creation. Equally, it acknowledges the unique role the College plays in providing a pathway to success for the most challenged within our community.

We are confident that the programmes set out in the Development Plan for 2015/18, together with the energy,

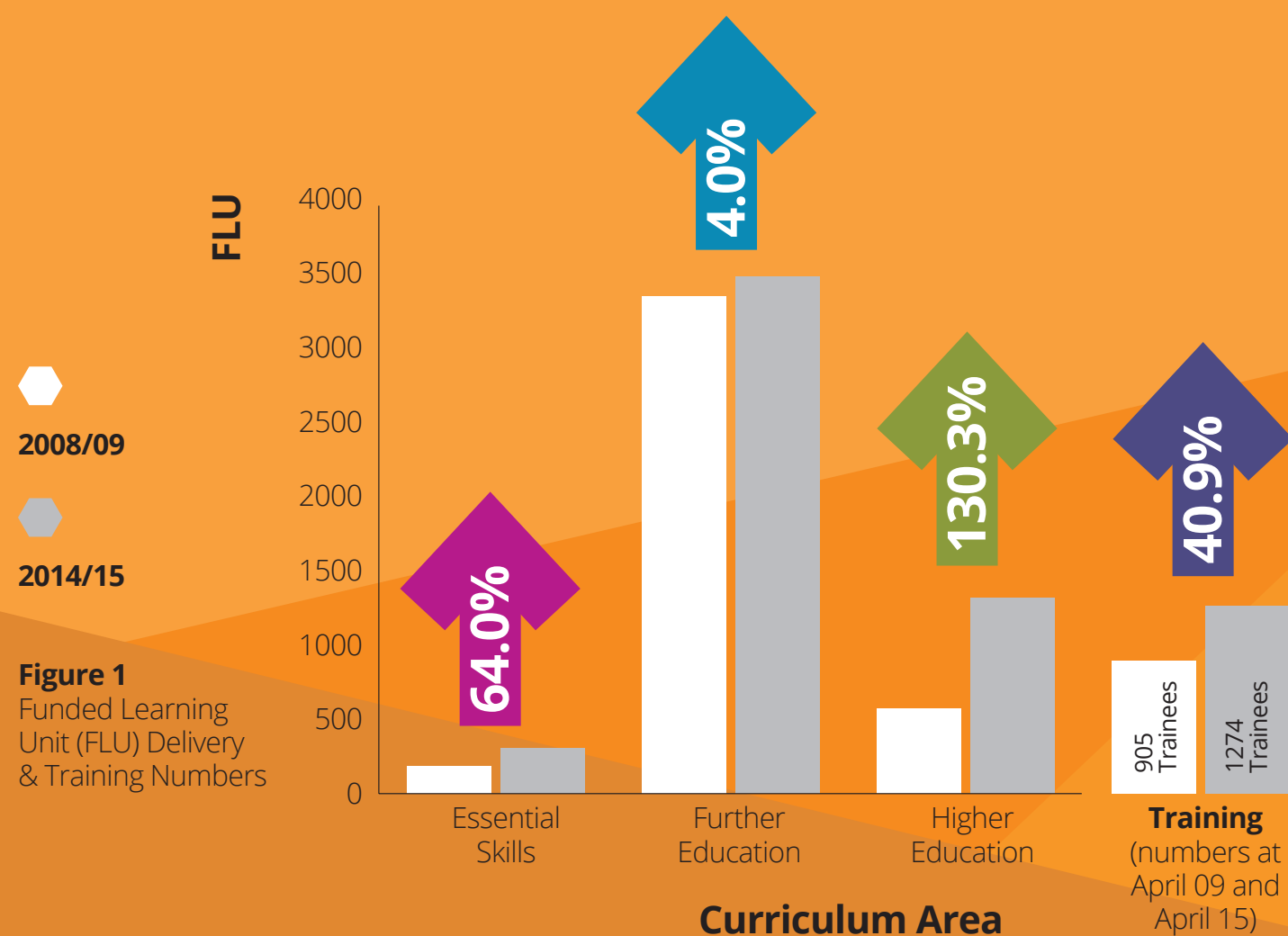
commitment and track record of the staff and the Governing Body, will ensure the highest quality provision of learner education and training, will make a significant contribution to meeting the skills needs of the region, and thereby will help the growth and development of the local economy.

Joseph Martin
Chairman

Malachy McAleer
Director

Review Of Past Performance

South West College has performed well since its formation. The range of services provided has increased significantly and the number of beneficiaries has mirrored this growth. Figure 1 demonstrates this growth:



Additionally, the number of pupils participating in School Link programmes through the Entitlement Framework has increased by 3.9% from 1659 to 1723.

The College also established a number of specialist programmes to support students facing the most challenging barriers to educational, training or employment success. The positive impact of these programmes is now becoming

very evident with 54.2% of College enrolments in 2013/14 being from the highest two quintiles of social deprivation as defined by the Northern Ireland Multiple Deprivation Measure 2010 http://www.nisra.gov.uk/deprivation/archive/Updateof2005Measures/NIMDM_2010_Report.pdf.

£1m

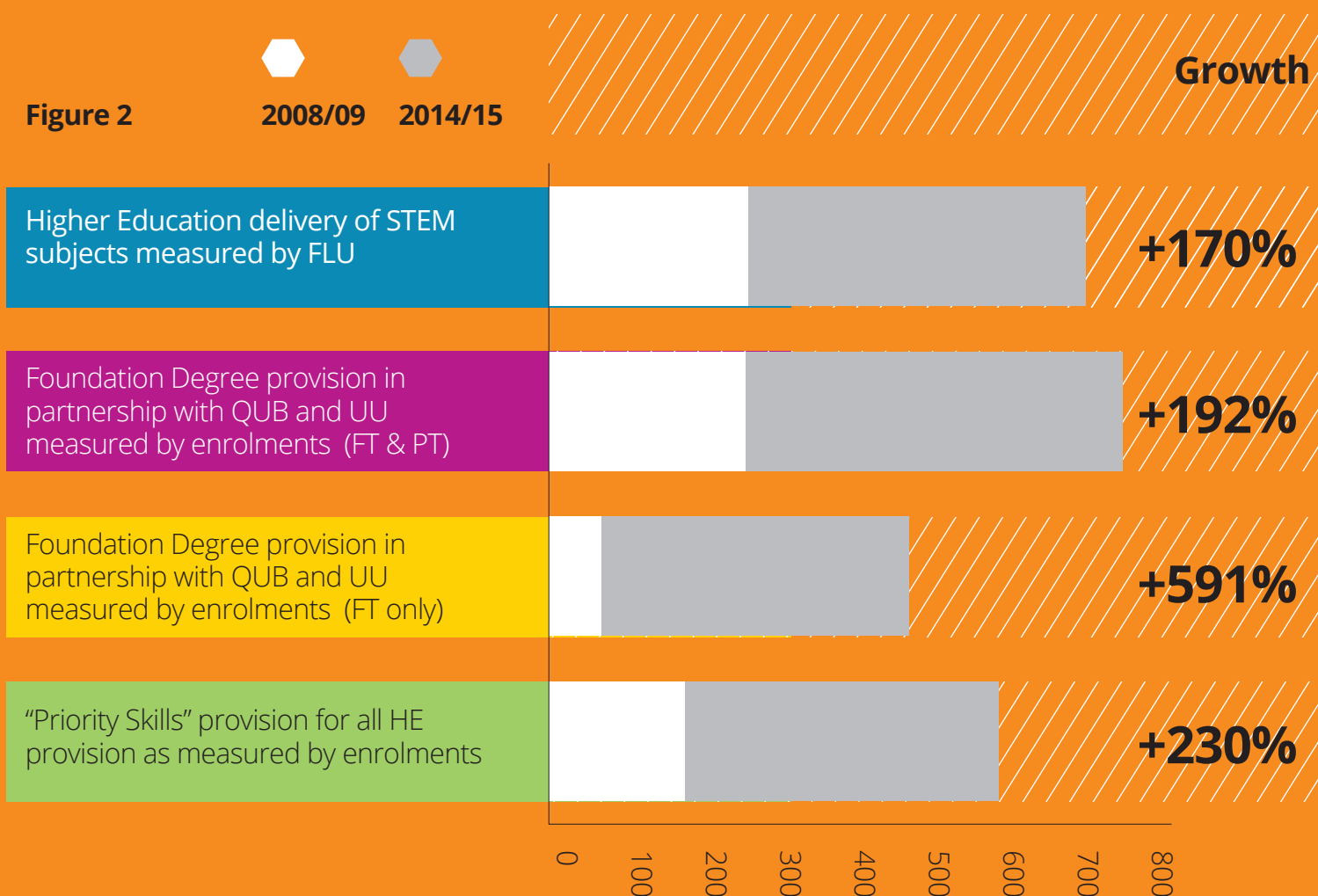
The College is now consistently raising over £1M annually to fund Social Inclusion Programmes.

Review Of Past Performance

The curriculum offer has been revamped and modernised over the last five years.

This is exemplified by the growth in participants in “narrow” and “broad” Science, Technology, Engineering and Mathematics (STEM) subjects, which are being promoted by Government to support the technology based industries that will power the economy of the future.

Figure 2 provides evidence of this significant development.



In general, all Further Education priorities and targets established by the Department for Employment & Learning are achieved or exceeded, these include Priority Skills, Externally Regulated, Vocational and L2/L3 targets.

Review Of Past Performance

The College student retention, achievement and success rates are consistently above the FE Sector average.

The College has managed to maintain these high rates of success whilst modernising the curriculum and delivering the more challenging STEM/Priority Skills subjects and growing the participation by students facing the greatest barriers to progression.

Figure 3 indicates current success rates:

Essential Skills Literacy	74%
Essential Skills Numeracy	75%
Essential Skills ICT	79%
Entitlement Framework	92%
HE FT	92%
HE PT	86%
FE FT	84%
FE PT	76%
Training for Success	80%

Figure 3



Review Of Past Performance

The College places strong emphasis on “Quality and Compliance” and has overseen significant advances in the quality of Teaching and Learning as established by external assessments.

The last thirteen ETI assessments have all generated the highest possible grade, i.e. “Outstanding Grade” or “Highest Degree of Confidence”. This is shown in Figure 4.

This level of achievement is the result of close cooperation between the Quality and Performance Unit, the HR Department and the desire of staff to provide an outstanding service. The achievement of Investors in People 2014 has affirmed this collaboration.



Figure 4

Year	Title of Inspection Scrutiny	Result
2014/15	Scrutiny Inspection of Self Evaluation & Quality Improvement Planning Process	Highest Level of Confidence
2014/15	An Evaluation of Continuing Professional Development	Highest Level of Confidence
2014/15	An Evaluation of Social Inclusion Provision	Highest Level of Confidence (Unpublished Grade)
2014/15	An Evaluation of Continuing Professional Development	Highest Level of Confidence
2013/14	Inspection of Further Education and Work Based Learning Provision South West College	Outstanding
2013/14	Scrutiny Inspection of Self Evaluation & Quality Improvement Planning Processes	Highest Level of Confidence
2013/14	Scrutiny Inspection of Self Evaluation & Quality Improvement Planning Processes - Steps to work	Highest Level of Confidence
2013/14	Scrutiny Inspection of Self Evaluation & Quality Improvement Planning Processes - TFS & App NI	Highest Level of Confidence
2012/13	Scrutiny Inspection of Self Evaluation & Quality Improvement Planning Processes	Highest Level of Confidence
2012/13	Scrutiny Inspection of Self Evaluation & Quality Improvement Planning Processes - TFS & App NI	Highest Level of Confidence
2011/12	Scrutiny Inspection of Self Evaluation & Quality Improvement Planning Processes	Highest Level of Confidence
2011/12	An Evaluation of Innovation - InnoTech Centre South West College	Highest Level of Confidence
201/11	Follow-up Inspection of Student Services Provision South West College	Highest Level of Confidence

Review Of Past Performance

Curriculum and Corporate Governance are central to providing a stable organisation that can focus on development of services.

Funding provided to the College by Government comes with targets and these are consistently being met. SMART Reporting and Curriculum Data control by the MIS Department ensures control in this area.

Figure 5 outlines the outcomes from the Internal Audits over the years 13/14 and 14/15 and this again demonstrates a high degree of stewardship and corporate governance.

Internal Audit		Assurance Rating
		13/14
Compliance with Legislation		Substantial
Core Financial Processes	Bank & Cash / Treasury Management	Substantial
	Payment to Creditors	Substantial
Data Integrity over FLU		Substantial
Employer Support Programme		Substantial
IT General Controls		Satisfactory
Procurement		Satisfactory
		14/15
Core Financial Review	Income & Debtors	Satisfactory
	Month-end Close Processes	Substantial
Payroll		Substantial
Procurement		Substantial
Data Protection & Management of Information (including Student Records)		Satisfactory
Management of Third Party Contracts		Satisfactory
Quality Assurance mechanisms over Teaching & Learning – Assurance Mapping		Substantial
Counter Fraud & UK Bribery Act requirements		Substantial
Sustainability		Substantial

Figure 5



International links and projects continue to grow, examples include:

- 2000+ pupils and students availing of the Chinese Confucius Hub teaching;
- Weekly teaching to students in Zambia;
- 25+ European Projects and exchanges;
- Curriculum development with Canadian and American partners;
- UK STEM partnerships;
- Industry training in Malaysia

Virtual delivery of curriculum is now occurring on a daily basis. The Virtual Team, which has led several of the international developments is acknowledged as Sector Leaders across the UK and continue to make curriculum more accessible to those challenged by rurality and those pursuing part-time education whilst remaining in employment.

The Inno Tech Team established in 2008 is now at the core of many regional industry developments and innovations. From the base in Cookstown, the Team manages four successful innovation and research centres:

- IDEA in Omagh (Product Design)
- CREST in Enniskillen (Renewable Energy)
- STEM in Dungannon (STEM Education)
- IMAGE in Enniskillen (Digital Media)

Inno Tech has generated an economic impact of £10.5M (NPV); delivered 150 Innovation Vouchers, 55 Industry Seminars, supervised 12 KTP and Fusion Graduates, delivered 11 local government projects and 12 Gazelle UK based projects; and has achieved two consecutive "Outstanding" Grade 1 ETI Inspection results.

Students are encouraged to enter regional, national and global competitions. Their performances have been a source of great pride for College staff and each achievement is represented on the "Curriculum Role of Honour" proudly displayed at each Campus, which outlines success over the past three years.

Therefore, the Governing Body and staff can reflect on a period of change and challenge that followed the formation of South West College and gain confidence from the journey and achievements. However, the ambition of the Governing Body and staff is to use these successes and acquired confidence to reach higher and build upon the success of the past.

2015/18 Plan

Introduction

The 2015/2018 College Development Plan builds on a period of achievements emanating from the implementation of an ambitious 12/15 Plan. Thus, the guiding principles in the preparation of the 15/18 Plan are continuity, consolidation and future-proofing.

The College Vision, Mission Statement and Values have given anchorage to Governing Body, staff and students and remain fundamental to the upcoming planning period.

Our Vision

developing people / achieving potential

Mission Statement

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

Our Values

Excellence
be the best
we can

1

Innovation
improvement and
new approach

2

Teamwork
together we can
do better

3

Integrity
delivering on
what we promise

4

Confidence
having a positive
attitude

5

2015/18 Plan

Strategic Context

In 2012, the Northern Ireland Executive produced a 2012-30 Economic Strategy – “Priorities for Sustainable Growth and Prosperity; Building a Better Future” (link <http://www.northernireland.gov.uk/ni-economic-strategy-revised-130312.pdf>). The Strategy recognised the over-dependence of the NI economy on the Public Sector.



It put emphasis on the rebalancing of the economy and outlined the key rebalancing measures as:

- Innovation, Research & Development and Creativity
- Skills and Employability
- Business Growth
- Competing Globally
- Economic Infrastructure

There is also a strong acknowledgement in this strategy document of the role of STEM related skills and for the enhancement of College/School relationships through the Entitlement Framework Programme. Additionally, it raised the need for curriculum revision to widen the range of applied and academic courses.

It also stressed the importance of raising literacy and numeracy standards.

In 2011, the NIAES produced a document entitled “Identification of Priority Skills Areas for Northern Ireland” <http://www.delni.gov.uk/priority-skills.pdf>. This document was used extensively by SWC in the preparation of the 2012/15 Plan. It placed emphasis on international competitiveness, supply of future priority skills and employment. The recommendations remain relevant, particularly when supplemented by the information in Figure 10, page 21. This information guide SWC management in the choice of curriculum areas to be developed.

The NIEconomicStrategyto2030 <http://www.northernireland.gov.uk/ni-economic-strategy-revised-130312.pdf> sought to have an economy “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 for all”. Hence, the NI Government produced a NI Innovation Strategy 2013-2025 http://www.detini.gov.uk/innovation_strategy.pdf.

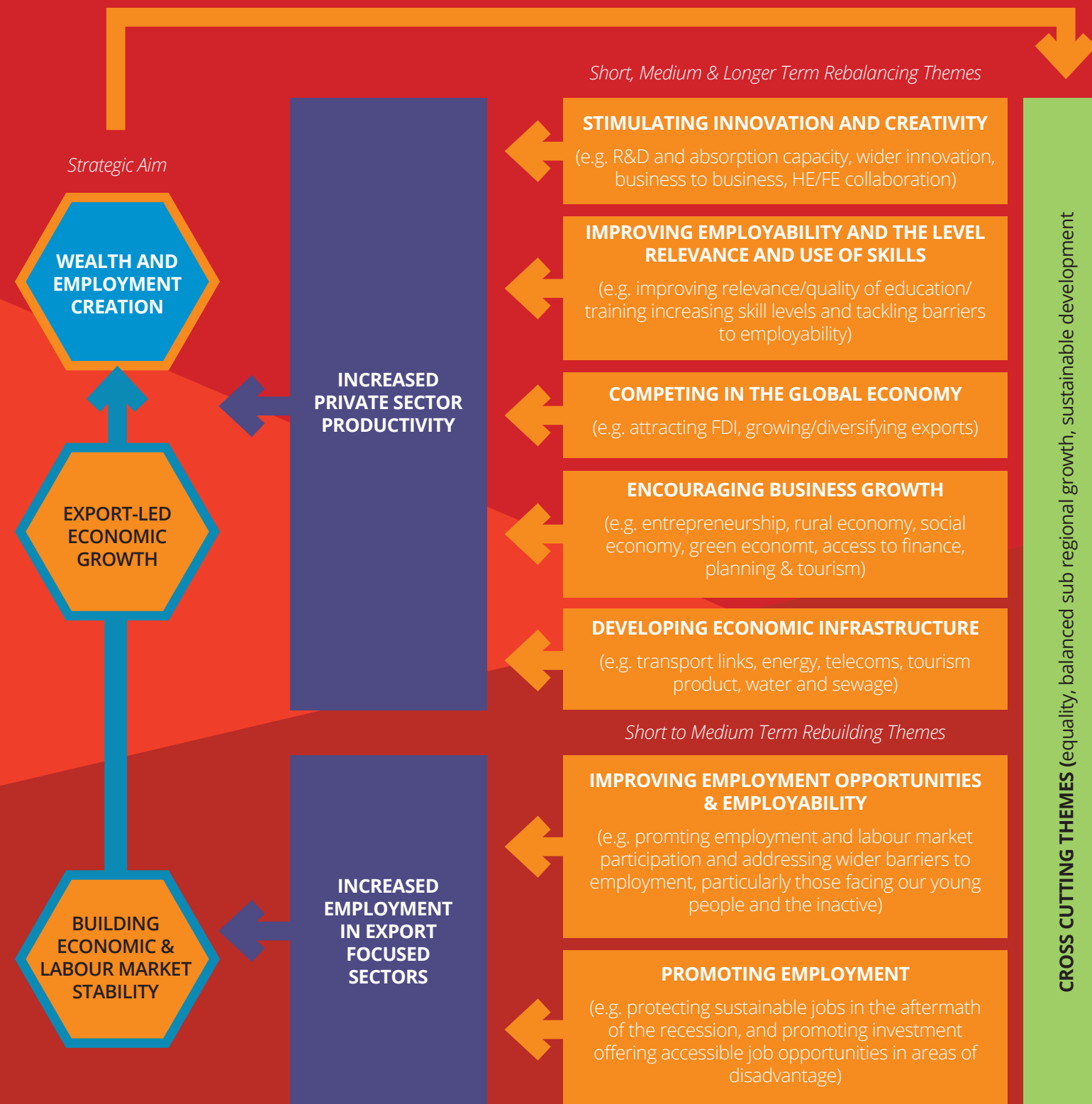


Figure 6 is an extract from this Innovation Strategy and acknowledges the remit of DEL, and hence Colleges, in its delivery.

Figure 6:
Strategic
Framework for the
Economic Strategy

The NI Economic Strategy to 2030 Strategy also acknowledges the role of the Health Strategy 2005-2025 “A Healthier Future” http://www.dhsspsni.gov.uk/healthy_futures_2010-2015.pdf and the Regional Development Strategy 2025 http://www.drdni.gov.uk/rds_2035-2.pdf and both these documents also influenced the College Development Plan.

All these strategies acknowledge and recognise the role that Regional Further Education Colleges will play in the future of economic growth, rebalancing the economy, encouraging innovation and improving the wealth and wellbeing of the general population. The Department for Employment & Learning, through its “Further Education Activity in NI” reports

<http://www.delni.gov.uk/index/statsandresearch/further-education-stats/fe-enrolments/fe-activity-in-fe-colleges-ni.htm> and “Delivering Success through Excellence” <http://www.delni.gov.uk/delivering-success-through-excellence.pdf>, demonstrates the increasing and significant contribution the FE Sector makes. Hence, the FE Sector and SWC acknowledge that there are now opportunities to further influence and improve the future.

OFMDFM presented a strategy entitled “Together Building a United Community Strategy” <http://www.ofmdfmni.gov.uk/together-building-a-united-community-strategy.pdf> in response to the Programme for Government 2011-2015 <http://www.northernireland.gov.uk/pfg-2011-2015-final-report.pdf>. This Strategy represented a “key building block in the Executive’s commitment to improving community relations and building a united and shared society”. The Executive Summary states “a united community, based on equality of opportunity, the desirability of good relations and reconciliation - one which is strengthened by its diversity, where cultural expression is celebrated and embraced and where everyone can live, learn, work and socialise together, free from prejudice, hate and intolerance.” Further Education Colleges are uniquely placed within NI to deal with issues of equality, good relations and reconciliation highlighted in

this strategy. The underpinning principles which include diversity, integration, inclusion, cohesion, tolerance and respect must be at the core of the strategy of SWC and apply to both staff and students.



DEL has responded enthusiastically to the vision of the Northern Ireland Assembly and the Programme For Government <http://www.northernireland.gov.uk/pfg-2011-2015-final-report.pdf> and produced a range of strategy documents which challenge colleges to modernise their services and curriculum offer.



These strategies include:

- Success Through Skills – Transforming Futures <http://www.delni.gov.uk/success-through-skills-transforming-futures.pdf>
- Access to Success: An Integrated Regional Strategy for Widening Participation in Higher Education <http://www.delni.gov.uk/access-to-success.pdf>
- Graduating to Success: A Higher Education Strategy for NI <http://www.delni.gov.uk/graduating-to-success-he-strategy-for-ni.pdf>
- Securing Our Success: The Northern Ireland Strategy on Apprenticeships June 2014 <http://www.delni.gov.uk/>

[securing-our-success-the-ni-strategy-on-apprenticeships.pdf](#)

- Generating our Success: The NI Strategy on Youth Training June 2015 <http://www.nicva.org/article/generating-our-success-northern-ireland-strategy-youth-training>

Minister Farry, in a keynote address to the Trans-Atlantic Technology and Training Alliance Conference on 8 June 2015, outlined DEL Strategy and his vision for incoming years. This speech outlined how DEL strategies will be delivered. These strategies build on the success of FE Means Business http://www.delni.gov.uk/further_education_means_business_strategy_review1-2.pdf which

has been central to much of SWC strategy over the 2007-2015 period. The coherence of the new strategies provide a unique opportunity, even in European and global terms, for participants to avail of a coherent regional education and training pathway which journeys from GCSE to PhD level; including ongoing involvement with industry and local colleges. This provides a new and exciting challenge for SWC and will be reflected in the 15/18 College Development Plan.

SWC is also conscious that it has a specific regional role and must also take cognisance of its responsibilities in the delivery of local and regional strategies. The College location on the Tyrone/Fermanagh/Monaghan/Cavan/Leitrim/Donegal border means it engages in several cross border programmes and projects. Hence, the following regional strategic documents have influenced the College 2015/18 Development Plan:

- Delivering the Entitlement Framework Guidance for Schools on the Next Phase of Implementation June 2010
- FODC: Corporate Plan for Fermanagh and Omagh District Council 2015-2019
- MDC: Corporate Plan for Mid Ulster District Council
- Fermanagh and Omagh District Council Community Plan
- Mid Ulster District Council Community Plan
- SMART Region
- Fermanagh Economic Development Organisation (FEDO)
- Regional Strategic Framework for the Central Border Region 2013-2027
- INTERREG V 2014-2020
- Special EU Programmes Body (SEUPB) Peace III

Several College Governing Body and College Management Team members have been involved in the drafting and issuance of many of the regional strategy documents listed above and, thus, their content is already reflected in the College strategic direction.



SWC Way Forward 2015/18

Continuity, Consolidation and Future-Proofing

The strategic challenges for 15/18 are:

- 1 Achieving a future-proofed curriculum that is modern relevant and governed effectively;
- 2 Providing a staff & student development to ensure they achieve to their maximum potential;
- 3 Providing economic development support to innovative industries of the future;
- 4 Encouraging an international outlook and awareness so that students and staff have the confidence to operate in a global environment;
- 5 Creating an entrepreneurship framework so that the College is recognised as entrepreneurial in actions and thoughts;
- 6 Ensuring resource management provides effective and efficient use of resources and creates an environment conducive to good stewardship.



SWC Way Forward 2015/18

These strategic challenges are summarised and subdivided into activities that will guide management on the preparation of their operational plans.

See Figure 7:



Figure 7

Strategy Summary - Core Business *Board Strategy*

Curriculum	Staff & Students	Economic Development	International Dimension	Entrepreneurship	Resource Management
Curriculum Governance Further Education Training & Skills Development Higher Education E-Learning Services	People & Workforce Development Educational Trust Student Support	Innovation Centres Regional Economic Development Research & Development National & International Commercial Activities & Partnerships	International Exchange International Students International Learning International Knowledge International College Job Creation & Inward Investment	A New Entrepreneurship Model Entrepreneurship Academy Global Entrepreneurship Marketing & Employment Services	Financial Stability Stewardship & Propriety Financial Management Collaboration Estates Maintenance & Management Risk Assurance NI Sectoral Shared Services Developments

Governing Body Priorities

Focus	Delivery Mechanism
Strong Economic Engagement	→ InnoTech Services
Higher Education Growth	→ Higher Level Apprenticeships (HLAs)
Social Inclusion Agenda Serviced	→ EST Funding, Social Bond etc
STEM Focus Maintained	→ STEM Assured Status/Economically Relevant Curriculum
Quality Teaching and Learning	→ Quality & Compliance Team and staff development

SWC Way Forward 2015/18

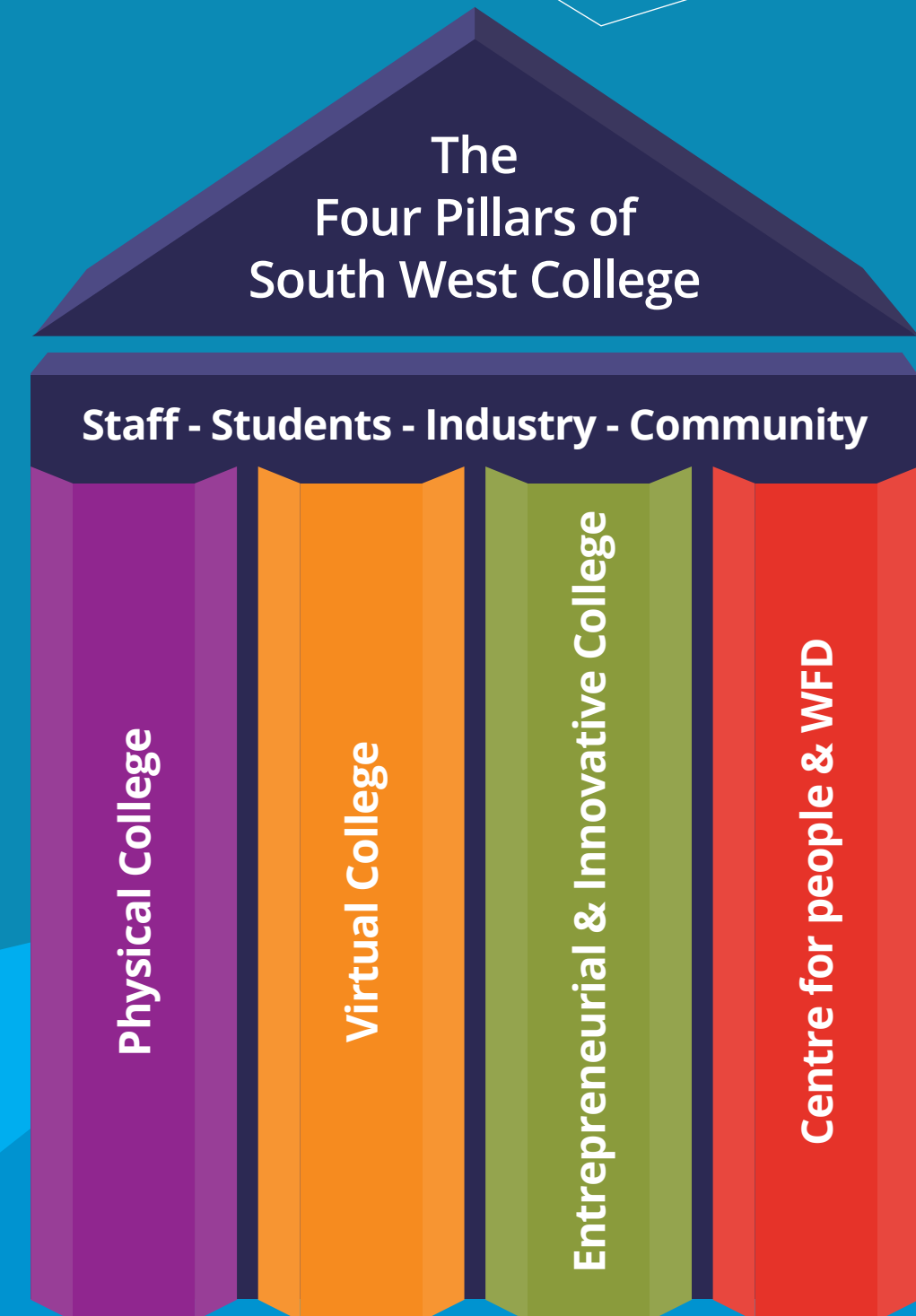
Management of Resources

Quality services to staff, students, industry and community are dependent on:

- High quality college buildings (Physical College);
- Access to technology that facilitates learning (Virtual College);
- Spaces where industry and students intermingle to exchange ideas and use of modern technology to create and innovate (Innovation and Development Centres);
- Highly qualified and motivated staff (Centre for People and Workforce Development).



The four aspects, the Physical College, Virtual College, Innovation and Development Centres and Centre for People and Workforce Development are interdependent. This interdependence is mapped in Figure 8, which also highlights indicators associated with a “high performing” College, where all four aspects are in effective harmony.



SWC Way Forward 2015/18

Figure 8

College Development Plan - Enhancements for 2015-2018

The College must ensure it invests both in infrastructure and human resources into areas which support management and staff in the delivery of these six strategic challenges.

It is important that there is a modernising and developmental vision for each pillar. Therefore, over the next three year period, the College Management will focus on the following developments:



SWC Way Forward 2015/18

The Government Strategy documents that have influenced this College Development Plan have many common themes: social inclusion; skills for the future; higher level skills; collaboration between colleges, universities and schools; widening access and upskilling for industry; technology assisted learning; community involvement and regional planning; and international relevance. All these themes must be addressed by SWC over the 2015/18 period.

Therefore, having reviewed Government Strategy documents and the areas of special focus articulated by the Governing Body, South West College Curriculum & Business Development areas of focus for 2015/18 will be as presented in Figure 9.

Furthermore, over this 2015/18 period, special efforts will be made to define and predict the STEM industries of the future so that curriculum and business development are aligned. Figure 10 outlines the current analysis of the 2020 "Top Mature Industries" and "Top Emerging Industries" and the current College response.

Figure 9



Top Industries of the Future

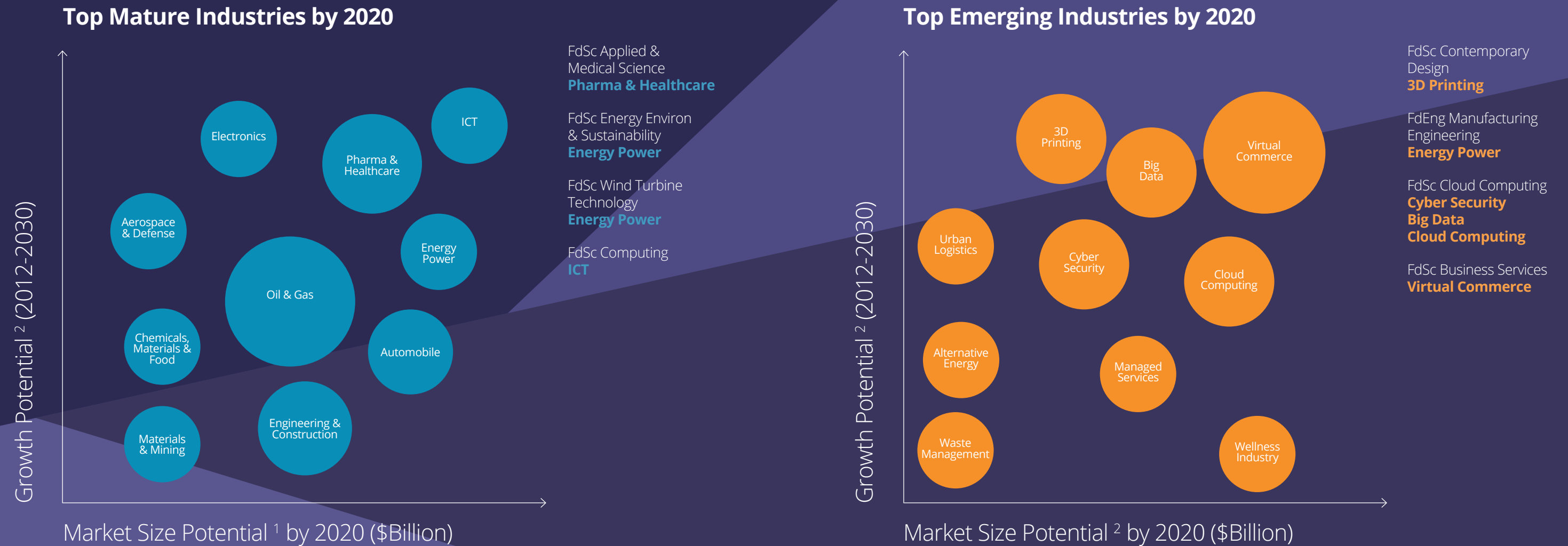


Figure 10



Figure 11

The use of technology and the impacts of technology assisted learning will ensure that the rurality of the South West Region will not impair ambitions.



Therefore, a comprehensive range of Virtualisation Projects has commenced and these are outlined in Figure 11.

These Virtualisation Projects are central to the delivery of a range of strategic targets contained in the 2015/18 College Development Plan.

Quality Agenda



The primacy which the Governing Body places on the quality of teaching and learning and staff performance is matched by a staff desire to achieve excellence. This is exemplified by the 2014 ETI Inspection outcomes and the continuing improvement in the quality of teaching and learning as established through the 100 annual classroom observations undertaken in the 2014/15 academic year by the Quality Assurance Manager.

The College's "Excellence in Teaching & Learning Strategy" has established the following Key Performance Indicators (KPIs):

- No classroom teaching graded below "Good";
- 75% of classroom teaching to be graded as "Very Good" or "Outstanding".

The performance of each Department will be recorded and Continuing Professional Development will be offered to support those Departments who have not achieved these KPIs. Improvement in standards will be achieved through close cooperation between the Quality & Performance Team, the Centre for People & Workforce Development, the Curriculum Teams, the Business Development Team and the Virtualisation Team.

Management acknowledges that the demands on staff are significant and these include:

- Acquiring knowledge and skills for the new and emerging industries;
- Developing competence in the use of new technologies;
- Engaging with international forae;
- Maintaining expertise in classroom teaching and learning techniques;
- Integrating the innovation and entrepreneurial agenda into their curriculum.

75%

of classroom teaching to be graded as "Very Good" or "Outstanding".

Quality Agenda



This is a challenging agenda and must be supported by a comprehensive Staff Development Programme; the governance of which will be controlled by an **Excellence in Teaching and Learning Forum**, a **Teaching & Learning Group** and **Teaching & Learning Advisors**. The Terms of Reference for these are:

Excellence in Teaching & Learning Forum

To promote a culture of excellence in teaching and learning in South West College by:

- Providing strategic direction through policy and practice in teaching & learning.

- Providing leadership in the implementation of ETI's main recommendation 'to establish an observation process designed to evaluate the quality of Teaching and Learning.'

- Rewarding excellence in teaching and learning through the Master Practitioner Scheme.

Teaching and Learning Group

To support the work of the Excellence in Teaching and Learning Forum by:

- Embedding ETI's main recommendation 'to implement an observation process designed to evaluate the quality of Teaching and

Learning' through the monthly team meetings and monitoring the quality of teaching and learning.

- Identifying, disseminating and sharing with staff across SWC 'best practice in teaching & learning', through the Teaching & Learning Resource Bank.
- Supporting new and existing staff through the deployment of Teaching & Learning Advisors who observe staff, devise bespoke training workshops and participate in Thematic Reviews which support and enhance teaching & learning.

Teaching and Learning Advisors

To support new and existing

staff in developing excellence in teaching & learning by:

- Observing and providing mentorship and feedback to academic staff.
- Devising bespoke training workshops to promote excellence in teaching & learning.
- Participating in Thematic Reviews to support and enhance teaching & learning and embed ETI key recommendations from the April 2014 Inspection.



In addition to this Governance Framework there will be structured activities, for example the annual Curriculum Conference; and acknowledgement of excellence through the annual Teacher of the Year & Master Practitioner Awards. An additional allocation of £125k per annum over the next two years has been provided to the Centre for People & Workforce Development to facilitate Staff Development for the upcoming transition from traditional Higher Education to Higher Level Apprenticeships and Higher Level Skills curriculum delivery.



Operationalisation of Strategic Plan

1. Curriculum

- a. Key governance targets
- b. Bilateral 15/16
- c. Widening Access & Participation Plan 2015/16
- d. SUSE +
- e. Training Numbers Target for 15/16 (Jan)

2. Staff and Students

- a. Workforce Planning & Development
- b. Student Support Report
- c. Equality and Good Relations

3. Economic Development

- a. Economic Engagement Plan
- b. Repute
- c. Answer
- d. EKOS
- e. BATTERIE

4. Internationalisation

- a. Confucius
- b. Erasmus +
- c. NPP
- d. European Projects

5. Entrepreneurship

- a. Entrepreneurship Model – Entrepreneurial Delivery of Curriculum and Services
- b. Entrepreneurship Academy – To Foster and Support Entrepreneurial Thinking
- c. Global Entrepreneurship – International Entrepreneurial Engagements
- d. Marketing / Employment Services – Supporting the utilisation of Internships

6. Resource Management

- a. 2014/15 Annual Report
- b. 2015/16 SMART Finance Reporting Methodology
- c. Estates Strategy
- d. College Budget and Financial Projection 15/18
- e. Annual Corporate Risk Register May 15
- f. Management Statement and Financial Memorandum between the Department for Employment & Learning and the Further Education Colleges.

