

## **NORTHERN REGIONAL COLLEGE**

### **FINANCE AND GENERAL PURPOSES COMMITTEE**

Minutes of the meeting of the Finance and General Purposes Committee held on 25 February 2013 at the Ballymena Campus.

Present Mrs K Collins, (Chairperson), Mr T Neilands, (Director) and Dr D Lennox.

In Attendance Mrs B Crotty, Mrs C Moore and Mr J Hunter.

### **UNRESERVED BUSINESS**

#### **33.1 Apologies**

Apologies were received from Mr S Davidson and Mrs G McConnell.

#### **33.2 Declaration of Interests**

There were no declarations of interests.

#### **33.3 Minutes of the Last Meeting**

The minutes of the last meeting, held on 4 February 2013, were approved.

#### **33.4 Matters Arising**

##### **33.4.1 Legal Services Tender (minute 32.11.2)**

It was noted that the legal tender for the Sector Legal Services, would be Retendered.

#### **33.5 Chairperson's Communication**

There were no Chairperson's communications.

#### **33.6 Correspondence**

The Committee noted DEL Circular 1/2013, dated 14 February 2013, providing details of amendments to the Financial Memorandum in relation to economic appraisal. It was noted that this document was a reissue of a previous circular, the only difference being that thresholds and expenditure limits are now inclusive of VAT. It was noted that the Circular places considerable emphasis on the conduct of Post Project Evaluation.

#### **33.7 Monthly Management Accounts**

The Committee noted the Monthly Management Accounts for the period up to 31 January 2013. The Accounts indicate that the College has an historic cost surplus of £301k, which is £57k less than budget. Mrs Moore, the Director of Finance and Corporate Development, stated that the College was still on line to meet its budget target (-£329k) by the year-end.

It was noted that the Bank Balance as at 31 January 2013 was £2.6 million and that investments at the Ulster and Santander Banks amounted to £1.75 million.

Mrs Moore referred the Committee to the Financial KPIs as at 31 January 2013 and projected to 31 July 2013. Most of these KPIs are within the DEL target range but the staff costs as a

percentage of total income is outside the range and will remain outside by the projected date of 31 July 2013.

### **33.8 Non-Departmental Public Body (NDPB) Budget Submission**

The Committee (4 February 2013) noted that Monthly Forecast Out-Turn Returns are required by DEL as a result of Colleges being reclassified as Non-Departmental Public Bodies (NDPB). The Director of Finance and Corporate Development undertook to present a NDPB Budget submission to the next meeting of the Committee.

Mrs Moore presented the recent February Submission detailing the forecast expenditure from April 2012 to March 2013. The Chair asked if the NDPB Submission should be reconciled with the Monthly Management Accounts. The Principal advised the Committee that he is not held accountable for the NDPB Submission at present and the reconciliation process would be time consuming and the College would derive little or no benefit from the exercise. **It was agreed that Mrs Moore should continue to bring the Monthly Forecast Returns to the Committee and that the Committee would keep the situation under review.**

The Principal advised the Committee that the Minister was going out to consultation as to the status of FE Colleges in the near future and this could have implications for such returns. It was noted that, irrespective of the outcome of the consultation, the current NDPB status would continue until March 2015.

### **33.9 FE College Health Check**

The Committee considered the FE College Health Check for the 1<sup>st</sup> Quarter 2012/2013. The College continues to work through its Business Improvement Plan including a Staffing Plan, which is reducing staff cost ratios. The budget ratios for 2012/2013 already forecast the consequences of changes in staffing levels in 2011/2012 with staff costs as a percentage of total income reducing from 75% to 72%.

In response to a query regarding the time scale for bringing the income to staff ratio into line with the Sector parameters, the Principal that this would be addressed through the Staffing Plan, which would identify changes in curriculum provision and ensure that resources were allocated to income generating areas.

The Committee noted that there was still a need to refine this ratio; some colleges had contracts such as 'Steps to Work' or 'Large Training for Success' contracts in place where income received was paid out directly to sub-contractors or trainees. This income, which has no effect on the surplus a College generates, does, however, affect the staffing to income ratio

### **33.10 Estate Issues**

The Committee received an update regarding estate issues. The Committee noted the following issues:

a) College Operations KPIs. The current status relating to the completion of the Outline Business Case target is amber at February 2013 but it is anticipated that the OBC will have been completed and the projected status achieved by 31 July 2013 and is, therefore, colour coded green. The target for the disposal of sites at Antrim and Portrush is unlikely to be achieved by 31 July 2013 and is colour coded red.

b) Outline Business Case. Mrs Crotty, Director of Planning and Customer Services, gave a presentation regarding the OBC. She stated that DEL anticipated that capital funding may be available for NRC over the period 2014/2017. She indicated that this funding may be sufficient funding to complete a new build to replace the current Ballymoney and Coleraine buildings. The funding that may be available is unlikely to be sufficient to complete a new build at Ballymena. It may be possible to build a phase of a Ballymena new build but it would be preferable to invest the funding that may be available in the North of the College catchment

area, where the buildings are in a poorer state than those in Ballymena. The Principal added that any development decision would come with a risk. It is anticipated that a Ballymena development would follow at a later date, but there is currently no funding projected.

Mrs Crotty referred to the Minister's visit to the Larne Adult Education Centre on 28 February 2013. It was noted that the Department had approved the previous Economic Appraisal of the Larne Adult Education Centre on the basis that a recommendation as to the future of LAEC would be included in the OBC. Mrs Crotty stated that it would not be possible to progress the OBC without ministerial approval on Larne. Mrs Crotty is to update the assessment of need for the Larne Economic Appraisal and submit for Ministerial approval.

Mrs Crotty detailed the following actions that have been or are being completed to progress the OBC: a draft Schedule of Accommodation addressing ETI concerns has been submitted to the Department; an indicative Curriculum Plan has been forwarded to ETI for each campus; a Benefit Realisation Plan has been completed; and the Needs Section of the LAEC Economic Appraisal is being redrafted.

c) Property at Portrush. It was noted that a copy of the deeds for the property at Portrush had now been received and had been forwarded to the College's solicitors. The College's solicitors and staff would meet with the NEELB solicitors to discuss arrangements for the disposal of the property.

### **33.11 Corporate KPIs**

The Director of Finance and Corporate Development presented a paper providing the current status as at 31 January 2013 and the projected status as at 31 July 2013 for Finance KPIs. Four of the five Finance targets are projected to be achieved by 31 July 2013 and are colour coded green; they are: the anticipated historical deficit of no more than £181k for normal activities and £148 for redundancy; the generation of £2.3m Net Training income; the generation of £1.545m Entitlement Framework income; and the generation of £360k Bespoke Training income. The target regarding the generation of £827k External Grant Funded Income is currently coded red as it is less than budget; it is projected to be £92k less than budget by 31 July 2013 and continues to be colour coded red. The shortfall in grant received is matched by an underspend in expenditure. This shortfall was caused by difficulties in recruiting specialist posts within a time-bounded project.

The Committee discussed Corporate KPIs for 2013/2014 and agreed that KPIs should be in line with the FE College Health Check. The Committee suggested that consideration should be given to the inclusion of a KPI relating to 'Other Income Generation'. A view was expressed that staffing ratios should be broken down and looked at in more detail rather than only at the high level ratio. Mrs Moore undertook to bring revised KPIs to a future meeting.

### **33.12 Strategic Workshop**

The Committee received a summary of proceedings at the Governing Body Workshop on 12 February 2013. Members were of the view that it had been a worthwhile session. The Principal stated that he had been pleased with the level of participation at the Workshop and mentioned in particular the detailed discussion relating to the Balanced Scorecard.

It was noted that the summary of proceedings would be forwarded to the meeting of the Governing Body (6 March 2013) to facilitate discussion of strategic planning issues.

### **33.13 Any Other Notified Business**

#### **33.13.1 Funded Learning Unit (FLU) Bid**

The Director of Planning and Customer Services presented a paper on the College's FLU Bid, which had been submitted to DEL for 2013/2014 to 2015/2016. She explained that the targets had been set for full and part-time Further Education, Higher Education and Essential Skills. She said that the Department would discuss the Bid with representatives from the College in

March at the Bi-lateral meeting. Targets and recurrent grant income for 2013/2014 would then be issued from DEL. This was likely to happen in April.

Commenting on the Bid, the Director of Planning and Customer Services said that the College was planning for a small level of growth in Level 3 full-time FE provision and at Levels 1,2 and 3 part-time FE for 2013/2014. Mrs Crotty said that the College was also seeking an increase in its MaSN allocation of 16 places in 2013/2014 and a further 32 in 2014/2015. These additional HE places would be planned in STEM and/or PSA areas

As there was no other notified business the meeting concluded at 7.05 pm

### **33.12 Next Meeting**

The Chairperson reminded Members that the next meeting is scheduled for **Monday 25 March 2013** at the Farm Lodge Ballymena Campus commencing at 5.30 pm.

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Kay Collins, Chairperson

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J A Hunter, Secretary