

NORTHERN REGIONAL COLLEGE

FINANCE AND GENERAL PURPOSES COMMITTEE

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

Present Mrs K Collins, (Chairperson), Mr T Neilands (Director) and Mrs G McConnell

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

UNRESERVED BUSINESS

34.1 Apologies

Apologies were received from Mr S Davidson and Dr D Lennox.

34.2 Declaration of Interests

There were no declarations of interests.

34.3 Minutes of the Last Meeting

The minutes of the last meeting, held on 25 February 2013, were approved.

33.4 Matters Arising

There were no matters arising.

34.5 Chairperson's Communication

34.5.1 Membership of the Governing Body.

The Chair reported that Councillor Currie had resigned as the NEELB representative on the Governing Body and that the Department had been informed. It was noted that Alderman Brown is investigating an appropriate replacement from NEELB. DEL has advised the Secretary that the Department and not the College should request a replacement.

34.6 Correspondence

The Committee noted the following correspondence received since the last meeting:

a) Circular FE 04/13, dated 27 February 2013, circulated by DEL providing summary information from College Accounts for the academic years 2006/2007 to 2011/2012. Mrs Moore, the Director of Finance and Corporate Development, drew attention to Appendix 2a to the Circular, which shows NRC to have the lowest income in the Sector in the year 2011/12, the highest deficit, the second lowest in terms of cash, the highest diversity of income and the highest ratio of payroll costs to total income. Mrs Moore stated that these ratios had already been highlighted in the College Health Checks. She mentioned that the Quarter 2 Health Check 2012/13 would report the ratio of staff costs to student related income, which would be considered by the Staffing Committee at its next meeting on 15 April 2013.

b) Correspondence from the Department of Finance and Personnel, dated 12 March 2013, regarding the prompt payment of invoices. Mrs Moore advised the Committee that the amendments did not remove the commitment to paying suppliers as quickly as possible, within 10 days. The new legislation, which came into force on 16 March 2013, requires all

public authorities to pay suppliers within 30 days of receipt of an undisputed invoice. If payment is not made within 30 days, debtors will be obliged to pay the outstanding amount plus interest for every day the payment is late and a fixed penalty based on the value of the unpaid debt. Mrs Moore provided details of the percentage of invoices paid during February 2013, when 76% of the previous year's invoices were paid within 30 days and 50 % within 10 days. All February's undisputed invoices were paid within 30 days.

c) Correspondence from the Department of Finance and Personnel, dated 4 March 2013, to advise of a revised process for notifying DFP and the Northern Ireland Audit Office of fraud cases detected through the National Fraud Initiative (NFI). Mrs Moore reported that the College already reports discrepancies identified as part of the National Fraud Initiative to DEL using the process identified in the correspondence. Mrs Moore provided the Committee with a summary indicating that the College has 247 match sets to investigate for the 2012/13 matching exercise.

34.7 Monthly Management Accounts

The Committee noted the Monthly Management Accounts for the period up to 28 February 2013. The Accounts indicate that the College has an historic cost surplus of £828k, which is £70k ahead of budget. The Bank Balance as at 28 February 2013 was £3.1 million.

Details are also provided of the Financial KPIs as at 28 February 2013 and projected to 31 July 2013. All of the KPIs are within the DEL target range by the projected date of 31 July 2013 with the exception of Staff Costs as % of Total Income. The Staff Costs ratio is currently 68%, which is within the DEL Target of less than 70% but by 31 July 2013 it is projected to be 73%.

A query was raised regarding the use of agency staff. Mrs Moore reported that agency staff were used to fill temporary posts that could not be filled using the College's support staff register.

Mrs Moore said that the College expected to achieve a deficit of no more than £181k for normal activities for the year to 31 July 2013. Projected redundancy costs, however, were likely to be higher than the amount budgeted, £148k. She said that it may be necessary to have a joint meeting with the Staffing Committee to give consideration to this matter.

34.8 Non-Departmental Public Body (NDPB) Budget Submission February 2013

The Committee noted the Monthly Forecast Out-Turn Returns, which are required by DEL as a result of Colleges being reclassified as Non-Departmental Public Bodies (NDPB). The Committee noted that the NDPD Returns had been reconciled with the Monthly Management Accounts. Mrs Moore undertook to provide the Chair with further details of the reconciliation process.

34.9 Estate Issues

The Committee received an update regarding estate issues from Mrs Crotty, Director of Planning and Customer Services. The Committee noted the following issues:

a) Larne Adult Education Centre. No significant change

b) Antrim Campus. The Campus had now been placed on the open market leaving the option for sale of part of the campus to Fold Housing. Mrs Crotty explained that the sale was being administered through Land and Property Services

c) Portrush Property. A meeting had been held with representatives from NEELB last week, when it was noted that the property could only be sold for educational purposes. The College's solicitors are to obtain Counsel's opinion as to the current ownership of the property.

d) Outline Business Case. Mrs Crotty advised that the Case was close to final submission. She reported that DEL had shown flexibility regarding the Schedule of Accommodation The business case for the LAEC was to be updated to inform the OBC.

34.10 Corporate KPIs

The Committee received a paper providing the current status as at 31 January 2013 and the projected status as at 31 July 2013 for the following domains and KPIs:

a) **College Operations Domain.** Both KPIs relating to the draft Schedule of Accommodation and the disposal of surplus sites are currently colour-coded amber. It is anticipated that the OBC will be completed by 31 July 2013 and is coloured code green but the disposal of surplus sites is not expected to be achieved by the target date and is colour coded red. This target will roll forward to 2013/14.

b) **Finance Domain.** Four of the five KPIs are currently colour coded green; the fifth relating to the generation of External Grant Funded income is less than budget and is colour coded red. It is anticipated that three KPIs will be achieved by the projected date of 31 July: generation of £2.3m net Training Income; generation of £360k Bespoke Training Income; and achievement of a deficit of no more than £181k for normal activities and £148k for redundancy costs. Mrs Moore explained that projected redundancy costs, however, were now expected to be higher than the amount budgeted, £148k. Two further KPIs are not expected to be achieved by 31 July 2013: the generation of £1.545m Entitlement Framework Income; and the generation of £827k External Grant Funded Income. Although the income falls short of target, there is no reason to believe that this will have a detrimental effect on the bottom line.

In response to a query from the Chair regarding the generation of income, Mrs Moore stated that there had been a decline in recent years in the College's main sources of income. It was noted that there was an opportunity for increased income from an enhanced provision of Higher Education places but this would be a gradual process.

34.11 Financial Planning And Budgetary Control

The Committee received a copy of the Internal Audit Review of Financial Planning and Budgetary Control (January 2013).

The Internal Auditors have provided financial benchmarking information in relation to the Financial Performance of 73 FE Colleges throughout the UK. NRC has one of the highest ratios for staff costs as a % of total income. The Committee noted that the Staffing Committee would give further consideration to this matter at its next meeting

34.12 Any Other Notified Business

As there was no other notified business the meeting concluded at 6.35 pm.

34.13 Next Meeting

The Chairperson reminded Members that the next meeting is scheduled for **Monday 3 June** at the Farm Lodge Ballymena Campus commencing at 5.30 pm. It was noted that it may be necessary to hold a joint meeting with the Staffing Committee before the scheduled meeting.

Kay Collins, Chairperson

J A Hunter, Secretary