

NORTHERN REGIONAL COLLEGE

FINANCE AND GENERAL PURPOSES COMMITTEE

Minutes of the meeting of the Finance and General Purposes Committee held on 29 May 2012 at the Ballymena Campus.

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

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

UNRESERVED BUSINESS

28.1 Apologies

There were no apologies.

28.2 Declaration of Interests

There were no declarations of interests.

28.3 Minutes of the Last Meeting

The minutes of the last meeting, held on 28 March 2012, were approved.

28.4 Matters Arising

28.4.1 Membership of the Governing Body (minute 27.4.1)

The Committee noted that the Department for Employment and Learning has appointed Alderman J Brown and Councillor J Currie as Members of the Governing Body for the period 3 April 2012 to 2 April 2016.

27.4.2 Reclassification of Further Education Colleges (minute 27.11)

Following the decision of the Office of National Statistics (ONS) regarding the reclassification of Further Education Colleges, the Department of Finance and Personnel (DFP) has classified FE Colleges as Executive Non-Departmental Public Bodies (NDPBs). Mrs Moore, the Director of Finance and Corporate Development, informed members that DEL had organised a briefing session for representatives from the Finance Department of each college regarding NDPBs.

DEL has identified seven strands as part of the implementation project. Mrs Moore stated that DEL had already secured public expenditure budget cover for all College reserves until March 2015.

It was noted that initial work with DEL would concentrate on budgets and forecasts for 2012/2015. All budgets/forecasts will be based on the financial year 1 April to 31 March and not the College financial year 1 August to 31 July. Mrs Moore said that all budgets had now been set for the DEL financial year to 31 March 2013. Colleges are required to submit Monthly Forecast Out-turn Returns to DEL and participate in three Monitoring Rounds to inform the Department of any pressures and easements on their budgets.

Mrs Moore expressed concern regarding the increased volume of work and the tight deadlines for the submission of returns to the Department. She said that there was anxiety about the quality of the returns as there was little time to check assumptions. It was hoped

that the Department would be conscious of the difficulties facing colleges and show flexibility and understanding.

The Committee agreed that the Director should raise these concerns with the Department.

28.4.3 Funded Learning Unit Bid (minute 27.12.1)

The Committee received correspondence from DEL, dated 25 April 2012, allocating funds to each College in respect of FE, Essential Skills and HE for the period 1 August 2012 to 31 July 2013 from the recurrent block grant of £146 million. The College has been allocated £21,824,600 representing an increase of 1.91% or £408,510 on the 2011/2012 allocation.

The Director stated that the College had been allocated an enhanced FLU HE in FE Target of 799 for 2012/2013 compared with a Target of 708 for 2011/2012; He added that the College had been hoping for an additional £700k but had to be satisfied with an extra £400k.

The Director drew attention to the MaSN cap in each of the six colleges and pointed out that NRC had the lowest allocation. He added that the College was the second lowest at the time of the merger in 2007 but had been overtaken by the college with the lowest allocation following a campaign to increase its HE allocation. He advised the Committee that if NRC had now the same allocation as this college it would result in a substantial increase in funding. In the circumstances it would be important for the College to mount a campaign to increase its FLU HE allocation.

28.5 Chairperson's Communication

There were no Chairperson's communications.

28.6 Correspondence

The Committee noted the following correspondence, which had been received since the last meeting:

- a) Circular FE 18/01 circulated by DEL on 9 March 2012 regarding Capital Development Procedures;
- b) Circular FE/04 circulated by DEL on 9 March 2012 regarding FE Estate Strategy;
- c) Circular 05/03 circulated on 9 March 2012 regarding the disposal of Surplus Lands and Buildings.

The Director of Finance and Corporate Development commented that the College is following the guidelines detailed in the Circulars.

28.7 Monthly Management Accounts

The Director of Finance presented the Monthly Management Accounts for the period up to 31 March 2012. The Accounts indicate that the College has an historic cost surplus of £1,224k, which was £115k behind budget. She said that the projected outturn for 2011/2012 was still a deficit of £1,231k. The Bank Balance as at 31 March 2012 was £4.7 million. A separate sheet has been provided for investments at the Ulster and First Trust Banks amounting to £4.0 million.

The Director of Finance and Corporate Development presented key performance indicators for March 2012 and projected to 31 July 2012 based on the KPIs used in DEL's quarterly Healthchecks.

Historic surplus/(deficit) as % of total income is currently a positive ratio but will fall to a negative ratio outside DEL's suggested range by 31 July. The current ratio is currently outside DEL's suggested range, but should return to within the range by 31 July 2012.

Cash days are higher than DEL's target range both at the end of March and also projected to the year-end. The Director of Finance & Corporate Development is satisfied with this situation.

Staff costs as a % of both income and expenditure are within DEL's range at 31 March 2012 but are forecasted to be above the suggested range by the year end.

28.8 Estate Issues

The Committee received an update regarding the following estate issues:

a) Outline Business Case. The tender process to appoint consultants has commenced and tenders will be evaluated on 6 June 2012.

b) Larne Adult Education Centre. The draft lease is being discussed with the tenant. It is hoped to have an agreed lease and the tenants in place by 1 July 2012.

c) Antrim Campus. Two public sector parties have shown an interest in the property and meetings have been arranged with the interested parties. The deadline for the receipt of interest has been extended to facilitate the interested parties

d) Portrush. There has been no further progress since the meetings of the Land Disposal Committee on 4 January and 10 January 2012. It was suggested that DEL and DE should be encouraged to resolve the difficulties over the disposal of the property resulting from joint ownership.

e) Station Road, Newtownabbey. There has been no further progress since the meetings of the Land Disposal Committee on 4 January and 10 January 2012.

f) Maintenance Matters. Only essential maintenance will be undertaken for the remainder of 2011/2012. It was noted that planning had commenced for 2012/1013.

28.9 Single Action Procurements

The Director of Finance provided an update regarding single action procurements. The Committee noted details of Single Action Procurements for March and April 2012. There were no Single Action Procurements, in excess of £5,000, during the period.

28.10 College Health Check

The Committee received the FE College Health Check Report based on information available at the end of Quarter 2, 2011/2012. The Report provides a range of information on various key performance indicators from the financial, economic, staffing and learning categories.

The Report makes a number of comments regarding the College's performance including:

- Staff cost ratios, as a percentage of income, are the highest in the sector.
- Estate costs are below the sector average, which reflects the lack of investment in estate due to the age of the buildings
- The College has the highest diversity of income figure in the sector, demonstrating that it is not as reliant on DEL income as some other colleges. Part of this is due to the fact that the College has no PFI buildings and therefore no reliance on the Department in this area

- The College has the lowest diversity of income in relation to recurrent grant. The College receives 67% of income from recurrent grant compared to the sector average of 58%
- The College has the highest ratio of FTE staff per £1m income generated
- Overall retention, achievement and success figures show a significant improvement from the previous year and are broadly in line with the sector average.

28.11 Any Other Notified Business

28.11.1. Half-Yearly Review of the Financial Position

The Director of Finance and Corporate Development reported that she and the Management Accountant had conducted a review of the Financial Position, with each Budget Holder at the six-month period. She had conducted a further review at the seven-month period with the Director, each budget holder and their line manager. She advised the Committee that there was no net impact on the College projection of a £1.2m deficit for the year 2011/2012. During the review budgetary pressures amounting to £187k were identified, which will be funded out of the additional £339k recurrent grant received in March 2012. The balance will be invested in IT infrastructure.

28.12 Next Meeting

It was noted that the next meeting of the Committee would be held on Tuesday 26 June 2012 at the Ballymena Campus commencing at 7.15 pm.