

NORTHERN REGIONAL COLLEGE

FINANCE AND GENERAL PURPOSES COMMITTEE

Minutes of the meeting of the Finance and General Purposes Committee held on 1 June 2015 at the Ballymena Campus.

Present Mrs K Collins (Chair), Dr D Lennox, Mrs G McConnell and Professor T Scott (Principal)

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

UNRESERVED BUSINESS

49.1 Apologies

An apology was received from Mr S Davidson.

49.2 Declaration of Interests

There were no declarations of interests.

49.3 Minutes of the Last Meeting

The unreserved minutes of the last meeting held on 30 March 2015 were approved

49.4 Matters Arising

There were no matters arising from the minutes of the last meeting.

49.5 Correspondence

There was no correspondence to report.

49.6 Chairperson's Communications

There were no communications.

49.7 FE College Health Check Issue 2 2014/2015

The Committee received a copy of the relevant sections of the FE College Health Check Issue 2 2014/2015. It noted the following issues:

a) The historic surplus as a percentage of total income, current ratio, cash days, debtor days and creditor days are all within DEL's suggested range for the year 2014/15, based on Quarter 2 Management Accounts (six months to 31 January 2015).

b) I&E reserves as a percentage of total income is projected to be 1% below the DEL suggested range for 2014/15. The revised Management Statement/Financial Statement does not allow for Colleges making surpluses to increase reserves, unless for specific future investments.

c) Staff costs as a percentage of total income for 2014/15 (70%) are 1% higher than the DEL suggested range (<70%). The NRC April Management Accounts project that this ratio will decrease to 69%, as a result of holding vacant posts unfilled during 2014/15, unless essential to the College's business need. Actions will be taken as a result of the implementation of the SIP to reduce this ratio from 2015/16 onwards. In response to a query regarding the cost of catering, it was noted that a procurement exercise to out-source 4 of the College's canteens was carried out in 2014. This exercise was unsuccessful. The future of catering services will be reconsidered during 2015/2016

d) The FLU performance data is based on the February 2015 FLU lift. Projected FE FLU performance for 2014/15 for NRC is 218 FLUs less than target (£743k). It was noted that the penalty for under delivery has been taken into account in the allocation of recurrent grant for 2015/2016 and associated FLU target. Mrs Moore stated that the FLU target for 2015/2016 was realistic and the target for the current year had been challenging. The main area for under-delivery was in full time FE classes, and this was not restricted to a specific vocational or geographic area, but was across all vocational areas and campuses.

e) Projected HE FLU performance for 2014/15 for NRC is 150 FLUs less than target (£509k). All Colleges are projected to fall short of target

f) Projected ES FLU performance for 2014/15 for NRC is slightly less than target (16 FLUs; £53k).

49.8 Finance KPIs

The Committee noted progress as at 1 June 2015 in relation Finance KPIs:

i) OBC. The estimated date of the completion of the revised OBC by Deloitte is 30 June 2015. The estimated date of approval of the OBC by the Minister is July 2015 and by DfP August 2015.

ii) Disposal of Antrim Campus. The disposal has been completed and the target achieved.

iii) College Finance. NRC is on target to achieve its target an historic cost surplus of £0.4k at the year-end. The use of unallocated budget (£292k) is being considered for exceptional costs and investment in resources. The Principal advised that it would be necessary to have confirmation of the figures from the Financial Review Group before proceeding to procurement. The Finance Review Group is a group that oversees the monitoring of the budget. It consists of the Executive Management Team, Head of Finance, College Accountant, Heads of Faculty and Head of Infrastructure. Other relevant members of staff attend by invitation. It was noted that budgets are amended to reflect projection to year end. Actual out-turn by budget holder is compared to original budget at the year end. The Principal stated that it was intended to develop an online and standardised system to monitor staff expenditure.

iv) WBL. The training programme has recruited to target and the total income projected for the year is in line with the original budget £1.685m

v) School Activity. The EF programme has achieved the target.

vi) Business Development. The annual Bespoke income is projected to be on target by the year-end and Business Development activity income is lower than budget but this is matched by lower expenditure. The Committee noted that income for Business Development activity was 'income in income out' but a more competitive rate could be set for bespoke training to generate additional funds.

vii) Payment of Suppliers. The College is progressing towards meeting the 95% target for invoices paid within 30 days. This is in line with the Sector average

viii) FLU. The predicted FLU for 2014/2015 is 6,183 (419 less than target) and is colour coded red.

49.9 Monthly Management Accounts

The Committee received the Monthly Management Accounts for the period up to 30 April 2015. The Accounts indicate that the College has an historic cost surplus of £2,328k, which is £657k ahead of budget. The Bank Balance as at 30 April 2015 was £5.3 million. Governors made a number of comments during discussion:

- Concern was expressed that budget holders may be delaying expenditure until near the end of the financial year to ensure that they meet their budgets, This can lead to expenditure on inappropriate materials in the final months before the end of the financial year.

- £12k salaries had been disallowed in respect of DSD Creating Pathways as increment and pay rises had not been included in the letter of offer. It was noted that the Finance Review Team would give consideration to this matter
- Advertising expenditure is £66k less than budget. Any under-spend will be re-invested in campaigns to ensure maximum recruitment in 2015/2016
- Expenditure had been delayed on the installation of a lift at Newtownabbey Campus at a cost of £50k to minimise disruption to classes. It was also noted that further estate expenditure would be incurred on: roof repairs, air conditioning, insulation and the installation of a washer/drier

49.10 Non-Departmental Public Body (NDPB) Submission

The Committee received a copy of the NDPB Forecast Schedule for March 2015, which has been forwarded to the Department. The return has been reconciled with the Monthly Management Accounts and there is no variation between the Accounts and the NDPB return

49.11 Any Other Business

There was no notified business

49.12 Next Meeting

The Chair reminded that the next meeting is scheduled for Monday 22 June 2015 at the Farm Lodge Ballymena campus commencing at 6.30 pm.

K Collins, Chairperson

J A Hunter, Secretary