

## **NORTHERN REGIONAL COLLEGE**

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

Minutes of the meeting of the Finance and General Purposes Committee held on 2 March 2015 at the Ballymena Campus.

Present            Dr D Lennox (Chair), Mr S Davidson and Professor T Scott (Principal)

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

### **UNRESERVED BUSINESS**

#### **47.1    Apologies & Membership**

a) Apologies were received from Mrs K Collins and Mrs G McConnell. In the absence Dr Lennox (Vice Chair) chaired the meeting.

b) Membership of the Governing Body. The Committee noted that four members, Mrs K Collins, Mr S Davidson, Alderman PJ McAvoy and Mrs A Rankin, will have completed two terms of office and will be required to retire on 31 July 2015. There is also a vacancy in respect of Mr Goldsworthy, who retired recently. DEL is currently recruiting five replacements and has been alerted to the need to appoint at least two Governors with senior financial experience. DEL has had a good response and several expressions of interest have been received from candidates wishing to serve on the NRC Governing Body. The Principal stated that it was intended to invite new Governors to attend the final Governing Body meeting in June as observers. It was noted that Mrs Eve has replaced Mr Goldsworthy on the Audit Committee.

It was also noted that there are two staff representatives on the Governing Body; the end-date to the current term of office in respect of Mr McCartney, the non-teaching staff representative, is 1 November 2015 and for Mr Murray, the teaching staff representative, 10 June 2016. It will be necessary to organise an election to appoint one member of non-teaching staff at the beginning of September 2015 and for the teaching representative in April 2016. Both serving representatives are eligible for re-election.

The College has two NEELB representatives; the end-date for Alderman Brown's first term of office is 2 April 2016 and for Mr Kennedy, 12 May 2017. DEL has advised the College that both are eligible for reappointment despite the demise of the NEELB.

There are two co-opted members on the Governing Body; Mrs Eve's first term of office terminates on 3 February 2017 and Mr Nelson's second period of office on 31 August 2019.

#### **47.2    Declaration of Interests**

There were no declarations of interests.

#### **47.3    Minutes of the Last Meeting**

The unreserved minutes of the last meeting held on 1 December 2014 were approved

#### **47.4    Matters Arising**

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

#### **47.5 Correspondence**

The Committee received a copy of correspondence, dated 18 February 2015, from the Department regarding Provisional Further Education Budget Targets. Mrs Moore advised the Committee that the budget letter indicated a provisional FLU target of FE 4730, HE 926 and ES 421, giving an annual recurrent grant of £20,661,341. This represents approximately 140 FLUs less than projected for 2014/15 and a reduction of £1.4 million in recurrent grant.

The Department will monitor the delivery of FE curriculum targets with colleges through the annual CDP and budget setting processes. Colleges have been asked to break down their FLU targets along the following broad lines: 32% of college funded provision to be at level 2; 60% of college funded provision to be at level 3; and 90% of college funded provision to be vocational in nature.

It was noted that the Minister had agreed total cuts to the Sector of £12m in 2015/2016. If the Sector is able to secure a £6m draw-down from the End Year Flexibility, this would leave residual cuts of £6m. If the draw-down is unsuccessful, the residual cuts would rise from £6m to £12m, which colleges would need to manage. This would require further savings.

Dr Lennox referred to the business case in relation to the remuneration of Governing Body members, which is currently near final approval. The cost of this would have to be borne by colleges.

#### **47.6 Finance & General Purposes Committee KPIs**

The Committee received a paper providing details of progress, as at 2 March 2015, in relation to Finance KPIs. It is anticipated that the College will meet all its targets by the year-end with the exception of the FLU target; the predicted FLU for 2014/2015 is 6,223 which is 378 less than target.

Mrs Crotty stated that it was projected that Deloitte would complete the revised OBC by 29 May 2015 and it was anticipated that Ministerial approval would be granted by 3 July 2015. The estimated date for DFP approval was mid-August 2015. The Principal indicated that a further meeting had been arranged with DEL and ETI representatives to revisit the Curriculum Plan and the Associated Schedule of Accommodation that would be resubmitted to DEL/eti on 6<sup>th</sup> March

#### **47.7 Monthly Management Accounts**

The Committee received the Monthly Management Accounts for the period up to 31 January 2015. The Accounts indicate that the College has an historic cost surplus of £2,031k, which is £436k ahead of budget. The Bank Balance as at 31 January 2015 was £3.7 million; this was within the tolerance level set by DEL. Members queried some of the variances in relation to operating expenses.

The Chair drew attention to a number of additional costs in respect of the Strategic Improvement Plan consultants. Clarification on reimbursement (from DEL) of a portion of the costs is being sought.

#### **47.8 Non-Departmental Public Body (NDPB) Submission**

The Committee noted a copy of the NDPB Forecast Schedule for January 2015, reconciled to the January Management Accounts, which has been forwarded to the Department. A query was raised as to whether it was necessary for the Committee to receive the NDPB return. **It was agreed that a decision should be delayed until the next meeting.**

#### **47.9 Revised Management Statement/Financial Memorandum**

The Committee noted that DEL had drafted a revised Management Statement/Financial Memorandum to align Colleges with DFP guidance for executive non-departmental public bodies (NDPBs), as a result of the reclassification of the Colleges by the Office for National Statistics (ONS) in 2010. Colleges had received a copy of the revised draft Management Statement/Financial Memorandum in November

2014. It was noted that DEL intends to implement the Management Statement/Financial Memorandum from 1 April 2015.

The Committee received a paper summarising the key differences and points to note between the revised and the existing Financial Memorandum. During discussion the following issues were highlighted:

- Cash balances will continue to be a maximum of 10% of prior year income
- Guidance in relation to procurement is reinforced
- The budget will run from 1 April to 31 March each year. The College Development Plan will continue as a three-year period process running from 1 August to 31 July each year
- The Annual Accounts will continue to be prepared for the period 1 August to 31 July each year. Mrs Moore indicated that College Accounts would need to be within £50k of its target by 31 March each year to align with the budgetary year 1 April to 31 March.
- DEL and DFP prior approval will be required if colleges wish to take out insurance other than insurance required by the Road Traffic Order. This matter is being discussed by NIFON
- Expenditure on staff pay and conditions of service is to be tied in expressly to terms and conditions approved by DEL and DFP.
- Colleges are restricted, without prior DEL and DFP written approval, from giving any guarantee, indemnities, letters of comfort or incur any other contingent liability. It was noted that this could have implications particularly in relation to student placements.

DEL will provide training to Senior Managers and Governors regarding the Management Statement/Financial Memorandum. This is likely to take place in May/June 2015.

#### **47.10 Any Other Business**

There was no notified business

#### **47.11 Next Meeting**

**The next meeting** is scheduled for **Monday 30 March 2015** at the Farm Lodge Ballymena Campus **commencing at 6.30 pm**. It was noted that the Committee would join with the Staffing Committee to consider, inter alia, the Staffing Plan.