

## **NORTHERN REGIONAL COLLEGE**

### **GOVERNING BODY**

Minutes of the meeting of the Governing Body held at 5.15 pm on 12 March 2014 at the Farm Lodge Ballymena Campus, Northern Regional College.

Present Mr G Gilpin (Chairperson), Mr T Neilands (Principal), Mrs I Allison, Mrs K Collins, Mr S Davidson, Mrs J Eve, Mr I Goldsworthy, Mr R Jay, Mr A Kennedy, Dr D Lennox, Alderman PJ McAvoy, Mr S McCartney, Mrs G McConnell, Mr M Murray and Mrs A Rankin

In Attendance Mrs B Crotty, Mrs C Moore, Dr C O'Mullan and Mr J A Hunter

### **UNRESERVED BUSINESS**

#### **52.1 Apologies**

Apologies were received from Alderman J Brown, Mr S Kelly and Mr K Nelson. It was noted that Mr Nelson was being admitted to the Royal Victoria Hospital for further investigation next week. The Governing Body sent him its best wishes for a successful outcome.

#### **52.2 Declaration of Interests**

There were no declarations of interests.

#### **52.3 Minutes of Last Meeting**

The minutes of the last meeting of the Governing Body held on 29 January 2014 were approved.

#### **52.4 Matters Arising**

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

#### **52.5 Chair's Communications**

The Chair stated that he had attended several meetings and events since the last meeting. He mentioned, in particular, meetings he had attended regarding the recruitment of a new Chief Executive and the Review of Colleges Northern Ireland.

#### **52.6 Principal's Report**

The Principal referred to the following developments since the last meeting:

a) Review of Industrial Relations. The Review undertaken by Sir Robert Salisbury had been launched by Colleges Northern Ireland during the previous week. The Review would be considered by the Staffing Committee at its meeting on 31 March 2014.

b) End of Year Show. The Faculty of Art and Design, Media and the Performing Arts was staging a combined performance of Les Miserables and an Art Exhibition at the Riverside Theatre, Coleraine on 11, 12 and 13 June 2014. **It was agreed that a block booking should be made for Members of the Governing Body and their partners for Friday 13 June 2014.** It was also suggested that a pre-Theatre meal could be arranged for those interested at the Ramore Wine Bar. Governors stated that they would be happy to meet the cost of the Show and the pre-Theatre meal. The Principal indicated that his PA, Ms T Brannigan, would provide Governors with full details of the event in the forthcoming week.

## **52.6 Financial Controls and Key Processes Review**

Mrs Rankin, Chair of the Audit Committee, presented KPMG's final report on the effectiveness of the financial controls and key processes within the College. She stated that the Audit Committee (11 February 2014) had given consideration to the Report and there had been a lengthy 'in-camera' discussion regarding it with the Auditors, and DEL and NIAO representatives at the pre-meeting

Mrs Rankin informed the Governing Body that the overall objective of the assignment was to provide the Audit Committee with assurance as to:

a) The reasonableness of key factors highlighted by College management as having given rise to the unplanned deficit in 2012/2013. The Internal Auditors confirmed that the majority of key process failures, which contributed to the failure to predict the likely deficit position in 2012/2013, had been identified by management within their 'Report on Financial Out-turn for the year ended 31 July 2013'; this was presented to the Finance and General Purposes Committee (16 September 2013). The Internal Auditors have made additional recommendations in relation to training for budget holders, the review of the MVR1 form and the inclusion of finance on all SMT agendas. It was noted that these recommendations would be added to the College's Financial Monitoring Plan, which is considered at each meeting of the Finance and General Purposes Committee. Mrs Collins added that the Finance and General Purposes Committee (10 March 2014) had stressed the need for budget holders to be held responsible for meeting their budget targets. Mrs Moore undertook to review the scheme of budget delegation in light of the half-year variances.

b) The approach taken to the development of the 2013/2014 budget. The Internal Auditors noted that as a result of both the prior year deficit in 2012/2013 and resulting reductions on the current budget, there is a material risk that such funding constraints will result in increased pressures on management to achieve the budget plan. Mrs Rankin drew attention to the following key risks and vulnerabilities referred to in the Report: retention and attendance rates on training courses; teaching staff costs; infrastructure failures; absence cover for administrative and support functions; and reporting of monthly budget performance to F&GPC. She also highlighted the inherent risks of costs being incurred in respect of sickness leave, unplanned staff overtime, redundancy and marketing.

## **52.8 Correspondence**

There was no correspondence to report.

## **52.9 FE College Health Check Report Issue 1 2013/2014**

The Governing Body noted that Committees had considered the appropriate sections of the Health Check at their recent meetings:

a) Audit Committee (11 February 2014). The Audit Committee noted the following sections:

(i) Section 7, which provides comparative information in relation to Risk Management. The risk rating of the College has remained the same since the last Health Check.

(ii) Section 8, which provides a summary of the Priority 1, 2 and 3 issues detailed in the Report To Those Charged With Governance.

b) Education Committee (12 February 2014). The Committee gave consideration to the following sections:

(i) Annex 1, which shows the percentage of under/over delivery on FLU targets and the financial impact for each college in the key areas of Further Education, Essential Skills and Higher Education.

A summary of the projected results of actual FLUs against target for 2013/2014 indicate an under delivery particularly in full-time FE places. The Committee noted that NRC was at or better than the Sector average in relation to FE, ES and HE targets.

(ii) Annex 2, which provides details of the retention, achievement and success performances in each of the six colleges. The overall NRC Professional and Technical figures indicate that the College is below Sector average for Retention and Success in 2012/2013 and at Sector average for Achievement.

Reference was made to Bespoke Training particularly in Engineering, where the achievement rate is some 30%. It was noted that companies do not seek accreditation certificates for the training received. Dr O'Mullan, Director of Curriculum, stated that the College would remedy the situation in the near future by issuing Certificates of Achievement on course completion.

c) Finance and General Purposes Committee (24 February 2014). The Committee gave consideration to Section 1 Comparative Performance Information. It was noted that the comparative ratios for the 1<sup>st</sup> Quarter of 2013/2014 indicate that staff costs as a % of total income (72%) and staff costs as a % of total costs (69%) are still above the sector average. Mrs Moore drew attention to the staff costs as a % of student related income, which, at 82%, was above the sector average. She added that the ratio had been higher than anticipated due to the method of calculation employed by DEL. Reference was also made to the FTE staff per £1m income, which was the worst in the sector. The Committee noted a number of encouraging ratios such as the low estate costs and absenteeism rates.

d) Staffing Committee (24 February 2014). The Committee noted that the latest Governance Health Check had just been received. The Health Check was considered to be too lengthy to circulate in hard copy format to Committees. It was suggested that the whole document be emailed to all Governing Body members and the front section, the Summary for the Sector, be provided in hard copy in committee papers.

#### **52.10 Audit Committee**

The Governing Body received the minutes of the meeting of the Audit Committee held on 11 February 2014. It was noted that the Governing Body had no action to take in relation to the minutes. A cover sheet has been provided for Governors giving details of the following issues considered at the meeting:

a) Pre-Meeting. The Audit Committee, less staff representatives, met with the Internal and External Auditors and representatives from DEL and NIAO prior to the meeting. The Auditors and representatives from DEL and NIAO stated that they had had full co-operation from College management and had no issues to raise.

b) Proposed KPIs for KPMG. The Committee agreed that proposed changes to the current KPMG KPIs. be approved.

c) Risk Management Group. The Committee received the report of the meeting of the Risk Management Group held on 21 January 2014, which discussed and updated the College Risk Register and received an overview of Departmental Risk Registers. It was noted that the minutes would need to be adjusted to reflect the discussion which took place during the meeting in relation to issues raised at the DEL Accountability meeting regarding the risk scores associated with some risks.

d) Financial Controls and Key Processes Review. The Committee received KPMG's Final Report on the effectiveness of the financial controls and key processes within the College (see Minute 52.6 above)

e) Internal Audit Update. The Committee received a Progress Report regarding the Internal Audit Plan for 2013/2014, which provided details of reviews in respect of planning, finance, operations, governance and contract management.

f) Internal Audit Reports. The Internal Auditors presented the following documents:

(i) Procurement and Contract Management. The objective of the assignment was to assess the appropriateness and effectiveness of key processes and controls over Procurement and Contract Management at the College. The Internal Auditors have issued a 'Satisfactory' rating.

(ii) Core Financial Processes. The objective of this assignment was to assess the appropriateness and effectiveness of key processes and controls over Core Financial processes at the Northern Regional College. The key sub-processes covered within this review were: Bank/Treasury Management; Cash Handling; and Payments to Creditors. The Internal Auditors have issued a 'Satisfactory' rating to Bank/Treasury and Payments to Creditors. A 'Limited' assurance has been given to Cash Handling.

(iii) Corporate Governance and Risk Management. The objective of this assignment was to assess the appropriateness and effectiveness of key processes and controls over Corporate Governance and Risk Management at the College. Based on the work performed the Internal Auditors have issued a 'Substantial' rating for both Corporate Governance and Risk Management.

g) Progress Against Outstanding Recommendations. The Committee received a report providing the following details of progress against outstanding audit recommendations:

(i) KPMG Follow-up Report 2012/2013 Recommendations. One of the 7 recommendations has been implemented and six partially implemented.

(ii) Report To Those Charged With Governance (RTTCWG) 2012/2013 Recommendations. Five of the 7 recommendations have been implemented and two partially implemented. The partially implemented recommendations relate to the payment of purchase invoices within 30 days of receipt and credit balances.

(iii) KPMG Internal Audit Reviews 2013/2014 Recommendations. The Internal Auditors have made 21 recommendations as at 11 February 2014. Progress against the implementation of these recommendations will be reported in detail to subsequent Audit Committee meetings.

The Chair stated that it was essential to implement recommendations by target dates.

h) Purchase Order Direct Award Contracts. The Committee received details of Direct Award Contracts for the months of November 2013, December 2013 and January 2014. There were no Direct Award Contracts greater than £5,000 in all three months.

i) FE College Health Check Report Issue 1 2013/2014. The Audit Committee noted the following sections of the Report:

(i) Section 7, which provides comparative information in relation to Risk Management. The risk rating of the College has remained the same since the last Health Check.

(ii) Section 8, which provides a summary of the Priority 1, 2 and 3 issues detailed in the Report To Those Charged With Governance.

## **52.11 Education Committee**

The Governing Body received the minutes of the meeting of the Education Committee held on 12 February 2014. It was noted that the Governing Body had no action to take in relation to the minutes. A cover sheet has been provided for Governors giving details of the following issues considered at the meeting:

a) ETi Monitoring Visit December 2013. The Committee noted that the ETI had carried out a second interim follow-up inspection of the Further Education and Work-based Learning provision in the College in November 2012. The Committee noted that the ETI has confirmed

that the College is making satisfactory progress in addressing the key areas for improvement identified in the Work-based Learning provision in the original inspection report.

The ETI listed several areas of strength such as the helpful series of meetings conducted by the Teaching and Learning Committee with staff from all of the work-based learning programmes, the sharing of best practice across the College and the improving use of tracking systems to monitor learner progress. It also indicated a number of areas requiring further action such as the need to develop more effective curriculum planning processes in further education and work-based learning.

b) Statistical Bulletin – Professional and Technical Retention and Achievement Data. The Committee examined the Professional & Technical Retention and Achievement Data and noted that NRC had the lowest retention rate in the Sector but had an achievement rate reflecting the Sector average. The inference that the College was dispensing with weaker students to achieve higher achievement rates was without foundation. The statistics stressed the importance of placing students on appropriate courses.

c) Correspondence. The Committee noted the following correspondence:

(i) Review of Apprenticeships (Interim Report) January 2014. The Principal stated that it was an encouraging Review. DEL was aspiring to increase the status of the apprentice route into professional and technical occupations, to spread apprenticeships beyond traditional industries and to build progression routes to Level 3 Studies and Foundation Degrees. It was envisaged that Colleges would have a key role to play in the proposed scheme for apprenticeships.

(ii) FE Colleges Health Check 1<sup>st</sup> Quarter 2013/2014. The Committee gave consideration, in particular, to the following sections:

(a) Annex 1, which shows the percentage of under/over delivery on FLU targets and the financial impact for each college in the key areas of Further Education, Essential Skills and Higher Education. A summary of the projected results of actual FLUs against target for 2013/2014 indicate an under delivery particularly in full-time FE places. The Committee noted that NRC was at or better than the Sector average in relation to FE, ES and HE targets.

(b) Annex 2, which provides details of the retention, achievement and success performances in each of the six colleges. The overall NRC Professional and Technical figures indicate that the College is below Sector average for Retention and Success in 2012/2013 and at Sector average for Achievement.

d) Balanced Scorecard. The Committee received an update regarding the Student Experience domain of the Balanced Scorecard. The Committee noted that an under-delivery of 412 FLUs against target was predicted for 2013/2014 with a whole College Retention rate, presently 98.1%.

e) Quality Improvement. The Committee considered the following documents:

(i) QAA Quality Improvement Plan. The College has submitted a Quality Improvement Action Plan to QAA to identify actions to address findings detailed in the QAA Integrated Quality and Enhancement Review.

(ii) Learning and Teaching Panels. The Committee noted that: The Principal, Director of Curriculum and Head of Quality Improvement had met with the Heads of School and Curriculum Managers as part of the annual review of School performance; and a Classroom Observation Scheme had been implemented during 2013/2014 focussing largely on Essential Skills and Built Environment in order to support preparation for the ETI follow-up inspection.

(iii) Whole College Self Evaluation Review and Quality Improvement Plan Scrutiny Visit by ETI. The ETI has expressed confidence in the self-evaluation and quality improvement planning processes at the College.

f) Planning, Monitoring and Review Quality Cycle 2013/2014. The Committee received and approved a number of changes to the 2013/2014 Planning Cycle, focussing on 3 year curriculum planning deadlines.

## **52.12 Finance and General Purposes Committee**

The Governing Body received the minutes of the meetings of the Finance and General Purposes Committee held on 27 January 2014 and 24 February 2014.

Mrs Collins drew attention to the Review of Corporate Governance, which the Internal Auditors had undertaken in January 2014. It was noted that the Internal Auditors had issued a Substantial rating and had recommended that management should update and implement robust procedures to ensure the following: policy documents are subject to regular review; evidence of this review is to be retained; members of staff are to be notified of changes; and the most recent policies and procedures are retained on NRC's website/intranet

The Internal Auditors noted that the Standing Orders make no mention of the Rules of Debate, Proposals and Gifts and Hospitality. A target date of March 2014 has been issued for the implementation of their recommendations.

The Committee gave consideration to and made adjustments to standing orders, the governance document and the governance section of the NRC website and agreed that the Secretary should forward the revised documents to the Governing Body for approval.

### **The Governing Body agreed that:**

**a) Standing Orders be approved and annotated accordingly;**

**b) The Governance Document be approved on the understanding that it should be replaced at the end of the calendar year by the Governance Statement extracted from the Annual Report and Financial Statements**

**c) The Governance Website be approved.** It was noted that the website, which can be accessed at: [www.nrc.ac.uk/nrc/governance](http://www.nrc.ac.uk/nrc/governance) contains a considerable amount of information relating to the Articles of Government, Instrument of Government, Policy Documents, Terms of Reference and Minutes of the Governing Body and all its Committees and Financial Statements.

It was noted that the Governing Body had no further action to take in relation to the minutes. A cover sheet has been provided for Governors giving details of the following issues considered at the meetings on:

### **27 January 2014**

a) Progression-Related Increases. DFP has noted that all incremental progression payments for 2011/2012 and 2012/2013 have been classed as irregular and an approved pay remit was not in place at the time of payment. This resulted in the qualifying of the 2012/2013 accounts. Incremental Payments to Lecturers, due in September 2013, would not be made until approval for the pay remit was received from DFP. It was noted that the pay guidance was not received from DFP until August 2013.

b) Correspondence. The Committee noted Circular FE 12/13 received from the Department for Employment and Learning, dated 3 December 2013, which provides guidance to Further Education Colleges on the format, content and timing requirements of the College Development Plan process for the period 2014/2015 to 2016/2017.

c) Membership of Governing Body. The Committee noted that Mr Richard Jay, whose period of appointment expired on 24 January 2014, had had his period of appointment extended for a further four years.

d) Estates Issues. The Committee received an update on the following estate issues:

i) Disposal of Antrim Campus. There has been a delay in the sale of the land owing to the need to establish the cost of demolition prior to the property being placed on the market.

ii) Disposal of Lands at Newtownabbey. DEL had agreed to provide revenue funding for the appointment of consultants to enable planning permission to be gained for this property. There was no response to the tender issued by the College. Feedback from prospective tenderers suggested that the value of the tender would not allow them the opportunity to assess if there is any risk of contamination on the site. An addendum to the economic appraisal to allow for the cost of providing boreholes to assess contamination has been submitted to DEL.

iii) Disposal of Portrush Campus. A meeting arranged for early January with NEELB, DEL and NRC to settle ownership of the property the issue had to be postponed.

e) Monthly Management Accounts. The Committee received the Monthly Management Accounts for the period up to 31 December 2013, indicating that the College has an historic surplus of £999k, which is £158k ahead of budget for that period. The bank balance as at 31 December 2013 was £1.2m.

The Accounts provide details of Financial KPIs as at 31 December 2013 with projections for 31 July 2014. It was noted that the staff costs as a % of total income was 65% at 31 July 2013, as income for the financial year was front-loaded. The projected outturn for the year end was 72.7%.

f) Corporate KPIs. The Committee received a Progress Report regarding the following Corporate KPIs as at 27 January 2014. It was noted that in respect of:

i) College Operations. Good progress is being made with a number of targets.

ii) Finance. Most Finance KPIs are in line with or better than targets

g) Non-Departmental Public Body (NDPB) Submission (minute 40.10). The Committee received a copy of the NDPB Forecast Expenditure Schedule forwarded on a monthly basis to the Department. It was noted that the Return had been reconciled with the Monthly Management Accounts and there was no variation between the Accounts and the NDPB Return for December 2013.

h) Monitoring Financial Recommendations. The Committee received an update on progress against the implementation of recommendations identified as a result of events or process failures in relation to the financial out-turn 2012/2013. The Committee noted that good progress had been made and recommendations have been implemented or partially implemented in all categories.

## **24 February 2014**

a) Estates Issues. The Committee noted:

(i) Disposal of Antrim Campus. The property has been valued at £450,000 and BTW Shiells will place it on the market in the near future.

(ii) Disposal of Lands at Newtownabbey. An addendum to the economic appraisal for the appointment of a consultant for the disposal of the lands has been sent to DEL. The Department has replied indicating that it requires a rewrite of the economic appraisal.

(iii) Disposal of Portrush Campus. There is a possibility that NEELB has ownership of the property. A meeting to settle ownership has been arranged before the end of the NEELB financial year, March 2014.

b) Monthly Management Account. The Committee received the Monthly Management Accounts for the period up to 31 January 2014 indicating that the College has an historic surplus of £942k, which is £80k ahead of budget. The bank balance as at 31 January 2014 was £1.5m.

c) Corporate KPIs. The Committee received a Progress Report regarding the following Corporate KPIs as at 24 February 2014:

(i) College Operations. All milestones are complete in relation to the Outline Business Case;

(ii) Finance. Most Finance KPIs are in line with or better than targets. External Grant Funded income is £107k behind budget but this is matched by an underspend in expenditure. It was noted that Training income for the six months up to 31 January 2014 was £1,341k against a target of £1,244k.

d) Non-Departmental Public Body (NDPB) Submission. The Committee received a copy of the NDPB Forecast Expenditure Schedule forwarded on a monthly basis to the Department. It was noted that the Return had been reconciled with the Monthly Management Accounts and there was no variation between the Accounts and the NDPB Return for January 2014.

e) FE College Health Check Issue 1, 2013/2014. The Committee gave consideration to Section 1 Comparative Performance Information. It was noted that the comparative ratios for the 1<sup>st</sup> Quarter of 2013/2014 indicate that staff costs as a % of total income (72%) and staff costs as a % of total costs (69%) are still above the sector average. Mrs Moore drew attention to the staff costs as a % of student related income, which, at 82%, was above the sector average. The Committee noted a number of encouraging ratios such as the low estate costs and absenteeism rates.

## **52.21 Staffing Committee**

The Governing Body received the minutes of the meeting of the Staffing Committee held on 27 January 2014.

It was noted that the Governing Body had no action to take in relation to the minutes. A cover sheet has been provided for Governors giving details of the following issues considered at the meeting:

a) Membership of Committee. The Committee noted that Mr Jay's period of appointment as a Governor terminated on 24 January 2014 but he had been reappointed by DEL for a further four years. The Chair added that Mr Jay would continue as a Member of the Staffing Committee.

b) Balanced Scorecard KPIs. The Committee received a Progress Report regarding Balanced Scorecard KPIs 2013/2014 for the Staffing Committee. It was noted that good progress had been made in relation to Cost of Staff, Staff Voice and Appraisal KPIs. The staff absences (November 2013) are in line with absence in November 2012 and are expected to reduce by the year end to the current target and staff utilisation is slightly below target.

c) Review of Industrial Relations. The Principal reported that the Review of Industrial Relations, which had been undertaken by Sir Robert Salisbury had now been presented to the Board of Colleges Northern Ireland. The Board had agreed that the Report would be released only after a Ministerial briefing. The Principal stated that the Report would be available for discussion at the next meeting.



**52.14 Any Other Notified Business**

There was no other notified business

**52.15 Next Meeting**

It was noted that the next meeting of the Governing Body is scheduled for 5.30 pm on Wednesday 7 May 2014 at the Farm Lodge, Ballymena Campus.