

NORTHERN REGIONAL COLLEGE

GOVERNING BODY

Minutes of the meeting of the Governing Body held on 28 April 2009 at the Ballymena Campus, Northern Regional College

Present Mrs K Collins (Chairperson), Mr T Neilands (Director), Ms A M Campbell, Rev T Jamieson, Alderman PJ McAvoy, Mr P McCudden, Mrs U O'Kane, Mrs A Rankin, Mrs L Wallis, Mr A Watt.

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

UNRESERVED BUSINESS

Grant Thornton Presentation

The Governing Body received a presentation from Mr C Kerlin and Ms M McGuckian (representatives of Grant Thornton) regarding the financial consultancy commissioned by the Governing Body at its meeting on 14 January 2009.

Prior to the presentation the Director informed the Governing Body that information had been received from DEL on 27 April 2009 concerning the NRC Recurrent Budget Allocation for 2009/2010, which had an impact on and necessitated adjustments to the Grant Thornton Report. The Budget was approximately £800k less than anticipated; the College had bid for 6542 FLUs but had only been funded for 6,315 FLUs. This would result in £800,000 less than this year's allocation and would make the College's financial position more difficult. He advised Members that the Finance & General Purposes Committee would give detailed attention to the Budget at its meeting on 23 June 2009. In the meantime the Executive Management Team would meet with a representative from the Department to gain an understanding of the allocation process.

Mr Kerlin and Ms McGuckian provided a high level review of the College financials comparing actual performance against the original prediction in the Due Diligence Report. The College's outturn was better than expected during the first year of operation but the situation was deteriorating due, in the main, to staffing and estates costs. Staff costs were significant accounting for 76% of income for 2008/2009 although rationalisation of managerial, academic and support staff resulted in savings of some £1.9 million over a two-year period. The multi-campus structure was a drain on resources. A minimum maintenance strategy was in operation but this posed a risk for the College in future. Reference was made to the static nature of streams of revenue, which would be exacerbated by the reduced Budget for 2009/2010. The College was near to breaching the conditions of its Financial Memorandum that the annual deficit should be no more than 2% of annual income. The College's Reserves and Cash at Bank offered some protection.

Mr Kerlin and Ms McGuckian examined options available to the College to ensure financial stability. They stated that, if NRC adopted a 'status quo' option, there would be a dramatic rise in the annual deficit as a result of escalating estates and staff costs and the static nature of its income. They also examined a 'proactive option' with a focus on actions being taken at present to curtail costs and generate income and potential actions such as the 'mothballing' of certain campuses. Mr Kerlin and Ms McGuckian reviewed the financial contribution of the various campuses and suggested that the 'mothballing' of Antrim and Larne would improve the College's financial situation. They also indicated there was a need to improve the financial contribution of Newtownabbey. The closure of campuses would have non-monetary impacts; there would be political ramifications; the resulting redundancies would deviate from the

College's intentions; and linkages with local schools, business and the community would be severed.

During the ensuing discussion several points were raised in relation to: the inflationary increase of 2% on staff base costs amounting to £500k each year; the sale rather than 'mothballing' of campuses; and the necessity to look at a new estates strategy.

The Director stated that a serious stage had now been reached in the development of the College. The Grant Thornton high-level presentation had reiterated comments contained in their Due Diligence Report (2006), which identified potential financial difficulties in respect of staff and estate costs. The College had addressed all the issues in the Due Diligence Report Action Plan but was still encountering financial difficulties.

The Director suggested that the College should seek an immediate meeting with DEL to consider the College's financial situation in light of the Grant Thornton High Level Review and discuss the production of a detailed 5-Year Plan, which would be submitted to the Department for approval. Funding would be sought to enable Grant Thornton to produce the detailed Plan. In the interim the Department would be asked to look favourably on assistance with redundancy costs and any emergency costs relating to estate maintenance.

The Governing Body agreed that:

a) The Director should seek an immediate meeting with DEL to consider the College's financial position and to discuss the production of a 5-Year College Plan;

b) The College delegation to meet with DEL representatives would comprise: the Chairperson Governing Body, the Chairperson Audit Committee, the Director and the Director of Finance.

The Chairperson thanked Mr Kerlin and Ms McGuckian for their presentation.

15.1 Apologies

Apologies were received from Dr L Caul, Mr S Davidson, Ms J Fullerton and Mr A Henderson.

15.2 Declaration of Interests

There were no declarations of interests.

15.3 Minutes of the Last Meeting

The minutes of the last meeting of the Governing Body held on 4 March 2009 were approved.

15.4 Matters Arising

15.4.1 Management Appointments (minute 14.11 b))

The Deputy Director Planning and Resources informed the Governing Body that the IT Operations Manager and the outstanding fourth tier Facilities Manager posts had now been filled

15.5 Chairperson's Communications

There were no Chairperson's communications.

15.6 Director's Report

The Director referred to the following items in his Report to the Governing Body:

a) Big Lottery Funding. The College has been successful in a Big Lottery Bid entitled 'Magherafelt Learning Community', worth £759,972 over 5 years. The project is based around a multi-agency approach to promoting Lifelong Learning in a local community. He suggested that the Governing Body should receive a presentation on this project at a future date.

b) Innovation Fund. The NRC has had mixed fortunes in relation to its bids to DEL under the Innovation Fund. It has been successful in respect of two bids, Pre-Incubation and Enterprise Development (£96,440) and Cross Border Networks (£66,520) but the following bids were not supported: Construction Innovation Support (£121,000), Industrial Engineering Research Unity (£169,000) and Leadership and Management Skills (£961,000 between six colleges). Feedback has been received regarding the failed bids and the College is considering its response. The Director thanked the Head of Economic Engagement for her contribution.

c) Visit To Morehead, Kentucky. A delegation from NRC paid a successful visit to Morehead last year, as part of the initiative of the Sister Cities Initiative, when a Memorandum of Understanding between NRC and Morehead College was signed. A follow-up visit is taking place from 26 April- 1 May 2009; this will be the first visit of a three-year programme. The NRC has received generous funding from Ballymena Borough Council for this three-year initiative.

d) Management and Leadership Development. The College has recently been involved in consultation over a new management and leadership development initiative for Chief Executives, Senior Management and Middle Management. The programme, which commences in June 2009, will be funded by DEL and managed by LSDA.

e) Junior Chef's Academy. NRC, along with other regional colleges, has recently been involved with the Junior Chefs' Academy. Young aspiring chefs from Ballymoney and Coleraine have attended a 10-week training programme at the Ballymoney Campus culminating in a graduation ceremony last month. Two graduates from each of the six colleges will go to a 'Cook a meal for a Minister' at Stormont on 29 April 2009.

f) Student Successes. The NRC achieved outstanding successes in the annual Skillbuild Competition. Students achieved three gold medals and two bronze medals. Six school students, who attended NRC Occupational Studies courses, have achieved Learner of the Year awards in their chosen vocational areas.

g) Priority Skills Areas Level II Inspection. A PSA Level II focused inspection has been arranged for the period 11-15 May 2009. It will be necessary for a Member of the Governing Body to attend an update session at the conclusion of the inspection. There is also a QAA Development Review of Level 4 Provision on 11 May 2009.

15.7 Correspondence

The Governing Body received copies of the following correspondence:

a) DEL letter dated 27 April 2009, which confirms the College's Recurrent Budget Allocation for 2009/2010.

b) DEL Letter dated 27 April 2009 providing outline information on the review of college governance arrangements and an indication of related time scales. The review would be conducted by the Learning and Skills Improvement Service (LSIS) and would conclude on 17 July 2009, when a final report would be presented to DEL. It was noted that the Director was a member of the Reference Group, which would work in conjunction with LSIS.

15.8 Minutes of the Finance and General Purposes Committee

The Governing Body received the minutes of the meeting of the Finance and General Purposes Committee held on 21 April 2009. The Governing Body noted the following topics considered by the Committee:

a) Presentation from Grant Thornton providing a high level review of the College financials and some options available to the College to ensure financial stability. The Committee received a presentation similar to that received by the Governing Body (see details above). The Committee, like the Governing Body, proposed that the Director should seek a meeting with DEL to discuss the College finances and the production of a detailed financial plan by Grant Thornton.

b) Sale of Land at Larne. The Committee noted that the lease with Larne YMCA for the sale of a small portion of the Larne site for £30,000 had been forwarded to the YMCA for signature. It also received an update regarding the sale of the lease of playing fields to Larne Grammar School. The Deputy Director Planning and Resources advised the Governing Body that the College had received an assurance, required by DEL, that there has been no change in the land valuation. It would now be necessary to forward this information to the Department in writing in order to progress the sale of the lease.

c) New Skills Centre, Newtownabbey. The Committee received an update concerning the New Skills Centre at Newtownabbey. A more detailed discussion of this matter is recorded at agenda item 15.11.

d) Monthly Management Accounts. The Monthly Management Accounts for the period up to 28 February 2009 indicate that the College has a surplus of £398k on continuing operations and an historic surplus of £1,184k, £229k behind budget.

e) Due Diligence Action Plan. The Committee ratified the Due Diligence Action Plan.

f) College Fees Policy & Fees. The Committee endorsed the College Fees Policy and the Fees Regulations 2009/2010.

15.9 Report from the Audit Committee

Members received an oral report from the meeting of the Audit Committee held prior to the meeting of the Governing Body. The Governing Body noted the following topics considered by the Committee:

a) Correspondence from the Department of Finance and Personnel, to which was attached extracts from a number of PAC Reports. The Audit Committee examined one report in particular relating the management of expenditure at the Department for Environment, Food and Rural Affairs noting unwillingness within the Department's Board to tackle budgetary problems;

b) Internal Audit Review of Financial Controls, which provides an overall assurance rating of 'satisfactory' in respect of the financial controls employed by the College. There were no Priority issues identified during the course of the review but the Internal Auditor highlighted a number of Priority 2 and 3 findings.

c) Financial Audit and Support Team (FAST) has undertaken audit inspections to provide an assurance on the propriety of DEL funding made in relation to the financial administration of the Training for Success and Jobskills programmes, for which contracts were signed with the College's predecessor institutions, North East Institute, Causeway Institute and East Antrim Institute. FAST provided 'satisfactory' assurance ratings on the financial management of these programmes in respect of all three contracts.

d) Annual Fraud Reports, which provided details of actual, suspected and attempted fraud within Northern Ireland departments and their agencies. The Committee noted that: only 5% of frauds were identified as attempted but prevented; 64% of frauds were only identified once the fraud had taken place; 44% of frauds were discovered by internal members of staff; and 34% of cases were discovered through the implementation of control procedures. The Committee noted that the Report recommends a whistleblowing template drafted by DFP; the College has adopted the template for its Whistleblowing Policy.

It was agreed that a copy of the Report should be forwarded to Members of the Governing Body.

e) Report from Northern Ireland Audit Office on the Financial Management of the FE Sector in Northern Ireland from 1998 –2008 and the Governance Examination at the Fermanagh College of Further and Higher Education. The Committee noted that the Public Accounts Committee would give consideration to the Report in the forthcoming week; the resulting recommendations from PAC may impinge on financial management at all six colleges. The Director expressed his surprise that he had not been asked to comment on the draft Report prior to publication particularly as it contained a Case Study of the Recovery Process at the North East Institute. He stated that the Study contained some factual inaccuracies and the 'Lessons Learnt' section was limited, as it referred only to audit and monitoring and made no mention of leadership and management.

f) Risk Management Group, at its meeting on 9 March 2009, agreed to incorporate into the Risk Register a suggestion from Ms Rankin, that the measurement of the realisation of any risk should include both financial and non-financial impacts. The Group also decided that each risk should be linked to strategic objectives.

15.10 Planning Issues

The Governing Body received the following papers relating to planning issues:

a) Planning Process, which provided details of the College's key planning dates and the progress achieved to-date.

b) Corporate Objectives, which listed six strategic objectives agreed by the Governing Body at its meeting in January 2009 and provided a progress report in relation to their implementation. A Member expressed reservations as to the wording and ordering of the objectives.

It was agreed that consideration would be given to the suggestion at the next review of strategic objectives.

15.11 New Skills Centre Newtownabbey Campus

The Deputy Director Planning and Resources informed Members that the Newtownabbey New Build and Refurbishment Project is an NEC Type C contract, the award of which is based on the price of and the quality of the design.

H&G Martin successfully tendered for the contract and their tender was accepted. On 10 March 2009 the contractors submitted for consideration a target price of £9.2 million in respect of the project, which exceeded the NRC target price by £2 million. A full review of the design proposals and associated costs was subsequently undertaken and a revised target price (£8.3 million) agreed, which was only £104k in excess of the original target price. Efforts were being made to address the shortfall. It is hoped that the contractor will sign the contract and work will commence in mid-May 2009.

It was noted that the revised target price does not include the cost of a bio mass boiler, for which a separate economic appraisal would be forwarded to DEL. The College has been assured that DEL would look favourably on the request.

In response to a query the Deputy Director confirmed that loose fittings were included as a percentage of the revised target price.

The Deputy Director stated that there had been discussion as to whether the contract should be signed 'under hand' or 'under seal'. 'Under seal' work would be guaranteed for twelve years but 'under hand' for only six years. The 'under seal' operation would involve additional costs amounting to £30,000. The College is currently checking as to the better course action with the College insurance brokers.

15.12 Governance Healthcheck

The Governing Body received a Report, compiled by LSDA NI and based on the overall responses to the questionnaires completed by Members of the Governing Body. LSDA has recommended that the Governing Body should consider taking the following action:

- a) Review the procedures and practice for undertaking self-assessment of the Governing Body and enhancing these as appropriate;
- b) Review the range and format of information that should be provided to Governors for the purpose of strategic planning and the monitoring of performance against targets; and
- c) Review the range of information provided to Governors to monitor performance and assess the effectiveness of the quality assurance process.

The Governing Body noted that LSDA NI was currently preparing a further Report on the overall sector findings, which would be issued to each Governing Body in order to support benchmarking activity. It is anticipated that this Report will be available by early June 2009.

It was agreed that a workshop/seminar be arranged to discuss the NRC Healthcheck findings when the sector Report becomes available.

15.13 Northern Ireland Audit Office Report

The Governing Body received a Report from the Northern Ireland Audit Office on the Financial Management of the FE Sector in Northern Ireland from 1998 –2008 and Governance Examination at the Fermanagh College of Further and Higher Education. It was noted that all three, predecessor institutions are mentioned in the Report and Appendix 2 provides a Case Study of the Recovery Process at the North East Institute.

This Report was discussed at the meeting of the Audit Committee and has been referred to at minute 15.9 e) above.

15.14 Any Other Notified Business

15.14.1 Protection of Children and Vulnerable Adults Policy. The Governing Body received the Protection of Children and Vulnerable Adults Policy, which gives clear guidance on the identification and procedures for dealing with potential and actual abuse of children and vulnerable adults. It also acts as a guide in helping staff to create a safe environment for young people and vulnerable adults and to protect themselves against allegations of improper behaviour.

A Member sought clarification regarding the structures for the reporting of student and staff issues and the action to be taken in relation to bullying.

It was agreed that the Policy should be approved but that the sections relating to reporting structures and bullying be discussed at the next meeting of the Staffing Committee.

15.14.2 Staffing Changes. The Governing Body approved the following appointments and applications: six new permanent appointments; three applications for career breaks and an application for an extension of a career break.

15.15 Next Meeting

It was noted that the next meeting of the Governing Body is scheduled for Wednesday 10 June 2009 at the Coleraine Campus at 5.30 pm.