

**NORTHERN**  
Regional College 

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**Annual Report  
and Accounts  
2016/17**

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## Northern Regional College Annual Report and Accounts

For the year ended 31 July 2017

The Accounting Officer authorised these  
financial statements for issue on

16 November 2017

Laid before the Northern Ireland Assembly  
under the Institutions of Further Education  
(Public Sector Audit) Order (Northern Ireland)  
2008 by the Department for the Economy on

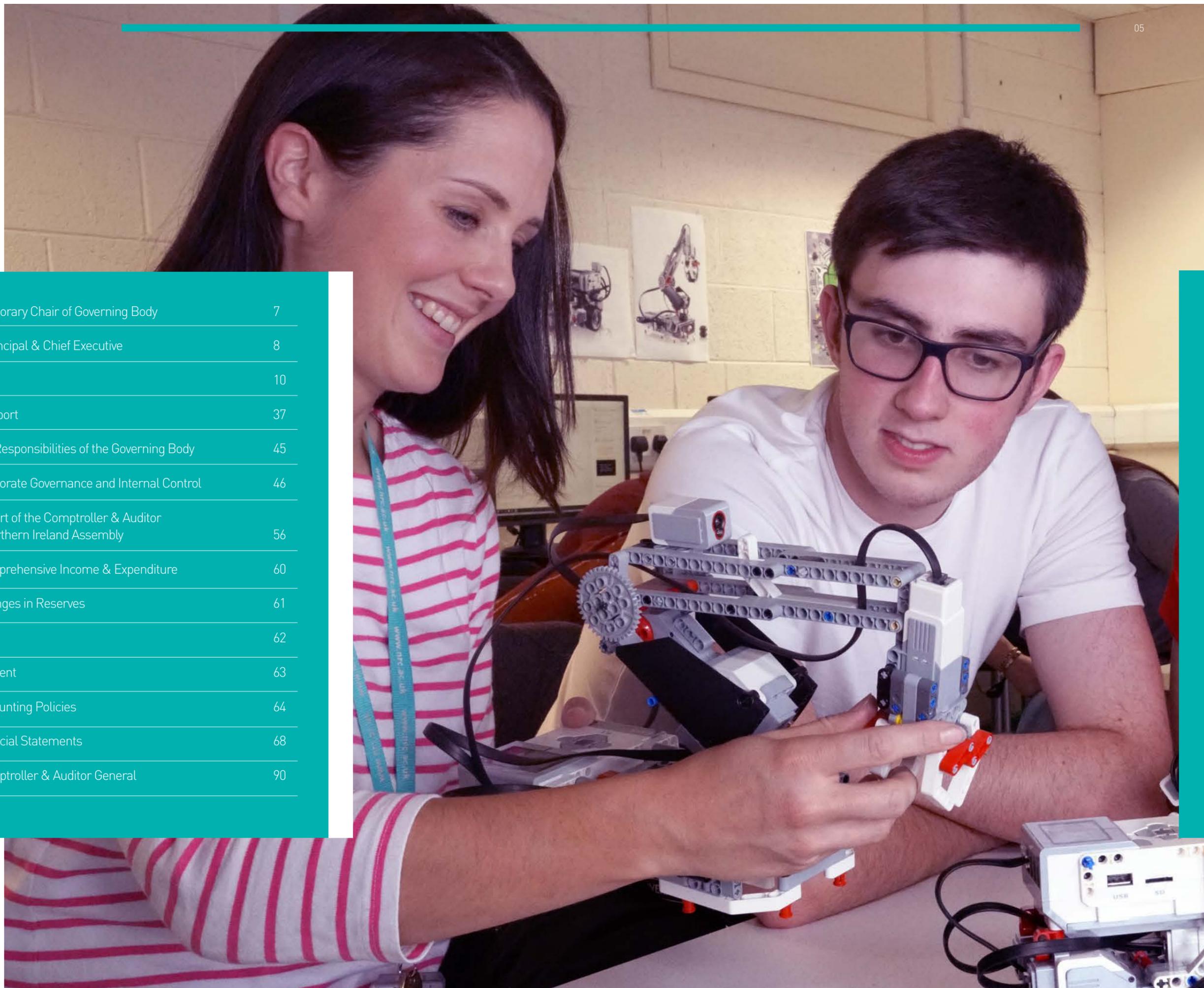
8 December 2017

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## Foreword

In 2015, Northern Regional College embarked on a three year transformational journey that was set out in the Strategic Improvement Plan (2015-18). In the intervening period, the governors have closely monitored progress and played a central role in supporting the Principal and her Leadership Team to deliver against the challenging metrics that were aligned to the Key Performance Indicators.

The past year was challenging but nevertheless has been marked by continued improvements and a number of significant achievements for the College are highlighted in this annual report. This progress was acknowledged by the Education and Training Inspectorate (ETI) during a week-long scrutiny visit to the College in February 2017, that also included a focus inspection on our Work Based Learning provision.

Governors were pleased with the positive feedback from ETI and in particular welcomed the view that there was 'effective management of change by the Senior Leadership Team that has led to better communication, greater collegiality and transparency of decision-making across the College'.

The inspectorate's comments in relation to the 'Clear strategic vision and ambition for improvement set by the Senior Leadership Team that informs well the whole-college strategic improvement planning', was also welcomed by governors.

I am pleased to have been appointed to the position of temporary Chair, following the retirement of Carmel Mc Kinney. I would like to thank Carmel and all governors for their contribution, support and service, and the Principal, Leadership Team and all College staff for their commitment and hard work throughout the year.



**Hugh Crossey**  
Temporary Chair of the Governing Body



Governors were pleased with the positive feedback from ETI and in particular welcomed the view that there was 'effective management of change by the Senior Leadership Team that has led to better communication, greater collegiality and transparency of decision-making across the College'.

## Overview

### Going further and higher

Throughout 2016/17 the College has made much progress on its transformational journey with support from our Governing Body. We also met regularly with our sponsoring Department to discuss progress.

The highlights for 2016/17 include improved financial stability stemming from a significant organisational restructuring and reduced staffing profile, while maintaining quality of our provision. We introduced new curriculum provision responding to employer and other stakeholder feedback. A major milestone for the College was the positive progress bringing new campus developments for Ballymena and Coleraine closer to reality as we went to tender to appoint the Design Team.

### Rewarding success

The successful implementation of the College's Strategic Improvement Plan was matched by the success of our students who achieved their qualifications during the year. We were delighted that seven students qualified from the regional finals to take part in the prestigious Skillbuild UK this autumn in Birmingham. Other notable success included recognition at the BEST Awards, and our Creative Industries team were awarded a UK Pearson Silver Teaching Award for FE Team of the Year.

We launched the inaugural College awards for staff and were pleased to receive 150 nominations. We also introduced student awards with over 200 students receiving recognition for their achievements.

### On the international stage

The College continued to be an active partner with education institutes across Europe through our involvement with Erasmus+ projects, with 14 students and 20 staff participating in workshops and visits across the EU.

Following a successful bid to the British Council, the College took part in a Leadership Exchange Programme and the International Skills Partnership with two colleges in South Africa. Throughout the year staff from all three institutions have undertaken visits to South Africa and Northern Ireland to share best practice and learning from a global perspective. I was able to take the opportunity to visit both the British Council and the colleges in February, where I also explored further potential partnerships and developments for the future.

### Looking forward

The Annual Report provides a snapshot of these and other achievements which have taken place over the course of 2016/17. I would like to acknowledge the support and dedication of the Governing Body, Senior Leadership and Management teams, and staff who have played a critical role in delivering this success.



Professor Terri Scott  
Principal & Chief Executive



“

The highlights for 2016/17 include improved financial stability stemming from a significant organisational restructuring and reduced staffing profile, while maintaining the quality of our provision. We introduced new curriculum provision responding to employer and other stakeholder feedback.

## Nature, Objectives and Strategies

The members present their report and the audited financial statements for the year ended 31 July 2017.

### Strategic Priorities

The College's strategic priorities are informed by government strategies and built around improving **student experience**; driving continuous improvement and value for money through effective use of **internal resources**; and finally building a culture of innovation, enterprise and change in our business processes and **engagement with external stakeholders**.

### Legal status

The current arrangements for further education in Northern Ireland were established by the Further Education (Northern Ireland) Order 1997 with colleges being self-governing incorporated bodies with effect from 1 April 1998. Based on this legislation, the Office for National Statistics, in 2010, reclassified colleges as part of Central Government. This has resulted in colleges being determined as Non-Departmental Public Bodies.

Colleges in Northern Ireland have been granted charitable status by the UK HM Revenue and Customs.

### Mission Statement

The Governing Body approved a Strategic Improvement Plan (SIP) for 2015-2018 on 21 October 2015. The SIP is available at [www.nrc.ac.uk/nrc/governance](http://www.nrc.ac.uk/nrc/governance). This included the following Vision and Mission Statements:

#### Vision

*"Northern Regional College will be an outstanding provider of training and further and higher education, focused on the needs of the modern economy."*

#### Mission

*"Northern Regional College will provide students with a life-changing, supportive and innovative experience, which will equip them with the skills to compete successfully in the global employment market and meet the needs of local industry and employers."*



**The College's strategic priorities are informed by government strategies and built around improving student experience; driving continuous improvement and value for money through effective use of internal resources; and finally building a culture of innovation, enterprise; and change in our business processes and engagement with external stakeholders.**





### Implementation of the Strategic Priorities

The College Strategic Improvement Plan (SIP) for the three year period 2015–18 set out our strategic priorities, together with Key Performance Indicators to support the achievement of our vision.

The Plan when written and approved in 2014/15 was predicated on the basis of an appropriate level of recurrent grant funding being received from the Department for the Economy. The continuing uncertainty with regard to funding has potential

implications for current and future developments, and on our ability to deliver against the Plan. Therefore, the College has closely monitored developments in this regard and subsequently reviewed and revised our future plans and priorities (see Future Developments section).

Northern Regional College's ambition is to make our College a partner of choice for students, staff, industry and other stakeholders. To achieve this ambition and to deliver the three strategic priorities, a total of 12 Key Performance Indicators (KPIs) were agreed.



Northern Regional College's ambition is to make our College a partner of choice for students, staff, industry and other stakeholders.



### Performance Indicators: Review of Performance in 2016/17

The College's performance in relation to the KPIs was monitored by the Governing Body and the Department for the Economy (DfE) throughout 2016/17 with appropriate additional actions agreed and implemented.

The summary table below outlines progress in year two of the three-year plan.

KPI Progress 2016/17			
		Status	Comment
<b>Strategic Priority: Students</b>			
<b>KPI 1</b>	Ensuring student recruitment meets enrolment targets and students successfully complete their programme of study		Enrolment below target. FE enrolments have been impacted by increased vocational provision from post-primary schools. Retention improved by 1.2%.
<b>KPI 2</b>	Delivering outstanding teaching and learning		ETI inspection graded WBL 'good or better' in March 2017, and 'confidence' in SER/QIP process.
<b>KPI 3</b>	Embedding innovative use of technologies		Target exceeded by 0.7%.
<b>KPI 4</b>	Ensuring students are satisfied with their College experience & enjoy a safe & supportive learning environment		Target achieved, plus 5% increase in student participation.
<b>Strategic priority: Internal Resources</b>			
<b>KPI 5</b>	Achieving long term financial sustainability		Achieved budget target at March 2017.
<b>KPI 6</b>	Delivering curriculum efficiencies and ensuring high levels of teaching staff utilisation		Target has been met with improved utilisation.
<b>KPI 7</b>	Engaging and empowering staff		All learning and development targets have been met or succeeded.
<b>KPI 8</b>	Providing a high quality learning environment		IT and Estates strategies being implemented and new build projects progressing.
<b>Strategic priority: External Stakeholders</b>			
<b>KPI 9</b>	Increasing the percentage of education and skills delivered in priority skills areas		Reporting against KPI 9 was embedded during the year into KPI 1 as part of curriculum planning.
<b>KPI 10</b>	Developing strategic partnerships		Target achieved.
<b>KPI 11</b>	Diversifying income		Marginally lower (1.5%) than SIP target due to reduced Training for Success and Entitlement Framework income. Corresponding reductions made to costs for delivery.
<b>KPI 12</b>	Ensuring external stakeholders are satisfied with their College engagement		Improved satisfaction in survey from 88.3% in 2016 to 91% in 2017. Additional feedback mechanisms introduced which show positive feedback across a wider range of stakeholders.

### KPI 1 Ensuring student recruitment meets enrolment targets and students successfully complete their programme of study

#### Further Education/Higher Education/Essential Skills enrolments 2016/17

SIP 2016/17 FLU target v actual	Target	Actual
FE Full-time	3,882	3,617
FE Part-time	848	819
HE Full-time	480	493
HE Part-time	446	352
ES Total	421	338

Enrolment below target impacted by increased vocational provision from post-primary schools in catchment area. The curriculum strategy has been developed to facilitate improved responsiveness to market demands, including plans to extend Work Based Learning from 2018.

#### Work Based Learning

- Apprenticeships NI exceeded the target by 46%.
- An additional cohort of Electrical Installation apprenticeships were recruited bringing the total to 559.
- An ETI focus inspection in March 2017 identified all teaching in WBL to be 'good' or better.
- Motor Vehicle at Level 2 was reintroduced at the Coleraine campus.

#### Retention and Success

- A number of targeted initiatives focused on improving retention rates have assisted in delivering an increase of 1.2%.
- Further developments have been implemented, including departmental monitoring of e-registers and escalation protocols to identify students at risk of withdrawing.



**Apprenticeships NI exceeded the target by 46%.**

**An ETI focus inspection in March 2017 identified all teaching in WBL to be 'good' or better.**

### KPI 2 Delivering Outstanding Teaching & Learning

#### Quality Performance Levels (Self-Assessment)

	Baseline	Target	Actual
Teaching Quality (standard college lesson observations)		83%	86%
Minimum Grade 2 in self-assessment	Grade 3	Grade 2 status	2.7

The baseline quality self-assessment grade achieved was Grade 3 (Good). The average of the self-assessments for 2016/17 has improved from 3 to 2.7 per continuum scale; (Grade 1 = Outstanding, Grade 2 = Very Good, Grade 3 = Good).

### KPI 3 Embedding Innovative Use of Technologies

Staff and students have benefitted throughout the year from the College's increased focus on digital platforms, resulting in:

- SIP target of providing 6% of curriculum online in 2016/17 exceeded.
- Delivery of 12 showcase courses from a total course portfolio of 179.
- Significant investment in providing teaching materials online.
- Digital Learning Environment student and staff usage more than doubled with over 34,000 unique logins during May 2017, compared to September 2016.

#### Snapshot



#### Going global

In August the College secured €300,000 of funding from EU programme Erasmus+, invested in the development of two initiatives: Robotics and Automation in Engineering; and Encouraging Enterprise and Self Employment building on international links and sharing best practice with partner colleges, employers and start-up agencies from Spain, Portugal, Finland, Romania, Italy and the Czech Republic.

#### Snapshot

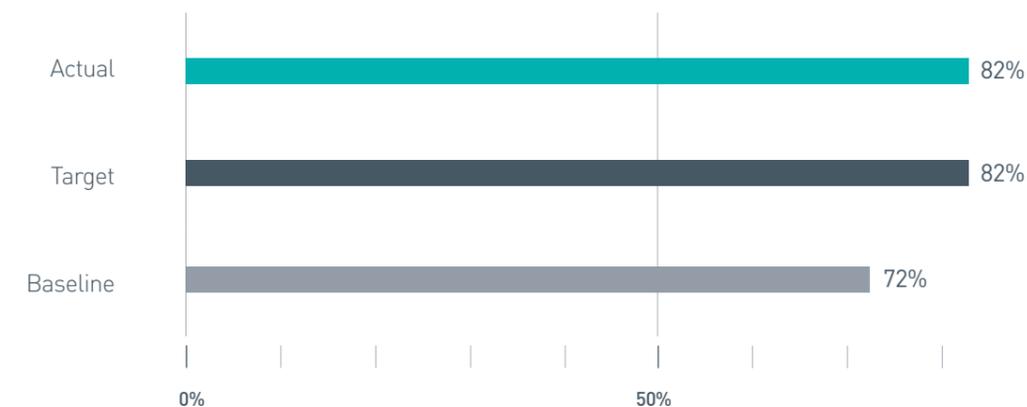


#### Leading the way

Accountancy student, 20 year old Julie Alexander from Ballymena, received the news in September that she came joint first in the UK and Ireland 2016 Institute of Accounting Technicians (IAT) Diploma exams – the first time in the last three years that anyone from Northern Ireland was ranked in the top five.

### KPI 4 Ensuring students are satisfied with their College experience and enjoy a safe and supportive learning environment

#### Overall Student Satisfaction Rating for 2016/17

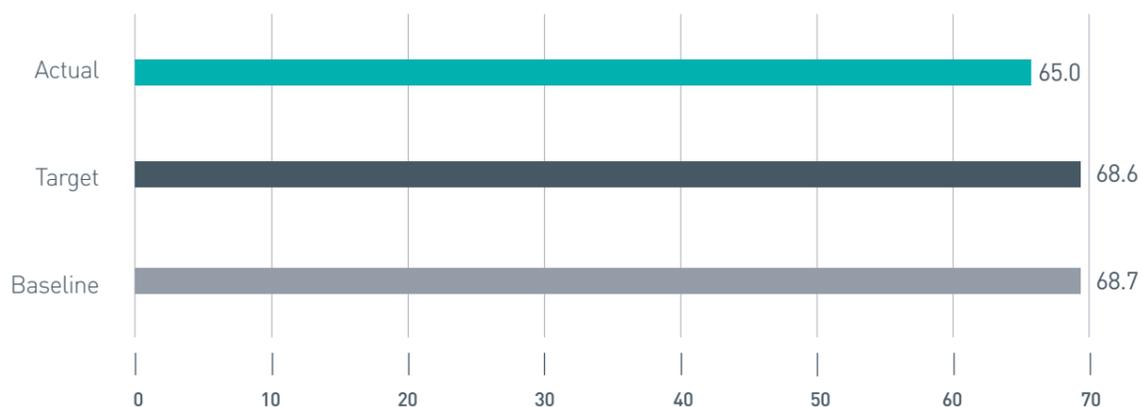


The student survey was completed twice during the year, firstly to gather satisfaction levels and feedback on induction, and later in the year focused on teaching and learning, and student support services.

Results from the 2016/17 survey also show that 89% of those who responded would recommend the College to others.

### KPI 5 Achieving long-term financial sustainability

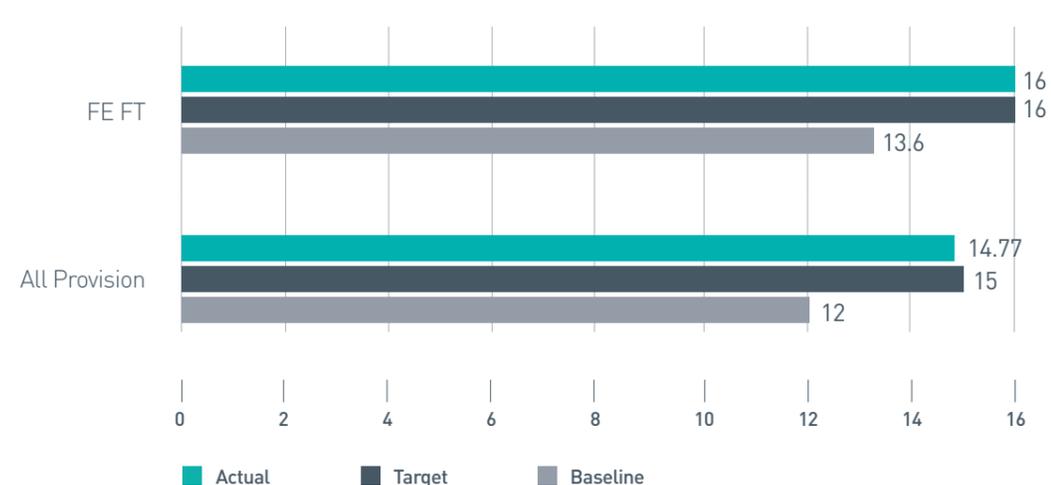
Staff Costs as % of income



The staff income ratio is ahead of target as a result of lower than anticipated staff costs attributable to additional tranches of the Voluntary Exit Scheme (VES). During the year we also reduced costs associated with payment for part-time lecturers and overtime.

### KPI 6 Delivering curriculum efficiencies and ensuring high levels of teaching staff utilisation

Average Class Size



The average class size for FE full-time was 16, achieving the SIP target at the start of the academic year. Average class size across all provision was 14.77, marginally below the SIP target of 15.

Teaching staff utilisation: the target of 95% was achieved for 2016/17.

#### Snapshot



#### Pitch Perfect

The College's footballers had an outstanding year, kick started when students Caolin Coyle and Ryan Strain were called up to the Northern Ireland Schoolboy International U18 squad. Spain was the destination for the Coleraine Campus U19 football team who won the Copa Costa Brava in April, closely followed up by the U18 team who won the plate competition at the Northern Ireland Schools FA (NISFA) Finals

#### Snapshot



#### Simply the best

In May, the College won two BEST Awards run by Colleges NI to reward outstanding work in Northern Ireland's FE sector.

Rebecca Lockhart, Samantha Hughes and Robin McCollum from Health and Social Care at our Newtownabbey campus were winners of the Entrepreneurial award for their project, F.I.N. Friend in Need. IT students, Daniel Bell, Thomas Boyle and Matthew McMullen from our Magherafelt campus triumphed in the Software Award with their project First Aid FRED.

### KPI 7 Engaging and empowering staff

Significant investment throughout 2016/17 including:

- Developmental training delivered for all senior managers, focusing on key management competencies and collaboration;
- Continued emphasis on personal and professional development for curriculum staff with all targets met;
- Increasing emphasis on delivering training online through Digital Learning Environment.

### KPI 8 Providing a high quality learning environment

- Estates and IT Strategies approved and being implemented.
- 30+ rooms modernised and refurbished across estate; wayfinding and signage standardised across all campuses; environmental improvements via new vehicles for inter-campus travel.
- Outline Business Case for rationalisation to four campus model (Campus 21) approved by DFP.
- Project on track : additional lands acquired in Coleraine and procurement competition for design team launched.

### KPI 9 Increasing the percentage of education and skills delivered in priority skills areas

- Reporting against KPI 9 was embedded during the year into KPI 1 as part of curriculum planning.

### KPI 10 Developing strategic partnerships

- Target of establishing partnerships with 12 organisations achieved by summer 2017.
- Focus on engineering, construction and infrastructure sectors to date.
- Broadening of Work Based Learning provision provides platform to increase number of partnerships in wider variety of industrial areas.

### KPI 11 Diversifying income

While the level of diversification fell marginally below target, there is a renewed confidence in the College's improved performance in Work Based Learning recruitment, and that the level of business engagement revenue will increase with a further focus on targeted areas.

### KPI 12 Ensuring external stakeholders are satisfied with their College engagement

- External Engagement Stakeholder Satisfaction level averaged 91%.
- 35 courses delivered to 364 learners representing 155 businesses.
- Number of partner companies returning for further business support and training is indicative of high levels of customer satisfaction.

## Summary

In addition to reporting progress towards meeting these KPIs, 78 specific actions were identified for additional monitoring and completed by January 2017.

In June 2017 the College completed a stock-take of the SIP and took account of a number of factors including:

- Delivery of the 78 actions identified by DfE had been completed;
- Improved financial performance and meeting budget tolerance;
- Two new campus developments underway in Coleraine and Ballymena;
- New senior leadership and management teams in place;
- Restructuring and rationalisation with payroll savings in excess of £1.5m;
- Investment of £3m in IT and STEM;
- Improvements in sector-wide health check indicators.

(See Future Developments section for further detail)

### Financial Objectives for 2015-18

The key financial objectives for 2015-18 are set out in detail in the SIP. The plan identifies that the College will improve its financial health with an improved surplus / (deficit) on continuing operation as shown below. Annual financial plans are agreed with the Department and progress is monitored against those annual plans and in line with the three year financial objectives outlined below:

	2015/16 £'000s	2016/17 £'000s	2017/18 £'000s
<b>Total Income</b>	<b>32,211</b>	<b>32,171</b>	<b>32,244</b>
Staff Costs	22,345	22,085	21,498
Other Operating Expenses	8,532	8,532	8,532
Net Depreciation	3,620	3,620	3,620
<b>Total Expenditure</b>	<b>34,497</b>	<b>34,237</b>	<b>33,650</b>
<b>Surplus / (Deficit) on continuing operations</b>	<b>(2,286)</b>	<b>(2,066)</b>	<b>(1,406)</b>

## Financial Position

### Financial Results

This is the second year that Northern Regional College financial statements have been prepared in line with the new Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS102).

Overall the financial performance shows an improved position against the Strategic Improvement Plan and reflects a number of proactive revisions to income and expenditure lines effected through the quarterly monitoring process.

The College generated an operating deficit in 2016/17 of £1,097k (2015/16 deficit of £1,878k). The deficit of £1,097k compares favourably with the planned deficit above of £2,066k and demonstrates the improved financial health of the College. This was primarily due to savings resulting from a significantly restructured and reduced staffing profile following an FE Sector wide Voluntary Exit Scheme (VES).

Land and Buildings were subject to a full revaluation at July 2017 on a depreciated replacement cost basis. The valuations were performed independently by the Land and Property Service.

This resulted in an increase in the College's Land and Buildings valuation on 31 July 2017 of £6.522m. The total net book value of Land and Buildings at 31 July 2017 is £64.1m.

The College has significant reliance on the Department for the Economy (DfE) for its principal funding source, largely from recurrent grants. In 2016/17, DfE provided 66% of the College's total income through allocated recurrent grant. This represented 14.8% of the total recurrent grant available to the sector.

### Reserves

The College has accumulated income and expenditure reserves, excluding pension reserves, of £3,332k (£1,738k – 2016) and cash balances of £6,608k (£5,477k – 2016). The College's cash reserves at 31 July 2017 are 20.8% of the income for the year. The amount held above the limit set in the Financial Memorandum is to provide flexibility to manage the financial risks associated with the volatility of College income and manage the peaks and troughs of working capital to fund normal activities and the 2017/18 capital expenditure plan.

### Treasury Policies and Objectives

#### Treasury Management

The College's Treasury Management policy sets out a framework for cash management, long term investment and borrowing by the College. The College acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. The Treasury Management policy is to ensure the College has proper financial control, safeguards its assets and secures value for money. The College regards the successful identification, monitoring and control of risk to be the measure of the effectiveness of its Treasury Management Policy.

#### Cash Flows

The College's operating cash inflow was £1,131k, (2015/16 £690k inflow). The increased cash flow was due to reduced staff costs via VES and timing of outstanding supplier payments.

#### Liquidity

The College has no loans or borrowings.

## Current and Future Development and Performance

### Student numbers

The College's overall student numbers measured by full-time equivalents decreased by 3.8% during the year, resulting in 5,103 FTEs (2015/16 5,302).

A summary of performance in respect of student enrolments and Funding Learning Unit (FLU) Department targets for 2016/17 is shown below for Essential Skills, Higher Education and Further Education. Also shown is the College performance in relation to Work Based Learning.

2016 / 17		DfE Targets		Actual Performance	
		Enrols	FLU	Enrols	FLU
Essential Skills	16-19 yr old	1,935	222	1,616	184
	> 19 yr old	1,284	148	1,383	154
<b>Total</b>		<b>3,219</b>	<b>370</b>	<b>2,999</b>	<b>338</b>
Higher Education	Full-time	356	525	348	492
	Part-time	1,100	436	957	352
<b>Total</b>		<b>1,456</b>	<b>961</b>	<b>1,305</b>	<b>844</b>
Further Education	Full-time	2,875	3,946	2,742	3,617
	Part-time	6,474	878	6,606	819
<b>Total</b>		<b>9,349</b>	<b>4,824</b>	<b>9,348</b>	<b>4,436</b>

2016/17 Work Based Learning (WBL)	Targets	Actual Performance
Training for Success (TfS)	318	187
Apprenticeships NI	383	559
<b>Overall WBL Performance</b>	<b>701</b>	<b>746</b>

## Student Achievements 2016/17

While the College performance in relation to Further Education, Higher Education and Essential Skills was 537 below its FLU target for 2016/17 (179 below for 15/16), an improved performance in relation to Work Based Learning showed 746 actual performance versus a target of 701.

The College also had an improvement in student retention during the year with a 1.2% increase on the previous year to 89.2%.

## Student External Achievements 2016/17

Throughout 2016/17 staff in all curriculum areas worked closely with students from across the College to encourage participation in competitions and events at regional and national level, with many receiving commendation. The table below illustrates some of the most high profile external awards received during the year.

In order to recognise excellent student performance internally at course level, the College launched a new student awards scheme during 2016/17 with the top performing student from each course receiving an award.

Award	Student (s)	Date
Institute of Accounting Technicians (IAT) Diploma exams	Julie Alexander, joint first in the UK and Ireland	Sept 2016
Northern Ireland Schoolboy International U18 squad	Caolin Coyle and Ryan Strain	Feb 2017
SkillbuildNI Intercampus	Brickwork: 1st Cameron Waring, 2nd Morgan Boyd, 3rd Aaron Moore  Plumbing Pipework : 1st Matthew Millar, 2nd Jordan Johnston  Carpentry: 1st Ryan McGerr, 2nd Patrick McCloskey, 3rd Jordan Sterling  Joinery: 1st Connor McHugh, 2nd Attila Berencsik, 3rd Lee Gilbert  Electrical Installation: 1st Liam McElhinney, 2nd Mark Sinclair, 3rd Matthew McCracken	Jan 2017
CEA GCE Environmental Technology	Entitlement Framework student Rebecca Rainey (Magherafelt High School), 1st in NI	Jan 2017
CEA GCSE Construction & Built Environment	Entitlement Framework student Thomas Mauger (Ballymena Academy), 1st in NI	Jan 2017
SPARKS UK Electrical Apprentice of the Year	Connor Hyland, NI winner	March 2017

Award	Student (s)	Date
Skillbuild NI National Finals	Brickwork: Andrew McSorley (silver) and Cameron Waring (bronze) Carpentry: Patrick McCloskey (bronze)	March 2017
Copa Costa Brava	Winners: Coleraine Campus U19 football team	April 2017
Northern Ireland Schools FA (NISFA) Finals.	Winners: Coleraine Campus U18 football team	April 2017
Celebrate with CCEA awards	Occupational Studies: Design & Creativity Learner of the Year Adela Puterkova (St. Patrick's College, Ballymena)  Occupational Studies: Environment and Society Learner of the Year, Katie Farquhar (Dunclug College)	May 2017
BEST Awards	Entrepreneurial Award winners: Rebecca Lockhart, Samantha Hughes and Robin McCollum (Health & Social Care, Newtownabbey)  Software Award winners: Daniel Bell, Matthew McMullen and Thomas Boyle (IT Magherafelt)	May 2017
Career Ready Graduation	Aaron Stevenson and Andrew Smyth, Level 3 BTEC Engineering, Ballymena	June 2017
Skillweld 2017	1st James Wroot (Railway Preservation Society)  2nd Dylan Creighton (Johnson Sweepers)  3rd Thomas Mercer (Cimpina)	June 2017
Moore Concrete Cup and Bursary	Aisha Arafat	June 2017
Dr Stevenson Perpetual Challenge Cup	William McCandless	June 2017
Springwell Cup	Pollyanna Wisener	June 2017
Elizabeth Thompson Cup	Lauren Hutton	June 2017
Concorde Cup	Aaron Stevenson, Level 3 Engineering	June 2016
martin & hamilton award	Demi Alexander, Best Performance in Level 3 Construction	June 2017
Honourable Irish Society Awards	Deanna Connor and Calvin Henry	June 2017
NI Young Scientists	CREST Gold Award, Samantha Hughes and Robyn McColum, Health & Social Care	June 2017
Worldskills Graphic Design	Matthew McLaughlin, L3 Interactive Media, top 8 winner now attending World Skills final in Birmingham Nov 2017. Thomas Hamill (L2) reserve.	July 2017

## Curriculum Developments 2016/17

Curriculum delivery for the academic year 2016/2017 was aligned to the DfE strategy 'Further Education Means Success: The Northern Ireland Strategy for Further Education' (January 2016). The strategy has a key aspiration to enable people to access and progress up the skills ladder and in line with this the College's strategic plan is committed to up-skilling the population through the provision of courses in levels 2-5 in professional and technical areas.

As part of our annual curriculum planning cycle we reviewed course enrolment trends and responded to market demand and the needs of the economy. In some instances, if traditional FE or WBL courses did not meet employers' needs, then alternative provision was offered.

During the year our curriculum provision focused on the Priority Skills Areas (PSA), delivered via courses in Further Education, Higher Education, Work Based Learning and the Entitlement Framework (14-19). Highlighted was the strategic importance of achieving targets with respect to recruitment at all levels, but in particular with respect to 14-19 year olds, where there is a decline in population. The need to make efficiencies in line with the SIP targets particularly in relation to staff utilisation and minimum class size was also a key focus.

Throughout the year the College has continued to proactively engage with all stakeholders and develop strategic partnerships with business and industry. Employer engagement was reflected in the recent development of a number of Apprenticeship Frameworks. The College will continue to focus on further development of strategic partnerships with employers, with a target of 14 set for 2017/18, and will increase the offering of bespoke skills training.

The Continuing Professional Development (CPD) of staff is paramount and during 2016/17 a focus was placed on supporting staff appointed to managerial roles, plus enhancing knowledge and skills within the area of digital technologies. The latter was designed to ensure teaching staff have the necessary expertise to develop this area of curriculum delivery.

## Curriculum Developments 2017/18

During 2016/17 the College secured approval from the Department to expand provision for Skills for Work/Training for Success/Apprenticeship Level 2 and 3 in 2017/18. This expansion will provide new opportunities for the College to increase Work Based Learning in the coming years.

An extensive and expanded provision for 2017/18 is offered at each campus and can be viewed on the College website [www.nrc.ac.uk](http://www.nrc.ac.uk). New developments include Foundation Degrees and Work Based Learning in order to meet employer demand and achieve targets.

The new provision of courses within each campus is as follows:

### Coleraine and Ballymoney

- BTEC Level 2 First Certificate in Creative Digital Media Production (Ballymoney)
- BTEC Level 4 HNC Diploma in Business (Coleraine)
- ILM Level 4 Certificate in Leadership and Management (Coleraine)
- City and Guilds Level 2 Diploma in Animal Care (Ballymoney)
- OCR Level 2 Digital Business Technologies (Ballymoney)
- Route2Work (Ballymoney)
- Construction Level 2 (Coleraine)
- Motor Vehicle (Coleraine)

### Ballymena

- HLA in Computing
- OCR Level 2 Digital Business Technologies
- Level 2 Diploma in Healthy Living
- NVQ Level 2 Diploma in Barbering
- Year 2 FD Early Childhood Studies
- Year 2 FD Health & Social Care
- Level 2 Transition2Work
- City and Guilds Level 2 Diploma in Reflexology
- VRQ Level 3 Diploma in Beauty Therapy
- Level 3 Diploma in Digital Marketing

### Newtownabbey

- OCR Level 2 Digital Business Technology
- Year 2 FD Early Childhood Studies
- Year 2 FD Health & Social Care
- Access Diploma in Social Sciences (Ulster University) Level 3
- VRQ Level 3 Diploma in Beauty Therapy Techniques
- Level 2 Transition2Work

### Magherafelt

- OCR Level 2 Digital Business Technologies
- Access Diploma in Social Sciences (Ulster University) Level 3
- Pearson Level 3 Extended Diploma in Travel & Tourism
- Bricklaying
- Level 3 Work & Civil Engineering

### Internationalising the curriculum

With our vision being to 'provide students with a life-changing, supportive and innovative experience, which will equip them with the skills to compete successfully in the global employment market and meet the needs of local industry and employers' a significant emphasis on internationalisation has prevailed throughout the College over the last two years.

During 2016/17 a number of programmes funded through Erasmus+ and the British Council's Skills & Employability programmes have enabled staff, students and local employers to participate in a variety of initiatives which share best practice on a global scale and allow staff and students to travel, study and work in different environments and cultures whilst doing so. Some examples of programmes we have taken part in include:

### Staff study visits:

- Umea University, Sweden, partnership in ICT and Interaction Design.
- HE Forum (NetinVET) Poznan, Poland, partnerships in Business Computing and ICT.
- EU Network of Networks Lahti, Finland partnerships with VET colleges in N Ireland, Scotland, Finland, Netherlands and Spain.

### Student exchange projects:

- INS Jaume Mimó, Cerdanyola del Vallès, Barcelona. Business studies student on a 12 week work placement through NRC at ATG, Coleraine.
- International trade workshop in Albeda College, Rotterdam.

### Leadership Exchange Programme:

- The Principal and Florence Chechile, Falvius Mereka TVET College, Johannesburg. Activities included an initial benchmarking exercise followed up by reciprocal one week study visits.

### International Skills Partnership:

- Vice-Principals from NRC and Vuselela TVET College, Klerksdorp, South Africa participated. Focus on Travel & Tourism and Business Services sectors for students and staff at both institutions.

## Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by HM Treasury for payment to suppliers within 30 calendar days is 95%.

During the accounting period 1 August 2016 to 31 July 2017, the College paid 87% (2015/16: 91%) of its invoices within 30 days. £0 (2015/16: £121) was paid to suppliers in interest charges. The overall average target was not met during the year due to staff turnover, however with stable staffing the last quarter of the year was 95%.

The Northern Ireland Executive is committed to paying suppliers as quickly as possible, within 10 working days. During the accounting period 1 August 2016 to 31 July 2017, the College paid 54% (2015/16: 52%) of its invoices within 10 working days.

## Post Balance Sheet Events

There are no post balance sheet events.

## Going Concern

The College is satisfied that the organisation is a going concern on the basis that there is no reason to believe that the Department's future sponsorship and future parliamentary approval will not be forthcoming to meet the College's liabilities as they fall due. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

An indicative budget is in place for 2017/18.

## Future Developments

Taking into account the progress the College has made during the last two years, in particular our successful and continuing transformation journey, we recognise that while significant results and improvements have been delivered, to achieve our vision we must continue on our transformation, and in doing so strengthen our skills base, build capability and embrace innovation.

As outlined in the 'Review of Performance' section earlier in this document, in spring 2017 the College conducted a stock-take exercise on progress towards achieving the 12 KPIs of the SIP. At the same time our auditors confirmed satisfactory progress of the SIP process, reinforcing the timeliness of the review, particularly when considered alongside the emergence of a number of underlying factors (external and internal) that had changed since the original plan was developed in 2014/15.

A further significant development in the wider operating environment has been the adoption of an Outcome Based Accountability (OBA) approach aligned to the draft Programme for Government (PfG), draft Industrial Strategy and DfE strategic objectives.

As a result the FE sector is moving to a new funding, monitoring and planning cycle in April 2018. Therefore, it has been agreed that the College's revised KPIs and metrics for 2017/18 will cover the period September 2017 to March 2018:

- KPI 1: Meeting enrolment targets and achievement of qualifications
- KPI 2: Improving the quality of education
- KPI 3: Accelerating business and community engagement
- KPI 4: Accelerating innovation and creativity
- KPI 5: Achieving financial health

To deliver our targets and ambitions the College will require ongoing support from the sponsoring government department (DfE); employers; community organisations; and other stakeholders. In parallel, we will continue implementing our programme of training for governors and staff to ensure their knowledge and skills are current and relevant.

# Resources

The College has various resources at its disposal that it can deploy in pursuit of its strategic objectives.

## Estate

The College's estate includes campuses at:

Campus	Net Book Value £'000
Ballymena – Farm Lodge	11,813
Ballymena – Trostan Avenue	5,040
Ballymena – Lamont	1,913
Ballymoney	3,427
Coleraine	4,267
Larne	3,032
Magherafelt	4,805
Newtownabbey	29,672
Portrush (currently not utilised)	0
New Build – Asset in the Course of Construction	171
<b>Total</b>	<b>64,142</b>

## Financial

Net assets at 31 July 2017 were £49.9m (2015/16 Restated: £40.5m) (including £6.8m net pension liability, 2015/16: £12m liability).

## People

The College employs 554 people (2015/16: 593) (expressed as full-time equivalents), of whom 320 are teaching staff. A significant reduction occurred in 2015/16 with staff taking up VES.

	% Sickness Absence		Average days Lost	
	2016/17	2015/16	2016/17	2015/16
College	2.64	3.83	5.44	9.20
Support Staff	4.07	5.08	8.40	15.20
Lecturing Staff	2.02	2.56	4.18	5.60

## Reputation

The College has a strong reputation locally and nationally and maintaining a quality brand is essential for the College's success in attracting students and external relationships.

## Principal Risks and Uncertainties



## Stakeholder Relationships



The College recognises the importance of these relationships and engages in regular communication with them through a wide variety of channels, both face-to-face and virtual.

### Equal opportunities and employment of disabled persons

By virtue of Section 75 of the Northern Ireland Act 1998, Northern Regional College in carrying out all its functions, powers and duties is required to have due regard to the need to promote equality of opportunity:

- a) between persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation;
- b) between men and women generally;
- c) between persons with a disability and persons without; and
- d) between persons with dependants and persons without.

Without prejudice to its obligations above, the College has, in carrying out its functions, had regard to the desirability of promoting good relations between persons of different religious belief, political opinion or racial group. The College has included the promotion of good relations as part of the corporate planning process.

The College is committed to the fulfilment of its Section 75 obligations in all parts of our organisation. The College is committed to allocating necessary resources to ensure that the statutory duties are complied with and that the measures within the Equality Scheme to promote equality of opportunity are implemented effectively and on time.

The College's Equality Statement states that: "Northern Regional College is committed to the promotion of equality of opportunity in all of its activities. We aim to ensure that we provide a supportive, fair, inclusive and welcoming environment for all staff, students and visitors free from any form of discrimination or harassment."

In 2016/17 the College continued to promote equality of opportunity and good relations through a wide variety of initiatives and programmes some of which were new online training modules on 'Equality and Diversity' and 'Safeguarding and SENDO'; supporting JAM Card launch; World Mental Health Day; Mindset training; partnering the Northern Adult Autism Service; Anti-Bullying Week; and appointment of Dignity at Work advisors.

In line with other colleges, we have many stakeholders. These include:

- students;
- the Department for the Economy;
- staff;
- local employers;
- local authorities;
- Government Offices / Regional Development Agencies;
- local communities;
- other FE institutions;
- trade unions; and
- professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them through a wide variety of channels, both face-to-face and virtual.

The College considers two-way communication with its staff and students to be vital and regular meetings are held. Currently a number of mechanisms are in place to achieve effective internal communications including:

- student/staff consultative meetings;
- team/department, directorate meetings;
- multi-disciplinary team meetings;
- student and staff intranets;
- College website and social media channels;
- student and staff newsletters and e-zines;
- health and wellbeing events.

Northern Regional College is committed to the principles endorsed by the Northern Ireland Audit Office in its guidance "Good Practice in Risk Management" issued in June 2011.

The College's key principles in relation to risk management and internal control are as follows:

- The Governing Body has responsibility for determining the risk appetite of the College and overseeing risk management within the College as a whole;
- The Principal and Senior Leadership Team support, advise and implement policies approved by the Governing Body;
- Senior and middle managers are responsible for encouraging good risk management practice within their designated managed area; and
- Key risks are identified and closely monitored on a regular basis.

### College Risk Register

The Risk Register for the College is reviewed and updated quarterly. The principal risks facing the College have been identified in the Risk Register (at 31 July 2017) as:

Risks	Description
1	The College does not meet the agreed targets in terms of recruitment to planned curriculum provision
2	The College does not meet the agreed minimum standards of quality of curriculum provision
3	The College does not have an appropriate mix of suitably skilled staff to support the delivery of the agreed curriculum plan and associated services
4	The College does not provide a high quality environment that embeds the innovative use of technology
5	The failure to deliver the College's long term financial sustainability
6	The College does not meet the needs of stakeholders and manage the reputational risk
7	The College does not implement sector wide Systems, Technology and Services Project

### Disability statement

Under section 49A of the Disability Discrimination Act (DDA) 1995 (as amended by the Disability Discrimination (Northern Ireland) Order 2006), the Northern Regional College as a public authority, when carrying out its functions, has due regard to the need to promote positive attitudes towards disabled people and will encourage participation by disabled persons in public life.

Under section 49B of the Act, the College is committed to the development of a disability action plan which relates to all disabled people including disabled employees, customers, clients and service users, as well as disabled students. This action plan also encompasses College efforts in relation to the Special Education Needs and Disability Order 2005 to ensure the full mainstreaming of all duties.

The College has a five year Disability Action Plan covering the period 2013-2018. This disability action plan involves the development of detailed guidance and training for staff, the establishment of professional standards for inclusive learning, the alignment and development of College policies and procedures, and the identification of positive action measures.

### Disclosure of information to auditors

These accounts are subject to audit under the Institutions of Further Education (Public Sector Audit) order (Northern Ireland) 2008 by the Comptroller and Auditor General for Northern Ireland.

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

### Personal data related incidents

There were no personal data related incidents in 2016/17.

### Charitable and taxation status

The College has charitable status with HM Revenue and Customs and is not liable to corporation tax.

### Charitable/Political Donations

The College made no charitable or political donations during the year.

### Professional Advisers

#### External Auditors

Northern Ireland Audit Office  
106 University Street  
Belfast, BT7 1EU

#### Internal Auditors

KPMG  
Stokes House  
17-25 College Square East  
Belfast, BT1 6DH

#### Bankers

First Trust  
78 Wellington Street  
Ballymena, BT43 6AF

Santander  
Belfast Corporate Banking Centre  
Ground Floor  
1 Mays Meadow  
Belfast, BT1 3PH

#### Solicitors

J Blair  
Employment Law Solicitor  
46 Hill St  
Belfast, BT1 2LB

King & Gowdy  
298 Upper Newtownards Rd  
Belfast, BT4 3EU

Carson McDowell  
Murray House  
4 Murray Street  
Belfast, BT1 6DN

Cleaver Fulton Rankin  
50 Bedford Street  
Belfast, BT2 7FW



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The College has a five year Disability Action Plan covering the period 2013-2018. This disability action plan involves the development of detailed guidance and training for staff, the establishment of professional standards for inclusive learning, the alignment and development of College policies and procedures, and the identification of positive action measures.

## Members

The members who served on the Governing Body during the year were as follows:

Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committees Served
Isobel Allison	08/07/16	30/07/20		Member Member Member	Strategic Gov Body Audit & Risk
James Brown	03/04/13	31/03/17	31/03/17	Member EA Member	Audit & Risk Gov Body
Samuel Kevin Chambers	01/08/15	31/07/19		Member Member	Resources Gov Body
Hugh Crossey	01/08/15	31/07/19		Chair Temp Chair	Resources Gov Body
Judith Eve	04/02/17	31/01/21		Member Member (Co-Opt)	Audit & Risk Gov Body
Jonathan Hannah	28/10/16	30/09/17		Student Member Member	Education Gov Body
William Hutchinson	01/08/15	31/07/19		Member Member Member	Audit & Risk Gov Body Education
Richard Jay	24/01/14	04/01/18		Chair Member	Education Gov Body
Andrew Kennedy	13/05/13	12/05/17	12/05/17	Member EA Member	Strategic Gov Body
David Lennox	01/08/15	31/07/19		Chair Member	Audit & Risk Gov Body

Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committees Served
Yvonne Mallon	01/08/15	31/07/19		Member Member	Resources Gov Body
Karen McCambridge	21/07/16	20/07/20		Staff Member Member	Education Gov Body
William McCluggage	01/08/15	31/07/19		Member Member Member	Education Gov Body Audit & Risk
Gillian McConnell	08/07/16	30/07/20		Member Member	Resources Gov Body
Carmel McKinney	20/11/14	19/11/18	30/04/17	Chair Chair	Gov Body Strategic
Ken Nelson	02/11/14	31/08/18		Member (Co-Opt) Member	Education Gov Body
Kerry Reilly	02/11/15	01/11/19		Staff Member Staff Member Member	Audit & Risk Education Gov Body
Terri Scott	01/09/14	-		Principal & Chief Executive	Education Resources Strategic Gov Body

### EA – Education Authority

All members served from 1 August 2016 to 31 July 2017 unless otherwise indicated. For and on behalf of the members of the Governing Body

Signed:



Date:

16 November 2017

**Mr H Crossey**

Temporary Chair of the Governing Body  
Northern Regional College



“  
 The majority of members are appointed for a fixed period of up to four years and thereafter they may be re-appointed in accordance with the Code of Practice.

## Remuneration Report

### Members of the Governing Body

There are normally 18 members of the Governing Body, most of whom are appointed in accordance with the Code of Practice of the Office of the Commissioner for Public Appointments for Northern Ireland. Of these, six members are appointed in line with statutory requirements. The majority of members are appointed for a fixed period of up to four years and thereafter they may be re-appointed in accordance with the Code of Practice.

The remuneration of Governing Body members (excluding staff members) was first introduced by the Department from 1 January 2016. Staff members do not receive remuneration. During 2016/17 it

was agreed that student members would receive remuneration. There are no arrangements in place for the payment of a bonus.

No member of the Governing Body including the Chairperson receives a pension contribution from the College or the Department. The College reimburses the Chairperson and members of the Governing Body for any incidental expenses incurred for carrying out their duties relevant to the organisation.

The Chair of the Governing Body Carmel McKinney resigned from her post on 30 April 2017. Mr Hugh Crossey acted as interim Chair until appointment as temporary Chair from 19 June 2017.



The remuneration of the Chair and Board members is as follows:

	2016/17				2015/16			
	Salary	Benefits in Kind	Pension benefits	Total	Salary	Benefits in Kind	Pension benefits	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Isobel Allison	0-5	0	0	0-5	0-5	0	0	0-5
James Brown	0-5	0	0	0-5	0-5	0	0	0-5
Samuel Kevin Chambers	0-5	0	0	0-5	0-5	0	0	0-5
Hugh Crossey - Temp Chair	0-5	0	0	0-5	0-5	0	0	0-5
Judith Eve	0-5	0	0	0-5	0-5	0	0	0-5
Jonathan Hanna - Student	0-5	0	0	0-5	0	0	0	0
William Hutchinson	0-5	0	0	0-5	0-5	0	0	0-5
Richard Jay	0-5	0	0	0-5	0-5	0	0	0-5
Andrew Kennedy	0-5	0	0	0-5	0-5	0	0	0-5
David Lennox	0-5	0	0	0-5	0-5	0	0	0-5
Yvonne Mallon	0-5	0	0	0-5	0-5	0	0	0-5
William McCluggage	0-5	0	0	0-5	0-5	0	0	0-5
Gillian McConnell	0-5	0	0	0-5	0-5	0	0	0-5
Carmel McKinney - Chair	10-15	0	0	10-15	10-15	0	0	10-15
Ken Nelson	0-5	0	0	0-5	0-5	0	0	0-5

### The Principal and Senior Leadership Team Minimum pay levels

The Principal and the Senior Leadership Team appointments are made in accordance with the College's recruitment policy. The policy requires appointments to be made on merit on the basis of fair and open competition.

The Principal and Senior Leadership Team hold permanent appointments. The normal retiring age was previously 65, although staff may retire at any time after age 60.

Minimum pay levels are dependent on College size and vary across the sector.

## Snapshot



### Scientific

The Northern Ireland Science Festival – the annual showcase for the wonders of science, technology, engineering and mathematics – brought a brand new, free roadshow to the College's Coleraine Campus in February 2017. The event featured a variety of talks, shows and interactive activities, designed to captivate and enthral visitors of all ages.

### Progression

There is no incremental progression for Principals as they are paid on a one-point scale according to College size. However, if the College size changes they will automatically move to that new salary point.

At initial appointment, Vice-Principals and equivalents are normally placed on the bottom point of the four-point scale relevant to the size of their College. Thereafter, there is annual incremental progression up the scale until the maximum of the scale is reached. A common incremental date of September is used for all Vice-Principals and equivalents. If the College increases in size a Vice-Principal and equivalents will automatically move to the new relevant salary scale.

### Performance pay

There is no performance pay or related scheme for any of the Senior Leadership Team.

### Total reward package

Senior staff within the College have access to the Northern Ireland Teachers' Superannuation scheme or to the Northern Ireland Local Government Superannuation Scheme.

Senior staff posts are based on 36 hours per week and post holders have access to the College's Maternity Leave Scheme, Paternity Leave Scheme, Adoption Leave Scheme and flexible working arrangements.

All senior staff have 35 days holiday entitlement and a further 12 statutory and public holidays as recognised by the sector.

### Service contracts

College appointments are made on merit on the basis of fair and open competition. Unless otherwise stated, the officials covered by this report hold appointments which are open ended. Early termination, other than for misconduct, would result in the individual being entitled to receive compensation.

## Salary and Pension Entitlements

The following sections provide details of the remuneration and pension interests of the most senior management of the College.

### Remuneration (including salary) and pension entitlements (audited information)

Remuneration	2016/17				2015/16			
	Salary £'000	Benefits in Kind £'000	Pension benefits £'000	Total £'000	Salary £'000	Benefits in Kind £'000	Pension benefits £'000*	Total £'000
Principal Professor Terri Scott	110-115	-	15-20	130- 135	110-115	-	15-20	130- 135
Vice-Principal Business Development & Transformation <sup>1</sup> Dr Steve Brankin	75-80	-	10-15	90-95	50-55 (75- 80 full year equivalent)	-	5-10	60-65
Vice-Principal Teaching & Learning <sup>2</sup> Professor Martin McKinney	60-65 (75- 80 full year equivalent)	-	10-15	70-75	15-20 (75- 80 full year equivalent)	-	0-5	20-25
Vice-Principal Teaching & Learning (Temp) <sup>3</sup> Mr Vincent Taggart	15-20 (70- 75 full year equivalent)	-	0-5	20-25	-	-	-	-
Vice-Principal Organisational Development <sup>4</sup> Mr Des Hewitt	10-15 (70- 75 full year equivalent)	-	0-5	10-15	-	-	-	-
Chief Operating Officer <sup>5</sup> Mr Mel Higgins	75-80	-	10-15	90-95	50-55 (75- 80 full year equivalent)	-	5-10	55-60
Director of Planning & Customer Services <sup>6</sup> Mrs Brenda Crotty	-	-	-	-	20-25 (75- 80 full year equivalent)	-	0-5	20-25
Director of Curriculum <sup>7</sup> Mrs Catherine O'Mullan	-	-	-	-	50-55 (75- 80 full year equivalent)	-	5-10	60-65
Director of Finance & Corporate Development <sup>8</sup> Mrs Claire Moore	-	-	-	-	30-35 (75- 80 full year equivalent)	-	10-15	45-50

### Notes for opposite table

1. The Vice-Principal Business Development & Transformation was appointed on 1 December 2015.
2. The Vice-Principal Teaching & Learning was appointed on 2 May 2016 and resigned on 31 May 2017.
3. A Temporary Vice-Principal Teaching & Learning was internally recruited and appointed on 25 April 2017.
4. A Vice-Principal Organisational Development was internally recruited for three years from 1 July 2017 (with option to extend for 1+1 years).
5. The Chief Operating Officer was appointed on 7 December 2015.
6. The Director of Planning & Customer Services left under VES on 31 October 2015.
7. The Director of Curriculum left under VES on 31 March 2016.
8. The Director of Finance & Corporate Development left under VES on 31 December 2015.

\* The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

These figures are generated from the payroll system.

### Salary and Pension Entitlements (continued)

	RESTATED	
	2016/17 £'000	2015/16 £'000
Band of highest paid directors total remuneration	110 – 115	110-115
Median total remuneration	22,899	22,212*
Ratio	4.83	4.96

\* The median figures for 2015/16 have been restated to now include agency workers.

The use of agency workers was due to temporary vacancies resulting from staff leaving under the sector wide Voluntary Exit Scheme (VES) and new structures and staffing requirements being put in place.

### Salary

'Salary' includes gross salary; performance pay or bonuses; overtime; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

### Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. No senior officials received any benefits in kind.

**Pension Entitlements (Audited information)**

Officials	Accrued pension at pension age as at 31/07/17 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/07/17	CETV at 31/07/16	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Principal – Professor Terri Scott	5-10	0-2.5 Plus lump sum of 0-2.5	77	49	28
Vice-Principal Business Development & Transformation- Dr Steve Brankin	0-5	0-2.5 Plus lump sum of 0-2.5	29	11	18
Vice-Principal Teaching & Learning (Temp) - Mr Vincent Taggart	20-25 Plus lump sum of 60-65	0-2.5 Plus lump sum of 0-2.5	440	397	43
Vice-Principal Teaching & Learning – Professor Martin McKinney	0-5	0-2.5 Plus lump sum of 0-2.5	24	5	19
Vice-Principal Organisational Development – Mr Des Hewitt	0-5	0-2.5 Plus lump sum of 0-2.5	16	7	9
Chief Operating Officer – Mr Mel Higgins	0-5	0-2.5 Plus lump sum of 0-2.5	23	9	14

**Snapshot**



**A bright spark**

In March, apprentice Connor Hyland, won Northern Ireland's first regional heat of the SPARKS UK Electrical Apprentice of the Year 2017, and went on to represent Northern Ireland at the UK finals in Bracknell.

**Snapshot**



**Charity begins on campus**

Prior to the summer break staff across the College participated in a charity day event entitled 'Back in 5' which raised £1,302 for Helping Hand, which is the charity to the Royal Belfast Hospital for Sick Children.

**Pension Arrangements**

Contributions to the NITPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective/benefit method.

The NITPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The NITPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The assets of the NILGOSC scheme are measured using closing market values. NILGOSC liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and

currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of changes in reserves.

National Employment Savings Trust (NEST) is the workplace pension set up by the government especially for auto enrolment. It is a defined contribution workplace pension scheme with contributions by the employer. NEST Corporation is the Trustee that runs the NEST scheme. It took over from the Personal Accounts Delivery Authority (PADA), the agency set up by the government to deliver 'personal accounts' – a key element of the auto enrolment policy. 'Personal accounts' became NEST. As a non-departmental public body NEST Corporation is accountable to Parliament through the Department for Work and Pensions but is generally independent of government in its day-to-day decisions

### Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NILGOSC pension arrangements and for which the Fund has received a transfer payment commensurate with the additional pension liabilities being assumed. CETVs

are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take accounts of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

### Compensation for loss of office

There were no compensation payments made to senior staff for loss of office in the 2016/17 year.

## Statement of the Responsibilities of the Governing Body for the year ended 31 July 2017

The Governing Body of the College is required to present audited financial statements for each financial year.

Within the terms and conditions of the Management Statement/Financial Memorandum agreed between the Department for the Economy and the Governing Body of the College, the Governing Body through its Chairperson, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the College and the result for that year.

In preparing the financial statements the Governing Body is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation.

The Governing Body is also required to prepare an Annual Strategic Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

The Governing Body is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and enable it to ensure that the financial statements are prepared in accordance with the relevant legislation and other relevant accounting standards. It has general responsibility for taking such steps that are reasonably open to it to safeguard assets of the College and to prevent and detect fraud and other irregularities.

The maintenance and integrity of the College website is the responsibility of the College; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Governing Body is responsible for ensuring that funds from the Department are used only in accordance with the Management Statement/Financial Memorandum (MSFM) agreed with the Department and other conditions which the Department may from time to time prescribe. The Governing Body must ensure that there are appropriate financial and management controls in place sufficient to safeguard public funds and ensure that they are used only in accordance with the conditions under which they have been made available. In addition, the Governing Body is responsible for securing the economic, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds by the Department are not put at risk.

Approved by order of the Governing Body members on 16 November 2017 and signed on its behalf by:

Signed: 

**Mr H Crossey**  
Temporary Chair of the Governing Body  
Northern Regional College

### Snapshot



### Driving the green agenda

The College took delivery of a number of new vehicles, including minibuses and an electric car in the spring. The minibuses are used primarily to help student groups move between campuses and attend events, while the Nissan Leaf electric car is available for staff to travel for meetings for marketing and promotional purposes, while also contributing to our sustainability efforts.

## Statement of Corporate Governance and Internal Control for the year ended 31 July 2017

### Introduction

This Governance Statement for Northern Regional College sets out the governance structures, risk management and internal control procedures that operated within the College during the 2016/17 financial year and up to the date of approval of the Annual Report and Accounts. This Governance Statement has been prepared in accordance with guidance issued by the Department of Finance (DoF) and is aimed at supporting better governance and driving more consistent, coherent and transparent reporting.

### Scope of Responsibility

The Accounting Officer for the College has responsibility for maintaining a robust governance and risk management structure and a sound system of internal control that supports the achievement of College policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in Managing Public Money Northern Ireland (MPMNI).

In order to manage the College efficiently, the Accounting Officer has been supported by formal governance structures with clear remits, details of which are provided below.

### Governing Body

The College's Governing Body comprises members appointed by the Minister for the Economy, members nominated by the Education Authority (EA) up to 31 March 2017, staff and students of the College, the Principal and members co-opted by the Governing Body. The role of the Chairperson of

the Governing Body is separate from the role of the College Principal as Chief Executive and Accounting Officer. The Governing Body is responsible for the ongoing strategic direction of the College, whilst the Executive Officers are responsible for the operational management of the College. The Governing Body approves all major developments and receives regular reports on the activities of the College. The Governing Body met six times during the 2016/17 year and held two workshops on 2 February and 18 May. The Governing Body committees include a Resources Committee, an Audit & Risk Committee, a Strategic Improvement Committee (until May 2017) and an Education Committee. All of these committees are formally constituted with terms of reference.

Unreserved minutes of Governing Body meetings are available from the Secretary to the Governing Body and on the College website. The Secretary to the Governing Body maintains a register of financial and personal interests of the Governing Body members, and the PA to the Chief Executive maintains a register for members of the Senior Leadership Team. Formal agendas, papers and reports are supplied to the Governing Body members in a timely manner.

Information presented to the Governing Body and its committees is drafted by the appropriate department and proceeds through the necessary internal clearance procedures before being presented as formal agendas, papers and reports to the Governing Body. This ensures a high quality of reliable and up to date information is presented for the Governing Body's consideration. The Governing Body is content with the quality and reliability of the information presented during 2016/17.

The Governing Body through its stewardship complies with the Corporate Compliance Code.

Attendance during the year at the Governing Body meetings was as follows:

Member	Meetings Attended including Workshops	Out of a Possible
Ms Isobel Allison	7	8
Cllr James Brown (until 31/03/17)	4	5
Mr Samuel Kevin Chambers	8	8
Mr Hugh Crossey (Temp Chair from 19/06/17)	8	8
Mrs Judith Eve	5*	8
Mr Jonathan Hannah (Student Governor)	1	8
Mr William Hutchinson	6	8
Mr Richard Jay	7	8
Mr Andrew Kennedy (until 12/05/17)	5	5
Dr David Lennox	7	8
Ms Yvonne Mallon	7	8
Dr Karen McCambridge (Staff Governor)	8	8
Mr William McCluggage	6	8
Mrs Gillian McConnell	8	8
Ms Carmel McKinney (Chair until 28/04/17)	5	5
Mr Ken Nelson	7	8
Ms Kerry Reilly (Staff Governor)	0	8
Professor Terri Scott (Principal)	8	8

\* Mrs Eve absent on medical grounds

A minimum of six members of the Board must be present for the meeting to be deemed quorate. All Board meetings during the 2016/17 financial year were fully quorate. There were 8 male and 7 female members of the Governing Body at 31 July 2017.

### Audit and Risk Committee

The Audit and Risk Committee is responsible for reviewing the effectiveness of the College's accounting procedures and systems of internal control. It provides a channel of communication from the College's auditors, which is not controlled by College management. It also must satisfy itself that adequate arrangements are in place to promote economy, efficiency and effectiveness. The Committee met six times during the 2016/17 year. Discussion included reports from the External and Internal Auditors and the relevant responses.

It also receives and considers reports from the Department for the Economy. It reviews the College's annual financial statements to ensure compliance with legislation and accounting standards.

Whilst Executive Officers and other officials attend meetings of the Audit & Risk Committee as necessary, they are not members of the Committee. The Committee meets with auditors on their own for independent discussions prior to each meeting.

Attendance during the year at the Audit and Risk Committee meetings was as follows:

Member	Meetings Attended	Out of a Possible
Mrs Isobel Allison (from 22/03/17)	2	2
Cllr James Brown (until 31/03/17)	4	4
Mrs Judith Eve	6	6
Mr William Hutchinson	6	6
Dr David Lennox (Chair)	6	6
Mr William McCluggage (from 22/03/17)	0*	2
Mrs Kerry Reilly (Staff Governor)	0	6

\* Mr McCluggage joined the Audit and Risk Committee during the year and the dates agreed (at start of academic year) for meetings conflicted with his business commitments

### Resources Committee

The Resources Committee supervises all matters relating to the finance and resources (staffing and other resources) of the College. The Committee

is responsible for ensuring the College meets its statutory obligations under section 75 of the NI Order (1998). Mr Ian Murphy FCA attends the Committee as an independent advisor. The Committee met four times during the 2016/17 year.

Member	Meetings Attended	Out of a Possible
Mr Samuel Chambers	4	4
Mr Hugh Crossey (Chair)	4	4
Mrs Gillian McConnell	4	4
Ms Yvonne Mallon	4	4
Professor Terri Scott (Principal)	4	4

### Strategic Improvement Committee

The Strategic Improvement Committee is responsible for overseeing the implementation of

the College's three year Strategic Improvement Plan. The Committee met three times during the 2016/17 year. The Chairs of the other committees were also in attendance at two of the meetings.

Member	Meetings Attended	Out of a Possible
Mrs Isobel Allison	3	3
Mr Andrew Kennedy	3	3
Ms Carmel McKinney (Chair)	3	3
Professor Terri Scott (Principal)	3	3

### Education Committee

The Education Committee is responsible for overseeing the curricular provision of the College,

especially the nature, quality and performance of the provision and the extent to which it meets the needs of the community the College seeks to serve. The Committee met three times during the 2016/17 year.

Member	Meetings Attended	Out of a Possible
Mr Jonathan Hannah (Student Governor)	0	3
Mr William Hutchinson	3	3
Mr Richard Jay (Chair)	3	3
Dr Karen McCambridge (Staff Governor)	3	3
Mr William McCluggage	1	2
Mr Ken Nelson	2	3
Mrs Kerry Reilly (Staff Governor)	0	3
Professor Terri Scott (Principal)	3	3

### Governing Body Performance and Effectiveness

The Governing Body held Strategic Workshops on 2 February and 18 May 2017. During the course of the workshops the Governing Body considered the achievement against KPIs; the status of the implementation of the Strategic Improvement Plan; the revised MSFM; lessons from PACs; the outcomes of a previous training needs analysis and the DfE report on the NRC Governing Body self-assessment.

### Senior Leadership Team

A new organisational structure of the College which took effect from 21 October 2015 when the SIP was approved comprised a Senior Leadership Team and a Management Group. The Senior Leadership Team (SLT) of the College consists of:

- Principal
- Vice-Principal Teaching & Learning
- Chief Operating Officer; and
- Vice-Principal Business Development & Transformation.

On 1 July 2017 a temporary post was recruited for three years (with option to extend for 1 + 1 years) to include the post of:

- Vice-Principal Organisational Development.

The purpose of the SLT is to act as the strategic leadership forum within the College. The SLT is responsible for the operational implementation of the vision and objectives agreed by the Governing Body.

The Senior Management Team comprises the SLT and all Heads of Department (academic and support).

### Risk Management

The College is committed to the principles endorsed by Northern Ireland Audit Office in its guidance "Good Practice in Risk Management" issued in June 2011.

By adopting the above risk management principles, and embedding a culture of effective risk management, the College's key principles in relation to risk management and internal control are as follows:

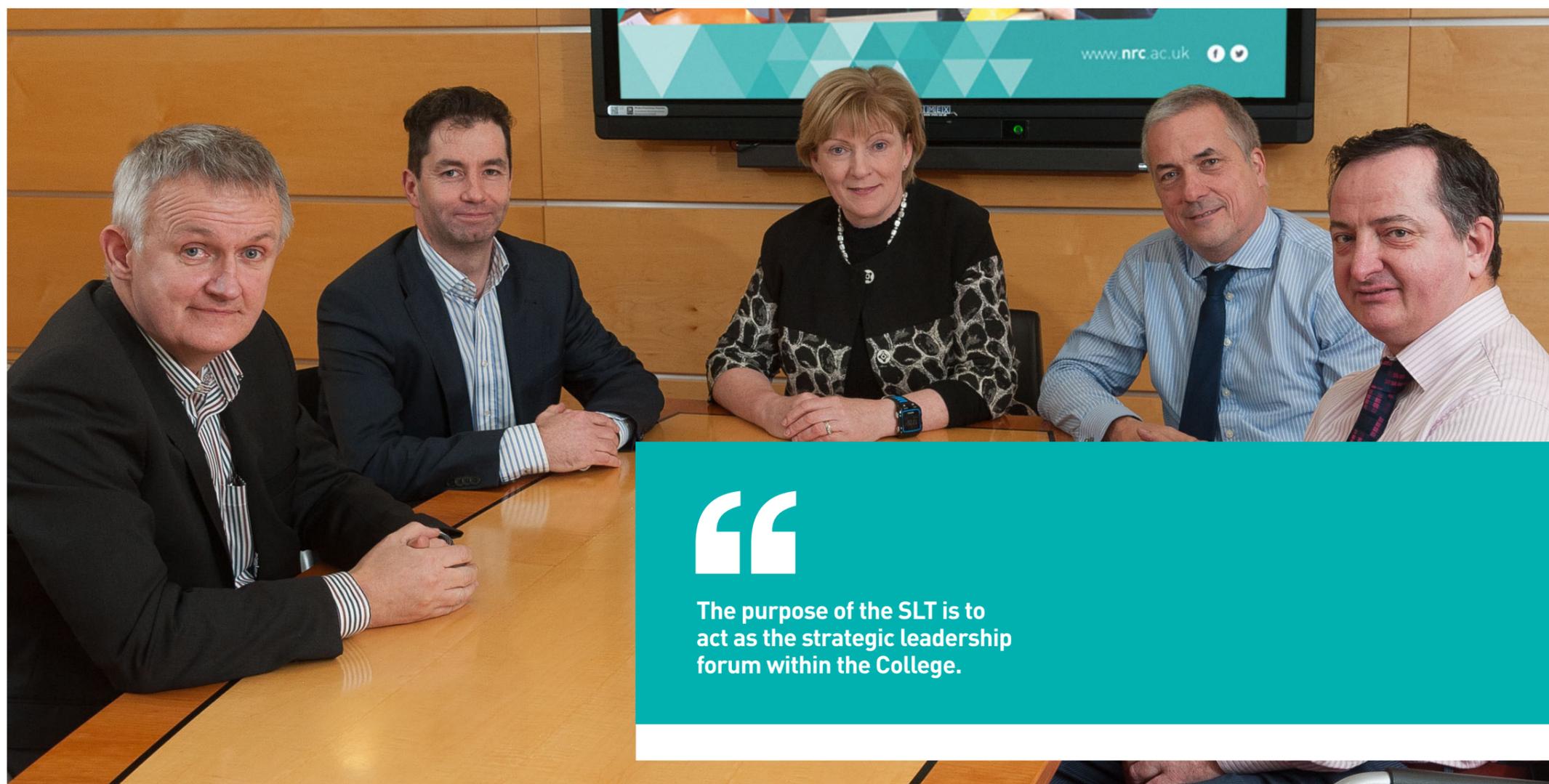
- The Governing Body has responsibility for determining the risk appetite of the College and overseeing risk management within the College as a whole;
- The Principal and Senior Management Team support, advise and implement policies approved by the Governing Body;

- Senior and middle managers are responsible for encouraging good risk management practice within their designated managed area; and
- Key risks will be identified and closely monitored on a regular basis.

The Accounting Officer has responsibility for maintaining a sound system of internal controls that supports the achievements of aims and objectives, whilst safeguarding the public funds and College assets. This includes having a system in place to ensure that all business areas identify the key risks to the achievement of the organisation's objectives. The Accounting Officer reports annually on the College's system of internal control in the Governance Statement.

The College has an outsourced internal audit service, the work of which concentrates on areas of key activities determined by an analysis of the areas of greatest risk and in accordance with the annual internal audit plan approved by the Governing Body.

The internal auditors report to the Accounting Officer and to the Audit & Risk Committee on a regular basis and have direct access to the Governing Body and to the Chair of the Audit & Risk Committee. Internal Audit has issued an Assurance Statement that provides an opinion on the adequacy and effectiveness of the internal control system and the extent to which it can be relied upon.



## Risk Management (cont'd)

The principal risks facing the College at 31 July 2017 have been identified as:

Risks	Description
1	The College does not meet the agreed targets in terms of recruitment to planned curriculum provision
2	The College does not meet the agreed minimum standards of quality of curriculum provision
3	The College does not have an appropriate mix of suitably skilled staff to support the delivery of the agreed curriculum plan and associated services
4	The College does not provide a high quality environment that embeds the innovative use of technology
5	The failure to deliver the College's long term financial sustainability
6	The College does not meet the needs of stakeholders and manage the reputational risk
7	The College does not implement sector wide Systems, Technology and Services Project

In addition to the above a risk register was developed and managed for the College's new build estates project and reported via the Estates Project Board.

### Fraud Reporting

The anti-fraud and bribery policy sets out the definition of fraud, details the responsibilities regarding the prevention of fraud and highlights the procedures to be followed in the event of a fraud being detected or suspected. The fraud response plan is a procedural guide and provides a checklist of the required actions which must be followed in the event of a fraud, attempted fraud or irregular activity being suspected.

### Whistleblowing

There were two notified whistleblowing instances during 2016/17. Both were resolved by 31 July 2017.

### Internal Audit

The College's Internal Audit function is outsourced to KPMG, following a sector wide procurement exercise in 2012. The main remit of the Internal Audit function is to provide the Accounting Officer with an independent and objective opinion on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes.

The Annual Opinion and Report, provided by the Internal Audit function, is a key element of the framework of assurance that the Accounting Officer needs to inform this Governance Statement. The Internal Audit function operates in accordance with HM Treasury's Public Sector Internal Audit Standards (PSIAS).

The Audit and Risk Committee set an audit strategy and work plan for the financial year 2016/17, which was carried out by KPMG. For the period 2016/17 KPMG has reported an overall **satisfactory** audit opinion on the College's system of governance, risk management and internal control. Satisfactory is the highest assurance rating available.

A summary of the internal audit work and the assurance ratings for each is included below:

Area Reviewed	Assurance Rating
Core Financial Review – Income & Debtors	Satisfactory
Core Financial Review – Payment to Creditors	Satisfactory
Procurement	Satisfactory
Student Fees: Financial Planning & Collection	Satisfactory
Management of Third Party Contracts	Satisfactory
Business Continuity & Disaster Recovery	Satisfactory
Corporate Governance & Risk Management	Satisfactory
Strategic Improvement Programme	N/A –Advisory Work

During the year there were no Priority One recommendations. A Priority One recommendation is an issue that requires urgent management decision and action without which there is a substantial risk to the achievement of key business / system objectives, to the reputation of the organisation, or to the regularity and propriety of public funds. All other recommendations have either been addressed during the year or are still being implemented. Progress reporting on any outstanding audit recommendations are presented to the Audit and Risk Committee.

### Education Training Inspectorate (ETI)

The College submitted its 'Whole College Self Evaluation Report (SER) and Quality Improvement Plan (QIP)' to the Department in December 2016. The ETI undertook scrutiny inspections of the SER/ QIP and a full inspection of Work Based Learning (WBL) provision within the College during late February and early March 2017. In April 2017 the ETI gave 'confidence' in the College's self-evaluation and quality improvement planning processes.

The WBL inspection evaluated and reviewed programmes being delivered on Skills for Work/ Training for Success, Essential Skills and ApprenticeshipsNI Programmes and Levels 1 to Level 3. The report is available online at [www.etini.gov.uk](http://www.etini.gov.uk) and was published on 11 May 2017.

During this inspection ETI also evaluated and reviewed the College's performance in the 'Youth Training Pilot programmes at Level 2 and the ApprenticeshipsNI pilot programmes at Level 3' across the College. ETI published one report across all six Colleges on 3 August 2017 and this is available online at [www.etini.gov.uk](http://www.etini.gov.uk).

### QAA Summative Review

The Quality Assurance Agency for Higher Education (QAA) is an independent body entrusted with monitoring and advising on standards and quality in UK higher education. There has been no QAA activity for the Financial Year 1 August 2016 to 31 July 2017.



The FE sector is moving to a new funding, monitoring and planning cycle in April 2018. Therefore it has been agreed that the College's revised KPIs and metrics for 2017/18 will cover the period September 2017 to March 2018.

### Information Assurance

Effective information security is a key priority for the College and it recognises that stringent principles of information security must be applied to all information it holds. There were no personal data related incidents in 2016/17.

### External Review leading to the Strategic Improvement Plan (SIP)

As outlined in the 'Review of Performance' section earlier in this document, in spring 2017 the College conducted a stock-take exercise on progress towards achieving the 12 KPIs of the SIP.

Internal Audit undertook an additional review in relation to the SIP at the request of the Audit and Risk Committee. The review was agreed as non-assurance in nature and as such assignment of an internal audit opinion was not required.

Progress against the KPIs was monitored at each Governing Body and Committee meeting and two workshops were held to review the SIP and plan for the future. The Governing Body was given the opportunity to consider management's recommendations on change and contribute

to the review of the SIP. Additionally during the year, quarterly review meetings were held with the Department for the Economy (DfE) to monitor progress.

A further significant development in the wider operating environment has been the adoption of an Outcome Based Accountability (OBA) approach aligned to the draft Programme for Government (PfG), draft Industrial Strategy and DfE strategic objectives.

As a result the FE sector is moving to a new funding, monitoring and planning cycle in April 2018. Therefore it has been agreed that the College's revised KPIs and metrics for 2017/18 will cover the period September 2017 to March 2018.

Signed:

**Professor T Scott**

Accounting Officer  
Northern Regional College

Date:

16 November 2017

### Snapshot



### National acclaim

In June the creative industries team was selected from thousands of nominations across the UK to win a Silver Teaching Award for FE Team of the Year.

Staff awarded included Assistant Head of Department for Creative Industries, Stuart Cullen along with lecturers Gemma Wray, Danielle Birkett, Peter McMullan, Richard Campbell and Mark McNeill.

# Certificate & Report of the Comptroller & Auditor General to the Northern Ireland Assembly

## Opinion on financial statements

I certify that I have audited the financial statements of the Northern Regional College for the year ended July 31st 2017 under the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008. The financial statements comprise: the Statement of Comprehensive Income, Statement of Changes in Reserves, Balance Sheet, Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of Northern Regional Colleges affairs as at July 31st 2017 and of its deficit the year then ended;
- have been properly prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102); and
- have been prepared in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008 and the Department for the Economy directions issued thereunder.

## Opinion on regularity

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Basis for opinion

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs (UK)). My responsibility under those standards are further described in the Auditor's responsibility for the audit of the financial statements section of this certificate. Me and my staff are independent of Northern Regional College in accordance with the ethical requirements of the Financial Reporting Council's Ethical Standard, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

## Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governing Body has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about Northern Regional College's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Other information in the annual report and accounts

The Governing Body is responsible for the other information reported in the annual report and accounts. The other information comprises the information included in the annual report and accounts other than the financial statements, the part of the Remuneration Report to be audited and my certificate thereon. My opinion on financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information in the annual report and accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Department for the Economy directions made under the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008; and
- the information given in the Strategic Report and the unaudited part of the Remuneration Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement of Corporate Governance and Internal Control does not reflect compliance with Department of Finance's guidance.

## Responsibilities of the Governing Body

As explained more fully in the Statement of Responsibilities of the Governing Body, the Governing Body is responsible for the preparation of the financial statements and being satisfied that they give a true and fair view, and for such internal control as the Governing Body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governing Body is responsible for assessing Northern Regional College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting.

## Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008.

This requires me to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

## Report

In my audits of the 2013/14, 2014/15 and 2015/16 financial statements, I reported my observations on the external Review of Finance, Curriculum, Staffing and Estate at Northern Regional College. My report on pages 90 and 91 provided an update on the implementation of the recommendations contained within this review.

Signed: 

**KJ Donnelly**  
Comptroller and Auditor General  
Northern Ireland Audit Office  
106 University Street  
Belfast  
BT7 1EU

Date: 23 November 2017



## Statement of Comprehensive Income and Expenditure for the year ended 31 July 2017

	Notes	2017	2016
		£'000	RESTATED £'000
<b>Income</b>			
Department for the Economy income	1	24,646	26,285
Education contracts	2	3,640	4,016
Tuition fees and charges	3	2,215	2,242
Other grant income	4	381	370
Other operating income	5	739	607
Investment Income	6	52	57
Donations and endowments	7	0	0
<b>Total income</b>		<b>31,673</b>	<b>33,577</b>
<b>Expenditure</b>			
Staff costs	8	20,588	20,818
Fundamental restructuring costs	8	187	1,885
Other operating expenses	10	8,517	9,333
Interest and other finance costs	11	276	209
Depreciation	13	3,202	3,210
<b>Total expenditure</b>		<b>32,770</b>	<b>35,455</b>
<b>Surplus / (Deficit) before other gains/losses</b>		<b>(1,097)</b>	<b>(1,878)</b>
Gain/(Loss) on disposal of assets		0	0
<b>Surplus / (Deficit) before Tax</b>		<b>(1,097)</b>	<b>(1,878)</b>
Taxation	12	0	0
<b>Surplus / (Deficit) for the year</b>		<b>(1,097)</b>	<b>(1,878)</b>
Unrealised surplus on revaluation of land and buildings	13	4,626	4,806
Actuarial (loss) / Gain in respect of pension scheme	22	5,918	(5,099)
<b>Total comprehensive income/(expenditure) for the year</b>		<b>9,447</b>	<b>(2,171)</b>
Represented by:			
Endowment comprehensive income/(expenditure) for the year		2	3
Unrestricted comprehensive income/(expenditure) for the year		9,445	(2,174)

All amounts above relate to the continuing operations of the College.

The accompanying accounting policies and notes form an integral part of these financial statements.

## Statement of Changes in Reserves for the year ended 31 July 2017

	Income and expenditure account					Total
	Unrestricted (excluding Pension)	Pension Reserve	Unrestricted (including Pension)	Endowment	Revaluation Reserve	
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 August 2015</b>	<b>1,414</b>	<b>(6,380)</b>	<b>(4,966)</b>	<b>64</b>	<b>47,562</b>	<b>42,660</b>
Surplus/(deficit) from income and expenditure statement	(1,403)	(475)	(1,878)	-	-	(1,878)
Other comprehensive income	-	(5,099)	(5,099)	-	4,806	(293)
Transfers between revaluation and income and expenditure account	1,727	-	1,727	-	(1,727)	-
Release of restricted funds spent in year	-	-	-	-	-	-
<b>Balance at 1 August 2016 (RESTATED)</b>	<b>1,738</b>	<b>(11,954)</b>	<b>(10,216)</b>	<b>64</b>	<b>50,641</b>	<b>40,489</b>
Surplus/(deficit) from income and expenditure statement	(364)	(733)	(1,097)	-	-	(1,097)
Other comprehensive income	-	5,918	5,918	-	4,626	10,544
Transfers between revaluation and income and expenditure account	1,958	-	1,958	-	(1,958)	-
Release of restricted funds spent in year	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>1,594</b>	<b>5,185</b>	<b>6,779</b>	<b>0</b>	<b>2,668</b>	<b>9,447</b>
<b>Balance at 31 July 2017</b>	<b>3,332</b>	<b>(6,769)</b>	<b>(3,437)</b>	<b>64</b>	<b>53,309</b>	<b>49,936</b>

The accompanying accounting policies and notes form an integral part of these financial statements.

## Balance Sheet as at 31 July 2017

	Notes	2017	2016 RESTATED
		£'000	£'000
<b>Non Current Assets</b>			
Tangible fixed assets	13	65,695	62,961
		<b>65,695</b>	<b>62,961</b>
<b>Current assets</b>			
Trade and other receivables	16	1,262	1,917
Cash and cash equivalents	21	6,608	5,477
<b>Total current assets</b>		<b>7,870</b>	<b>7,394</b>
Less: Trade payables - amounts falling due within one year	17	5,105	6,538
<b>Net current assets</b>		<b>2,765</b>	<b>856</b>
<b>Total assets less current liabilities</b>		<b>68,460</b>	<b>63,817</b>
Less : Trade payables: amounts falling due after one year	18	11,755	11,374
<b>Provisions:</b>			
Pension Provision	22	(6,769)	(11,954)
<b>Net Assets including pension liability</b>		<b>49,936</b>	<b>40,489</b>
<b>Unrestricted Reserves</b>			
Income and expenditure account (exc. Pension)		3,332	1,738
Pension Reserve		(6,769)	(11,954)
Income and expenditure account (Inc. Pension)		(3,437)	(10,216)
Revaluation Reserve		53,309	50,641
<b>Restricted Reserves</b>			
Endowments	20	64	64
<b>Total Reserves</b>		<b>49,936</b>	<b>40,489</b>

The financial statements on pages 60 to 89 were approved by the Governing Body of the Northern Regional College on 16 November 2017 and were signed on its behalf by:

Signed: 

Signed: 

**Mr H Crossey**  
Temporary Chair of the Governing Body  
Northern Regional College

**Professor T Scott**  
Accounting Officer  
Northern Regional College

Date: 16 November 2017

## Cash flow statement for the year ended 31 July 2017

	Notes	2017	2016 RESTATED
		£'000	£'000
<b>Cash inflow/ (outflow) from operating activities</b>			
Surplus / (Deficit) for the Year		(1,097)	(1,878)
<b>Adjustment for non-cash items</b>			
Depreciation	13	3,202	3,210
Decrease / (Increase) in receivables	16	655	4,220
(Decrease)/Increase in payables less one year	17	(1,433)	(4,047)
Increase / (Decrease) in payables more one year	18	381	(430)
Pension cost less contributions payable	22	457	266
Pension interest cost	22	276	209
Adjustment for Reserves			(26)
Impairment of fixed asset	13	384	
<b>Adjustment for investing or financing activities</b>			
Investment income	6	(52)	(57)
<b>Net Cash inflow from operating activities</b>		<b>2,773</b>	<b>1,467</b>
<b>Cash flows from investing activities</b>			
Investment income	6	52	57
Proceeds from Sale of Fixed Assets			
Payments made to acquire fixed assets	13	(1,694)	(834)
<b>(Decrease) /increase in cash and cash equivalents in the year</b>		<b>1,131</b>	<b>690</b>
Net funds at 1 August	21	5,477	4,787
<b>Net funds at 31 July</b>	<b>21</b>	<b>6,608</b>	<b>5,477</b>

In this statement, figures in brackets refer to cash outflows and all other figures are cash inflows to the College. The cash flow has been restated to add investment income.

The accompanying accounting policies and notes form an integral part of these financial statements.

## Statement of Accounting Policies for the year ended 31 July 2017

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

### Basis of preparation

These financial statements have been prepared on the going concern basis in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit entity requirements for FRS 102. The financial statements conform to the Accounts Direction issued by the Department for the Economy (DfE). The 2015/16 accounts have been restated to move Training for Success (TfS) income and expenditure from Agency Costs (Note 28) into the Statement of Comprehensive Income and Expenditure and other notes. The Balance Sheet, Statement of Changes in Reserves and Land and Buildings (Note 13) have been restated following the asset revaluation work by Land and Property Services.

### Transition to the 2015 FE HE SORP

The year ended 31 July 2016 was the first year that the accounts were prepared under the 2015 SORP and FRS 102. Some of the FRS 102 recognition, management, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the College amended certain accounting policies to comply with FRS 102 and the 2015 FE HE SORP.

### Basis of accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets and in accordance with applicable United Kingdom accounting standards.

### Going concern

The activities of the College, together with factors likely to affect its future development and performance are set out in the Strategic Report. The financial position of the College, its cash flow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

The College is satisfied that the organisation is a going concern on the basis that there is no reason to believe that the Department's future sponsorship and future Assembly approval will not be forthcoming to meet the College's liabilities as they fall due. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

### Basis of consolidation

The College has no subsidiaries.

### Recognition of Income

#### Government Grants

The recurrent grant and other revenue grants received from DfE (and other government bodies) are recognised in income over the periods in which the College recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

#### Tuition Fees

Income from tuition fees is recognised in the period for which it is received and includes all fees payable by students or their sponsors.

#### Non-Government Grants

Income from non-government grants, controls and other services rendered is included to the extent that the conditions of the funding have been met, or the extent of the completion of the contract or service concerned.

### Interest

All income from short-term deposits is credited to the income and expenditure account in the year in which it is earned.

### Capital Grants (non land grants)

Non-recurrent grants from DfE and other government bodies received in respect of the acquisition of fixed assets are recognised in income over the expected useful life of the asset.

### Other Capital Grants

Other capital grants are recognised on income when the College is entitled to the funds subject to any performance related conditions being met.

### Donations and Endowments

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the College is entitled to the income. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the College is entitled to the funds.

### Pension Scheme

The two principal pension schemes for the College's staff are the Northern Ireland Teachers' Pension Scheme (NITPS) and the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) defined benefit schemes, which are externally funded and contracted out of the State Earnings Related Pension Scheme.

The NITPS is an unfunded contributory, voluntary membership scheme administered by the Department of Education. The current regulations under which the scheme operates are the Teachers' Superannuation Regulations (NI) 1998 (as amended). The NITPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on

a consistent and reasonable basis. The NITPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

NILGOSC is a defined benefit scheme which is externally funded and contracted out of the second state Pension Scheme. The funds are valued every three years by actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. Pension costs are assessed on the basis of the latest actuarial valuations of the schemes and are accounted for on the basis of charging the cost of providing pensions over the period during which the College benefits from the employees' services. Variations from regular cost are spread over the expected average remaining working lifetime of members of the schemes after making allowances for future withdrawals.

The difference between the fair value of the assets held in the College's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the College's balance sheet as a pension scheme asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the College is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

Changes in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by the College are charged to the Statement of Comprehensive Income.

### Enhanced pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the College annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the College's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet.

## Tangible Fixed Assets

- **Land and buildings**

Land and buildings (including those inherited from the former Education and Library Board) are stated in the balance sheet at valuation on the basis of depreciated replacement cost (inclusive of VAT), as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis. Land and buildings acquired since the last valuation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College as advised by Land and Property Services (LPS). Where land and buildings are acquired with the aid of specific grants, these are accounted for in accordance with the revenue recognition policies above.

- **Assets under construction**

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July 2017. They are not depreciated until they are brought into use.

- **Assets other than land and buildings**

Assets other than land and buildings costing less than €3,000 per individual item are written off to the income and expenditure account in the period of acquisition. Assets other than land and buildings inherited from the former Education and Library Board are included in the balance sheet at valuation. All other assets are capitalised at cost.

These assets are depreciated over their useful economic lives as follows:

Computers -  
three years straight-line

Motor vehicles -  
four years straight-line

Plant and equipment -  
five years straight-line

Fixtures and fittings -  
seven years straight-line

- **Leased Assets**

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

Leasing agreements which transfer to the College substantially ownership of an asset are treated as if the asset had been purchased outright and are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

- **Jointly Controlled Assets**

Colleges recognise their individual share of assets that are jointly owned and controlled amongst the Northern Ireland Further Education sector. The assets are classified according to their nature.

## Foreign Currency Translation

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

## Taxation

As an exempt charity the College benefits by being broadly exempt from corporation tax on income it receives from tuition fees, interest and rents.

The College is exempted from levying VAT on most of the services it provides to students. For this reason the College is partially exempt in respect of VAT, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

## Liquid Resources

Liquid resources include sums on short-term deposits with recognised banks and building societies.

## Provisions

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event. It is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

## Agency Arrangements

The College acts as an agent in the collection and payment of Hardship Funds and Care to Learn. Related payments received from DfE and subsequent disbursements to students are excluded from the Statement of Comprehensive Income and Expenditure and are shown separately in Note 28. The College administers the Hardship Fund applications and payments through a Student Hardship Committee in line with the recommendations from DfE.

## Snapshot



## On the ball

The College launched an exciting new diploma in sports studies running in partnership with the Irish Football Association (IFA) in early summer. The full-time two-year course is now up and running at Ballymena, Coleraine, Magherafelt and Newtownabbey.

## Notes to the Financial Statements for the year ended 31 July 2017

### 1. Department for the Economy income

	2017	2016
	£'000	£'000
<b>Grant in aid received from DfE</b>		
Recurrent grant	20,927	21,170
Release of deferred capital grants	1,210	1,348
Additional support funds	830	726
Minor Works	0	5
Learner access and engagement	0	4
Skills Focus	103	0
Employer Support Programme	0	18
Exceptional grant – voluntary exit scheme (VES)	176	1,840
Other	1,033	980
<b>Grant in aid Total</b>	<b>24,279</b>	<b>26,091</b>
<b>Non-grant in aid received from DfE</b>		
Education maintenance allowance administration (EMA)	31	34
Higher Level Apprenticeships	336	160
<b>Non-grant in aid Total</b>	<b>367</b>	<b>194</b>
<b>Total DfE income</b>	<b>24,646</b>	<b>26,285</b>

### 2. Education Contracts

	2017	2016
	£'000	£'000
		RESTATED
Entitlement Framework	748	1,128
Training for Success*	2,892	2,594
Training – other	0	294
<b>Total</b>	<b>3,640</b>	<b>4,016</b>

\* TfS income is currently treated as revenue due to the commercial nature of the award of contracts.

### 3. Tuition Fees and Charges

	2017	2016
	£'000	£'000
Higher Education (HE) income	1,075	972
Home and other European Union	1,140	1,270
<b>Total</b>	<b>2,215</b>	<b>2,242</b>

### 4. Other Grant Income

	2017	2016
	£'000	£'000
European funds	116	7
Other funds	265	363
<b>Total</b>	<b>381</b>	<b>370</b>

### 5. Other Operating Income

	2017	2016
	£'000	£'000
Catering and residence operations	388	427
Other income generating activities	344	177
Other income	7	3
<b>Total</b>	<b>739</b>	<b>607</b>

### 6. Investment Income

	2017	2016
	£'000	£'000
Income from endowments	2	3
Other interest receivable	50	54
<b>Total</b>	<b>52</b>	<b>57</b>

## 7. Donations and Endowments

	2017	2016
	£'000	£'000
New Endowments	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

## 8. Staff Costs

The average number of persons (including senior post-holders) employed by the College during the year, expressed as full-time equivalents was:

	2017	2016
	Number	Number
Governing Body	0	0
Teaching	320	330
Support	82	92
Administration	124	135
Premises	28	36
<b>Total</b>	<b>554</b>	<b>593</b>

### Staff costs for the above posts

	2017	2016
	£'000	£'000
Governing Body	46	31
Teaching	11,845	12,718
Support	2,218	2,340
Administration	4,996	4,542
Premises	1,026	919
FRS 17 charge	457	268
	<b>20,588</b>	<b>20,818</b>
Exceptional staff costs - VES	187	1,885
Exceptional staff costs - other	0	0
<b>Total</b>	<b>20,775</b>	<b>22,703</b>

## 8. Staff Costs Continued

	2017	2016
	£'000	£'000
Wages & salaries	16,479	16,628
Social security costs	1,453	1,266
Other pension costs (including FRS 102 adjustments)	2,656	2,924
	<b>20,588</b>	<b>20,818</b>
Exceptional staff costs - other	0	0
Exceptional staff costs - VES	187	1,885
<b>Total</b>	<b>20,775</b>	<b>22,703</b>

The number of senior post-holders and other staff who received emoluments including pension contributions and benefits in kind in the following ranges were:

	Senior post-holders		Other Staff	
	2017 No.	2016 No.	2017 No.	2016 No.
£60,001 to £70,000	1	2	5	4
£70,001 to £80,000	2	-	-	-
£80,001 to £90,000	-	-	-	-
£90,001 to £100,000	2	-	-	-
£100,001 to £110,000	-	-	-	-
£110,001 to £120,000	-	-	-	-
£120,001 to £130,000	-	-	-	-
£130,001 to £140,000	1	1	-	-
	<b>6</b>	<b>3</b>	<b>5</b>	<b>4</b>

## 9. Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Governing Body and Senior Leadership Team which comprises the Principal and holders of the other senior posts.

	2017	2016
	Number	Number
The number of senior post-holders including the Principal was:	6+	7*

\* The above 7 was due to the timing of 3 people leaving under VES.

+ The above 6 is due to the timing of 1 Vice-Principal resigning, with a temporary replacement appointed. Also a Vice-Principal post recruited for a fixed period.

### Senior post-holders' emoluments are made up as follows:

	2017	2016
	£'000	£'000
Salaries	453	339
Benefits in Kind	0	0
Pension contributions	80	61
<b>Total emoluments</b>	<b>533</b>	<b>400</b>

The above emoluments include amounts payable to the Principal (who is also the highest paid senior post-holder) of:

	2017	2016
	£'000	£'000
Salaries	110	111
Pension contributions	20	20
<b>Total</b>	<b>130</b>	<b>131</b>

The pension contributions in respect of the Principal and senior post-holders are in respect of employer's contributions to the Teachers' Superannuation Scheme and the Northern Ireland Local Government Officers' Superannuation Scheme and are paid at the same rate as for other employees.

### Compensation for loss of office to a former senior post-holder

	2017	2016
	£'000	£'000
Compensation paid to the former post-holder	0	103
Estimated value of other benefits, including provisions for pension benefits	-	-
<b>Total</b>	<b>0</b>	<b>103</b>

The severance payment in 2015/16 was approved by the College's Governing Body in line with a sector agreed Voluntary Exit Scheme.

The members of the College other than the Principal and the staff members did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

## 10. Other Operating Expenses

	2017	2016
	£'000	£'000
	RESTATED	
Direct teaching	786	795
Direct support	2,431	2,369
Administration	1,927	1,737
Consultancy Fees	0	41
Premises costs	2,989	4,391
Impairment of Fixed Asset	384	0
<b>Total</b>	<b>8,517</b>	<b>9,333</b>
<b>Other operating expenses include:</b>		
	2017	2016
	£'000	£'000
Auditors' remuneration:		
Financial statements external audit	23	27
National Fraud Initiative – audit	1	0
Internal audit	20	26
Hire of other assets - operating leases	0	0

## 11. Interest and Other Finance Costs

	2017	2016
	£'000	£'000
Net Charge on Pension Scheme (note 22)	276	209
<b>Total</b>	<b>276</b>	<b>209</b>

## 12. Taxation

The members do not believe the College was liable for any corporation tax arising out of its activities during this period.

## 13. Tangible Fixed Assets

	Freehold Land & Buildings	Assets Under Construction	Plant and Machinery	Computer Equipment	Fixtures and Fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>							
At 1 August 2016 (RESTATED)	63,699	6	3,867	3,049	217	169	71,007
Additions	784	165	476	81	-	188	1,694
Surplus/(Deficit) on revaluation	(128)	-	-	-	-	-	(128)
Impairment	(384)	-	-	-	-	-	(384)
Disposals	-	-	-	-	-	-	0
<b>At 31 July 2017</b>	<b>63,971</b>	<b>171</b>	<b>4,343</b>	<b>3,130</b>	<b>217</b>	<b>357</b>	<b>72,189</b>
<b>Depreciation</b>							
At 1 August 2016	2,377	-	2,627	2,738	174	130	8,046
Charge for the year	2,377	-	514	226	16	69	3,202
Elimination in respect of Reval	(4,754)	-	-	-	-	-	(4,754)
<b>At 31 July 2017</b>	<b>0</b>	<b>-</b>	<b>3,141</b>	<b>2,964</b>	<b>190</b>	<b>199</b>	<b>6,494</b>
<b>Net book value At 31 July 2017</b>	<b>63,971</b>	<b>171</b>	<b>1,202</b>	<b>166</b>	<b>27</b>	<b>158</b>	<b>65,695</b>
Net book value At 31 July 2016 (RESTATED)	61,322	6	1,240	311	43	39	62,961

Land and buildings were last subject to a full revaluation at 31 July 2017 on a depreciated replacement cost basis. The valuations were performed independently by the Land and Property Service in accordance with Department specifications. These revaluations have been incorporated into the financial statements and the resulting revaluation adjustments have been taken to the revaluation reserve.

If inherited land and buildings had not been revalued they would have been included at the following amounts:

	2017	2016
	£'000	£'000
Cost	13,404	13,404
Aggregate depreciation based on cost	(2,974)	(2,597)
<b>Net book value based on cost</b>	<b>10,430</b>	<b>10,807</b>

The net book value of tangible fixed assets includes an amount of £0k (2016: £0k) in respect of assets held under finance leases.

The depreciation charge for the year is analysed as follows:

	2017	2016
	£'000	£'000
Owned assets	3,202	3,210
Assets held under finance leases and hire purchase arrangements	-	-
<b>Total</b>	<b>3,202</b>	<b>3,210</b>

#### 14. Intangible Fixed Assets

The College does not have any intangible fixed assets.

#### 15. Investments

The College does not have any subsidiary companies.

#### 16. Trade and Other Receivables

	2017	2016
	£'000	£'000
<b>Amounts falling due within one year:</b>		
Trade receivables	293	323
Prepayments and accrued income	467	497
Amounts due from the Department	502	1,097
<b>Total receivables</b>	<b>1,262</b>	<b>1,917</b>

#### 17. Trade Payables: Amounts Falling Due in Less than One Year

	2017	2016
	£'000	£'000
Payments received in advance	242	220
Trade payables	868	402
Taxation and social security	808	800
Accruals and deferred income	2,596	4,424
Amounts owed to the Department	591	692
<b>Total</b>	<b>5,105</b>	<b>6,538</b>

#### Deferred income

Included within accruals and deferred income are the following items of income which have been deferred until specific performance related conditions have been met.

	2017	2016
	£'000	£'000
Grant Income	1,143	1,040
<b>Total</b>	<b>1,143</b>	<b>1,040</b>

#### 18. Trade Payables - Amounts Falling Due After More Than One Year

	2017	2016
	£'000	£'000
Deferred Capital Grant Income	11,755	11,374
<b>Total</b>	<b>11,755</b>	<b>11,374</b>

## 19. Provisions for Liabilities and Charges

	2017	2016
	£'000	£'000
At 1 August	11,954	6,380
Expenditure in the period	733	475
Transferred to statement of comprehensive income	(5,918)	5,099
<b>At 31 July</b>	<b>6,769</b>	<b>11,954</b>

## 20. Endowment Reserves

	2017	2016
	£'000	£'000
At 1 August	64	61
New endowments	0	3
<b>At 31 July</b>	<b>64</b>	<b>64</b>

## 21. Cash and Cash Equivalents

	At 1 August 2016	Cash flows	At 31 July 2017
	£'000	£'000	£'000
Cash and cash equivalents	5,477	1,131	6,608

## 22. Pensions and Similar Obligations

The College's employees belong to two principal pension schemes: the Northern Ireland Teachers' Pension Scheme (NITPS) for academic and related staff; and the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) for non-teaching staff. Both are defined-benefit schemes.

### Total pension cost for the year

	2017	2016
	£'000	£'000
NITPS: contributions paid	1,305	1,541
NILGOSC: Contributions paid	894	1,115
NILGOSC: FRS 102 (28) adjustments	457	268
NILGOSC: charge to the Statement of Comprehensive Income (staff costs)	1,351	1,383
Enhanced pension charge to the Statement of Comprehensive Income (staff costs)	2,656	2,924
<b>Total pension cost for year</b>	<b>2,656</b>	<b>2,924</b>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the NITPS was 31 March 2012 and NILGOSC was 31 March 2013.

### NITPS

The NITPS is an unfunded contributory, voluntary membership scheme administered by the Department of Education. Until 1 April 2015 the scheme operated under the Teachers' Superannuation Regulations (NI) 1998 (as amended). Further information about the scheme is given in the explanatory booklet dated November 2007, and on the Department of Education's website at [www.deni.gov.uk](http://www.deni.gov.uk).

## 22. Pensions and Similar Obligations

The Public Service Pensions Act (Northern Ireland) 2014 provides for the closure of existing public sector pension schemes (including the NITPS) from 31 March 2015 and the establishment of new schemes based on a career average re-valued earning model with normal pension age equal to state pension age introduced from 1 April 2015.

The Government Actuary's Department values the scheme every four years with an interim valuation in the intervening two-year period using the projected accrued benefit method.

The employer contribution rates increased to 17.7% from 1 April 2015.

The salary bands applicable to member contributions for the NITPS, based on a member's annual salary rate (actual earnings), from 1 April 2015 to 31 March 2017 were:

Salary	
Up to £25,999	7.4%
£26,000 to £34,999	8.6%
£35,000 to £41,499	9.6%
£41,500 to £54,999	10.2%
£55,000 to £ 74,999	11.3%
£75,000 and above	11.7%

From 1 April 2017 the salary bands changed to those below:

Salary	
Up to £26,259	7.4%
£26,260 to £35,349	8.6%
£35,350 to £41,914	9.6%
£41,915 to £55,549	10.2%
£55,550 to £75,749	11.3%
£75,750 and above	11.7%

The NITPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme, and therefore, as required by FRS 102 (28), accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income represents the contributions payable to the scheme in respect of the accounting period. The College has set out above the information available on the scheme and the implications for the College in terms of the anticipated contribution rates.

### NILGOSC

NILGOSC is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme Regulations (Northern Ireland) 2002, as amended. It is contracted out of the state pension scheme.

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 July 2017 by a qualified actuary.

### Principal actuarial assumptions

Principal actuarial assumptions at the balance sheet date are as follows:

	At 31 July 2017	At 31 July 2016
Rate of increase of salaries	3.5%	3.3%
Rate of increase for pensions in payments/inflation	2.0%	1.8%
Discount rate for scheme liabilities	2.6%	2.4%
Inflation assumption (CPI)	2.0%	1.8%
Commutation of pensions to lump sums	75%	75%

The current mortality assumptions include sufficient allowance for the future improvements of mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 July 2017	At 31 July 2016
<b>Retiring today</b>		
Males	23.2	22.3
Females	25.8	24.8
<b>Retiring in 20 years</b>		
Males	25.4	24.5
Females	28.1	27.2

The College's share of the assets in the scheme were:

	Value at 31 July 2017	Value at 31 July 2016
	£'000	£'000
Equities	24,739	23,838
Bonds	3,701	3,901
Property	3,301	4,067
Cash / Other	1,600	1,256
<b>Fair Value of Assets</b>	<b>33,341</b>	<b>33,062</b>

Amounts recognised in the balance sheet

	2017	2016
	£'000	£'000
Scheme assets	33,341	33,062
Scheme liabilities	(40,110)	(45,016)
<b>Deficit in the scheme (net pension liability recorded within pension provision)</b>	<b>(6,769)</b>	<b>(11,954)</b>

Amounts recognised in the Statement of Comprehensive Income in respect of the plan are as follows:

Amounts included in staff costs

	2017	2016
	£'000	£'000
Employer service cost (net of employee contributions)	1,235	1,021
Past Service Cost	116	362
<b>Total</b>	<b>1,351</b>	<b>1,383</b>

Analysis of pension finance costs

	2017	2016
	£'000	£'000
Expected return on pension scheme assets	798	1,045
Interest cost	(1,074)	(1,254)
<b>Net charge to other finance costs</b>	<b>(276)</b>	<b>(209)</b>

Analysis of other comprehensive income for pensions

	2017	2016
	£'000	£'000
Actuarial gains on pension scheme assets	(842)	2,544
Actuarial (losses)/gains on the scheme liabilities	6,760	(7,643)
<b>Total of other comprehensive income</b>	<b>5,918</b>	<b>(5,099)</b>

Movement in (deficit) during the year

	2017	2016
	£'000	£'000
Deficit in scheme at 1 August	(11,954)	(6,380)
Movement in the year:		
Employer service cost (net of employee contributions)	(1,235)	(1,021)
Employer contributions	894	1,117
Net interest on assets	(276)	(209)
Past Service Cost	(116)	(362)
Actuarial (loss)/gain recognised in other comprehensive income	5,918	(5,099)
<b>Deficit in scheme at 31 July</b>	<b>(6,769)</b>	<b>(11,954)</b>

## Asset and liability reconciliation

	2017	2016
<b>Reconciliation of liabilities</b>	<b>£'000</b>	<b>£'000</b>
<b>Liabilities at start of period</b>	<b>45,016</b>	<b>34,940</b>
Service cost	1,235	1,021
Interest cost	1,074	1,254
Employee contributions	240	243
Actuarial loss/(gain)	(6,760)	7,643
Benefits paid	(811)	(447)
Past Service Cost	116	362
<b>Liabilities at end of period</b>	<b>40,110</b>	<b>45,016</b>

	2017	2016
<b>Reconciliation of assets</b>	<b>£'000</b>	<b>£'000</b>
<b>Assets at start of period</b>	<b>33,062</b>	<b>28,560</b>
Expected return on assets	798	1,045
Actuarial (loss)/gain	(842)	2,544
Employer contributions	894	1,117
Employee contributions	240	243
Benefits paid	(811)	(447)
<b>Assets at end of period</b>	<b>33,341</b>	<b>33,062</b>

The estimated value of employer contributions for the year ended 31 July 2018 is £765k.

## History of experience gains and losses

	2017	2016	2015	2014	2013
Difference between the expected and actual return on assets					
Amount £'000	N/A	N/A	1,361	(5,252)	3,486
Experience (losses)/gains on liabilities*					
Amount £'000	N/A	N/A	169	(1,318)	(3)

\* This item consists of gains/(losses) in respect of liability experience only and excludes any change in liabilities in respect of changes to the actuarial assumptions used.

**23. Post Balance Sheet Events**

There are no post balance sheet non adjusting events.

**24. Capital Commitments**

There were no capital commitments at 31 July 2017.

**25. Financial Commitments**

There were no financial commitments at 31 July 2017.

**26. Contingent Liabilities**

The College has no current contingent liabilities.

**27. Related Party Transactions and Transactions Involving Governing Body Members and Senior Management**

Owing to the nature of the College's operations and the composition of the Governing Body being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Governing Body may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

Table showing transactions where goods or services are provided to the College by the related organisation (all are governors other than those stated below name)

	Related organisation	Position in related organisation	Amount paid (Income) 2016/17 £'000	Amount paid (Income) 2015/16 £'000	Nature of transactions	Amount outstanding at 31 July 2017 £'000	Amount outstanding at 31 July 2016 £'000
<b>Ms Carmel McKinney</b>	Northern Ireland Fire & Rescue Service	Chair of the Board	-	(1)	Course Fees	-	-
<b>CLlr James Brown</b>	North East Education and Library Board	Member of the Board	16 (45) (3)	11 (54) (9)	Hire of Premises Dinner Tickets Course Fees	(7)	-
<b>Ms Yvonne Mallon</b>	RLC(UK) Systems and Structures Div.	Head of HR	1 (3)	4	Car Parking Course Fees	-	-
<b>Mr William Hutchinson</b>	Belfast City Council	Councillor	(1)	-	Course Fees	-	-
<b>Mr Ken Nelson</b>	Invest N.I.	Member of the Board	-	(5)	Innovation Vouchers	-	-
	Larne Enterprise Development Co.	Chief Executive	-	11	Learner Access Engagement	-	-
	Stranmillis University College	Member of the Board	10	-	Course Fees	-	-
	Chain HR Ltd	Volunteer Member of the Board	1	-	Course Fees	-	-
	Intertrade Ireland	Chairman	(7)	(6)	Course Fees	-	-
<b>Mrs Isobel Allison</b>	Chartered Ins of Personnel & Development	Fellow	2	1	Licence fees	-	-
<b>Mrs Kerry Reilly (Staff Governor)</b>	NIPSA	Union Representative	7	8	Fees	-	-
<b>Prof Terri Scott (Principal)</b>	Intertrade Ireland	Board Member	(7)	(6)	Course Fees	-	-
<b>Mrs Gillian McConnell</b>	Dominican College Fortwilliam	Special Needs Support	-	(3)	Course Fees	(6)	-
<b>Mrs Judith Eve</b>	Appeals Service (Dept for Communities NI)	Legal Chairman	(159)	-	Project	-	-

## 28. Amounts Disbursed as Agent: Support Funds

Student Hardship funds are available solely for students; the College acts only as paying agent. The grant and related disbursements are therefore excluded from the Income and Expenditure Account.

	2017 £'000	2016 £'000
Balance – Opening	125	82
DfE grants	23	152
	<b>148</b>	<b>234</b>
Disbursed to students	(145)	(109)
<b>Balance unspent at 31 July</b>	<b>3</b>	<b>125</b>

Care to Learn funds are available solely for students' childcare obligations: the College acts only as paying agent. The grant and related disbursements are therefore excluded from the Income and Expenditure Account.

	2017 £'000	2016 £'000
DfE Care to Learn grant	45	30
Disbursed to students' childcare providers	(45)	(30)
<b>Balance at 31 July</b>	<b>-</b>	<b>-</b>

## 29. Losses and Special Payments

There were no losses or special payments exceeding £1,000 for the year. (2015/16 £0)

Total claims abandoned for the year related to bad debt written off totalling £3k in relation to 150 cases. (2015/16 £0)

### 30. Additional Disclosures to Comply with Financial Reporting Manual

Financial Reporting Manual (FReM) requires Non-Departmental Public Bodies to regard grant-in-aid received as contributions from controlling parties giving rise to a financial interest in the residual interest of the body, and hence accounted for as financing i.e. by crediting them to the income and expenditure reserve.

	Notes	2017	2016
		£'000	£'000
<b>Income</b>			
DfE income (non grant in aid items)	1 /30a	367	194
Education contracts	2	3,640	4,016
Tuition fees and charges	3	2,215	2,242
Other grant income	4	381	370
Other operating income	5	739	607
Endowment and Investment income	6	52	57
<b>Total incoming resources</b>		<b>7,394</b>	<b>7,486</b>
<b>Expenditure</b>			
Staff costs	8	(20,588)	(20,818)
Fundamental restructuring costs	8	(187)	(1,885)
Other operating expenses	10	(8,517)	(9,333)
Depreciation	12	(3,202)	(3,210)
Interest and other finance costs	11	(276)	(209)
<b>Total resources expended</b>		<b>(32,770)</b>	<b>(35,455)</b>
<b>Deficit for the year</b>		<b>(25,376)</b>	<b>(27,969)</b>
Unrealised surplus/(deficit) on revaluation of land and buildings		4,626	4,806
Actuarial (loss)/gain in respect of pension scheme		5,918	(5,099)
<b>Amount transferred to reserves</b>		<b>(14,832)</b>	<b>(28,262)</b>
<b>Analysis of reserves prepared under FReM</b>			
		<b>2017</b>	<b>2016</b>
		£'000	£'000
Balance at 1 August		40,489	42,660
Grant in aid received in year	1	24,279	26,091
Disposal		-	-
Amount transferred to reserves		(14,832)	(28,262)
<b>Balance at 31 July</b>		<b>49,936</b>	<b>40,489</b>

#### Note 30a

DfE income (non-grant in aid items)	2017	2016
	£'000	£'000
EMA	31	34
Higher Level Apprenticeships	336	160
<b>Balance at 31 July</b>	<b>367</b>	<b>194</b>

#### Note 30b

Reconciliation of amount transferred to reserves and grant in aid	2017	2016
	£'000	£'000
Amount transferred to reserves	14,832	28,262
Add back: total comprehensive income for the year	9,447	(2,171)
<b>Grant in aid received in year</b>	<b>24,279</b>	<b>26,091</b>

## Report of the Comptroller & Auditor General

### Implementation of Recommendations from the 2014 External Review of Northern Regional College

In my report on Northern Regional College's 2013/14 financial statements I noted that the Department for Employment and Learning (now the Department for the Economy) had commissioned a review into the four key areas of the College's operations, i.e. curriculum, staffing, estates and finance. The review was undertaken in accordance with Article 18 of the further Education (Northern Ireland) Order 1997 which says,

'the Department may arrange for the carrying out... of studies designed to improve the economy, efficiency and effectiveness in the management or operations of an institution of further education'. The Review specifically focused on:

- Making improvements in the economy and efficiency of the operation and management of the College that were necessary to eliminate any deficits and to restore the College to sound financial health;
- Ensuring governance and accountability arrangements were in line with requirements;
- Ensuring sound financial and operational control systems and procedures are established and maintained within the College; and
- The capacity of the Senior Management Team to address any issues set out in the Review.

The consultants' report (the Tribal Report), issued in October 2014, resulted in the development of a Strategic Improvement Plan (SIP). The SIP was approved by the Governing Body in June 2015 and the Department in October 2015.

In my 2014/15 and 2015/16 reports I provided an update on the implementation of the recommendations originally included within the Tribal Report. When the SIP was established the Tribal Report recommendations, which were still relevant, formed the basis of the SIP KPIs and their associated actions.

In my report last year I was disappointed at an apparent lack of progress on implementing Tribal Report recommendations. I decided to carry out additional audit work to assure myself that:

- Recommendations within the original Tribal Report had, where appropriate, been brought into the SIP in the form of KPIs and specific actions; and
- To review how those charged with governance and the Department were kept informed about progress in the implementation of the specific actions.

Prior to this work beginning Internal Audit carried out a review on the implementation of a sample of actions relating to three KPIs.

As a result of the additional audit work undertaken by my staff, I have concluded that:

- Recommendations from the Tribal Report could be followed to KPIs and specific actions within the SIP;
- Reporting to the Governing Body and the Department on the SIP implementation took place through a specific sub-committee of the Governing body. This had been reviewed by Internal Audit and our findings were similar, i.e. that the process of reporting on progress to both the Governing Body and the Department had evolved over time. Internal Audit gave this area a satisfactory rating.
- In terms of the implementation of the specific actions I have placed reliance on the work carried out by Internal Audit in this area. Whilst the nature of this work was such that Internal Audit did not provide an overall assurance rating, the evidence provided to Internal Audit, its review of this evidence coupled with recommendations accepted by the College has led me to conclude that sufficient progress has now been made in the implementation of the SIP specific actions.

I understand that due to the passage of time and the move to outcome based accountability in the new Programme for Government, the College has decided to review the current SIP KPIs and revise them to be more outcome based and more measurable. I welcome this approach.

I have now completed four reports on this matter and undertaken additional work in 2016/17. All, or at least some of this, would have been unnecessary had the College clearly set out how recommendations in the Tribal Report had been implemented. Having committed additional resource I am of the view that the issue was not (as I concluded last year) that the College was not implementing recommendations but rather was not fully and transparently evidencing the action it had taken.

Where resources have been used to prepare a consultant's report and commitments have been given to implement recommendations arising, public sector bodies must ensure this process is completed in a transparent manner. In this case Northern Regional College had acted upon recommendations in the Tribal Report but its approach to recording the action taken did not always pay sufficient attention to clearly setting out how the recommendations from the Tribal Report had been implemented. This report draws this matter to a close.

I have no further observations to make on these financial statements.

Signed: 

**KJ Donnelly**  
Comptroller and Auditor General  
Northern Ireland Audit Office  
106 University Street  
Belfast  
BT7 1EU

Date: 23 November 2017

# NORTHERN

Regional College 



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