

**NORTHERN REGIONAL COLLEGE**  
**Annual Report and Accounts**  
**For the year ended 31 July 2015**

*The Accounting Officer authorised these  
financial statements for issue*

*on*

*25 November 2015*

*Laid before the Northern Ireland Assembly  
under the Institutions of Further Education (Public Sector Audit) Order (Northern Ireland)  
2008*

*by the Department for Employment and Learning*

*on*

*9 December 2015*





**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 31 JULY 2015**

**NORTHERN REGIONAL COLLEGE  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
YEAR ENDED 31 JULY 2015**

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# **NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW**

## **NATURE, OBJECTIVES AND STRATEGIES**

The members present their report and the audited financial statements for the year ended 31 July 2015.

### **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.

### **Mission Statement**

The Governing Body approved the College Development Plan for 2013-16 on 26 June 2013. This included aspirations to:

- put the learner at the heart of all that we do;
- be a responsive and indispensable resource for the community and the local economy;
- develop and support a professional workforce which can deliver a high quality service and respond positively to new challenges;
- achieve maximum efficiency in the delivery of all aspects of our business.

The College has subsequently developed a Strategic Improvement Plan for the period 2015-18 with a mission 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.

## **NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW**

### **Implementation of the Strategic Plan**

The strategic objectives for the College for 2013-16, as outlined in the College Development Plan were as follows:

<b>Strategic Aims 2013 – 2016</b>	
<b>Student Experience</b>	
1	Develop and support the continuous improvement of the quality of the entire student learning experience
2	Deliver an evolving curriculum and associated provision prioritised in relation to social and economic regional need, government policy and resource allocation
<b>Staffing</b>	
3	Deliver the College's provision and associated services through a team of high quality staff, in a supportive and performance-focused culture
<b>College Operations</b>	
4	Provide the best possible accommodation facilities and infrastructure to support an appropriate teaching and learning environment for learners and staff
<b>Relationships</b>	
5	Develop and maintain a network of local, national and international relationships which support the quality of the College's provision
<b>Finance</b>	
6	Achieve agreed targets for financial stability as identified through the Business Improvement process

The College has subsequently developed a Strategic Improvement Plan for the period 2015-18 in response to the challenges currently being faced, in order to place the College on a three year journey towards financial stability and success. This has presented an opportunity to take the College in a new direction, to restructure internally, to refocus the business and reposition the College in the external marketplace.

### **Performance Indicators: Review of Performance in 2014-15**

A set of strategic targets was identified to measure progress against achievement of the 2013-16 objectives, as an interim measure until the Strategic Improvement Plan is implemented.

## NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW

### Performance Indicators: Review of Performance in 2014-15 (Cont'd)

Progress against the realisation of these targets was monitored by the Governing Body at each meeting and the outcome against each target is recorded below:

	Target 2014-15	Outcome at year end
Recruitment	Funded Learning Unit (FLU) target 6,602	6,167 FLU 435 less than target This performance has been reflected in 2015-16 target
	606 Apprentices/TfS (plus additional 117 partnership trainees)	602 Apprentices/TfS (plus 110 partner trainees/apprentices)
	2,000 Entitlement Framework students	2,045 Entitlement Framework students
Retention	Retention Rates (R): Whole College = 92% in-year (DEL)	In year retention = 90%
Achievement	Achievement Rates (A): Whole College = 85%	Whole College = 93% in year
Success	Success Rates: Whole College = $R \times A = 78\%$ in-year	Whole College = 85% in year
Student Satisfaction	2014-15 satisfaction rates of minimum of 4.50 for student surveys	4.44 satisfaction rate achieved
Quality	Minimum of Grade 3 or equivalent in all inspections/surveys	Eti have reported that while the overall quality of education and training provided by NRC is "good" (Grade 3)
Cost of staff	Staff cost: income ratio of 71%	Staff cost: income ratio of 69%
	Staff cost (less catering & cleaning): student related income ratio of 75%	Staff cost (less catering & cleaning): student related income ratio of 74%
Absenteeism	% staff absence for staff benchmarked against sector (Target 2.5%)	3.4% absence against sector average of 3.76%
Targets for OBC	Approval of Outline Business Case (OBC) by DEL and DFP	OBC submitted to DEL in September 2015
Lands Disposal	Dispose of Antrim campus	Disposal completed and proceeds received on 13 February 2015.
Employer Feedback	Minimum of 5.6 out of 6.0 in employer feedback	Satisfaction survey results for 2014- 15 was 5.6 out of 6.0
Finance	Achieve historic cost surplus of £0.4k	Historic cost surplus of £29k

Underperformance was monitored by Governing Body and appropriate actions agreed and implemented. The out-turn for 2014-15 was considered in the setting of 2015-16 targets.

## NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW

### Financial Objectives for 2015-18

The key financial objectives for 2015-18 are set out in detail in the Strategic Improvement Plan. The plan identifies that the College will continue to deliver a historic cost surplus in 2014-17, indicating financial stability thereafter. A series of performance indicators has been agreed to monitor the successful delivery of the plan with an agreed budget.

	2015-16 £'000s	2016-17 £'000s	2017-18 £'000s
<b>Total Income</b>	<b>31,683</b>	<b>31,924</b>	<b>32,033</b>
<b>Staff Costs</b>	<b>21,714</b>	<b>21,663</b>	<b>21,103</b>
<b>Other Operating Expenses</b>	<b>8,516</b>	<b>8,516</b>	<b>8,516</b>
<b>Net Depreciation</b>	<b>1,621</b>	<b>1,621</b>	<b>1,621</b>
<b>Total Expenditure</b>	<b>31,851</b>	<b>31,800</b>	<b>31,240</b>
<b>Exception Expenditure</b>	<b>250</b>	<b>250</b>	<b>250</b>
<b>Historical cost surplus/(deficit) for the year</b>	<b>-418</b>	<b>-126</b>	<b>543</b>

## FINANCIAL POSITION

### Financial Results

The College generated an operating deficit in 2014-15 of £1,505k (2013-14 – deficit of £614k) against a planned operating deficit of £1,534k. The result in 2014-15 is stated after accounting for the disposal of the Antrim campus. The College reported a historic cost surplus of £29k compared with the College's original planned outturn, as per the College Development Plan, of a £0.4k surplus.

The College does not include an estimate in the budget for FRS17 charge, this charge was £299k for 2014-15. The historic cost outturn surplus was £28.6k higher than the budget. A number of high level observations are noted below:

- £328k was realised as the surplus from the disposal of the Antrim campus in February 2015. This income was re-invested into the IT infrastructure of the College. The total investment in PCs/laptops and iMacs during the year was approximately £1.5m.
- Staff costs were £376k less than originally budgeted as a result of lower than originally anticipated pay settlements and a policy of only replacing critical vacant posts. This policy was in place to prepare for staff reductions required as a result of a decrease in public sector funding in 2015-16.
- Utility costs were £119k less than the budget due to lower usage and a lower unit cost as a result of a collaborative procurement arrangement.



## **NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW**

### **Financial Results (cont'd)**

The College has significant reliance on DEL for its principal funding source, largely from recurrent grants. In 2014-15, DEL provided 67% of the College's total income through allocated recurrent grant. This represented 14.9% of the total recurrent grant available to the sector.

### **Reserves**

The College has accumulated income and expenditure reserves, excluding pension reserves, of £1,718k (£1,390k – 2014) and cash balances of £4,787k (£2,511k – 2014). The College's cash reserves at 31 July 2015 are 14.9% of the income for the year 2013-14. The amount held above the limit set in the Financial Memorandum is to fund the higher than normal level of creditors at the year end, resulting from investment in computers in the last quarter of 2015 and staff costs due to back-pay and exit compensation not paid before 31 July 2015. It is also to provide working capital to fund the 2015-16 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 £1,351k, (2013-14 £69k inflow). The increased cashflow was due to an increase creditors at the year end and the sale of Antrim campus.

#### **Liquidity**

The College has no loans or borrowings.

## **CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE**

### **Student numbers**

The College decreased its student establishment by 3.6% during the year, giving a total establishment of 5,381 FTEs. 2,380 full-time and 5,099 part-time students obtained qualifications during the year.

## **NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW**

### **Student Achievements**

Notable student achievements during the year were:

<b>Award</b>	<b>Name of Winner</b>
WorldSkills UK National Competition finals	Robert Hamilton (Gold Medal for Carpentry) Ryan Connor (Gold Medal for Electrical Installation)
Sir Winfried Bischoff Award	Brian McAlister (recognising the UK's most promising students in career academies)
GAA Ward Cup	NRC GAA Team
NI Engineering Student of the Year	Brian McAlister (L3 Engineering)
Royal Television Society Student Awards	Richard Parke & Naomi Doherty

### **Curriculum Developments**

Northern Regional College offers a wide range of full-time and part-time FE and HE provision (including community based courses), Essential Skills, Work Based Learning (including Apprenticeships and Higher Apprenticeships), Entitlement Framework and Business Development programmes across a broad spectrum of professional and technical areas. A number of new curriculum developments were introduced in 2014-15 aligned to priorities identified within DEL strategies and to address stakeholder demand. These included the introduction of 5 new Foundation Degrees in STEM subjects (Engineering, Interactive and Digital Media, Computing and Applied Science) and a number of new courses at Level 2 and 3 within Performing Arts and Media and Access to Opportunity provision developed to support students within the NEETS category. The College also established a Higher Level Apprenticeship in Engineering in partnership with 8 companies in the area.

A curriculum plan was developed and a number of priorities were agreed. This formed the basis of a curriculum review process, which commenced in 2014-15, to influence curriculum developments during 2015-2018. This identified the type of economically relevant provision offered at the College, by level and campus, and in response to local and regional demand. There are plans to strengthen the links with the four new super councils in which the College campuses are located to increase participation in community development activity. Further developments will take account of the strategic focus of the Further Education Strategy for curriculum development including the new Youth Training Initiative, the Apprenticeship Framework, developments of HE within FE and the focus on quality improvement and employer engagement. The curriculum review process also extends to part time provision; examples include developments to increase module choices within the adult Access courses and increased opportunities for part time student within Foundation Degrees.

## **NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW**

### **Curriculum Developments (cont'd)**

The College Strategic Improvement Plan has identified challenging targets for student recruitment and improvements in Average Class Size (ACS) as two of the key performance indicators for curriculum staff. A detailed curriculum plan was developed to deliver a reduced FLU target for 2015-2016 which took cognisance of the withdrawal of FLU funding for hobby and leisure courses. The plan included the withdrawal of courses where enrolment trends were declining as well as the introduction of a modernised curriculum and new courses in a number of vocational areas.

Several new FE courses are planned for 2015-2016. These include new Business with IT qualifications at Level 3 and extension of the Access to Opportunity provision across three campuses (from one in 2014-15), a new Level 3 Performing Arts course as a progression route for students at the Newtownabbey campus, strengthening the link with the increasing Media provision on that site and developments in the range of Music and Production Arts portfolio at the Ballymoney campus.

The delivery of Essential Skills provision has been reviewed to improve efficiency with the introduction of a new matrix timetables and increased opportunities for access to fast track models.

Northern Regional College continues to develop its portfolio of full-time HE courses by increasing its Foundation Degree and STEM provision. The second year of the Foundation Degrees introduced in 2014-15 will commence in September 2015, as will a new Foundation degree in business with IT. The College plans to recruit to its MaSN (Maximum Student Numbers) allocation for 2015-16.

The College is participating in the sector pilot for Level 2 programmes in the Youth Training Initiative. Staff have been involved in curriculum development discussions with their sector counterparts in Health and Social Care, Business Administration and Travel and Tourism.

The college has increased its Training portfolio to include a new course in Level 2 Electrical Engineering and plans to increase the number of Apprentices within Plumbing, Engineering and Motor Vehicle. DEL has announced funding for 300 additional Higher Level Apprenticeship (HLA) places in the sector from September 2015. NRC is planning to enrol a second cohort (10 places) in HLA Engineering and introduce a HLA Accountancy (12 places). Within Business Development it is anticipated that significant changes to the realignment of DEL departments and funding streams will increase opportunities for Colleges to be the sole providers of skills delivery. A range of bespoke training including the Into Work programme, Connected and DEL Assured Skills activity is planned. Staff within the fields of Engineering and IT are working to secure the establishment of a number of new Academies in Welding, CNC Milling and Gaming. Northern Regional College plans to increase the level of its international activity promoting opportunities for staff and students.

## **NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW**

### **Curriculum Developments (cont'd)**

This includes furthering the work in Mechatronics with North West Regional College and UK India Education and Research Initiative (UKIERI).

### **Payment Performance**

The Late Payment of Commercial Debt Regulations 2002 requires payments to be made 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 days is 95%.

During the accounting period 1 August 2014 – 31 July 2015, the College paid 91% (2013-14: 88%) of its invoices within 30 days. £49 was paid to suppliers in interest charges.

The Northern Ireland Executive is committed to paying suppliers as quickly as possible, within 10 working days. During the accounting period 1 August 2014 to 31 July 2015, the college paid 57% (2013-14: 41%) of its invoices within 10 days.

### **Post Balance Sheet Events**

The College is exiting staff under the Further Education sector Voluntary Exit Scheme in two tranches. Tranche One was authorised by the DEL on 8 July 2015. The College had a specific obligation, as at 31 July 2015, to staff scheduled to exit under Tranche Two. The obligation was subject to the confirmation of the availability of funding. DEL confirmed on 9 September 2015 that the Minister of Finance & Personnel had authorised allocations from the Transformation Fund and instructed the College to proceed with staff exits as reflected in Tranche Two.

### **Future Developments**

The College has developed a Strategic Improvement Plan for the period 2015-18 in response to the challenges currently being faced, in order to place the College on a three year journey towards financial stability and success. This Strategic Improvement Plan charts an ambitious but realistic journey to guide transformation and change at Northern Regional College.

In preparing this plan the College has reviewed the factors contributing to success in the further education sector and considered international benchmarks and best practice. The revised Vision, Mission and Values set the scene for an exciting and challenging three years ahead.

To deliver this plan the College must secure support from, and develop effective partnerships with, the sponsoring government department (DEL); employers; community organisations; schools, colleges and universities.

## NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW

### Future Developments (cont'd)

In parallel, a programme of training for governors and staff will be implemented to ensure they have the necessary knowledge and skills to achieve the required progress and results.

The College is currently finalising an Outline Business Cases (OBC) to define the preferred option for the future provision of the college estate that will best meet the current and future needs of the College in a number of locations.

The Governing Body is satisfied that the College is a going concern on the basis that it has a reasonable expectation that the College will continue in operation for the foreseeable future. The financial statements are therefore prepared on the going concern basis.

A budget has been approved for the period 2015-18 which indicates that the College will deliver a historic cost deficit for the years 2015-16 and 2016-17 and will return to a historic cost surplus in 2017-18 and Income & Expenditure reserve will remain in excess of £100k.

### 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	11,141
Ballymena – Trostan Avenue	4,753
Ballymoney	3,453
Coleraine	3,772
Larne	2,704
Magherafelt	4,619
Newtownabbey	28,297
Portrush (currently not utilised)	0
New Build North	5
<b>Total</b>	<b>58,744</b>

## **NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW**

### **Financial**

Net assets at 31 July 2015 were £55.9m (2014:£47.9m) (including £6m net pension liability, 2014:£9m).

### **People**

The College employs 626 people (2014:647) (expressed as full time equivalents), of whom 360 are teaching staff.

<b>2014-15</b>	<b>% Sickness Absence</b>		<b>Average days Lost</b>	
	<b>2014-15</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2013-14</b>
College	3.40	2.55	8.38	6.28
Support Staff	3.90	2.54	9.69	6.27
Lecturing Staff	3.00	2.55	7.55	6.28

### **Reputation**

The College has a good 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**

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

NRC'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 are identified and closely monitored on a regular basis.

## **NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW**

### **College Risk Register**

The principal risks facing the College have been identified in the College Risk Register as:

<b>Risks</b>	<b>Description</b>
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 secure the capital funding required to take forward essential infrastructure development (estates)
5	The failure to deliver the College's financial stability
6	The failure of DEL/FE sector to secure funding for Voluntary Exit Scheme in order to realise a reduction in staff costs

### **STAKEHOLDER RELATIONSHIPS**

In line with other Colleges, the College has many stakeholders. These include:

- students;
- parent/guardians;
- the Department for Employment and Learning;
- staff;
- local employers;
- local councils;
- health and social care trusts;
- government offices/regional development agencies;
- the local community;
- other FE colleges;
- schools and universities;
- trade unions; and
- professional bodies.

The College recognises the value of good communication with both staff and students and this is a particular focus for the College. Currently a number of techniques are employed including:

- student/staff consultative meetings
- team, faculty/department, directorate and campus meetings
- multi-disciplinary team meetings
- student and staff intranets
- student and staff magazines, newsletters and e-zines
- health and well-being events including social activities

## **NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW**

### **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 its 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."

### **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.



## **NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW**

### **Disability statement (cont'd)**

The College has a five year Disability Action Plan 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 2014-15.

### **Charitable and taxation status**

NRC is included on the Charity Commission for Northern Ireland's special circumstances list, until the Commission invites the College to apply for admission to the charity register. The College has a corporation tax record but does believe that corporation tax is due.

### **Charitable/Political Donations**

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

## **NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW**

### **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

<b>Bankers:</b>	First Trust 78 Wellington Street Ballymena BT43 6AF	Santander Belfast Corporate Banking Centre Ground Floor 1 Mays Meadow Belfast BT1 3PH
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<b>Solicitors:</b>	J Blair Employment Law Solicitor 46 Hill St Belfast BT1 2LB	Carson McDowell Murray House 4 Murray Street Belfast BT1 6DN
	King & Gowdy 298 Upper Newtownards Rd Belfast BT4 3EU	Cleaver Fulton Rankin 50 Bedford Street Belfast BT2 7FW

## NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW

### Members

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

Name	Date of appointment	End date to current term of office	Date of resignation	Status of appointment	Committees served	Attendance at Governing Body (possible attendance)
Professor Terri Scott	1 September 2014	-		Principal	Staffing Education F&GP	9 (9)
Mr Trevor Neilands	14 Sept 2007	-	31 Aug 2014	Principal	Staffing Education F&GP	0 (0)
Ms Carmel McKinney	20 Nov 2014	19 Nov 2018		DEL appointed	Gov Body (Chair)	6 (6)
Mr Gerry Gilpin	1 Sept 2010	31 Aug 2014		DEL appointed	Gov Body (Chair)	0 (0)
Mrs Kay Collins	1 Aug 2011	31 July 2015		DEL appointed	F&GP (Chair)	7 (9)
Mr Samuel Davidson	1 Aug 2011	31 July 2015		DEL appointed	Staffing (Chair) F&GP	7 (9)
Mr Richard Jay	25 Jan 2010	4 Jan 2018		DEL appointed	Education (Chair) Staffing	9 (9)
Alderman P J McAvoy	1 Aug 2011	31 Jul 2015		DEL appointed	Audit	9 (9)
Mrs Alison Rankin	1 Aug 2011	31 July 2015		DEL appointed	Audit (Chair)	7 (9)
Mr Ivan Goldsworthy	15 June 2010		14 Jan 2015	DEL appointed	Audit Staffing	2 (2)
Mr Ken Nelson	2 Nov 2009	31 Aug 2018		Co-Opted	Education	8 (9)
Dr David Lennox	1 Aug 2011	31 July 2015		DEL appointed	F & GP	7 (9)
Mr Stephen McCartney	2 Nov 2011	1 Nov 2015		Staff Representative	Audit	6 (9)

# **NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW**

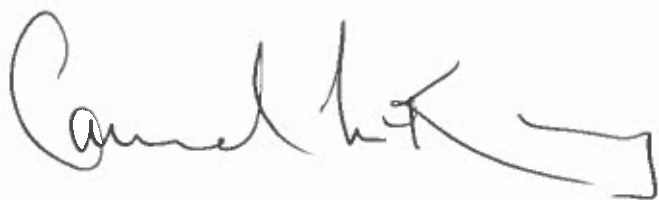
Mr Colin Chan	1 Oct 2014	30 Sept 2015		Student Representative	Education	7 (9)
Mr Stephen Kelly	1 Sept 2013	30 Sept 2014		Student Representative	Education	0 (0)
Mr Matt Murray	11 June 2012	10 June 2016		Staff Representative	Education	5 (9)
Alderman James Brown	3 April 2012	2 April 2016		Board Representative	Audit	2 (9)
Mrs Isobel Allison	9 July 2012	8 July 2016		DEL Appointed	Staffing	6 (9)
Mrs Gillian McConnell	9 July 2012	8 July 2016		DEL Appointed	F & GP	6 (9)
Mrs Judith Eve	4 Feb 2013	3 Feb 2017		Co-Opted	Education	7 (9)
Mr Andrew Kennedy	13 May 2013	12 May 2017		Board Representative	Education	7 (9)

All members served from 1 August 2014 to 31 July 2015 unless otherwise indicated.

The term of four of the members of the Governing Body ended on 31 July 2015. Replacements have been appointed by the Department for Employment and Learning.

Trevor Neilands retired as Principal on 31 August 2014. Professor Terri Scott commenced as Principal on 1 September 2014.

For and on behalf of the members of the Governing Body.



Ms C McKinney OBE  
Chair of the Governing Body  
Northern Regional College

25 November 2015

Date

## **NORTHERN REGIONAL COLLEGE REMUNERATION REPORT**

### **Remuneration Policy**

#### **Members of the Governing Body**

Members of the Governing Body and the Chairman are appointed in accordance with the Code of Practice of the Office of the Commissioner for Public Appointments for Northern Ireland.

The Members of the Governing Body and the Chairman are appointed for a fixed period of up to four years. Thereafter they may be re-appointed in accordance with the Code of Practice.

The posts of Members of the Governing Body and the Chairman carry no remuneration or payment of bonus.

No member of the Governing Body including the Chairperson receives 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 Principal and Executive Management Team**

The Principal and the Executive Management 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 Executive Management Team hold permanent appointments. The normal retiring age was previously 65, although staff may retire at any time after age 60. For members of the Teachers' Pension Scheme there is no diminution of earned pension benefits. However, the College reviewed this fixed retirement age and decided it will no longer have a fixed retirement age for anyone reaching that age on or after 31 August 2011 in accordance with legislation.

#### **Minimum pay levels**

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

## **NORTHERN REGIONAL COLLEGE REMUNERATION REPORT**

### **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, Directors 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 Directors. If the College increases in size a Director will automatically move to the new relevant salary scale.

### **Performance pay**

There is no performance pay or related scheme for any of the Directors, although this may be reviewed in the future. Mr T Neilands was awarded a Performance Related Pay (PRP) award when employed as the Director of North East Institute, from 2004 to 2007. This PRP award was carried forward to his post as Principal of Northern Regional College. Mr Neilands was paid PRP of £130 during the year (2013-14: £1,560).

### **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 thirty six 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 thirty five days holiday entitlement and a further twelve 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.

## NORTHERN REGIONAL COLLEGE REMUNERATION REPORT

### 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	2014-15				2013-14			
Senior Management	Salary £'000	Benefits in Kind £'000	Pension Benefits* £'000	Total £'000	Salary £'000	Benefits in Kind £'000	Pension Benefits* £'000	Total £'000
Principal (Aug 14)	5-10	-	-	-	105-110	-	-	-
Principal (Sept 14 to present)	105-110	-	-	-	-	-	-	-
Director of Planning & Customer Services	75-80	-	-	-	75-80	-	-	-
Director of Curriculum	75-80	-	-	-	75-80	-	-	-
Director of Finance & Corporate Development	75-80	-	-	-	70-75	-	-	-

1. The previous Principal resigned from 31 August 2014 and the new Principal was appointed on 1 September 2014.
2. The Director of Planning & Customer Services was appointed on 1 May 2012.
3. The Director of Curriculum was appointed on 1 May 2012.
4. The Director of Finance & Corporate Development was appointed on 1 May 2012.

*\* 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.*

## **NORTHERN REGIONAL COLLEGE REMUNERATION REPORT**

### **Salary and Pension Entitlements (Cont'd)**

	<b>2014-15 £'000</b>	<b>2013-14 £'000</b>
Band of highest paid directors total remuneration	105 – 110	105 - 110
Median total remuneration	22,781	23,135
Ratio	4.72	4.65

### **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.



## NORTHERN REGIONAL COLLEGE REMUNERATION REPORT

### Pension Entitlements (Audited information)

Officials	Accrued pension at pension age as at 31/07/15 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/07/15	CETV at 31/07/14	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Principal (August 14)	0-5 Plus lump sum of 0-5	0-2.5 Plus lump sum of 0-5	27	0	27
Principal (Sept 14 to present)	55-60 Plus lump sum of 170-175	0-2.5 Plus lump sum of 0-2.5	1,356	1,331	25
Director of Planning & Customer Services	35-40 Plus lump sum of 105-110	0-2.5 Plus lump sum of 2.5-5	815	802	13
Director of Curriculum	25-30 Plus lump sum of 85-90	0-2.5 Plus lump sum of 2.5-5	609	566	43
Director of Finance & Corporate Development	15-20 Plus lump sum of 25-30	0-2.5 Plus lump sum 0-2.5	234	213	19

### Pension Arrangements

Retirement benefits to employees of the College are provided by the Northern Ireland Teachers' Pension Scheme (NITPS) and the Local Government Pension Scheme for Northern Ireland administered by the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC). These are defined benefit schemes, which are externally funded and contracted out of the State Earnings-Related Pension Scheme (SERPS).

Nest is the workplace pension set up by the government especially for auto enrolment. 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.

## **NORTHERN REGIONAL COLLEGE REMUNERATION REPORT**

### **Pension Arrangements (cont'd)**

'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

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 total recognised gains and losses.

### **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.

## **NORTHERN REGIONAL COLLEGE REMUNERATION REPORT**

### **Cash Equivalent Transfer Values (cont'd)**

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**

The Director of Planning & Resources left under a sector agreed voluntary exit scheme on 31 October 2015. She received payment of her pension and associated lump sum plus a compensation payment of £39,481.

The Director of Curriculum is scheduled to leave under a sector agreed voluntary exit scheme on 31 March 2016. She will receive payment of her pension and associated lump sum at that date plus a compensation payment of £138,185.

The compensation payments noted above have been included in the financial statements for the year ended 31 July 2015.

**NORTHERN REGIONAL COLLEGE  
STATEMENT OF THE RESPONSIBILITIES OF THE GOVERNING BODY  
FOR THE YEAR ENDED 31 JULY 2015**

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

Within the terms and conditions of the Financial Memorandum agreed between the Department for Employment and Learning (the Department) and the Governing Body of the College, the Governing Body through its chairman, 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 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 Governing Body 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.

**NORTHERN REGIONAL COLLEGE  
STATEMENT OF THE RESPONSIBILITIES OF THE GOVERNING BODY  
FOR THE YEAR ENDED 31 JULY 2015**

The Governing Body is responsible for ensuring that funds from the Department are used only in accordance with the Financial Memorandum 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 and signed on its behalf by:



25 November 2015

Ms C McKinney OBE  
Chair of the Governing Body  
Northern Regional College

Date

## **NORTHERN REGIONAL COLLEGE GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 JULY 2015**

### **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 2014-15 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 and Personnel (DFP) 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 he is personally responsible, in accordance with the responsibilities assigned to him 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 of members appointed by the Minister for Employment and Learning, members nominated by the Education and Library Board for the area, staff and students of the College, the Principal and members co-opted by the Governing Body. The role of the Chairman 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 nine times during the 2014-15 year and has several committees, including a Finance and General Purposes Committee (F&GP), an Audit Committee, a Staffing Committee and an Education Committee. All of these committees are formally constituted with terms of reference.

**NORTHERN REGIONAL COLLEGE  
GOVERNANCE STATEMENT  
FOR THE YEAR ENDED 31 JULY 2015**

**Governing Body (Cont'd)**

Unreserved minutes of Governing Body meetings are available from the Secretary of 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 members of the Senior Management 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 sub-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 2014-15.

**NORTHERN REGIONAL COLLEGE  
GOVERNANCE STATEMENT  
FOR THE YEAR ENDED 31 JULY 2015**

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

<b>Member</b>	<b>Meetings Attended</b>	<b>Out of a Possible</b>
Professor Terri Scott	9	9
Mr Trevor Neilands	0	0
Ms Carmel McKinney	6	6
Mr Gerry Gilpin	0	0
Mrs Kay Collins	7	9
Mr Samuel Davidson	7	9
Mr Richard Jay	9	9
Alderman P J McAvoy	9	9
Mrs Alison Rankin	7	9
Mr Ivan Goldsworthy	2	2
Mr Ken Nelson	8	9
Dr David Lennox	7	9
Mr Stephen McCartney	6	9
Mr Matt Murray	5	9
Alderman James Brown	2	9
Mrs Isobel Allison	6	9
Mrs Gillian McConnell	6	9
Mrs Judith Eve	7	9
Mr Andrew Kennedy	7	9
Mr Colin Chan	7	9
Mr Stephen Kelly	0	0

A minimum of seven members of the Board must be present for the meeting to be deemed quorate. All Board meetings during the 2014-15 financial year were fully quorate. There were 10 male and 7 female members of the Governing Body at 31 July 2015.



**NORTHERN REGIONAL COLLEGE  
GOVERNANCE STATEMENT  
FOR THE YEAR ENDED 31 JULY 2015**

**Audit Committee**

The Audit 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 five times during the 2014-15 year to discuss reports from the External and Internal Auditors and the relevant responses.

It also receives and considers reports from the Department for Employment and Learning. 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 Committee as necessary, they are not members of the Committee. The Committee meet with auditors on their own for independent discussions prior to each meeting.

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

<b>Member</b>	<b>Meetings Attended</b>	<b>Out of a Possible</b>
Mrs Alison Rankin	5	5
Alderman P J McAvoy	4	5
Mr Ivan Goldsworthy	0	2
Mr Stephen McCartney	5	5
Alderman James Brown	2	5
Mrs Judith Eve	2	2

**NORTHERN REGIONAL COLLEGE  
GOVERNANCE STATEMENT  
FOR THE YEAR ENDED 31 JULY 2015**

**Finance and General Purposes Committee**

The Finance and General Purposes Committee inter alia supervises all matters relating to the finance and accounts of the College and the receipt of its income and the expenditure. It is the duty of this Committee to present a report to each meeting of the Governing Body. The Committee met 6 times during the 2014-15 year.

<b>Member</b>	<b>Meetings Attended</b>	<b>Out of a Possible</b>
Mrs Kay Collins	5	6
Professor Terri Scott	6	6
Mr Sam Davidson	5	6
Dr David Lennox	6	6
Mrs Gillian McConnell	5	6

**Staffing Committee**

The Staffing Committee is responsible for dealing with issues in relation to the recruitment, appointment, promotion, grading and development of all staff, other than senior staff. The Staffing Committee is responsible for ensuring the College meets its statutory obligations under section 75 of the NI Order (1998).

The Committee met 4 times during the 2014-15 year.

<b>Member</b>	<b>Meetings Attended</b>	<b>Out of a Possible</b>
Mr Sam Davidson	3	4
Mrs Isobel Allison	4	4
Mr Ivan Goldsworthy	0	2
Mr Richard Jay	2	4
Professor Terri Scott	4	4

**NORTHERN REGIONAL COLLEGE  
GOVERNANCE STATEMENT  
FOR THE YEAR ENDED 31 JULY 2015**

**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 5 times during the 2014-15 year.

<b>Member</b>	<b>Meetings Attended</b>	<b>Out of a Possible</b>
Mr Richard Jay	5	5
Professor Terri Scott	5	5
Mr Ken Nelson	3	5
Mr Matt Murray	5	5
Mr Andrew Kennedy	5	5
Mrs Judith Eve	3	5
Mr Colin Chan	4	5

**Governing Body Performance and Effectiveness**

The Governing Body held a Strategic Workshop on 10 February 2015. During the course of the Workshop the Governing Body considered the Governors/College's performance and highlighted the need 'to build on existing strengths and achievements; maintain focus on employer engagement and learner experience; progress investment in IT infrastructure and virtual learning environment (VLE); identify and secure sustainable partners; improve communication to stakeholders; address the integrity and timeliness of management information to inform decision making pertinent to the Strategic Improvement Plan.

**Executive Management Team**

The Executive Management Team (EMT) of the College consists of:

- Principal
- Director of Curriculum
- Director of Planning & Customer Services
- Director of Finance & Corporate Development

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

## **NORTHERN REGIONAL COLLEGE GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 JULY 2015**

### **Risk Management**

NRC 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, NRC'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 Committee on a regular basis and have direct access to the Governing Body and to the Chairman of the Audit 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.

**NORTHERN REGIONAL COLLEGE  
GOVERNANCE STATEMENT  
FOR THE YEAR ENDED 31 JULY 2015**

**Risk Management (cont'd)**

The principal risks facing the College have been identified as:

<b>Risks</b>	<b>Description</b>
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 secure the capital funding required to take forward essential infrastructure development (estates)
5	The failure to deliver the College's financial stability
6	The failure of DEL/FE sector to secure funding for Voluntary Exit Scheme in order to realise a reduction in staff costs

**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.

During the period 1 August 2014 to 31 July 2015 the College reported 1 attempted frauds. This related to a request for payment from a company outside the UK that the College had not had any dealings with. The attempt was identified through normal control processes. There was no financial loss. In line with appropriate guidance, all cases of fraud during the year have been reported to DEL and NIAO.

**Whistleblowing**

There were no notified whistleblowing instances during 2014-15.

## **NORTHERN REGIONAL COLLEGE GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 JULY 2015**

### **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 Committee set an audit strategy and work plan for the financial year 2014-15, which was carried out by KPMG. For the period 2014-15 KPMG has reported an overall satisfactory audit opinion on the College's system of governance, risk management and internal control.

There was one priority one issue relating to the 2014-15 reviews. This issue related to a review of payments to Part-Time Lecturers, in particular, claims with overlapping time periods. This issue was addressed immediately by management and KPMG carried out a follow up review in August 2015 and confirmed that the issue was fully addressed.

### **Education Training Inspectorate (eti)**

DEL commissions the Education and Training Inspectorate (eti) to inspect and report on the quality of provision across further education, training and employment programmes. Where issues of quality are identified, follow-up inspections take place at regular intervals to monitor progress towards improvement. In November 2014 eti reported that the overall quality of education and training provided by NRC is "good". "Good" is defined as: The organisation has important strengths in most of its educational (and pastoral) provision. The inspection has identified areas for improvement which the organisation has demonstrated the capacity to address. In June 2015 eti reported that the overall effectiveness of the work based learning provision inspected was "good".

**NORTHERN REGIONAL COLLEGE  
GOVERNANCE STATEMENT  
FOR THE YEAR ENDED 31 JULY 2015**

**Education Training Inspectorate (eti) (Cont'd)**

The College received a rating of "confidence" in the Whole College SER and Quality Improvement Plan. "Confidence" is defined as: where a college is found to be effectively managing its responsibilities for the delivery of the academic standards and the quality of learning opportunities; the prospects for the future continuation of this appear good, and it has rigorous mechanisms for the management of its higher education provision in accordance with awarding bodies' requirements. In June 2015 eti published a report stating that the overall, the quality of the CPD arrangements for staff in the six Northern Ireland Colleges ranged from good to outstanding. NRC was evaluated as "good".

**QAA Summative Review**

There were no reviews carried out by the Quality Assurance Agency (QAA) during 2014-15.

**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 2014-15.

**Review of Curriculum, Staffing, Estates and Finance at Northern Regional College**

DEL commissioned an external efficiency review of NRC focusing on curriculum, staffing, estates and finance during 2013-14. The findings of the report were reported to the Department for Employment and Learning in September 2014. There were 36 recommendations that have either been addressed during 2014-15 or have been included as targets in the Strategic Improvement Plan 2015-18. The College Principal and Chair of the Governing Body met on a monthly basis with DEL in order to provide an update of progress of the implementation of recommendations. The Department is satisfied with progress to date.



Professor T Scott  
Accounting Officer  
Northern Regional College

25 November 2015  
Date

## **NORTHERN REGIONAL COLLEGE**

### **THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY**

I certify that I have audited the financial statements of the Northern Regional College for the year ended 31 July 2015 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. These comprise the Income and Expenditure Account, Balance Sheet, Cash Flow Statement, Statement of Historical Surpluses and Deficits, Statement of Total Recognised Gains and Losses 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.

#### **Respective responsibilities of the Governing Body and auditor**

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 for being satisfied that they give a true and fair view. 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. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Northern Regional College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Northern Regional College and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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.

#### **Opinion on regularity**

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.

#### **Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view of the state of Northern Regional College's affairs as at 31 July 2015 and of its deficit, cash flows and total recognised gains and losses for the year then ended; and
- the financial statements have been properly 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 Employment and Learning directions issued thereunder.

### **Opinion on other matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Department for Employment and Learning 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 Operating and Financial review 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 Governance Statement does not reflect compliance with Department of Finance and Personnel's guidance.

### **Report**

#### **Implementation of Recommendations from the 2014 External Review of NRC**

In my audit of the 2013-14 financial statements I reported my observations on the external Review of the Finance, Curriculum, Staffing and Estate at Northern Regional College. My report on page 80 provides an update on the implementation of the recommendations contained within this report.

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

26 November 2015

**NORTHERN REGIONAL COLLEGE  
INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 JULY 2015**

	Notes	2015 £'000	2014 £'000
<b>Income</b>			
Department for Employment & Learning grants	2	25,041	23,755
Education contracts	3	4,154	4,531
Tuition fees and charges	4	2,239	2,067
Other grant income	5	427	767
Other operating income	6	738	760
Endowment and investment income	7	147	218
<b>Total income</b>		<b>32,746</b>	<b>32,098</b>
<b>Expenditure</b>			
Staff costs	8	22,651	22,698
Other operating expenses	10	8,597	7,421
Interest payable	11	0	0
Depreciation	14	3,100	2,583
<b>Total expenditure before exceptional items</b>		<b>34,348</b>	<b>32,702</b>
<b>Deficit on continuing operations after depreciation of assets at valuation and before tax and before exceptional items</b>		<b>(1,602)</b>	<b>(604)</b>
<b>Exceptional items</b>			
Exceptional costs - staff	8	5,226	10
Exceptional income - staff		4,995	-
<b>Deficit on continuing operations after depreciation of assets at valuation and before tax</b>		<b>(1,833)</b>	<b>(614)</b>
Profit on disposal of assets		328	-
<b>Deficit on continuing operations after depreciation of assets at valuation and disposal of assets but before tax</b>		<b>(1,505)</b>	<b>(614)</b>
Taxation	12	-	-
<b>Deficit on continuing operations after depreciation of assets at valuation, disposal of assets and tax</b>		<b>(1,505)</b>	<b>(614)</b>
Surplus/(deficit) for the year transferred from accumulated income in endowment funds	13		
<b>Deficit for the year retained within general reserves</b>		<b>(1,505)</b>	<b>(614)</b>

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.

**NORTHERN REGIONAL COLLEGE  
STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS  
FOR THE YEAR ENDED 31 JULY 2015**

	<b>Notes</b>	<b>2015 £'000</b>	<b>2014 £'000</b>
Deficit on continuing operations after depreciation of assets at valuation and tax	<b>13</b>	<b>(1,505)</b>	<b>(614)</b>
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	<b>21</b>	<b>1,534</b>	<b>1,319</b>
		<hr/>	<hr/>
<b>Historical cost surplus for the year</b>		<b>29</b>	<b>705</b>
		<hr/>	<hr/>

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

**NORTHERN REGIONAL COLLEGE  
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 JULY 2015**

	Notes	2015 £'000	2014 £'000
Deficit on continuing operations after depreciation of assets at valuation and tax	13	(1,505)	(614)
Unrealised surplus/(deficit) on revaluation of fixed assets	14	7,155	6,260
Appreciation of endowment asset investments		-	-
Actuarial gain/(loss) in respect of pension scheme	23	2,949	(6,831)
<b>Total recognised gains/(losses) since last report</b>		<b>8,599</b>	<b>(1,185)</b>
<b>Reconciliation of movement in reserve</b>			
Opening reserves and endowments		34,774	35,959
Total recognised gains/(losses) for the year		8,599	(1,185)
Revaluation Reserve Adjustment		(23)	-
Disposal of asset		(450)	-
<b>Closing reserves and endowments</b>		<b>42,900</b>	<b>34,774</b>

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

**NORTHERN REGIONAL COLLEGE  
BALANCE SHEET  
AS AT 31 JULY 2015**

	<b>Notes</b>	<b>2015 £'000</b>	<b>2014 £'000</b>
<b>Fixed assets</b>			
Tangible assets	14	60,505	55,547
<b>Total fixed assets</b>		<b>60,505</b>	<b>55,547</b>
<b>Current assets</b>			
Debtors	16	6,137	1,129
Cash at bank and in hand		4,787	2,511
<b>Total current assets</b>		<b>10,924</b>	<b>3,640</b>
Less: Creditors - amounts falling due within one year	17	(9,172)	(2,215)
<b>Net current assets</b>		<b>1,752</b>	<b>1,425</b>
<b>Total assets less current liabilities</b>		<b>62,257</b>	<b>56,972</b>
Add : Debtors: amounts falling due after more than one year	16	-	-
Less : Creditors: amounts falling due after more than one year		-	-
Less : Provision for liabilities	18	-	-
<b>Net Assets excluding pension liability</b>		<b>62,257</b>	<b>56,972</b>
Net pension liability	23	(6,380)	(9,030)
<b>Net Assets including pension liability</b>		<b>55,877</b>	<b>47,942</b>
Deferred capital grants	19	12,928	13,121
Endowments	20	49	47

**NORTHERN REGIONAL COLLEGE  
BALANCE SHEET  
AS AT 31 JULY 2015**

**Reserves**

Income and expenditure account excluding pension  
reserve

22 1,718 1,390

Pension reserve

23 (6,380) (9,030)

Income and expenditure account including pension  
reserve

22 (4,662) (7,640)

Revaluation reserve

21 47,562 42,414

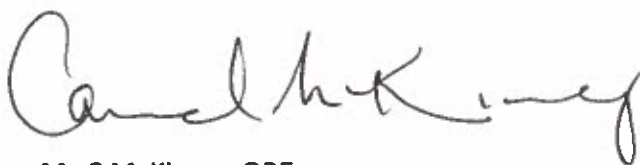
**Total reserves**

**42,900 34,774**

**TOTAL**

**55,877 47,942**

The financial statements on pages 39 to 79 were approved by the Governing Body of the Northern Regional College on 25 November 2015 and were signed on its behalf by:



Ms C McKinney OBE  
Chair of the Governing Body  
Northern Regional College



Professor T Scott  
Accounting Officer  
Northern Regional College

25 November 2015

Date

25 November 2015

Date

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

**NORTHERN REGIONAL COLLEGE  
CASHFLOW STATEMENT  
FOR THE YEAR ENDED 31 JULY 2015**

	<b>Notes</b>	<b>2015 £'000</b>	<b>2014 £'000</b>
<b>Cash inflow from operating activities</b>	<b>24</b>	<b>1,351</b>	<b>69</b>
Returns on investment and servicing of finance	25	147	218
Taxation	12	-	-
Capital expenditure and financial investment	26	778	(2)
		<hr/>	<hr/>
<b>Increase in cash in the year</b>	<b>27</b>	<b>2,276</b>	<b>285</b>
		<hr/>	<hr/>
		<b>2015 £'000</b>	<b>2014 £'000</b>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase in cash in the period	27	2,276	285
		<hr/>	<hr/>
Movement in net funds in the period	27	2,276	285
Net funds at 1 August		2,511	2,226
		<hr/>	<hr/>
<b>Net funds at 31 July</b>	<b>27</b>	<b>4,787</b>	<b>2,511</b>
		<hr/>	<hr/>

In this statement, figures in brackets refer to cash outflows and all other figures are cash inflows to the College.

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

**NORTHERN REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2015**

**1. ACCOUNTING POLICIES**

**Statement of Accounting Policies**

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 2007 and in accordance with applicable Accounting Standards under the historical cost convention except that certain freehold properties are shown at their re-valued amounts. They also conform to the Accounts Direction issued by the Department for Employment and Learning (DEL).

**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 Operating and Financial Review. The financial position of the College, its cashflow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

Accordingly the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis for the preparation of its Financial Statements.

**Basis of consolidation**

The College has no subsidiaries.



**NORTHERN REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2015**

**1. ACCOUNTING POLICIES (cont'd)**

**Recognition of Income**

The recurrent grant from DEL represents the funding allocations attributable to the current financial year and is credited direct to the income and expenditure account.

Non recurrent grants from DEL and other bodies received in respect of the acquisition of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the asset.

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

Income from grants, contracts 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.

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

**Pension Scheme**

The two principal pension schemes for the College's staff are the Northern Ireland Teacher's 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.

**NORTHERN REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2015**

**1. ACCOUNTING POLICIES (cont'd)**

**Pension Scheme (Cont'd)**

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 College has fully adopted FRS17 'Retirement Benefits' during the year. The impact of this standard has been reflected throughout the financial statements. Prior year comparatives have been restated where appropriate.

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 income & expenditure account or the statement of total recognised gains and losses, in accordance with FRS 17.

**Enhanced pensions**

The actual cost of any enhanced ongoing pension to a former member of staff is paid by a 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.

**NORTHERN REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2015**

**1. ACCOUNTING POLICIES (cont'd)**

**Tangible Fixed Assets**

▪ **Land and buildings**

Land and buildings (including those inherited from the 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, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis which is consistent with the depreciation policy.

▪ **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 2015. 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 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

**NORTHERN REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2015**

**1. ACCOUNTING POLICIES (cont'd)**

**Tangible Fixed Assets (Cont'd)**

Where these assets are acquired with the aid of specific grants the asset is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related asset.

▪ **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 all the benefits and risks of 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.

**NORTHERN REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2015**

**1. ACCOUNTING POLICIES (cont'd)**

**Taxation (cont'd)**

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. Related payments received from DEL and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 33.

**NORTHERN REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2015**

**2. DEPARTMENT FOR EMPLOYMENT AND LEARNING GRANTS**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Recurrent grant	22,077	21,567
Release of deferred capital grants	1,546	1,247
Additional support funds	708	710
Education Maintenance Allowance administration	37	41
Learner access and engagement	101	80
Care to Learn	51	105
Employer Support Program*	222	-
Higher Level Apprenticeships	54	-
Other	245	5
	<hr/>	<hr/>
<b>Total</b>	<b>25,041</b>	<b>23,755</b>
	<hr/>	<hr/>

\*Income from Employer Support Program has been reclassified this year from other grant income to DEL grants.

**3. EDUCATION CONTRACTS**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Entitlement Framework Courses	1,455	1,537
Training for Success/Apprenticeships NI	2,467	2,773
Training - other	232	221
	<hr/>	<hr/>
<b>Total</b>	<b>4,154</b>	<b>4,531</b>
	<hr/>	<hr/>

**NORTHERN REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2015**

**4. TUITION FEES AND CHARGES**

	<b>2015 £'000</b>	<b>2014 £'000</b>
Higher Education (HE) income	721	686
Home and other European Union	1,518	1,381
	<hr/>	<hr/>
<b>Total</b>	<b>2,239</b>	<b>2,067</b>
	<hr/>	<hr/>

**5. OTHER GRANT INCOME**

	<b>2015 £'000</b>	<b>2014 £'000</b>
European funds	15	19
Other funds	412	748
	<hr/>	<hr/>
<b>Total</b>	<b>427</b>	<b>767</b>
	<hr/>	<hr/>

**6. OTHER OPERATING INCOME**

	<b>2015 £'000</b>	<b>2014 £'000</b>
Catering and residence operations	422	435
Other income generating activities	311	321
Other income	5	4
	<hr/>	<hr/>
<b>Total</b>	<b>738</b>	<b>760</b>
	<hr/>	<hr/>

**NORTHERN REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2015**

**7. INVESTMENT INCOME**

	<b>2015 £'000</b>	<b>2014 £'000</b>
Pension finance income (note 23)	101	189
Other interest receivable	46	29
	<hr/>	<hr/>
<b>Total</b>	<b>147</b>	<b>218</b>
	<hr/>	<hr/>

**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:

	<b>2015 Number</b>	<b>2014 Number</b>
Teaching	360	373
Support	89	100
Administration	134	131
Premises	43	43
	<hr/>	<hr/>
<b>Total</b>	<b>626</b>	<b>647</b>
	<hr/>	<hr/>



**NORTHERN REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2015**

**8. STAFF COSTS (Cont'd)**

Staff costs for the above persons:

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Teaching	14,482	14,721
Support	2,347	2,366
Administration	4,523	4,516
Premises	899	911
FRS 17 charge	400	184
	<hr/>	<hr/>
	<b>22,651</b>	<b>22,698</b>
Exceptional staff costs	5,226	10
	<hr/>	<hr/>
<b>Total</b>	<b>27,877</b>	<b>22,708</b>
	<hr/>	<hr/>

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Wages & salaries	18,166	18,796
Social security costs	1,357	1,351
Other pension costs (including FRS 17 adjustments of £400k (2014:£184k))	3,128	2,551
	<hr/>	<hr/>
	<b>22,651</b>	<b>22,698</b>
Exceptional staff costs (redundancy cost)	5,226	10
	<hr/>	<hr/>
<b>Total</b>	<b>27,877</b>	<b>22,708</b>
	<hr/>	<hr/>

**NORTHERN REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2015**

**8. STAFF COSTS (Cont'd)**

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

	<b>Senior post-holders</b>		<b>Other Staff</b>	
	<b>2015 No.</b>	<b>2014 No.</b>	<b>2015 No.</b>	<b>2014 No.</b>
£60,001 to £70,000	-	-	9	6
£70,001 to £80,000	-	-	-	-
£80,001 to £90,000	-	3	-	-
£90,001 to £100,000	3	-	-	-
£100,001 to £110,000	-	-	-	-
£110,001 to £120,000	1	-	-	-
£120,001 to £130,000	-	1	-	-
£130,001 to £140,000	-	-	-	-
	<u>4</u>	<u>4</u>	<u>9</u>	<u>6</u>

**9. SENIOR POST HOLDERS' EMOLUMENTS**

Senior post-holders are defined as the Principal and holders of the other senior posts whom the Governing Body has selected for the purposes of the articles of government of the College relating to the appointment and promotion of staff who are appointed by the Governing Body.

	<b>2015 Number</b>	<b>2014 Number</b>
The number of senior post-holders including the Principal was:	<u>5</u>	<u>4</u>

**NORTHERN REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2015**

**9. SENIOR POST HOLDERS' EMOLUMENTS (Cont'd)**

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

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Salaries	344	338
Pension contributions	55	51
	<hr/>	<hr/>
<b>Total emoluments</b>	<b>399</b>	<b>389</b>
	<hr/>	<hr/>

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

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Salaries	109	109
Pension contributions	16	15
	<hr/>	<hr/>
<b>Total</b>	<b>125</b>	<b>124</b>
	<hr/>	<hr/>

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.

**NORTHERN REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2015**

**9. SENIOR POST HOLDERS' EMOLUMENTS (Cont'd)**

Compensation for loss of office to former post-holders

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Compensation to be paid	178	-
Estimated value of other benefits, including provisions for pension benefits	-	-
	<hr/>	<hr/>
<b>Total</b>	<b>178</b>	<b>-</b>
	<hr/>	<hr/>

The severance payment was approved by the College's Governing Body.

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.

**NORTHERN REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2015**

**10. OTHER OPERATING EXPENSES**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Direct teaching	860	891
Direct support	2,214	2,253
Administration	1,547	1,733
Consultancy Fees	86	16
Premises costs	3,890	2,528
	<hr/>	<hr/>
<b>Total</b>	<b>8,597</b>	<b>7,421</b>
	<hr/>	<hr/>

**Other operating expenses include:**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Auditors' remuneration:		
Financial statements audit	24	23
Internal audit	11	38
Hire of other assets - operating leases	7	31

**11. INTEREST PAYABLE**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Pension finance costs (note 23)	-	-
	<hr/>	<hr/>
<b>Total</b>	<b>-</b>	<b>-</b>
	<hr/>	<hr/>

**12. TAXATION**

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

**NORTHERN REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2015**

**13. DEFICIT ON CONTINUING OPERATIONS FOR THE YEAR**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
The deficit on continuing operations for the year is made up as follows:		
College's deficit for the year	(1,505)	(614)
	<hr/>	<hr/>
	<b>(1,505)</b>	<b>(614)</b>
	<hr/>	<hr/>

**NORTHERN REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2015**

**14. TANGIBLE FIXED ASSETS**

	Freehold Land & buildings £'000	Assets under Construction £'000	Plant and machinery £'000	Computer equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
<b>Cost or valuation</b>							
At 1 August 2014	53,946	2	2,402	2,451	216	129	59,146
Additions	-	3	998	284	-	68	1,353
Surplus/(Deficit) on revaluation	5,243	-	-	-	-	-	5,243
Disposals	(450)	-	(53)	-	-	-	(503)
<b>At 31 July 2015</b>	<b>58,739</b>	<b>5</b>	<b>3,347</b>	<b>2,735</b>	<b>216</b>	<b>197</b>	<b>65,239</b>
<b>Depreciation</b>							
At 1 August 2014	-	-	1,727	1,625	134	113	3,599
Charge for the year	1,912	-	539	606	21	22	3,100
Revaluation	(1,912)	-	-	-	-	-	(1,912)
Elimination in respect of Disposals	-	-	(53)	-	-	-	(53)
<b>At 31 July 2015</b>	<b>-</b>	<b>-</b>	<b>2,213</b>	<b>2,231</b>	<b>155</b>	<b>135</b>	<b>4,734</b>
<b>Net book value</b>							
At 31 July 2015	58,739	5	1,134	504	61	62	60,505
<b>Net book value</b>							
At 31 July 2014	53,946	2	675	826	82	16	55,547

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**14. TANGIBLE FIXED ASSETS (Cont'd)**

Land and buildings were last subject to a full revaluation at 31 July 2012 on a depreciated replacement cost basis. The valuations were performed independently by the Land and Property Service in accordance with Department specifications. Subsequently that revaluation was updated using indices supplied by the Land and Property Service to provide valuations as at 31 July 2013 and 31 July 2014. An interim revaluation has been carried out by Land and Property Service in September 2015 providing the valuation as at 31 July 2015. 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:

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Cost	13,404	13,404
Aggregate depreciation based on cost	(2,220)	(1,843)
	<hr/>	<hr/>
<b>Net book value based on cost</b>	<b>11,184</b>	<b>11,561</b>
	<hr/>	<hr/>

The net book value of tangible fixed assets includes an amount of £0k (2014: £0k) in respect of assets held under finance leases.

The net book value of computers includes £20,700 of computer hardware that is a jointly owned and controlled asset amongst the six college of the Northern Ireland Further Education Sector. The hardware is used to support the sector's Management Information Systems and Information Technology services and is operated centrally on behalf of the sector.

**The depreciation charge for the year is analysed as follows:**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Owned assets	3,100	2,583
Assets held under finance leases and hire purchase arrangements	-	-
	<hr/>	<hr/>
	<b>3,100</b>	<b>2,583</b>
	<hr/>	<hr/>



**NORTHERN REGIONAL COLLEGE  
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**15. INVESTMENTS**

The College does not have any subsidiary companies.

**16. DEBTORS**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Amounts falling due within one year:		
Trade debtors	270	359
Prepayments and accrued income	512	440
Amounts due from the Department	5,355	330
	<hr/>	<hr/>
<b>Total Current Debtors</b>	<b>6,137</b>	<b>1,129</b>
Amounts falling due after more than one year:		
Trade debtors	-	-
	<hr/>	<hr/>
<b>Total</b>	<b>6,137</b>	<b>1,129</b>
	<hr/>	<hr/>
	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Amounts falling due within one year:		
Other	766	577
Amounts due from DEL	5,371	432
Amounts due from Other Central Government Departments	0	120
Amounts due from local Authorities	0	0
	<hr/>	<hr/>
<b>Total Current Debtors</b>	<b>6,137</b>	<b>1,129</b>
Amounts falling due after more than one year:		
Other	-	-
	<hr/>	<hr/>
<b>Total</b>	<b>6,137</b>	<b>1,129</b>
	<hr/>	<hr/>

**NORTHERN REGIONAL COLLEGE  
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**17. CREDITORS: AMOUNTS FALLING DUE IN LESS THAN ONE YEAR**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Payments received in advance	207	250
Trade creditors	685	62
Taxation and social security	860	828
Accruals	6,114	979
Amounts owed to the Department	1,306	96
	<hr/>	<hr/>
<b>Total</b>	<b>9,172</b>	<b>2,215</b>
	<hr/>	<hr/>
	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Other	7,372	1,342
Amounts owed to DEL	1,306	97
Amounts owed to Other Central Government Departments	493	771
Amounts owed to local Authorities	1	5
	<hr/>	<hr/>
<b>Total</b>	<b>9,172</b>	<b>2,215</b>
	<hr/>	<hr/>

**NORTHERN REGIONAL COLLEGE  
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**18. PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>Litigation £'000</b>	<b>Total £'000</b>
As at 1 August 2014	-	-
Expenditure in the period	-	-
Transferred from income and expenditure account	-	-
	<hr/>	<hr/>
<b>At 31 July 2015</b>	-	-
	<hr/>	<hr/>

**19. DEFERRED CAPITAL GRANTS**

	<b>DEL grants £'000</b>	<b>Other grants £'000</b>	<b>Total £'000</b>
At 1 August 2014			
Land and buildings	11,557	-	11,557
Other assets	1,420	144	1,564
	<hr/>	<hr/>	<hr/>
	12,977	144	13,121
Cash received			
Land and buildings	3	-	3
Other assets	1,350	-	1,350
Released to income and expenditure account			
Land and buildings	377	-	377
Other assets	1,025	144	1,169
	<hr/>	<hr/>	<hr/>
<b>Total</b>	12,928	-	12,928
	<hr/>	<hr/>	<hr/>
At 31 July 2015			
Land and buildings	11,183	-	11,183
Other assets	1,745	-	1,745
	<hr/>	<hr/>	<hr/>
<b>Total</b>	12,928	-	12,928
	<hr/>	<hr/>	<hr/>

**NORTHERN REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
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**20. ENDOWMENTS**

	<b>Unrestricted Permanent £'000</b>	<b>Total £'000</b>
At 1 August 2014	47	47
Income for year	2	2
	<hr/>	<hr/>
<b>At 31 July 2015</b>	<b>49</b>	<b>49</b>
	<hr/>	<hr/>

	<b>Unrestricted Permanent £'000</b>	<b>Total £'000</b>
At 1 August 2013	45	45
Income for the year	2	2
	<hr/>	<hr/>
<b>At 31 July 2014</b>	<b>47</b>	<b>47</b>
	<hr/>	<hr/>

**21. REVALUATION RESERVE**

	<b>2015 £'000</b>	<b>2014 £'000</b>
At 1 August as stated	42,414	37,473
Revaluations in the period (note 14)	7,155	6,260
Adjustment	(23)	-
Transfer from revaluation reserve to income and expenditure account in respect of :		
Disposals	(450)	-
Depreciation on revalued assets	(1,534)	(1,319)
	<hr/>	<hr/>
<b>At 31 July</b>	<b>47,562</b>	<b>42,414</b>
	<hr/>	<hr/>

**NORTHERN REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
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**22. MOVEMENT ON GENERAL RESERVE**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
<b>Income and expenditure account reserve</b>		
At 1 August	(7,640)	(1,514)
Deficit retained for the year	(1,505)	(614)
Transfer from revaluation reserve	1,534	1,319
Actuarial (loss)/gain on pension scheme	2,949	(6,831)
	<hr/>	<hr/>
<b>At 31 July</b>	<b>(4,662)</b>	<b>(7,640)</b>
	<hr/>	<hr/>
<b>Balance represented by:</b>		
Income and expenditure reserve excluding pension reserve	1,718	1,390
Pension reserve	(6,380)	(9,030)
	<hr/>	<hr/>
<b>At 31 July</b>	<b>(4,662)</b>	<b>(7,640)</b>
	<hr/>	<hr/>

**NORTHERN REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
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**23. PENSION 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**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
NITPS: contributions paid	1,914	1,522
NILGOSC: contributions paid	814	852
NILGOSC: FRS 17 charge	400	184
NILGOSC: charge to the income and expenditure account (staff costs)	1,214	1,036
Enhanced pension charge to the income and expenditure account (staff costs)	-	-
<b>Total pension cost for the year</b>	<b>3,128</b>	<b>2,558</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 2004 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).

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

The Government Actuary's Department values the scheme every 4 years with an interim valuation in the intervening 2-year period using the projected accrued benefit method.

**NORTHERN REGIONAL COLLEGE  
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From 1 April 2012 the employers' contribution rate was 13.6% of the full-time salary or if part-time, the full-time equivalent salary, and the employees' contribution rate is banded in line with the full-time salary or if part-time, the full-time equivalent salary as follows:-

## Salary \* 2014-15

\*contributions are based on full-time equivalent (FTE) pay levels.

Below £15,000	6.4%
£15,000 to £25,999	7.2%
£26,000 to £31,999	8.3%
£32,000 to £39,999	9.5%
£40,000 to £44,999	9.9%
£45,000 to £74,999	11.0%
£75,000 to £99,999	11.6%
£100,000 and above	12.4%

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

On 1<sup>st</sup> April 2015 the salary bands applicable to member contributions for the NITPS changed.

The method of determining which salary band a member falls into also changed. The appropriate contribution rates to be applied are now based on a members' annual salary rate (actual earnings) as opposed to their full-time equivalent (FTE) salary.

Salary	2015-16
--------	---------

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%

## FRS 17

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, 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.

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**FRS 17 (Cont'd)**

Accordingly, the College has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. 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.

**FRS 17**

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 July 2015 by a qualified actuary.



**NORTHERN REGIONAL COLLEGE  
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**23. PENSION AND SIMILAR OBLIGATIONS (Cont'd)**

**Principal actuarial assumptions**

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

	<b>At 31 July 2015</b>	<b>At 31 July 2014</b>
Rate of increase in salaries	3.6%	4.2%
Rate of increase for pensions in payment/inflation	2.1%	2.7%
Discount rate for scheme liabilities	3.6%	4.0%

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

	<b>At 31 July 2015</b>	<b>At 31 July 2014</b>
<i>Retiring today</i>		
Males	22.2	22.0
Females	24.7	24.5
<i>Retiring in 20 years</i>		
Males	24.4	24.2
Females	27.0	27.7

The College's share of the assets and liabilities in the scheme and the expected rates of return were:

	<b>Long-term rate of return expected at 31 July 2015*</b>	<b>Value at 31 July 2015 £'000</b>	<b>Long-term rate of return expected at 31 July 2014</b>	<b>Value at 31 July 2014 £'000</b>
Equities		21,163	6.6%	18,555
Bonds		3,256	3.3%	3,009
Property		3,484	4.7%	3,009
Cash		657	4.0%	502
<b>Total market value of assets</b>		<b>28,560</b>		<b>25,075</b>
<b>Present value of scheme liabilities</b>		<b>34,940</b>		<b>34,105</b>
<b>(Deficit) in the scheme</b>		<b>(6,380)</b>		<b>(9,030)</b>

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**23. PENSION AND SIMILAR OBLIGATIONS (Cont'd)**

\*The adoption of FRS 102 in the next accounting period removed the requirement to recognise an expected return on assets item in the profit and loss charge. This item will be replaced with a net financing charge which is based on the discount rate assumption. As the expected return on assets is based on the assumption at the start of the accounting period, assumptions for the expected return on assets are not required at 31 July 2015.

**Amounts recognised in the balance sheet**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Present value of funded obligations	(34,898)	(34,060)
Fair value of plan assets	28,560	25,075
	<u>(6,338)</u>	<u>(8,985)</u>
Present value of unfunded obligations	(42)	(45)
Unrecognised past service cost	0	0
	<u>0</u>	<u>0</u>
<b>Net liability</b>	<b><u>(6,380)</u></b>	<b><u>(9,030)</u></b>

**Analysis of the amount charged to income and expenditure account**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Employer service cost (net of employee contributions)	1,214	1,036
Past service cost	-	-
	<u>-</u>	<u>-</u>
<b>Total operating charge</b>	<b><u>1,214</u></b>	<b><u>1,036</u></b>

**Analysis of pension finance income/(costs)**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Expected return on pension scheme assets	1,485	1,642
Interest on pension liabilities	(1,386)	(1,409)
Losses on curtailments	-	(46)
Contribution in respect of unfunded benefits	2	2
	<u>2</u>	<u>2</u>
<b>Pension finance income</b>	<b><u>101</u></b>	<b><u>189</u></b>

**NORTHERN REGIONAL COLLEGE  
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**23. PENSION AND SIMILAR OBLIGATIONS (Cont'd)**

**Amount recognised in the statement of total recognised gains and losses (STRGL)**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Actuarial gains/(losses) on pension scheme assets	1,361	(5,252)
Actuarial gains/(losses) on scheme liabilities	<u>1,588</u>	<u>(1,579)</u>
<b>Actuarial gain/(loss) recognised in STRGL</b>	<b><u>2,949</u></b>	<b><u>(6,831)</u></b>

**Movement in (deficit) during the year**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
(Deficit) in scheme at 1 August	(9,030)	(2,204)
Movement in the year:		
Employer service cost (net of employee contributions)	(1,214)	(1,036)
Employer contributions	814	852
Past service cost	-	-
Net interest/return on assets	101	189
Actuarial gain or loss	<u>2,949</u>	<u>(6,831)</u>
<b>(Deficit) in scheme at 31 July</b>	<b><u>(6,380)</u></b>	<b><u>(9,030)</u></b>

**NORTHERN REGIONAL COLLEGE  
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**23. PENSION AND SIMILAR OBLIGATIONS (Cont'd)**

**Asset and liability reconciliation**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
<b>Reconciliation of liabilities</b>		
<b>Liabilities at start of period</b>	34,105	30,190
Service cost	1,214	1,036
Interest cost	1,386	1,409
Employee contributions	260	261
Experience gains and losses on scheme liabilities		
Actuarial (gain)/loss	(1,588)	1,579
Benefits paid	(437)	(416)
Past service cost	-	-
Curtailments and settlements	-	46
<b>Liabilities at end of period</b>	<b>34,940</b>	<b>34,105</b>
<b>Reconciliation of assets</b>		
<b>Assets at start of period</b>	25,075	27,986
Expected return on assets	1,485	1,642
Contribution in respect of unfunded benefits	2	2
Actuarial gain/(loss)	1,361	(5,252)
Employer contributions	814	852
Employee contributions	260	261
Benefits paid	(437)	(416)
<b>Assets at end of period</b>	<b>28,560</b>	<b>25,075</b>

The estimated value of employer contributions for the year ended 31 July 2016 is £839k.

**NORTHERN REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
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**23. PENSION AND SIMILAR OBLIGATIONS (Cont'd)**

**History of experience gains and losses**

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Difference between the expected and actual return on assets					
Amount £'000	1,361	(5,252)	3,486	(789)	4,134
Experience gains and (losses) on scheme liabilities					
Amount £'000	169	(1,318)	(3)	(184)	3,462
Total amount recognised in STRGL					
Amount £'000	2,949	(6,831)	2,763	(3,529)	7,593

**24. RECONCILIATION OF OPERATING DEFICIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Deficit on continuing operations after depreciation of assets	(1,505)	(614)
Depreciation (note 14)	3,100	2,583
Deferred capital grants released to income (note 19)	(1,546)	(1,247)
Interest receivable (note 7)	(147)	(218)
FRS 17 pension charge (note 23)	400	184
FRS 17 pension finance income/(costs)	(101)	(189)
Profit on disposal of fixed assets	(328)	-
Revaluation Reserve Adjustment	(23)	-
Decrease/(increase) in debtors	(5,008)	116
(Decrease)/increase in creditors	6,509	(546)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>1,351</b>	<b>69</b>

**25. RETURNS ON INVESTMENT AND SERVICING OF FINANCE**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Other interest received	147	218
<b>Net cash inflow from returns on investments and servicing of finance</b>	<b>147</b>	<b>218</b>

**NORTHERN REGIONAL COLLEGE  
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<b>26. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>	<b>2015 £'000</b>	<b>2014 £'000</b>
Purchase of tangible fixed assets	(1,353)	(1,489)
Sale of fixed asset	778	
Deferred capital grants received	1,353	1,487
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>778</b>	<b>(2)</b>

**27. ANALYSIS OF CHANGES IN NET FUNDS**

	<b>At 1 August 2014 £'000</b>	<b>Cash £'000</b>	<b>At 31 July 2015 £'000</b>
Cash in hand, and at bank	2,511	2,276	4,787
<b>Total</b>	<b>2,511</b>	<b>2,276</b>	<b>4,787</b>

**28. CASHFLOW RELATING TO EXCEPTIONAL ITEMS**

	<b>2015 £'000</b>	<b>2014 £'000</b>
Provision as at 1 August	75	334
Income and expenditure account charge	5,226	236
Operating cash outflow	(104)	(495)
<b>Provision as at 31 July</b>	<b>5,197</b>	<b>75</b>

The operating cashflows do not include an outflow of £5,197 for exceptional restructuring costs as the amount provided was not paid until the following year.

**NORTHERN REGIONAL COLLEGE  
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**29. POST BALANCE SHEET EVENTS**

There are no post balance sheet events.

**30. CAPITAL COMMITMENTS**

There were no capital commitments at 31 July 2015.

**31. CONTINGENT LIABILITIES**

The college has no contingent liabilities.

**32. 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.

**NORTHERN REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
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**32. RELATED PARTY TRANSACTIONS AND TRANSACTIONS INVOLVING GOVERNING BODY MEMBERS AND SENIOR MANAGEMENT (cont'd)**

Table showing transactions where goods or services are provided to the College by the related organisation:

	Related organisation	Position in related organisation	Amount paid 2015 £'000	Amount paid 2014 £'000	Nature of transactions	Amount outstanding at 31 July 2015 £'000	Amount outstanding at 31 July 2014 £'000
A. Rankin Governor	University of Ulster	Assistant Chief Finance and Information Officer	183 (102)	116 (95)	Accreditation and Exam Fees  Project	- (17)	- (7)
S. Davidson Governor	Henderson Group	Director of Human Resources	14 (4)	15 (4)	Goods for Catering services  HE Fees	- -	- (4)
A. Kennedy Governor	Ballee Community High School	Member of the Board	-	(30)	EF Fees	-	-



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NOTES TO THE FINANCIAL STATEMENTS  
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	Related organisation	Position in related organisation	Amount paid 2015 £'000	Amount paid 2014 £'000	Nature of transactions	Amount outstanding at 31 July 2015 £'000	Amount outstanding at 31 July 2014 £'000
K. Nelson Governor	Ballymena Academy	Member of the Board	(44)	(31)	EF Fees	-	-
	Invest N.I.	Member of the Board	(22)	(14)	Innovation Vouchers	-	-
	Larne Enterprise Development Co.	Chief Executive	82	18	Learner Access Engagement Course Fees	-	12
			(2)	-		-	-
J. Brown Governor	North East Education and Library Board	Member of the Board	11	-	Hire of Premises	-	-
			(54)	-	Dinner Tickets	-	-
			(9)	-	Course Fees	-	-
T. Neillands Principal	Colleges Northern Ireland	Vice Chair of the Board	82	79	Annual Subscription	10	72
G. Gilpin Governor		Member of the Board	(1)	(6)	Reimbursement of Expenses	-	(1)

**NORTHERN REGIONAL COLLEGE  
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FOR THE YEAR ENDED 31 JULY 2015**

	Related organisation	Position in related organisation	Amount paid 2015 £'000	Amount paid 2014 £'000	Nature of transactions	Amount outstanding at 31 July 2015 £'000	Amount outstanding at 31 July 2014 £'000
P.J. McAvoy Governor	Ballymena Borough Council	Councillor	(1)	-	Course Fees	-	-
			4	2	Hire of Facilities	-	-
I Goldsworthy	Limavady Borough Council	Councillor	(2)	-	Course Fees	-	-
C McKinney	Northern Ireland Fire Service	Chair of the Board	(1)	-	Course Fees	-	-
Stephen McCartney	NASMA	Member	1	1	Membership Fees	-	-
Colin Chan	NUS	Member	1	-	Membership Fees	-	-

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**33. SUPPORT FUNDS**

	<b>Year Ended 31 July 2015 £'000</b>	<b>Year Ended 31 July 2014 £'000</b>
Balance at 31 July	17	19
DEL grants	158	196
	<hr/> 175	<hr/> 215
Disbursed to students	93	(198)
	<hr/> 82	<hr/> 17
<b>Balance unspent at 31 July</b>	<hr/> <b>82</b>	<hr/> <b>17</b>

**34. LOSSES AND SPECIAL PAYMENTS**

	<b>Year Ended 31 July 2015 £</b>
Losses and special payments	<hr/> 27,979
Bad debt written-off during year	
- related party	-
- operational < £1000	10,573
> £1000	17,406
	<hr/> 27,979

The number of individual debts written off below £1,000 is 132 and the number of individual debts written off greater than £1,000 is 4.

## Report of the Comptroller and Auditor General

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

In my report on Northern Regional College's (NRC) 2013-14 financial statements, I noted that consultants had been appointed to examine the management and operations of NRC. The consultants' report, issued in October 2014, contained 36 recommendations aimed at improving the economy, efficiency and effectiveness of the College. In my report on the 2013-14 financial statements I noted that I would keep this matter under review. Accordingly, during my audit of the 2014-15 financial statements, I reviewed the College's progress.

Since December 2014, NRC senior management has held 'improvement planning' meetings with the Department for Employment (DEL) and Learning to monitor progress on the implementation of the recommendations. As a result, in January 2015, the College appointed further consultants to support management in bringing about successful change. A three year Strategic Improvement Plan (SIP) for 2015-2018 was approved by the Governing Body in June 2015 and was subsequently approved by DEL in September 2015. This plan set out how change could be best achieved in line with the recommendations made in the previous report (October 2014).

At the date of my audit many of the deadlines which have been set within the SIP have not yet been reached, however it is expected that many will be reached by the end of March 2016.

I will continue monitor progress in this area and will consider the need to provide a further update for 2015-16 financial statements.

  
KJ Donnelly  
Comptroller and Auditor General  
Northern Ireland Audit Office  
108 University Street  
BELFAST  
BT7 1EU

26 November 2015