

The Chair reminded Members of the requirement to declare interests during the course of the meeting.

6. MINUTES OF MEETING HELD ON 6 MARCH 2018

The Committee approved the minutes* (FGP/4/18/3) of the meeting held on 6 March 2018 on the proposal of Mrs Carville and seconded by Mr Doran.

7. MATTER ARISING FROM THE MINUTES

ENDURING HR STRUCTURE (7)

The Chair said that all equality screening exercises would be made available to Members for information.

8. CHAIR'S BUSINESS

CORRESPONDENCE

The Committee considered a Sinn Fein tweet** dated 10 April 2018 on EA's financial position.

A Member said that the tweet asked the EA to co-opt an accountant or financial specialist on to the Board. He queried whether this could be facilitated.

Members expressed concern that the Member's request that an accountant be co-opted on the Board was identical to a suggestion made at the Board meeting on 29 March 2018. They also expressed concern that discussion at the Board meeting was being articulated in the media and that the tweet implied criticism of the Board, the Finance and General Purposes Committee and professional staff.

The Member commented that the request was not a criticism of the Board or staff. The purpose of the request was to seek further reassurance on financial matters.

Members discussed the work undertaken by Finance. Miss Bill said that costs had been controlled in 2017/18 taking account of the significant and combined challenges facing EA. EA's financial situation was driven by a combination of factors including the significant reduction of spending power in budgets since 2010/11, the increasing and unavoidable demand for policy, statute and contract based services, and structural matters within the Education sector. All these factors highlighted a clear need for transformation and had been discussed on a number of occasions. Miss Bill also outlined the recognition of these factors within the NIAO 2016/17 report and that the need for transformation and wider structural issues had been reflected within the DoF Budget Briefing document and EA's response. A Member noted that the report of the NIAO had been helpful.

A Member said that members of the public were entitled to seek reassurance on a public body's finances.

Members agreed that the professional qualifications of staff within Finance and Audit would be collated and presented to the Committee.

A Member suggested that it would be prudent to prepare a response in the event of an article of this nature appearing in the media. He said that the response should set out the reason for the budget deficit for the 2017/18 financial year, the current year's resources as well as the professional qualifications of the Chief Executive, the Director of Finance and her team of

Assistant Directors. He said that Members of the EA Board were nominated by specific education interests and political parties and the background of Members nominated was a matter for nominating bodies. There was no provision in legislation to co-opt an accountant or any other individual on to the Board. He added that the Northern Ireland Audit Office had certified the 2016/17 Financial Statements without qualification. The Financial Statements did not indicate that there was any financial mismanagement within EA.

The Committee agreed that a statement would be drafted in readiness for an article appearing in the press which would take account of all the Member's comments detailed above.

A Member commented that it was open to a nominating body to review the expertise of those it had nominated to serve on the Board and, if it so wished, to replace a member with someone with relevant financial expertise.

Actions: *Statement to be drafted in readiness for an article appearing in the press; and professional qualifications of staff within Finance and Audit to be collated and presented to the Committee.*

9. HUMAN RESOURCES (Continued)

9.1 HR ACTIVITY AND WORK STREAMS - QUARTERLY REPORT

Mrs Duffield presented a high level report* (FGP/4/18/6.2) setting out work streams which were currently underway across HR and Legal Services. She advised that updates on HR activity and work streams would be presented to the Committee on a quarterly basis.

Mrs Mooney referred to the 2018/19 business planning exercise within the Directorate and the establishment of five key objectives as set out in the report. She advised that seven of the eleven Heads of Service had been appointed within HR and these officers would report to the two Assistant Directors. She referred to the establishment and role of HR Business Partners. Three Business Partners had been appointed to provide strategic support to schools. She advised that a review of recruitment processes had commenced and it was intended that a key focus of this review would be to seek and make further improvements on recruitment transactional processes based on customer feedback from principals, Boards of Governors, recruiting managers and candidates.

Mrs Mooney said that a baseline review of training activity across EA had also commenced. A review would be undertaken on the payment of professional fees, it would identify current practices and make recommendations on a consistent and equitable approach across EA. She advised that a 'Values in Action' project was being established to ensure that the values set out in EA's Strategic Plan 2017-2017 were being taken forward by all members of staff. She also drew attention to the bespoke Assistant Director Development Programme which had commenced in October and which was still ongoing.

A Member referred to the work of the Health and Wellbeing Manager with schools. He particularly queried this support included online bullying. Mrs Duffield said that the function of the Health and Wellbeing Team was to help and support school principals to understand and develop strategies and interventions which would assist in managing absence in the workforce. It was intended that the upcoming health and wellbeing conference for school principals would give focus to physical health, mental health and social health.

A Member welcomed the work being undertaken in respect of a consistent approach to professional membership accreditation and fees.

The Committee noted the report.

Mr McMullan left the meeting at 2.50 pm.

9.2 JOINT NEGOTIATING COUNCIL - CONSTITUTION AND RULES OF PROCEDURE

Mr McGreevy presented a paper* (FGP/4/18/6.3) setting out the draft Constitution and Rules of Procedure for the Joint Negotiating Council (JNC). He advised that both the draft Constitution and the Rules had been agreed by the Corporate Leadership Team and by the Trade Unions. The documents were now at a stage to be presented to the JNC for formal ratification.

In response to a Member's query regarding changes in practice, Mr McGreevy said that JNC meetings would now be held twice a year. The main strategic engagements with the Trade Unions would take place within six Directorate Joint Forums. These forums would be chaired by a Director and would be held on a quarterly basis. It was noted that meetings of JNC would be chaired on a rotational basis between the chairs of Trade Union Side and Management Side.

The Committee noted the draft Constitution and Rules of Procedure.

10. FINANCE

10.1 2017/18 FINANCIAL POSITION

RECURRENT REPORT : ELEVEN MONTHS TO 28 FEBRUARY 2018

Miss Bill presented the financial forecasts, based on available information, as set out in the paper* (FGP/4/18/7.1) including the MEMR* (Appendix 1). The total 2017/18 budget for the Schools' Delegated Budget was £1,175.371m (including Voluntary Grammar and Grant Maintained Integrated Schools) with a Block Grant allocation of £571.37m. The Committee noted that the Block Grant included an additional £31m, received through DE's internal budget exercise, to cover pressures within schools (£17m), SEN (£6m), and VGS / GMI excepted items (£8m). An additional £2m had also been received for essential health and safety maintenance (Earmarked funding).

The Committee noted that in February DE had notified EA of a reduction in the ASB funding (£0.129m) and additional Earmarked funding (£0.269m).

Miss Bill said that, as a result of the additional £31m allocated to the Block Grant, the MEMR was now showing an estimated funding gap of £23.3m (excluding Earmarked). The funding gap comprised an estimated easement of £2.5m within the ASB and estimated pressures of £25.8m within the Block Grant after £26.3m of estimated savings had been applied.

Miss Bill referred to the ASB profile. She highlighted that a technical budgetary adjustment of £4m (estimated) for LMS capital was due to be transferred to the Block Grant to account for schools' expenditure on capital items. Once this adjustment had been applied, the ASB would profile an estimated pressure of £1.5m. She said that the profiled position had not been adjusted to reflect the impact of stock movements in book and music stock and that this would be completed as part of year end processes. Miss Bill highlighted the significant risk around savings and provided an update on the position of schools' stock takes. To date over 100 stock counts had been received. In response

to a Member's query, Miss Bill outlined the information and guidance given to schools in this area and the ongoing work which schools would have to undertake on an annual basis. She also outlined the significant work associated with this exercise and the actions being taken by EA. The stock count exercise would be reflected in the following month's MEMR reflecting progress at that date. Miss Bill advised that, as in previous years, the actual amount of surplus used by individual schools would be confirmed once year end processes were complete.

A Member referred to the additional £8m received for excepted items for VG / GMI schools. Miss Bill said that officers continued to discuss with DE the financial pressures within VG / GMI schools including those around phase 2 of the transfer of VG / GMI functions.

Miss Bill said that an increase of £1.8m in the estimated Block Grant funding gap (£25.8m) related to pressures associated with SEN, Transport (£1.7m), School Meals (£0.4m), the School Development Service (£0.23m), and the School Library Service (£0.08m). Emerging easements related to VGS / GMI (£0.5m), other resources held at centre (£0.3m), and substitution costs (£0.22m).

Miss Bill said that £2.4m contingency funding had been allocated to schools to cover pressures relating to dual site, in year growth and emergency requirements. This funding would be reflected in the following month's MEMR.

Miss Bill said that Youth recurrent expenditure was anticipated to be fully spent (£32.65m).

Miss Bill referred to the eleven engagement events held with schools in March following receipt of their initial budgets. She said that officers had discussed with school leaders the overall financial context and EA's approach to school plans. They had also addressed key areas of concern for schools in order to provide certainty early in the year. She said that a further event for schools would be held in April in the Newry area.

The Committee noted that officers continued to discuss EA's financial risks and challenges with DE officials. It noted the extremely challenging financial position for 2017/18 and that the year-end position would be impacted by factors such as the final ASB position and position on savings. Miss Bill again advised that EA would not live within its current budget and summarised the reasons underlying this.

Miss Bill reminded Members that as the deadline for submitting the 2018/19 budget to DE was 27 April 2018, a workshop would be held for all Board Members on 26 April 2018.

10.2 NIAO DRAFT REPORT TO THOSE CHARGED WITH GOVERNANCE – COMPTROLLER AND AUDITOR GENERAL'S PUBLIC INTEREST REPORT

Miss Bill said that the Audit and Risk Assurance Committee, at a special meeting held on 22 February 2018, had considered the 2016/17 Annual Report and Accounts and the NIAO's draft Report to those Charged with Governance. She advised that the Comptroller and Auditor General (C&AG) had produced a public interest report on EA's overspend of £19.1m compared to the 2016/17 budget allocation which accompanied his audit opinion on the 2016/17 Financial Statements. The Audit and Risk Assurance Committee had referred the public interest report to the Finance and General Purposes Committee for consideration.

The Chair referred to the C&AG's comment that it had taken the EA almost five months to agree a strategy to balance its 2016/17 budget. Miss Bill outlined the work that had taken place in the months from April 2016 onwards to agree a budget strategy. She highlighted that all efforts would be made in the current year for the Board to agree a budget as quickly as possible.

Miss Bill said that officers had engaged with the NIAO in respect of agreeing the content of a press release on the 2016/17 Financial Statements.

It was noted that the Financial Statements had been certified by the C&AG with an unqualified audit opinion without modification on 28 February 2018.

The Committee noted the C&AG's Public Interest Report* (FGP/4/18/6.3).

A Member queries progress in respect of NIAO's report on the financial health of schools. Miss Bill said that officers had not yet seen a draft copy of the report. To support NIAO's work in drafting the report, officers had presented to the NIAO the findings of the working group which had been established to consider school surpluses and deficits. Officers had also given some input on structural issues around the common funding formula.

Members discussed the unsustainable position regarding sickness absence in schools and highlighted that the management of absence required the fullest rigour. Miss Bill said that the Assistant Director for ICT was reviewing the best approach to provide management information in this area. Mrs Duffield said that a number of work streams were being established which would seek to develop managers' capabilities with regard to sickness absence.

It was agreed that a report on managing teacher sickness absence would be presented to the Committee in due course. A Member urged officers to work with other education partners in order to secure best practice.

***Action:** Report on managing teacher sickness absence to be presented to the Committee in due course.*

10.3 CAPITAL REPORT - ELEVEN MONTHS TO 28 FEBRUARY 2018

The Committee noted the capital report* (FGP/4/18/7.3) detailing spend as at 28 February 2018 (£46.568m) within the overall capital allocation (schools and youth) of £68.088m.

Miss Bill provided an overview of individual budget lines, advising where pressures and / or easements had been declared and approved by DE.

The Committee noted that in all areas it was anticipated that budgets would be fully spent by 31 March 2018. Miss Bill said that capital allocations and spend profiles continued to be carefully monitored and reported to DE.

Miss Bill highlighted that, during March, officers had become aware of an emerging pressure within the Major Works budget and had highlighted this pressure to DE. She provided an updated position on this and advised that this pressure was expected to be resolved by year end.

11. OPERATIONS AND ESTATES SERVICES

11.1 MAINTENANCE

Ms Long presented a paper* (FGP/4/18/8.1) setting out the expenditure profile for Maintenance in 2017/18 (£16.060m), an estimated figure for the current Maintenance backlog, a list of schools with the highest costs associated with backlog Maintenance and an overview of Maintenance activity orders by type over the last year.

Ms Long referred to a steady reduction in Maintenance expenditure year on year which resulted in greater risk of substandard school buildings. She advised that work was being taking forward to link Manhattan with the Finance system in order to provide better management information on Maintenance backlog. She also advised that a strategic review of Term Service Contracts was currently underway and a report on the review would be presented to the Committee in due course. This review would also cover issues relating to contractor performance.

The Committee welcomed the summary information provided in the report.

11.2 TENDERS

The Committee considered tender reports* (FGP/4/18/8.2.1 and 8.2.2).

On the proposal of Mrs Carville, seconded by Mr Pollock, the Committee approved the following tenders:

- Goods and Services (above threshold) - 70199; 70358; 70404.

The following tenders were noted:

- Controlled Sector Construction Works (within approved delegated limits) - CFT EANI 1147.
- Goods and Services (awarded from collaborative contracts) – ID 1078399; CFT 81437; CFT 438385;
- Goods and Services (awarded from external framework) - RM3733.

11.3 CONTRACT DOCUMENT

The Committee noted the paper* (FGP/4/18/8.3) containing information in respect of contracts which had been signed and sealed.

11.4 LAND AND PROPERTY TRANSACTIONS

Ms Long detailed the recommendation set out in the report* (FGP/4/18/8.4) relating to the granting of a licence agreement at Markethill Primary School.

A Member sought and received clarification in respect of the terms of the licence agreement.

The Committee agreed to recommend the adoption of the transaction in the report on the approval of Mr Pollock and seconded by Mrs Carville.

12. DATE OF NEXT MEETING

The next meeting would be held on 1 May 2018.

The meeting ended at 3.54 pm.

Chair

Date

* Paper circulated ** Paper tabled