

**MINUTES OF PROCEEDINGS OF THE FINANCE AND GENERAL PURPOSES COMMITTEE OF THE EDUCATION AUTHORITY HELD ON 13 OCTOBER 2015 AT 1.00 PM IN FORESTVIEW**

**1. PRESENT** Dr I McMorris (Chair)

Fr T Bartlett	Mrs N Lappin
Mrs P Carville	Ms S O'Connor
Miss N Gowan	Mr R Pollock
Rev R Herron	Ms N Toman

**2. IN ATTENDANCE**

The Interim Head of Corporate Human Resources, the Interim Director of Operations and Estates Projects, the Board Support Manager and for part of the meeting the Interim Chief Executive, the Interim Head of Finance, the Change Director and other officers of the EA.

**3. APOLOGY**

An apology had been received from Sir Gerry Loughran.

**4. ORDER OF BUSINESS**

Agenda items were considered in the following order in order to facilitate officer attendance.

**5. DECLARATIONS OF INTEREST**

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

**6. MINUTES OF MEETING HELD ON 8 SEPTEMBER 2015**

The minutes of the meeting held on 8 September 2015 were approved as an accurate record.

**7. MATTER ARISING FROM THE MINUTES**

**EA DRAFT BUSINESS PLAN 2015/16 - SICKNESS ABSENCE (7)**

A paper\*\* setting out comparative data on sickness absence within the Education sector and across the NI public sector was noted.

Concern was expressed that this area would not realise savings in the current year. It was indicated that EA was currently estimating £300k in reduced substitution costs as per the MEMR. It was agreed that further information would be provided to the Committee on how teaching and non-teaching sickness absence could be further broken down. The Committee acknowledged the limitations of the current HR / Payroll system in producing management information for non-teaching absences. It was noted that a tendering process was underway for a new HR / Payroll system. It was anticipated that the new system would be able to detail levels of non-teaching sickness absence and identify trends in sickness absence.

**Action:** Further information to be provided on teaching and non-teaching sickness absence.

## **8. CHAIRPERSON'S BUSINESS**

### **BEST WISHES**

The Chair expressed the Committee's best wishes to Ms Toman on her recent marriage.

## **9. HUMAN RESOURCES**

### **FLEXIBLE RETIREMENT PROCEDURE**

The Committee noted that the Flexible Retirement Procedure was one of the policy discretions contained within the Local Government Pension Scheme Discretionary Policy Statement which had been considered by the Committee at its September meeting.

On the proposal of Mrs Carville, seconded by Mr Pollock, the Committee agreed to recommend that the Board should adopt the Flexible Retirement Procedure\* (FGP/10/15/7).

## **10. OPERATIONS AND ESTATES SERVICES**

### **10.1 OVERVIEW OF THE CATERING SERVICE**

The Committee received a presentation on the School Catering Service\* (FGP/10/15/8.1).

It was agreed the Committee would receive a report on the method of transporting meals and associated costs.

The Interim Head of Corporate Human Resources undertook to raise an issue relating to the school meals abatement for school staff at a subsequent meeting of the Joint Negotiating Council.

**Actions:** *Information on the transportation of meals to be presented to Committee; issue relating to school meals abatement for school staff to be revisited.*

### **10.2 BUSINESS CONDUCTED IN COMMITTEE**

On the proposal of Mrs Carville, seconded by Ms O'Connor, it was agreed that the items relating to the procurement of replacement financial systems and Tenders would be discussed in committee.

#### **10.2.1 IFS FINANCIAL SYSTEMS - PROCUREMENT**

A report was provided on the iFS Project to procure replacement financial systems.

*(During consideration of this item, Ms O'Connor left the meeting temporarily at 2.30 pm and Ms Toman left at 2.34 pm. Both re-entered at 2.44 pm.)*

#### **10.2.2 TENDER REPORTS**

The Committee considered reports\* within this item of business.

*(During discussion of this item, Ms Toman left the meeting temporarily at 2.50 pm.)*

On the proposal of Mrs Carville, seconded by Mr Pollock, the Committee agreed to resume the meeting.

The Chair reported that, while in committee, the Committee had agreed on the proposal of Rev Herron, seconded by Mr Pollock, to appoint Fujitsu Services Ltd as the preferred bidder for the iFS contract. This contract would be awarded following completion of legal processes and the statutory standstill period.

The Chair also reported that, while in committee, the recommendations concerning the following tenders had been approved:

- *Construction Works*  
ITT 27065, ITT 28944, ITT 30011 and ITT 30069
- *Goods and Services*  
ITT 70041

While in committee, reports concerning the following tenders had been noted:

- *Non-Controlled Capital / Minor Works*  
(*Tender Awards approved and funded by DE and project managed by the EA*)  
ITT 28558, ITT 28871, ITT 28559, ITT 28560, ITT 29754, ITT 29425, ITT 28478  
ITT 26783, ITT 26782, ITT 27662, ITT 27773, ITT 27825, ITT 28123, ITT 29530,  
ITT 29575, ITT 29613, ITT 29614 and ITT 29615

Term Service Contracts for Westkirk Youth Centre (Belfast), Gailscoil na Mona, Scoil an Droichid Primary School, Newhill Youth Centre, St Teresa's Nursery School (Belfast), St Catherine's Primary School (Strabane), Gaelscoil na gCrann, St John's Primary School (Dernaflaw), St Mary's High School (Belleek) and a CCS Project for Gaelscoil Ghleann Darach (Crumlin)

- *Construction Works*  
(*Contractor procured by EA on behalf of Southern Regional College. Tender Award approved and funded by DEL and project not managed by EA*)  
ITT 29012
- *Goods and Services*  
ITT 70060

### **10.3 CONTRACT DOCUMENTS**

The Committee noted the paper\* (FGP/10/15/8.4). It also noted the documents signed and sealed in respect of Bangor Academy and Sixth Form College (Grant of Easement) and Seymour Hill Primary School (Dunmurry) (Lease and two Counterparts).

### **10.4 LAND AND PROPERTY TRANSACTIONS**

**FORMER ST FRANCIS' MAINTAINED PRIMARY SCHOOL (GLENNAVY) – SURRENDER OF LEASE; ST CLARE'S ABBEY PRIMARY SCHOOL (NEWRY) – GRANT OF LEASE; FORMER COTTOWN PRIMARY SCHOOL (NEWTOWNARDS) – DISPOSAL OF ASSET; FORMER DERRIAGHY PRIMARY SCHOOL (LISBURN) – DISPOSAL OF ASSET; FORMER LISNASKEA LIBRARY – ACQUISITION OF ASSET; AND LURGAN COLLEGE – WAYLEAVE AGREEMENT**

(*Mrs Lappin declared an interest in Lurgan College and withdrew from the meeting for this agenda item.*)

A query was raised about whether consultation had been undertaken with the Board of Governors of Lurgan College. Subject to this clarification, the Committee agreed on the proposal of Mr Pollock, seconded by Mrs Carville, to recommend that the Board should progress the transactions as set out in the paper\* (FGP/10/15/8.5).

*(During discussion of this item, Ms Toman re-entered the meeting at 2.56 pm.)*

It was agreed that a paper would be presented to the Committee setting out EA's assets which were currently declared surplus to requirements.

**Action:** *Schedule of assets, declared surplus to requirements, to be presented to Committee. Confirmation of consultation carried out with the Board of Governors of Lurgan College in respect of the Wayleave Agreement with NIE plc.*

## 11. FINANCE

### 11.1 RECURRENT REPORT : FIVE MONTHS TO 31 AUGUST 2015

The Interim Head of Finance presented the recurrent report\* (FGP/10/15/6.1) detailing spend as at 31 August 2015 and the projected spend to year end. It was noted that additional £2.33m earmarked allocations had been received in August.

The Interim Head of Finance referred to the ASB school surplus and deficit positions and advised that the estimated requirement as at 31 August for the drawdown of school surpluses was £7.024m. He pointed out that school deficits were estimated to grow in year by £5.256m and that, while £5m had been set aside to meet this requirement, a pressure of £0.256m remained. It was noted that EA did not hold funding for draw down of surpluses by schools. This funding was provided by DE / DFP. This was the first year that the bid submitted for drawdown of school surpluses had been unsuccessful through the June monitoring round. A bid would be submitted again for access to school surplus drawdown as part of the January monitoring round. Members expressed concerns regarding this development.

The chair of the working group, which had been established to consider school surpluses and deficits, indicated that the first meeting of that group had taken place earlier in the day and that consideration had been given to its terms of reference.

Projected overspends in various budget areas were highlighted, particularly in relation to the Centre budget and special education. The Centre budget showed a projected overspend at year end of £17.152m which comprised £2.619m relating to special education; £4.164m relating to resources held at centre and £10.370 relating to centrally held resources. Pressures by individual budget lines were detailed in the report\*.

It was noted that the projected overspend in Earmarked Initiatives (£21.017m) was largely attributable to outstanding allocations from DE and OFMDFM and new identified pressures, which included school maintenance, initial furniture and equipment and school based redundancies (teaching and non-teaching). It was noted that no planned maintenance activity was currently being undertaken and that a revised bid for school maintenance, minor works and initial furniture and equipment had been submitted as part of the October monitoring round. It was also noted that DE had approved the budgetary cover for school based redundancies and this

earmarked allocation would be received once the current exercise between EA and DE was completed to verify the redundancies processed and the associated costs.

The Committee noted that an additional earmarked allocation had been received for the Youth budget in September and that this allocation would be evidenced in the September MEMR. It was also pointed out that the EA was anticipating receipt of further earmarked allocations in excess of the amounts originally indicated.

Members expressed serious concerns regarding the projected increased overspend in the Centre budget, which included special education, and the challenges associated with achieving the planned savings by 31 March 2016. Clarification was sought on the variances in the projected year end figure being presented to the Committee.

The Interim Head of Finance said that the projections in the report were conservative and reflected only those areas of the Savings Delivery Plan which had actually been achieved or had evidence of being achieved. The projected overspend was largely attributable to voluntary severance savings still to be achieved (£6.5m) and a number of other factors including the LMS capital spend reclassification (£1.3m) and centre costs (£1.5m). All efforts would be made to progress the programme of savings identified and this information would be reflected in subsequent MEMR reports.

*(Ms Toman left the meeting temporarily at 3.51 pm and re-entered at 3.55 pm.)*

The Interim Chief Executive highlighted two major areas of risk. The first related to the voluntary exit programme. He indicated that this matter posed a serious challenge to the EA on account of the time remaining to deliver the planned savings prior to 31 March. The second related to special education and the ability to manage increasing numbers which were presenting with complex needs. While the Children and Young People's Services Committee had agreed a Transitional Framework which provided for a regional approval mechanism to the statementing process, he pointed out that statements agreed by the former Education and Library Boards were in process. The CYPs Transitional Framework (£2.618m) was still at implementation stage. He indicated that the strategies in place in the current year with voluntary severance would assist with the budget setting in 2016/17.

*(Mr Pollock left the meeting at 4.07 pm.)*

The Interim Chief Executive advised that the SMT had initiated a moratorium on all new recruitments. In addition, delegated budgets had been removed from budget holders and were now vested in the members of the Regional Management Teams. Letters of offer in connection with voluntary severance had been extended to all clerical staff in some grades.

The Committee noted a paper\*\* (FGP/10/15/6.1.1) summarising the number of offers made in relation to voluntary severance in the current year and the associated savings. As at 31 August, the figure achieved in year was £1.6m against the target figure of £7.8m.

It was agreed that a workshop on the Budget would be held on 8 December 2015 at 1.00 pm and that all Members of the Board would be invited to attend.

*(Fr Bartlett and Mrs Carville left the meeting at 4.30 pm.)*

*Action: Budget workshop to be convened on 8 December 2015; invitation to be extended to all members of the Board.*

## **11.2 CAPITAL REPORT : FIVE MONTHS TO 31 AUGUST 2015**

The Committee noted the capital report\* (FGP/10/15/6.2). An outline of anticipated spend within each budget area to year end was provided.

The Chief Finance Officer (NE Region) drew attention to concerns regarding the overall Minor Works budget which was deemed to be insufficient to meet the requirements of a considerable number of projects which had been categorised as high priority.

## **11.3 FINANCIAL REPORTING : MONTH END PROCESSES**

The Committee noted the paper\* (FGP/10/15/6.3).

It was agreed that the January meeting of the Committee would be held on the second Tuesday of the month and that all meetings of the Committee thereafter would be held on the first Tuesday of the month.

*Action: Schedule of Committee dates to be amended.*

## **11.4 VAT TREATMENT OF SECONDED STAFF : ELB INTEREST ASSESSMENTS AND ASSOCIATED VAT PENALTY**

The Committee noted the paper\* (FGP/10/15/6.4) and the actions being taken by the EA to ensure that future arrangements relating to VAT were compliant with HMRC guidance.

## **12. MATTER ARISING FROM THE MINUTES (Continued)**

### **2015/16 BUDGET UPDATE : TRAVEL AND SUBSISTENCE (8.1)**

The paper\*\* setting out travel and subsistence expenditure for 2014/15 was noted.

## **13. CHANGE MANAGEMENT PROCESS**

The Change Director summarised the activities undertaken since the establishment of the Education Authority from 1 April 2015 to the present day, taking into account day to day business which was reported at the Governance and Accountability Review meeting and the change programme which was discussed at the Programme Management Board.

## **14. DATE OF NEXT MEETING**

The next meeting would be held on 10 November 2015.

The meeting ended at 5.05 pm.

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**Chair**

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**Date**

\* Paper circulated

\*\* Paper tabled