

MINUTES OF PROCEEDINGS OF THE FINANCE AND GENERAL PURPOSES COMMITTEE OF THE EDUCATION AUTHORITY HELD ON 4 SEPTEMBER 2018 AT 2.00 PM IN ANTRIM

1. PRESENT Dr I McMorris (Chair)

Mr J Craig	Ms S O'Connor
Mr G Doran	Mr R Pollock
Rev R Herron	Ms N Toman
Sir Gerry Loughran	

2. IN ATTENDANCE

Mr J Collings, Miss J Bill, Mrs C Duffield, Ms S Long, Ms L McCall and for part of the meeting Mr D Hanna, Mr R McGreevy, Mrs S Mooney, Mr M McDermott, Mrs G Flavell and Ms E Patterson.

3. APOLOGIES

Apologies had been received from Mrs P Carville and Mrs M Culbert.

4. DECLARATIONS OF INTEREST

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

5. MINUTES OF MEETING HELD ON 5 JUNE 2018

The Committee approved the minutes* (FGP/9/18/3) of the meeting held on 5 June 2018 on the proposal of Rev Herron and seconded by Mr Pollock.

6. MATTERS ARISING FROM THE MINUTES

6.1 PERMANENT SECRETARY'S LETTER DATED 4 MAY 2018 - DE INTERNAL AUDIT RECOMMENDATION RELATING TO SCHOOLS WITH DEFICITS (7.2)

The Board, at its meeting on 31 May 2018, had tasked the Finance and General Purposes Committee to put in place a procedure whereby the Committee, or a sub-committee, could examine action plans drawn up by the executive team and Boards of Governors to address school deficits. Miss Bill said that report on this matter would be presented to the Committee at its October meeting.

6.2 PROVISIONAL OUTTURN 2017/18 (8.1)

Miss Bill said that information on funding structures for education in England would be provided to the Committee in due course.

6.3 ANNUAL REPORT AND ACCOUNTS 2017/18 (8.2)

A Member queried the approach to be taken by the Comptroller and Auditor General (C&AG) to EA's overspend in 2017/18. Miss Bill said that the NI Audit Office (NIAO) had presented its audit strategy on the 2017/18 Accounts to the Audit and Risk Assurance Committee (ARAC) in May 2018. ARAC had been advised that audit fieldwork would commence on 3 September 2018 with certification planned for 30 November 2018.

Miss Bill said that EA had worked closely with DE officials on the 2017/18 financial position and the reasons for the overspend. She advised that the 2016/17 Accounts had been unqualified and the NIAO's Public Interest Report had recognised the reasons

driving EA's overspend and these remained in 2017/18. She said that the C&AG would have to consider the position for 2017/18.

6.4 APPEALING FOR TRANSPORT ON THE GROUNDS OF EXCEPTIONAL CIRCUMSTANCES (10.4)

The Chair referred to the process of appealing for transport on the grounds of exceptional circumstances which the Committee had agreed, at its last meeting, would involve the compilation of a precedent log. He requested that a report should be presented to the Committee on a bi-annual basis setting out identified precedents. This was agreed.

***Action:** A report on the precedents identified as part of the appeals process to be presented to the Committee on a bi-annual basis.*

7. CHAIR'S BUSINESS

7.1 TRANSPORT MATTER - REPORT IN COMMITTEE

On the proposal of Mr Doran, seconded by Mr Pollock, the Committee agreed to discuss this item in committee.

Ms Long provided a report on a transport matter.

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

The Chair reported that, while in committee, the Committee had noted a coroner's verdict on an incident and the actions taken by EA as a result of that verdict.

7.2 SCHOOL TRANSPORT - START OF TERM : UPDATE

The Committee received a report on two transport issues. The first involved the annual management of planning routes and right sizing fleets to meet home to school transport requirements at the start of the school year. The report included the impact of the removal of concessionary transport at one school. The second matter involved challenges around securing taxi operators in an area for children with special educational needs. Ms Long set out the actions being taken by officers to address both matters.

A Member said that EA should write to the BBC to complain at the manner in which education matters continued to be portrayed within a certain forum. Mr Collings undertook to action this matter.

The Chair of the Board said that she would discuss the matter with the Children's Commissioner later in the month.

A Member asked for a report on concessionary transport to be provided to the Committee later in the Autumn. This was agreed.

***Action:** Letter of complaint to issue to the BBC; and report on concessionary transport to be provided to the Committee later in the Autumn.*

7.3 MATTER REFERRED FROM THE BOARD MEETING ON 9 AUGUST 2018 – SCHOOLS' FINANCIAL PLANS

The Finance and General Purposes Committee had been tasked with reviewing approaches to target and incentivise schools to carry out stock counts. Miss Bill provided a report on the positive impact of stock counts undertaken by 216 schools in 2017/18. She drew attention to PR exercises which would be undertaken to encourage further schools to undertake stock counts and outlined potential support to be provided to

schools. A report on this matter and options would be presented to the Committee in due course.

Action: *Report on approaches to support schools to carry out stock counts to be presented to the Committee in due course.*

7.4 NI AFFAIRS COMMITTEE - INQUIRY INTO EDUCATION FUNDING IN NORTHERN IRELAND

Mr Collings said that the deadline for submissions to the Inquiry had been extended to 14 September 2018. He advised that EA's submission was currently being drafted and contained information which had already been taken through Board, Committee and budget workshops. Officers had engaged with DE to ensure consistency of approach in content within both EA and DE submissions. He said that EA had alerted schools to the Inquiry and had invited school leaders to be involved. EA had also engaged with other education partners and agreement had been reached to share draft submissions.

Miss Bill outlined the structure of the submission document and provided a high level summary of proposed responses. The draft submission had been shared with the Chair of the Board and the Chair of the Finance and General Purposes Committee for comment. She said that it was intended that the draft submission would be circulated to all Board Members for comment before a revised draft was presented to the Education Committee for endorsement on 13 September 2018. This arrangement would facilitate the deadline for submission; however, the document would be subject to final Board approval on 27 September 2018.

A Member outlined an approach to be taken in presenting information to an Inquiry. A Member said that EA's submission should draw attention to investment patterns across the UK particularly where NI was disadvantaged with co-location and sharing of services. It should also highlight that investment in NI benefitted the wider economy (graduate mobility and the proportion of graduates contributing to the economy in Great Britain) as well as a society moving out of conflict. A Member commented that greater focus should be given to area planning and challenges around sustainable schools within NI.

Action: *Copy of the draft submission to be circulated to all Members for comments.*

8. OPERATIONS AND ESTATES

8.1 PERFORMANCE REPORTS FOR SCHOOL MEALS, MAINTENANCE AND TRANSPORT

Ms Long presented reports* (FGP/9/18/6.1) detailing performance within School Meals, Maintenance and Transport and said that officers would seek to benchmark activity against other organisations and jurisdictions. She drew attention to a projected deficit within the School Meals Service and to savings proposals. Members noted that the number of free school meals taken up on a daily basis was greater than the number of paid meals. A Member queried the percentage of children not taking school meals. Ms Long said that a fundamental review of the School Meals Service would be undertaken. This would include, amongst other considerations, consulting with children and young people on preferences for school meals, understanding why some children did not avail of school meals, and assessing the uptake of free school meals against eligibility.

Ms Long said that Maintenance was on track to deliver against its allocation. She drew attention to the data provided within Transport by mode of transport and by pupil type.

The Committee noted the reports.

Ms Toman left the meeting temporarily at 2.40 pm and re-entered at 2.42 pm.

8.2 TRANSPORT - STANDARDISATION OF PARENTAL PAYMENT SCHEME

Mr Hanna presented the paper* (FGP/9/18/6.2) setting out proposals to standardise payments made to parents across the region under the Home to School Transport Scheme. The process of standardisation would affect pupils in receipt of financial assistance in mainstream primary and post primary schools and would exclude further education pupils and pupils with special educational needs.

Members received clarification around instances where payments would be provided to parents. This included the unavailability of a public transport option or a legitimate family or school scheduling reason. In response to a Member's query on the implications of the proposals on families, Mr McDermott drew attention to the extensive equality screening which had been carried out to inform the paper. Members also received clarification around the basis for the proposed payment bands.

On the proposal of Ms O'Connor, seconded by Mr Craig, the Committee agreed to recommend that the Board should take forward a single standardised approach for the parental payment scheme for implementation in the 2018/19 academic year and that the Board should enter into a 8 week public consultation period in respect of:

- changing from a single payment to one based on distance travelled aligned to the public transport rate; and
- removing payments in lieu of Translink passes.

8.3 MAJOR CAPITAL WORKS - BI-ANNUAL TRACKER REPORT

The Committee noted the progress report* (FGP/9/18/6.3) setting out the status of all controlled and non-controlled major capital works (projects with a value greater than £500k).

8.4 TENDERS

The Committee considered tender reports* (FGP/9/18/6.4.1 and 6.4.2).

The following tenders were noted:

- Controlled Sector Minor Capital Programme Delivery - Construction Works / Services (within approved delegated limits) - CfT 1494539; CfT 1548906; CfT 1568005; CfT 1569381; CfT 1572255; CfT 1581183; CfT 1587208; CfT 1587906; CfT 1593777; CfT 1613054; CfT 1614331; CfT 1653281; CfT 1654714; CfT 1654920; CfT 1657034; CfT 1657580; CfT 1660861; CfT 1661282; CfT 1668313.
- Goods and Services (awarded via collaborative contracts) ID 1032027 - Lot 10.
- Goods and Services (under threshold) - 70413; 70443; 70448; 70456.

8.5 CONTRACT DOCUMENT

The Committee noted the paper* (FGP/9/18/6.5) containing information on contracts which had been signed and sealed.

8.6 LAND AND PROPERTY TRANSACTIONS

Mr Craig declared an interest in the transaction relating to Dromara Primary School.

Easements and Wayleave Agreements: Newtownbutler Primary School; Hazelbank Primary School; and Hezlett Primary School.

Licence Agreement: former Ballymoney Music Centre.

Granting / Renewal / Surrender / Variation of Lease Agreements: Cookstown Town Centre Youth project; Envagh Primary School, Drumquin; St Anthony's Primary School, Bellerena; Magheralough Primary School, Garvaghey; St Columba's Primary School, Dromore; St Francis of Assisi Primary School, Drumnabey, Castledearg; St Macartan's Primary School, Dromore; Cornagague Primary School, Newtownbutler; Corranny Primary School, Roslea; and Collegiate Grammar School, Enniskillen.

Disposals / Transfer: Parkhall Integrated College, Antrim; former Whiteabbey Maintenance Depot; Cambridge House Grammar School (plot 2), Ballymena; former Ardnabannon Outdoor Education Centre; Dromara Primary School; and Rathcoole Primary School.

Acquisitions: Mullavilly Primary School, Portadown.

Ms Long detailed the recommendations set out in the report* (FGP/9/18/6.6).

On the proposal of Ms O'Connor, seconded by Mr Pollock, the Committee agreed to recommend the adoption of the transactions in the report.

8.7 BUSINESS TRANSACTED OVER THE SUMMER MONTHS

The Committee noted the report* (FGP/9/18/6.7) setting out tenders approved under the delegated authority of the Chair and Chief Executive during the summer months.

Ms O'Connor left the meeting at 3.20 pm.

8.8 SCHOOL MINIBUSES - UPDATE

Mr Hanna reminded Members that frameworks had been put in place to assist schools to avail of driver training following the advice provided by the Department of Infrastructure (Dol) on the change in the interpretation of the regulations in licensing requirements for school based staff who drove minibuses as part of their duties. He said that 32 school based staff had availed of training to drive minibuses within category D1 and 8 school based staff had availed of training to drive buses within category D. It was difficult to quantify the financial impact overall as schools were also procuring services from private operators and seeking assistance from volunteers to drive minibuses.

Members considered that DE should be making further representation to Dol on the matter given that the outgoing Minister of Infrastructure had not supported Dol's current position on minibus licensing requirements and in light of the ARC 21 Court of Appeal ruling. They expressed concern that Dol's current position was illegal. A Member pointed out that the Department of Transport in GB had not moved to comply with the EU directive on the use of the section 10B licensing requirement.

The Committee agreed to recommend that, in light of the ARC 21 Court of Appeal ruling, DE should be requested to make further representation to Dol on the basis that it was considered that Dol's current position on the matter was illegal.

Action: *DE to be requested to make further representation to Dol on this matter on the basis that it is considered that the current situation is illegal.*

9. HUMAN RESOURCES

9.1 SICKNESS ABSENCE - UPDATE

Mrs Duffield presented a paper* (FGP/9/18/7.1) providing an update on actions taken to reduce sickness absence and associated costs in schools. A Member welcomed progress in this area.

The Committee noted the paper.

9.2 RECRUITMENT REVIEW - UPDATE

The Committee noted a paper* (FGP/9/18/7.2) on the implementation of the new online recruitment system and other developments which were being taken to improve customer experiences within recruitment services.

9.3 FLEXIBLE RETIREMENT PROCEDURE

Mrs Duffield presented the procedure* (FGP/9/18/7.3) which had been updated to add clarity in two areas: flexible retirement requests from school based staff and the timeframe around easement into retirement. She pointed out that where approval was given for flexible retirement, amended contracts for staff would be based on a minimum of one year and would not normally extend beyond five years.

Members raised queries in respect of the considerations given to flexible retirement requests. Mrs Duffield advised that there was no automatic right for employees to continue in employment and work reduced hours or at a lower grade whilst drawing pension benefits. There was a duty on the employer however to consider all requests seriously giving regard to sound rationale and financial considerations. In cases where a request for flexible retirement incurred an additional cost, a business case would be drawn up. However, such a business case could only be approved if it was in the interests of the service.

The Committee noted the procedure.

9.4 STATUTORY EQUALITY AND GOOD RELATIONS DUTIES - ANNUAL PROGRESS REPORT 2017/18 TO THE EQUALITY COMMISSION

Ms Patterson presented the annual report* (FGP/9/18/7.4) which set out EA's compliance with its obligations under Section 75 and Schedule 9 of the Northern Ireland Act 1998, as outlined in EA's Equality Scheme. The annual report had been completed in line with the template provided by the Equality Commission.

Ms Patterson drew attention to restructuring within the Equality Unit during the year and provided a brief report on the activities undertaken by EA in respect of its equality commitments in 2017/18.

A Member emphasised the importance of focusing on robust evaluations and enforcement. She received clarification on the work carried out to inform the paper in respect of EA's enforcement of Section 75 duties. The Member paid tribute to the content of the report.

The Committee noted the annual report.

10. FINANCE

10.1 ANNUAL REPORT AND ACCOUNTS 2017/18 - UPDATE

Miss Bill said that the Audit and Risk Assurance Committee (ARAC) had considered the Annual Report and Accounts at its meeting on 30 May 2018 and had agreed to submit the document to NIAO and DE on 1 June 2018. ARAC had also agreed that officers should refine the Performance Report to give sharper focus to EA's key performance outcomes including business plan targets. Miss Bill said that, in addition to the Governance Statement being revised, the Chair's reflection and the Chief Executive's foreword were also being revised.

Miss Bill said that the NI Audit Office had commenced its audit fieldwork on the Accounts during the week.

10.2 STATEMENT OF LOSSES 2017/18

Mrs Flavell presented the report* (FGP/9/18/8.2) giving an overview of EA's losses by category for 2017/18 and, for comparative purposes, an overview of losses incurred in 2016/17.

The Committee noted the 2017/18 Statement of Losses*.

10.3 TRUST AND ENDOWMENT FUNDS : ANNUAL REPORT AND ACCOUNTS 2017/18

Mrs Flavell presented the Annual Report and Accounts for 2017/18* (FGP/9/18/8.3). It was noted that the Accounts would be subject to audit by the NI Audit Office.

On the proposal of Mr Craig, seconded by Rev Herron, the Committee agreed to recommend the approval of the 2017/18 Accounts.

10.4 2018/19 FINANCIAL POSITION (INCLUDING SCHOOLS' FINANCIAL PLANS) RECURRENT REPORT : FOUR MONTHS TO 31 JULY 2018

The Committee noted that the 2017/18 final outturn had been submitted to DE on 1 August 2018 reporting a total DE recurrent overspend of £17.767m. The net movement of £0.1m from the provisional outturn related to the combined impact of stock valuations and year end journals.

Miss Bill said that conditional approval for EA's initial budget plan for 2018/19 had been received from DE on 19 July 2018 and had been subject to the Board's approval. The Board, at its meeting on 9 August 2018, had approved the amended budget plan which detailed an estimated funding gap of £38.4m after the application of savings of £18.78m.

Miss Bill presented the financial forecasts, based on information available, as set out in the paper* (FGP/9/18/8.4) including the MEMR* (Appendix 1). The total 2018/19 budget for the Schools' Delegated Budget was £1,167.5m (including £276.7m for Voluntary Grammar and Grant Maintained Integrated schools) with a Block Grant allocation of £614.426m (which included £18.6m additional funding to cover VG / GMI schools phase II excepted items).

Miss Bill said that the July MEMR was reporting an overall estimated funding gap of £28.92m (excluding Earmarked and Youth) and an estimated block grant funding gap of £16.22m after estimated savings of £18.78m. This was an estimated decrease of £9.5m on the estimated funding gap reported as part of the initial budget plan of £38.4m. Furthermore, she advised that an additional allocation of £8m had been made available for school surplus drawdown as part of June monitoring. Due to the timing of receipt of this allocation, the £8m would be reflected in the August MEMR and would reduce the overall estimated funding gap to £20.92m. The main movements from the initial budget plan estimated funding gap had been driven by updated information and assumptions on school deficits (easement of £21.75m) based on the information available from the work on school plans both draft and final.

Miss Bill said that a surplus drawdown requirement of £12.7m (estimated) was being reported against the Aggregated Schools' Budget and, based on current available information, this requirement would reduce to £4.7m once the £8m surplus drawdown was included in the August MEMR. She highlighted that significant risks remained around ASB estimates as current profiles assumed that schools would deliver savings and generate additional income of £10m in 2018/19.

Miss Bill said that, based on the information contained with 971 final and draft school plans, it was estimated that schools would overspend CFF allocations by £32m after savings and income of £10m. This figure comprised £12.7m for surplus drawdown and £19.3m for increasing deficits. This meant that the latest estimated school increasing

deficits increase, after adjusting for estimated savings and contingency, was £8.4m and resulted in an easement of £21.75m when compared against initial budget plan estimates which were based on prior year trends.

Miss Bill said that she would provide a more detailed report on stock savings to a future meeting of the Committee.

Ms Toman left the meeting temporarily at 4.10 pm.

Miss Bill said that to date, 96% of controlled and maintained schools (971 schools) had presented draft and final budget plans. Over 50% of these had been approved by Boards of Governors and conditional letters of approval would be issued shortly. Approximately 40% of school plans were still in draft format. Members noted the summary information provided on meetings undertaken by LMS with schools.

Miss Bill said that the viability review of VG / GMI schools was progressing. Information on the review would be presented to the Committee in due course.

Miss Bill said that the July MEMR was reporting an easement of £0.43m within the School Meals Service due to a forecasted increase in income generated as a result of additional production days in 2018/19 when compared to 2017/18.

The Committee noted Appendix 2* setting out Earmarked allocations to date of £41.8m. While a number of Earmarked allocations was still awaited (total Earmarked budget to be £54.5m), it was anticipated that there would be no overspend in this area once all allocations had been received from DE.

Ms Toman re-entered the meeting at 4.14 pm.

The Committee noted the breakdown of the initial budget allocation of £32.641m for the Youth Service. It noted that Youth expenditure was anticipated to come in on target.

Miss Bill summarised the position agreed by the Board at its meeting on 9 August 2018 in respect of savings proposals. She said that the scale of financial risk continued to be high and that over 70% of the savings were rated amber or above in terms of delivery. Officers would continue to review operations with a view to generating alternative savings measures whilst monitoring the overall position.

The Committee noted that the overall estimated funding gap had reduced based on latest information and assumptions. It also noted that EA continued to manage significant financial risk.

Ms Toman left the meeting at 4.21 pm.

10.5 CAPITAL REPORT : FOUR MONTHS TO 31 JULY 2018

The Committee noted the capital report* (FGP/9/18/8.5) detailing spend as at 31 July 2017 (£12.618m) within the overall capital allocation (schools and youth) of £76.903m.

Miss Bill provided an overview of individual budget lines, advising where pressures and / or easements had been declared and approved by DE. Capital allocations and spend profiles were being carefully monitored.

11. DATE OF NEXT MEETING

The next meeting would be held on 2 October 2018.

The meeting ended at 4.25 pm.

Chair

Date

* Paper circulated ** Paper tabled