

MINUTES OF PROCEEDINGS OF THE FINANCE AND GENERAL PURPOSES COMMITTEE OF THE EDUCATION AUTHORITY HELD ON 6 JUNE 2017 AT 2.00 PM IN ANTRIM BOARD CENTRE

1. PRESENT Dr I McMorris (Chair)

Mrs P Carville Mr R Pollock
Rev R Herron Ms N Toman

2. IN ATTENDANCE

Mr G Boyd, Miss J Bill, Mr J Collings, Mrs C Duffield, Ms S Long, Mr P O'Neill, Ms L McCall and for part of the meeting Mr P O'Rawe.

3. APOLOGIES

Apologies had been received from Mr J Craig, Mrs M Culbert, Mr G Doran, Sir Gerry Loughran and Ms S O'Connor.

4. DECLARATIONS OF INTEREST

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

5. MINUTES OF MEETING HELD ON 2 MAY 2017

The minutes* (FGP/6/17/3) of the meeting held on 2 May 2017 were approved as an accurate record on the proposal of Mr Pollock, seconded by Rev Herron.

6. MATTER ARISING FROM THE MINUTES

6.1 MATTERS REFERRED FROM THE AUDIT AND RISK ASSURANCE COMMITTEE (7.2)

The Chair advised that a report on job evaluations would be presented to the Committee at a future meeting. The matters relating to Operations and Estates would be considered later in the meeting.

6.2 2016/17 PROVISIONAL OUTTURN - RECURRENT (8.1)

Miss Bill reported that Mr Boyd and she had met the Permanent Secretary to discuss a range of matters including the provisional outturn position. As a result of the meeting, the Permanent Secretary had asked DE Internal Audit to review school spend and related processes and to review the powers available to the Authority in respect of managing schools' spending. She said that DE intended to complete this report in late Summer / early Autumn.

A Member referred to the Committee's previous decision to issue a letter to Boards of Governors on the Authority's financial position and the roles and responsibilities of principals and Boards of Governors with regard to financial propriety. She referred to DE's letter to schools dated 15 March 2017 which gave an update on the financial planning assumptions for 2017/18 and which advised that all departments should be planning their budgets on the basis of potential reduction scenarios of 2%, 4% and 6%. The Member said that this information was contrary to information currently being provided by the NI Secretary of State who was indicating a likely reduction of 1% in the

Block Grant. She referred to recent communication and publicity given to concerns raised by schools on schools' significant budgetary challenges. She said that challenges existed in how the Authority communicated this information to schools. Mr Boyd said a letter had not issued to schools during the period of purdah. It was his intention to await the outcome of the General Election before writing to schools to provide clarity. He said that DE had restated, in its letter dated 15 March 2017, that schools must live within their budget allocation. Some Members commented on the depth of concern in schools on their budgetary positions and urged caution in sending a communication about the overall financial context at this time. Mr Boyd said that Members would be giving consideration to the 2017/18 budget position later in the meeting.

A Member sought clarity on the NIAO's position with regard to a possible qualification of the Authority's Accounts as a result of the outturn position. Miss Bill said that Departmental Resource Accounts would normally receive a qualification as a result of an overspend. She said that the Authority had submitted bids to DE for pressures in January monitoring; however January monitoring had not completed. She advised that NIAO would be reviewing the Authority's particular circumstances and considering the position with regard to a possible qualification to the Accounts.

6.3 LAND AND PROPERTY TRANSACTIONS (11.4)

A query had been raised at the last meeting on the legal terminology of the agreement to be entered into with the private organisation at Rosetta Primary School.

The Committee was advised that a lease was used to facilitate an arrangement where the occupier would be granted a right to exclusive possession of premises for a fixed or periodic term at an agreed rent. In the case of Rosetta Primary School, the arrangement was for part of the premises which the school would share with the private organisation. A licence arrangement would therefore be facilitated on this occasion.

7. CHAIR'S BUSINESS

ANNUAL REPORT AND ACCOUNTS 2016/17

The Chair reported that the Audit and Risk Assurance Committee had considered the Annual Report and Accounts at its meeting on 26 May 2017 and had agreed to submit the document to the NIAO by the deadline of 2 June 2017.

The Chair said that, as a general principle, the Accounts should also be presented to the Finance and General Purposes Committee for consideration. It was agreed that a copy of the Annual Report and Accounts would be circulated to Committee Members for information as soon as possible.

***Action:** Circulate the Annual Report and Accounts 2016/17 to Members for information.*

8. FINANCE

8.1 STATEMENT OF LOSSES 2016/17

Miss Bill presented the report* (FGP/6/17/6.1) giving an overview of the Authority's losses by category for 2016/17. The Statement of Losses was included within the Annual Report and Accounts.

The Committee noted the Statement of Losses as set out in Appendix 1*.

A Member queried if comparative information could be provided on the Losses incurred in 2015/16 and 2016.17. This was agreed.

Action: *Provide comparative information on Losses incurred in 2015/16 and 2016/17.*

8.2 INITIAL CAPITAL ALLOCATION 2017/18

The Committee noted the paper* (FGP/6/17/6.2) which set out the initial capital allocation for schools and youth totalling £63.653m. Due to the current political situation, it was noted that this allocation could change based on future funding decisions. The breakdown of the total capital allocation across the various budget areas was noted.

Miss Bill pointed out estimated figures relating to the more appropriate use of capital were included within Minor Works / Other Capital.

A Member queried the budget area relating to ICT Corporate Services. Mr O'Neill advised that this budget was to meet the costs associated with major ICT systems such as the Financial, HR, Payroll systems and EMS systems.

Miss Bill said that reports on spend against the preliminary provisional capital budget would be presented to the Committee each month.

8.3 INITIAL CASH ALLOCATION 2017/18

Miss Bill said that, due to the current political situation, DE had allocated the Authority an indicative cash limit of £406,272k for the period 1 April to 31 July 2017. This amount included the cash allocation for Voluntary Grammar and Grant Maintained Integrated Schools for 1 April to 31 July 2017.

Miss Bill advised that DE had determined this allocation on the basis of the cash drawn for the period 1 April to 31 July 2016 with an uplift of 3%. She pointed out however that the initial cash allocation had not taken account of the non-teaching pay increase in 2016, which had not been implemented until August 2016, nor did it factor in pay increases of 1% for teaching and non-teaching staff, inflation at 2%, and the impact of the new apprentice levy.

Miss Bill said that, taking these factors into account, the total cash estimated for the period 1 April to 31 July 2017 was £438,696k. This included an estimated amount of £40m for the Authority's Rates bills.

The Committee noted that DE would be notified of the additional cash requirement of £32,424k, and that the actual cash drawdown and requirements would be kept under review. The paper* (FGP/6/17/6.3) setting out this information was noted.

8.4 APPRENTICESHIP LEVY : NUMBER OF SCHOOLS IMPACTED

Miss Bill said that the EA was the employing authority for the controlled sector and for non-teaching staff in the maintained sector. While the Voluntary Grammar Schools and Grant Maintained Integrated Schools were individual employers, the teaching element of the GMI sector was paid by DE on a single payroll along with the teaching staff in the controlled and maintained sectors.

Any employer / school which had a total employee pay bill above £3m a year would be impacted by the new apprenticeship levy. The employer would be able to receive a £15k fixed annual allowance to offset the levy payment. Miss Bill outlined the Authority's

arrangements with regard to multiple payrolls and advised that the Authority would only be able to claim one annual allowance of £15k.

Miss Bill said that if the schools for which the EA was the employing authority (the controlled sector) and for non-teaching staff in the maintained sector were treated as separate entities, potentially 37 schools would have an annual employee pay bill above £3m (including delegated and non-delegated payroll costs). As the EA was the funding authority however, those individual schools would not be able to reclaim the £15k allowance.

Miss Bill said that teaching staff within the GMI sector were paid by DE on the single teaching payroll. If schools within the GMI sector were treated as separate entities, potentially 39 schools would have an annual employee pay bill above £3m.

Miss Bill confirmed that as the VG sector operated their own payrolls, the Authority had no information on the pay bill costs for this sector.

Members noted with concern the significant funding impact of the new levy on the EA Block Grant (estimated to be £5m).

9. 2017/18 BUDGET UPDATE

Mr Boyd referred to the budget workshop which had been held on 27 April 2017 to discuss DE's letter of 15 March 2017 on financial planning assumptions for 2017/18. At the workshop, Board Members had considered all estimated financial pressures in the context of the EA's statutory, legal, contractual and policy duties and increasing demand. They had concluded that it would not be possible for the EA to address the potential budget reductions to its Block Grant in 2017/18. He said that Members had therefore given consideration to the range of structural matters impacting the Authority's future financial position and the need to take forward a transformation programme. This would require appropriate transitional funding and resources to enable the Authority to work through change in a measured way whilst maintaining services to children and young people.

Mr Boyd said that the Committee and the Board, at their May meetings, had received presentations on the 2016/17 provisional outturn position, the cost base of the Authority, the cost drivers in 2016/17 and the estimated cost pressures for 2017/18. These included the continuing rise in services which were driven by demand such as special education, transport and free school meals; schools' declining financial position and rising school deficits; and other factors such as pay and price increases and the new apprenticeship levy. Members had been advised that the pressures in 2017/18 were estimated to be £78m - £98m depending on the assumptions used.

Mr Boyd said that, following the budget workshop, he had written to the Permanent Secretary on 2 May 2017 to set out the Board's position. Miss Bill and he had subsequently met the Permanent Secretary to discuss budget reduction scenarios and rising cost pressures in 2017/18. While a 1% reduction in the Departmental budget had been discussed, Mr Boyd said that this reduction would impact more significantly in real terms as a result of pay and price increases (over 80% of costs were staff related). They had discussed the provisional outturn position which identified that EA spend was £19m (1.3%) higher than its allocation in 2016/17. Mr Boyd reminded Members that the Authority had received an allocation in 2016/17 which was around £38m less than in 2015/16. They had also discussed the deteriorating financial position of schools; with schools having spent around £19m above the common funding formula.

Following queries from Members, Miss Bill said that the Authority's total savings in 2016/17 were approximately £25m. This included £19m for one off measures. She said that a preliminary analysis of all this information had been provided to the Permanent Secretary.

Mr Boyd said that he had received a letter from the Permanent Secretary dated 22 May 2017 instructing the Authority to work with DE to identify a series of possible measures to deal with budget pressures. Mr Boyd said that a list of savings proposals was being developed for consideration in conjunction with DE. He had written to the Permanent Secretary to emphasise that the Authority was unable to deliver budget cuts of the magnitude required within one financial year. This was because over 80% of costs in Education related to staffing costs; there was no access to compulsory severance funding; and account would need to be taken of the various appeals procedures in place and logistical challenges relating to release of staff.

Members queried the process to take forward any transformation programme and the extent of involvement of the Board. Some Members expressed frustration at the lack of vision for Education over the next ten year period and considered that radical action was necessary. Members referred to despondency in schools at the continuing declining budgetary position impacting on schools. A Member urged caution in writing to schools at this time which she considered would add further anxiety to schools. She suggested that face to face meetings with principals and school representatives on the budgetary position might be advisable and would avoid information being misinterpreted. Mr Boyd said that policy direction within Education would be taken forward on the basis of political agreement. It was then a matter for the Minister to lead on a programme of transformation and, at that stage, the role of the Authority was to support the Minister. He said that it was entirely appropriate for the Authority to discuss the structure of provision for Education and present opportunities to deliver enhanced educational experiences for children and young people.

The Chair said that a Transformation Working Group should be established in due course comprising Board Members.

Mr Boyd said that he would reflect on Members' comments regarding the current feeling of despondency in schools and would reconsider the timing of issuing a letter to schools on financial propriety. He was conscious that the Education budget had been protected as far as possible by the Executive over the last number of years. He was also conscious that the Permanent Secretary's view was that the full reality of the budgetary situation should be appreciated across the community.

A Member said that further consideration should be given to the budgetary areas relating to asset disposal, transport and, where possible, implementation of the sustainable schools policy. Miss Bill said that the Board would again be reviewing the range of innovative measures.

Mr Boyd drew attention to expenditure on maintenance in 2016/17 which was significantly reduced in comparison with spend in previous years. It was noted that this area required due regard.

Action: *Consideration of establishment of Transformation Working Group in due course comprising Board Members.*

10. HUMAN RESOURCES

10.1 SCHEME FOR THE EFFICIENT DISCHARGE OF TEACHERS - REPORT ON A PRESCRIBED POST

Mrs Duffield gave a report on the outcome of a matter which had involved the early release of a leadership position at a post primary school and the mechanism for approval and payment. The Committee noted that negotiations had now concluded and an agreement had been signed.

10.2 CLAIMS AND INSURANCE UNIT - REPORT ON PUBLIC LIABILITY AND EMPLOYER'S LIABILITY

(Ms Toman left the meeting at 3.28 pm and re-entered at 3.30 pm.)

Mr O'Rawe said that the Claims and Insurance Unit was primarily responsible for the management and handling of public liability and employer's liability personal injury claims brought against the Authority in respect of controlled and maintained schools. The Unit also dealt with claims relating to damage to vehicles and property. He advised that the Authority fulfilled a self-insuring role for all controlled and maintained schools which carried considerable risk in terms of the number of employees, the size of the estate, and access by the public to the estate. He said that, in order to provide greater assurance in terms of overall risk and governance, work was progressing to ensure a more co-ordinated approach towards claims prevention and management between the EA's Health and Safety Officers and the Claims and Insurance Unit.

Mr O'Rawe presented a report* (FGP/6/17/8.2) giving an overview of the type, volume and value of claims against the Authority in 2015/16 and 2016/17. It was noted that the defence of public liability and employer's liability claims in both the County Court and High Court was handled by four firms of solicitors appointed through a tender procurement exercise. All claims involving educational negligence were normally handled by the EA Solicitors.

Members queried the arrangements for self-insurance. Mr O'Rawe said that under the arrangements for Managing Public Money Northern Ireland, the Authority was required to self-insure. He said that, based on an analysis of the claims history, he considered that self-insurance was the most cost effective method. He advised that claims across the Education sector were relatively low in value in comparison with other Government Departments. He pointed out that the Authority was responsible for commercial insurance for the Irish Medium sector. It was not responsible however for the VG and GMI sectors.

It was noted that VG Schools received an additional administrative allocation within the common funding formula.

(Rev Herron declared an interest as he was a member of Strule Main Campus Phase 2 Project Board.)

Discussion ensued in respect of arrangements regarding the Strule Shared Education Campus, to be managed by a company limited by guarantee which would have oversight of the shared areas within the Campus. It was noted that there were still some issues to be resolved with regard to the Campus' shared arrangements.

10.3 EXTENDED SCHOOLS – UPDATE

On the proposal of Mrs Carville, seconded by Mr Pollock, it was agreed to discuss this matter in committee.

Mrs Duffield provided a report on the contractual issue which had been reported previously to the Committee.

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

The Committee noted, while in committee, the potential financial risk to the Extended Schools' budget due to increased employer costs and the risk of this impact on future provision within the Extended Schools' Programme.

10.4 REVIEW OF JOINT NEGOTIATING COUNCIL (JNC) - UPDATE

Mrs Duffield said that the Committee, at its meeting on 2 May 2017, had noted that the proposed changes to the existing JNC Constitution and Rules of Procedure had been agreed in principle by both Management Side and Trade Union Side. This had included the composition and terms of reference of the various groupings. She advised that DE had reviewed the proposals and had requested a change in its own role in the new governance framework without providing a rationale for its request.

The Committee requested that DE should be invited to provide the rationale for the change in its role in the governance structure of the JNC and that a letter should issue in this regard.

Action: *Invite DE to provide the rationale for the change in its role in the governance structure of the JNC.*

11. OPERATIONS AND ESTATES SERVICES

11.1 RESTRUCTURE OF THE TRANSFER AND OPEN ENROLMENT SERVICE

Ms Long presented a paper* (FGP/6/17/9.1) outlining the role of the Transfer and Open Enrolment Service and the plans in place for its transformation and modernisation. She said that the Service had been working with the Digital Transformation Project to implement a fully integrated online admissions system enabling online applications to be facilitated for the first time in October 2017 for admission to primary schools in September 2018. This capability would be extended to include all pre-school and post-primary admissions in October 2018 for the September 2019 intake.

A Member queried if there was any negative impact on the Service as a result of the transformation programme.

Ms Long said that the transformation programme, effective from September 2017, would provide for a more streamlined service which would be delivered on a functional basis rather than by sub-region. Responsibility for pre-school applications would reside with the Omagh office, primary applications would reside with the Armagh office and post-primary applications would reside with the Ballymena office.

It was noted that the delivery of the Pre-School Education Programme would be administered by the Children and Young People's Services department.

The Committee noted the restructuring arrangements for the Service, as set out in the paper, and the arrangements relating to the management of change process for staff in this Service.

11.2 ASSOCIATION OF PUBLIC SERVICE EXCELLENCE (APSE) – BENCHMARKING OF CATERING, CLEANING AND MAINTENANCE SERVICES

Ms Long said that the Authority had joined APSE the previous year in order to establish baseline data for services and to develop systematic processes for reporting on performance and demonstrating value for money within the Catering, Cleaning and Maintenance Services. Mrs Long said that in April 2017 APSE had provided detailed reports that had allowed benchmarking of the three services against a 'family group'. These were groups of local authorities that best matched the EA in terms of size and financial budget. It also included benchmarking against every authority in the UK that contributed to the benchmarking exercise.

She presented a report* (FGP/6/17/9.2) setting out the performance of each of the three services against their respective family groups, the key result areas for the three Services and areas for improvement.

Members welcomed the report which in the main demonstrated that the three Services were delivering an effective and efficient service. Key areas for improvement were noted, namely managing attendance and the development of a service user consultation programme. Ms Long advised that a performance management group had been established which comprised officers across Operations and Estates. This group would take forward a targeted action plan to address the areas of improvement identified in the report. She also advised that she would be working with Human Resources in order to address the level of staff absence.

11.3 MATTERS REFERRED FROM AUDIT AND RISK ASSURANCE COMMITTEE – GOVERNANCE STATEMENT 2016/17

The Audit and Risk Assurance Committee, at its meeting on 11 April 2017, had raised concerns in respect of two areas in the Governance Statement 2016/17 where limited assurance had been provided following audit work. These matters had been referred to the Finance and General Purposes Committee for attention.

Ms Long presented a paper* (FGP/6/17/9.3) setting out the actions to be taken, and the associated timeframe, by the relevant Assistant Directors in respect of the two areas of concern.

The Committee noted the audit report findings and the actions to be taken to address those findings.

11.4 RENEWAL OF EXISTING TERM SERVICE CONTRACTS

The Committee, at its meeting on 4 April 2017, had agreed to recommend renewing 10 of the 24 term service contracts, for a period of one year, that were currently in existence across the Authority's five offices to provide service delivery for planned and response Building and Mechanical & Electrical Maintenance to schools and other buildings within the EA estate.

Ms Long presented a paper* (FGP/6/17/9.4) which set out the recommendation to renew the remaining 14 term service contracts to provide service delivery for planned and response Building and Mechanical & Electrical Maintenance to schools and other buildings within the EA estate.

Ms Long confirmed that a full and comprehensive review of all term service contracts would be undertaken on a single Authority basis in due course.

On the proposal of Mr Pollock, seconded by Mrs Carville, the Committee agreed that the Board should adopt the recommendations contained in the paper.

11.5 TENDERS

The Committee considered the tender reports* (FGP/6/17/9.5.1 and 9.5.2).

The following tenders were approved on the proposal of Mr Pollock, seconded by Ms Toman:

- Goods and Services: T70205; T70211; T70222; T70273; T70287; T70288

The following tenders were noted:

- Construction Works: CfT EANI 890; CfT 926839; EANI 713
- Goods and Services – Select Tenders: T70292
- Goods and Services – Awarded from collaborative contracts: CfT 237527; CfT 606816

11.6 CONTRACT DOCUMENTS

The Committee noted the paper* (FGP/6/17/9.6) containing information in respect of contracts signed and sealed.

11.7 LAND AND PROPERTY TRANSACTIONS

Asset Disposal: land at Castleberg Transport Centre; land adjacent to Eglington Primary School

Acquisitions: Cortamlet Primary School; Moneyrea Primary School

Wayleave Agreement: Woods Primary School

Granting / Renewal of Leases: Castleroe Primary School; former Cullycapple Primary School; STEM Module - garage and storage accommodation, Grange Park, Trench Road, Mallusk; Youth provision - Andersons Park, Circular Road, Coleraine

Granting / Renewal of Licence Agreement: Sunnylands Primary School

Deed of Exchange of Lands: Ballymena Nursery School

Ms Long detailed the recommendations set out in the report* (FGP/6/17/9.7).

A Member queried the proposed arrangements for renewing the lease in respect of the STEM module given that consideration would be given to this matter by the Education Committee at its June meeting. Ms Long advised that the proposal was to renew the lease for the use of the premises until 30 September 2017 only at this stage.

On the proposal of Mrs Carville, seconded by Ms Toman, the Committee agreed to recommend the adoption of the transactions in the report.

12. ANY OTHER BUSINESS

12.1 BANKING CONTRACT

Miss Bill said that, subject to the Heads of Agreement being finalised with the bank, she intended to provide a report on the banking contract to the Board at its meeting on 29 June 2017.

12.2 ORDER OF AGENDA ITEMS

It was agreed that agenda items by directorate would rotate on future Committee agenda.

Action: Rotate agenda items by directorate.

13. DATE OF NEXT MEETING

The next meeting would be held on 5 September 2017.

The meeting ended at 4.10 pm.

Chair

Date

* Paper circulated