

**MINUTES OF PROCEEDINGS OF THE FINANCE AND GENERAL PURPOSES COMMITTEE OF
THE EDUCATION AUTHORITY HELD ON 6 SEPTEMBER 2016 AT 2.00 PM IN FORESTVIEW**

1. PRESENT Dr I McMorris (Chair)

Mrs P Carville	Mrs N Lappin
Mr J Craig	Sir Gerry Loughran
Mr G Doran	Ms S O'Connor
Rev R Herron	Mr R Pollock

2. IN ATTENDANCE

Mr G Boyd, Ms J Bill, Mrs C Duffield, Ms S Long, Mr P O'Neill, Ms L McCall and for part of the meeting Mr J Mason, Mrs P McErlean and Mr R McGreevy.

3. APOLOGIES

Apologies had been received from Fr T Bartlett and Ms N Toman.

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 7 JUNE 2016

The minutes of the meeting held on 7 June 2016 were approved as an accurate record on the proposal of Ms O'Connor and seconded by Mr Craig.

6. MATTERS ARISING FROM THE MINUTES

6.1 HOME TO SCHOOL TRANSPORT (7.2)

The Chair said that a report on a range of issues within Transport would be presented to the Committee at its October meeting.

6.2 OFFICE ACCOMMODATION AT FORESTVIEW (7.5)

The Chair reported that an accommodation strategy for administrative staff and a regional location strategy was being developed which would come back to the Committee for consideration in due course.

6.3 WORKING GROUP ON SCHOOL SURPLUSES AND DEFICITS (8.2)

The Chair of the Working Group said that the Group had met earlier in the day to consider the final draft report. She said that, following some further work, she anticipated that the report would be presented to the Committee at its meeting on 1 November 2016.

It was agreed that the Committee would discuss, at its November meeting, when the Working Group should be reconvened.

A Member referred to the volatility of the figures relating to school surpluses and queried if the figures held by DE aligned with EA's figures. Ms Bill outlined the process to manage surpluses and the discussions held with DE in this area. Mr Boyd said that this matter was also regularly discussed with the Department's Accounting Officer. A Member pointed out that it was essential that Boards of Governors and principals understood the school drawdown process. The Chair of the Working Group said that this issue was being considered by the Working Group on School Surpluses and Deficits.

Action: Committee to discuss when the Working Group should reconvene when considering draft final Report at its meeting on 1 November.

7. BUDGET UPDATES

7.1 2016/17

Ms Bill presented a paper* (FGP/9/16/6) summarising the approach adopted by the Board on 11 August 2016 to balance the EA Block Grant Budget and providing an overview of the engagement structure, through the EA Committees, to take forward the savings measures. She explained that officers were working to draft reports in respect of the School Meals and Music Services. These would be presented to the respective Committees for consideration.

The Committee noted the Budget for the EA Block Grant for 2016/17 (Annex A)* which incorporated the £3m reduction as notified by DE on 9 August 2016. This meant that the overall EA Block Grant was now £499m.

The Committee also noted the DE letter* dated 15 August 2016 giving formal approval to the Budget, the conditions attached to that approval and the comment that the EA should not expect to receive any further allocations in year to meet financial pressures.

A Member queried the process to monitor savings during the course of the year. Ms Bill said that the Directors would bring forward savings recommendations to their respective Committees for consideration and that the Finance and General Purposes Committee would receive monthly MEMR reports which would identify spend. The Committee would also receive quarterly reports on the overall savings plan.

7.2 2017/18

The Committee noted the Minister for Education's letter** dated 25 August 2016 commissioning an exercise for the EA to investigate and set out all potential savings proposals that might impact on the 2017/18 Budget and future year budget plans. It was expected that this exercise would generate a long list of deliverable proposals amounting to at least £50m savings in 2017/18. Ms Bill said that the EA was required to prepare an interim report on all proposed savings for submission to DE by 14 October for initial review with a final report to be submitted to DE by 28 October 2016. She said that it was intended that a report on proposed savings would be presented to the Finance and General Purposes Committee on 4 October.

A Member sought assurance that the approach to be taken on any savings proposals for 2017/18 would first be discussed with Board Members prior to any officer engagement with DE officials. The Chair of the Board confirmed that the Board would set the parameters for consideration prior to any engagement with DE officials on savings measures.

8. FINANCE

8.1 RECURRENT REPORT : FOUR MONTHS TO 31 JULY 2016

Ms Bill presented the recurrent report* (FGP/9/16/7.1) detailing spend as at 31 July 2016 and the projected spend to year end (Appendix 1). She advised that the July MEMR was based on the EA Block Grant allocation of £502m and a previous draft budget and did not therefore take into account the £3m reduction as notified by DE on 9 August. The updated position would be reflected in the August MEMR.

The initial allocation for Schools' Delegated Budgets, as notified by DE on 23 March 2016, was £893.831m. Ms Bill said that the projected schools' year end position was indicating that schools expected to draw down £10m of their accumulated prior year surpluses. She said that, as part of the June monitoring round, £5m had been received from DE to address the school surplus drawdown. She advised that a further £5m was being requested.

The initial Earmarked allocations, as notified by DE on 23 March 2016, amounted to £37.227m. The Committee noted a £2.893m pressure on the Earmarked budget which related to costs associated with the release of teaching and non-teaching staff through the voluntary exit scheme. The EA anticipated receipt of this funding from DE.

Appendix 2* detailed additional Earmarked allocations received up to the end of July. Ms Bill advised that allocations included an additional £4m for Special Educational Needs which had been received as part of June monitoring.

The DE Youth allocation, amounting to £34.241m, was identifying a pressure of £10k as at 31 July. It was anticipated that Youth expenditure would come in on target at year end.

8.2 REPORT : FOUR MONTHS TO 31 JULY 2016

The Committee noted the capital report* (FGP/9/16/7.2) detailing spend as at 31 July 2016 and the projected spend to year end within the overall capital allocation (schools and youth) of £82.217m.

8.3 SCHOOLS' FINANCIAL PLANS – POSITION

(Mrs Carville and Mrs Lappin declared interests in this item.)

The Committee noted the papers* (FGP/9/16/7.3) giving the financial position of all schools as at 31 March 2016 and projected school surpluses and deficits over the subsequent three year period. Further reports* were noted which set out schools with increasing financial deficits (148 schools) and schools moving from surplus to deficit positions as at 31 March 2017 (127 schools).

Ms Bill said that the summary papers* had been compiled using consistent assumptions for the preparation of school plans. Figures had been prepared on a cash flat basis and no account had been taken of the additional £3m made available by the Minister in August or any savings measures which would be brought forward by the EA.

Members noted that 683 schools were projected to be in a surplus position as at March 2017 and that 324 schools were expected to be in a deficit position as at March 2017. Also, 349 schools were projected to be in a surplus position in excess of 5% or £75k as at 31

March 2017 and 157 schools in a deficit position in excess of 5% or £75k as at 31 March 2017.

Members discussed the potential significant financial pressures on the EA Block Grant as a result of increasing deficits.

A Member referred to schools in surplus positions which continued to maintain or increase their surpluses over a period of time and queried the controls available to the EA to ensure that these schools managed their allocations appropriately in year for the benefit of pupils currently enrolled at school. Ms Bill referred to requirements on Boards of Governors under the Common Funding Formula to ensure that all information presented in the three year budgetary plan was accurate. The issue of controls available to the EA had been discussed with DE officials.

A Member commented that 17 schools had not produced their three year budgetary plans. It was noted that these plans were in draft and would be pursued with the schools.

8.4 TRUST AND ENDOWMENT FUNDS - ANNUAL REPORT AND ACCOUNTS 2015/16

(Mrs Lappin declared an interest in this item.)

The Chair indicated that the EA was required to prepare an annual report and accounts for all trust and endowment funds for which it acted as Trustee in line with the Charities Act (Northern Ireland) 1964. This report would be presented to the Comptroller and Auditor General.

The Committee noted the annual report and accounts* (FGP/9/16/7.4).

As the EA was Trustee for the funds, a Member queried if there was an ethical investment policy employed by the fund manager. It was agreed that this issue would be investigated and clarified to the Committee.

Action: *Determine if an ethical investment policy is employed by the fund manager.*

8.5 BANKING INDEMNITY

Ms Bill presented the paper* (FGP/9/16/7.5) setting out revised indemnity arrangements with the Bank of Ireland.

On the proposal of Mr Craig, seconded by Mrs Carville, the Committee agreed to recommend the adoption of the revised indemnity (Annex 2).

8.6 ANNUAL REPORT AND ACCOUNTS 2015/16 – AUDIT

Ms Bill said that the Northern Ireland Audit Office was currently conducting its audit testing of the Accounts across the five offices. No concerns had been raised to date except for a number of presentational changes which related to the Annual Report. It was expected that field work would be completed by the end of September in order that the Accounts might receive certification by the end of October, in line with the agreed timetable.

The Chair acknowledged that the Audit and Risk Assurance Committee would be considering the Governance Report in due course. However, he asked that the Finance and General Purposes Committee should also receive the Report in order to have sight of

its recommendations. It was agreed that the Governance Report would be included on the Finance and General Purposes Committee agenda, when available.

Action: *Governance Report to be included on the agenda of the Finance and General Purposes Committee, when available.*

8.7 CORPORATION TAX

Ms Bill said that HMRC had notified the EA that it was subject to corporation tax. She pointed out that the legacy Education and Library Boards had not been subject to corporation tax. Discussion ensued in relation to the significant administrative and financial burdens associated with compliance with corporation tax regulations.

The Committee noted that DE was being asked to engage with DoF in resolve this issue.

9. HUMAN RESOURCES

9.1 EMPLOYMENT CONTRACTUAL ENTITLEMENT

Ms Duffield outlined three areas where work was progressing to resolve issues raised relating to contractual entitlement. In each of the three areas, she referred to engagement with Trade Unions, possible risks, the requirements to consider employment law and obtain legal advice. It was noted that one matter was being considered on a collective basis, the second matter was being discussed by Trade Unions in other sectors and the third matter involved regulating engagement through NISTR. It was noted that reports on NISTR were currently being provided to the Membership and Teaching Appointments Committee.

A Member received clarification that NISTR was designed to cover short term vacancies up to a maximum of 6 months. For longer term vacancies, such as maternity cover, schools should engage in fixed term contracts. Guidance on this matter had been issued to schools.

9.2 INVESTING IN THE TEACHING WORKFORCE SCHEME – PILOT 2016/17

Mrs Duffield presented the paper* (FGP/9/16/8.2) which provided an overview of the pilot scheme being launched by DE in the current year which aimed to re-profile the teaching workforce by enabling the release of teachers in permanent posts, aged 55 years and over on 31 March 2017, through an application process and to enable these posts to be replaced with teachers who had qualified to teach from 2012.

It was noted that 1,766 teachers were employed throughout all schools in Northern Ireland in the 55 - 59 age bracket and 505 teachers in the 60+ age bracket.

The Chair received confirmation that the actuarial costs of early release of pension would be through the Public Sector Transformation Fund.

9.3 VOLUNTARY EXIT SCHEME 2016/17

Mrs Duffield presented the paper* (FGP/9/16/8.3) which set out the process for managing the non-teaching non-school based voluntary exit scheme for 2016/17. It was noted that 860 expressions of interest from members of staff were currently being considered by the Directors.

10. OPERATIONS AND ESTATES SERVICES

10.1 TENDERS

On the proposal of Mr Pollock, seconded Mrs Carville, the Committee agreed to consider this item in committee.

(Mrs Lappin declared an interest in the report entitled Construction Works.)

The Committee considered tender reports* (FGP/9/16/9.1.1 and 9.1.2).

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

The Chair reported that, while in committee, the tenders detailed below had been noted and also that a report had been provided by Ms Long on internal scrutiny into PPI contracts:

- Construction Works: EANI 337 / ID 388022; EANI 1334 / ID 395575; EANI 339 / ID 388430; EANI 351 / ID 398966; Cft 397880; Cft EANI 424; Cft EANI 449; Cft EANI 451; Cft EANI 455; Cft EANI 458; Cft 183630; Cft 463177; EANI 335; EANI 419
- Goods and Services: 70145; 70155; 70159; 70174; 70181; 70183; 70184; 70186; 70191; 70192.

10.2 TERM SERVICE CONTRACTS - EXTENSION

Procurement Guidance [FD (DFP) 10/15] which had issued on 25 November 2015 required all contracts, contract extensions and procurement projects to be supported by suitable appraisals and business cases.

The Committee noted the paper* (FGP/9/16/9.1.3) setting out the arrangements to extend current Term Service Mechanical and Electrical Contracts (Lots 1 and 2) in the Western area.

10.3 CONTRACT DOCUMENTS

The Committee noted the paper* (FGP/9/16/9.2) containing information in respect of contracts signed and sealed.

10.4 LAND AND PROPERTY TRANSACTIONS

Lease of Premises Braid Primary School, Broughshane
Licence Agreement : Causeway School, Bushmills
Wayleave Agreement : Collegiate Grammar School, Enniskillen

(Mr Craig declared an interest in the proposal regarding Collegiate Grammar School site which related to his son's employment.)

Ms Long outlined the recommendations set out in the report* (FGP/9/16/9.3).

On the proposal of Mrs Carville, seconded by Mr Pollock, the Committee agreed to recommend that the Board should progress the transactions as set out in the paper.

10.5 PRE-QUALIFICATION LIST FOR BUILDING WORKS

The Committee noted the paper* (FGP/9/16/9.4) setting out the successful economic operators following the revised pre-qualification process for building contractors.

10.6 BUSINESS TRANSACTED OVER THE SUMMER MONTHS

A paper* (FGP/9/16/9.5) setting out the Committee business which had been transacted by the Chair and Chief Committee, on the Board's behalf, during July and August was noted.

11. ANY OTHER BUSINESS

SCHEME FOR THE EFFICIENT DISCHARGE OF TEACHERS

Mrs Duffield sought approval to present a Scheme for the Efficient Discharge of Teachers either to a relevant Committee or directly to the Board, depending on timeframe. She explained that DE had previously provided for efficient discharge of teachers but this was no longer in place. It was intended that an EA Scheme would only be used in exceptional circumstances. Mr Boyd outlined the parameters of the exceptional circumstances and the approval mechanism which would require mutual consent by both parties. As the EA would be the funding authority for such a Scheme, it would require Board approval.

The Committee agreed that a draft Scheme for the Efficient Discharge of Teachers would be presented for consideration either to a relevant Committee or directly to the Board.

***Action:** Draft Scheme for the Efficient Discharge of Teachers to be presented for consideration to a relevant Committee or directly to the Board.*

12. DATE OF NEXT MEETING

The next meeting would be held on 4 October 2016.

The meeting ended at 3.45 pm.

Chair

Date

* Paper circulated ** Paper tabled