

MINUTES OF PROCEEDINGS OF THE FINANCE AND GENERAL PURPOSES COMMITTEE OF THE EDUCATION AUTHORITY HELD ON 7 MARCH 2017 AT 2.00 PM IN ANTRIM BOARD CENTRE

1. PRESENT Dr I McMorris (Chair)

Mrs P Carville Ms S O'Connor
Rev R Herron Mr R Pollock
Sir Gerry Loughran

2. IN ATTENDANCE

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

3. DECLARATIONS OF INTEREST

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

4. MINUTES OF MEETING HELD ON 7 FEBRUARY 2017

The minutes* (FGP/3/17/3) of the meeting held on 7 February 2017 were approved as an accurate record on the proposal of Mr Pollock, seconded by Mrs Carville.

5. MATTERS ARISING FROM THE MINUTES

5.1 MINUTES OF MEETING HELD ON 10 JANUARY 2017

The Chair provided an overview of the total bids submitted to DE as part of the January monitoring round. It was noted that the minutes had not included an Earmarked amount for School Maintenance.

5.2 HOME TO SCHOOL TRANSPORT – INTRODUCTION OF CHARGES (11.1)

The Chair of the Board referred to correspondence received in respect of one post primary school.

6. CHAIR'S BUSINESS

BANKING PROVIDER

On the proposal of Mr Pollock, seconded by Mrs Carville, it was agreed that discussion on this matter would be held in committee as it was subject to ongoing commercial discussions.

Miss Bill provided a progress report on the banking procurement exercise.

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

The Committee noted that the banking procurement exercise had failed to bring forward a successful tenderer. It also noted the actions being taken to provide for contingency arrangements and to allow for a new procurement exercise.

7. BUDGET 2016/17 and 2017/18

Miss Bill said that January monitoring and Spring supplementary estimates had been impacted by the current political process. While Government Departments would have overspends and underspends at year end, there was no facility to move money between Departments. It was noted that officers were engaging with DE to establish how this would be treated at year end for outturn and accounts purposes.

Miss Bill referred to arrangements that enabled the Permanent Secretary of the Department of Finance to establish a budget.

Members noted with concern the impact on schools of a late notification of the budgetary position.

8. FINANCE

8.1 RECURRENT REPORT : TEN MONTHS TO 31 JANUARY 2017

Miss Bill presented the recurrent report* (FGP/3/17/7.1) detailing spend as at 31 January 2017 and the projected spend to year end (Appendix 1).

The allocation for Schools' Delegated Budgets was £904.478m. The Committee noted the pressure of £5m which reflected the bid submitted as part of January monitoring. Miss Bill said that the EA was monitoring spend in this area carefully and was engaging with DE officials on its management to year end.

The Earmarked allocation was £59.050m. The Committee noted the projected £7.115m pressure on the Earmarked budget which related to costs associated with the release of non-teaching staff through the voluntary exit scheme (£4.518m) and a pressure within School Maintenance (£3.207m). It was anticipated that the costs associated with the voluntary exit scheme would be met in full. Members noted that actions were being taken to minimise spend on Maintenance. The pressure had reduced to £3.207m after £1.6m had been used as capital spend where work had resulted in improved performance rather than a repair. It was noted that that several initiatives were reporting underspends in January which was reducing the overall level of Earmarked pressure.

The Committee also noted the receipt in January of some small additional allocations in Earmarked funding to cover GMI / VGS administration costs, the Achieving Belfast / Derry Initiative, Teachers' Portable Devices, and a reduction in funding of £0.560m in pre-school education.

Appendix 2* detailed the total monies available to DE Schools and DE Youth.

The EA Block Grant was detailing an estimated overspend of £5.264m based on the information available. This comprised pressures, after savings had been applied, in the areas of Special Schools (£622k), resources held at centre (£4.712m) and centrally held resources (£70k). These pressures were mainly in service lines where the EA had submitted pressures as part of January monitoring. It was noted that an additional allocation (£1.087m) had been received for SEN as part of DE's internal January monitoring.

The Committee noted that estimated savings of £35.181m had been applied to the EA Block Grant. These included savings of £10.669m based on the August 2016 long list of savings estimates and savings of £24.512m based on the decisions taken by the Board

on 24 November 2016. Miss Bill said that she continued to engage with DE on the matter of savings including deficits being treated as advances. She pointed out that DE had raised a number of additional complex matters.

The DE Youth allocation was £34.042m. It was anticipated that this budget would come in on target at year end. DE Youth capital was also forecast to come in on target at year end.

The Committee noted the estimated outturn recurrent shortfall of £17.383m. This figure was expected to reduce by £4.518m, as DE had indicated that it would meet the costs associated with the voluntary exit scheme, which would reduce the risk to £12.865m. Miss Bill highlighted the additional risk in respect of £8m of savings for advances. She updated Members on the ongoing work on savings including discussions with the PPP / PFI provider, monitoring the level of spend on capital items by schools (recurrent to capital), and bearing down on all costs. She advised that she continued to engage with DE officials on these matters.

A Member queried if the contingency measures to be adopted in the current year would impact on the intended savings measures for the 2017/18 financial year. Miss Bill confirmed that these measures would be impacted.

Miss Bill said that DE had written to request the EA to ensure that its cash spend was managed within approved limits.

Miss Bill said that the January MEMR was the second MEMR to be produced on the single accounting system. The time needed to process monthly accounts and close down had significantly improved from the first month. A Member raised a query in respect of schools' spend and reporting. Miss Bill said that the new finance system would produce school reports and the first monthly school report would be available within the next few days. It was agreed that a sample school report from the new finance system would be provided to the Committee for information purposes

A Member queried the EA's position with regard to meeting prompt payment performance targets. Miss Bill said that while there were issues to be resolved in respect of the interface with the new system, it was anticipated that the target would be met by value but not by transaction. She said that the new I-Procurement system, to be rolled out by March 2018, would improve payment processes.

Action: *Sample school report from the new finance system to be provided to the Committee for information.*

8.2 CAPITAL REPORT : TEN MONTHS TO 31 JANUARY 2017

The Committee noted the capital report* (FGP/3/17/7.2) detailing spend as at 31 January 2017 (£52.789m) within the overall capital allocation (schools and youth) of £87.585m. The Committee further noted an increase in the overall budget of £197k on the previous month and the £5.384m spend that had occurred since the previous month.

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

The Committee noted that it was anticipated that all budget lines would be fully spent by 31 March 2017 with the exception of furniture and equipment at a special school, where

the position had been noted by DE, and in the area of Minor Works / Other Capital. Miss Bill said that work was ongoing within Minor Works / Other Capital to monitor spending to year end. This was subject to change due to schools placing orders for equipment through their LMS delegated budgets and the subsequent adjustments to the capital budget. She advised that the EA had received notification on 14 February that it would receive £3m additional funding for Minor Works / Other Capital. The Committee noted that £2m of this additional funding was being allocated to essential capital projects and £1m to IT provision for CYPS.

Miss Bill said that officers would continue to monitor spend and discuss capital progress with DE officials.

8.3 APPRENTICESHIP LEVY

Miss Bill presented the paper* (FGP/3/17/7.3) setting out the basis of the apprenticeship levy, the potential impacts for the Authority and actions which were currently being taken.

A new tax, to be introduced on 1 April 2017, would apply to all UK employers, including public and private sectors, charities and educational providers who had a total employee pay bill above £3m a year and separate Pay references. The levy rate was set at 0.5% of the pay bill in the November 2015 Comprehensive Spending Review and would be applied to all pay that was subject to National Insurance Contributions at the rate of 0.5%. Employers would receive a £15,000 fixed annual allowance to offset the levy payment and employers, such as the EA, who operated multiple payrolls would only be able to claim one allowance.

Members noted an issue concerning existing teachers' payroll arrangements. The Teachers' PAYE Scheme for the Controlled, Maintained and Grant Maintained Integrated sectors was a single pooled payroll system which allowed for multiple employers to operate within the same PAYE reference.

It was also pointed out that the EA would become the funding authority for Voluntary Grammar Schools and Grant Maintained Integrated Schools from 1 April 2017 and some schools would be required to pay the levy based on their total payroll costs. It was noted that Voluntary Grammar Schools were individual employers in their own right.

The Committee expressed concern with regard to the significant funding impact of the new levy on both the EA Centre and schools (both teaching and non-teaching elements) from 1 April 2017.

It was noted that DE had indicated that the employing authorities should determine actions which were compliant with HMRC requirements in respect of the apprenticeship levy and subsequently advise and agree with Teachers' Pay on those changes which needed to be made to Payroll services delivered on their behalf. Miss Bill said that officers were engaging with HMRC on queries relating to the levy and would consider options to mitigate its impact. She confirmed that concerns relating to the Voluntary Grammar and Grant Maintained Integrated sectors were being discussed with DE.

It was agreed that a paper would be presented to the Committee on the potential number of schools impacted by the new levy.

Miss Bill said that the Committee would receive an update on this matter in due course.

Action: Paper to be presented to the Committee on the potential impact of the new levy.

9. HUMAN RESOURCES

ASSISTANT DIRECTORS - RECRUITMENT AND ASSOCIATED MANAGEMENT OF CHANGE FOR EXISTING SENIOR OFFICERS

Mrs Duffield provided an update on the recruitment activity for the advertised Assistant Director posts and the progress of the associated management of change process for existing senior officers affected by this change. The management of change process for officers affected by the new Assistant Director structure had included individual communication and consultation and negotiation and engagement with Trade Union Side through a sub-group of the Joint Negotiating Committee. She advised that individual consultation meetings continued to give consideration to the provision of suitable alternative employment for officers at risk of redundancy.

Mrs Duffield confirmed that 2 posts (AD Corporate HR and Head of Legal Services) had not been advertised for recruitment as one had been deemed to be a suitable alternative for an existing 'at risk' officer and the other was not impacted by the programme of change.

Mrs Duffield said that the selection process for the remaining Assistant Director posts had closed at 2.00 pm that afternoon. She provided an overview of the number of applications received for each post. She also advised that training for the selection panels had commenced earlier that day. Members noted the timetable for shortlisting panels, the assessment centre and interview panels. Members also noted the composition of the selection panels.

A Member queried the arrangements for an Assistant Director post where no applications had been received. A Member also queried the arrangements should a shortlisting panel find it was not recommending any applicants. Mrs Duffield recommended that, in these cases, the particular post would be advertised externally. Members agreed to this course of action.

Action: *Agreement to proceed to advertise externally for any Assistant Director posts where no applications had been received and where a shortlisting panel found it was not recommending any applicants.*

10. OPERATIONS AND ESTATES SERVICES

10.1 TENDERS

On the proposal of Ms O'Connor, seconded by Mr Pollock, it was agreed to discuss the tender report in committee.

The Committee considered the tender reports* (FGP/3/17/9.1.1 and 9.1.2).

On the proposal of Mr Pollock, seconded by Ms O'Connor, it was agreed to resume the meeting.

The Chair reported that, while in committee, the following tenders had been approved on the proposal of Mrs Carville, seconded by Mr Pollock:

- Goods and Services: T70087; T70235; T70253; T70254.

The following tenders had also been noted:

- Construction Works: EANI 739; EANI 745.
- Goods and Services (delegated arrangements): T70236.

Action: *Explanation to be provided to Members on the position of pre-serviced library books.*

10.2 CONTRACT DOCUMENTS

The Committee noted the paper* (FGP/3/17/9.2) containing information in respect of contracts signed and sealed.

10.3 LAND AND PROPERTY TRANSACTIONS

Granting of Easements: Former Ballykeel Primary School lands; and Creavery Primary School.

Granting / Renewal of Leases: City of Armagh High School playing fields; and Kilkeel High School 2G synthetic pitch.

Granting / Renewal of Licence Agreements: Downshire Primary School; and The High School, Ballynahinch.

Asset Disposals: Land at former teacher's residence, Carrowclare Road, Limavady; and former Charley Memorial Primary School.

Miss Bill outlined the recommendations set out in the report* (FGP/3/17/9.3).

Members raised queries regarding the proposals in respect of Kilkeel High School and The High School, Ballynahinch. These queries would be addressed at the Board meeting on 30 March 2017 in order to seek Board approval on that date.

On the proposal of Mr Pollock, seconded by Mrs Carville, the Committee agreed to recommend that the Board should progress the transactions as set out in the report subject to clarity being provided on those queries relating to Kilkeel High School and The High School, Ballynahinch at the March Board meeting.

Action: *Address queries on two land and property transactions at the Board meeting on 30 March 2017.*

11. DATE OF NEXT MEETING

The next meeting would be held on 13 April 2017.

The meeting ended at 3.35 pm.

Chair

Date

* Paper circulated