

**MINUTES OF PROCEEDINGS OF THE FINANCE AND GENERAL PURPOSES COMMITTEE OF THE EDUCATION AUTHORITY HELD ON 9 JANUARY 2018 AT 2.00 PM IN ANTRIM BOARD CENTRE**

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

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

**2. IN ATTENDANCE**

Mr G Boyd, Mr J Collings, Mrs C Duffield, Mr R Sayers, Mrs S McCartan, Mr M McDermott and Ms L McCall.

**3. DECLARATIONS OF INTEREST**

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

**4. MINUTES OF MEETING HELD ON 7 NOVEMBER 2017**

The minutes\* (FGP/1/18/3) of the meeting held on 7 November 2017 were approved as an accurate record on the proposal of Mr Craig and seconded by Mrs Carville.

**5. MATTERS ARISING FROM THE MINUTES**

**5.1 LICENSING REQUIREMENTS - SCHOOL MINIBUSES (6.1)**

Members discussed the significant challenges for schools to comply with new licensing requirements, particularly the associated additional costs. An approach was discussed and an outline of contractual arrangements was provided.

Mr Boyd said that a progress report would be provided to Members on the matter.

*Action: Progress report to be provided to Members.*

**5.2 NUTRITIONAL STANDARDS (8.4)**

A report on Nutritional Standards in schools would be presented to the Committee at its February meeting.

**5.3 SCREENING POLICY (10)**

The Committee noted that the Head of Equality had engaged with the Member on specific queries relating to the Screening Policy. The Member had indicated that she had been content with the information provided.

**6. FINANCE**

**6.1 2017/18 FINANCIAL POSITION**

**RECURRENT REPORT : EIGHT MONTHS TO 30 NOVEMBER 2017**

Mrs McCartan presented the financial forecasts as shown in the paper\* (FGP/1/18/6.1) including the MEMR\* (Appendix 1).

It was noted that all NI departments were functioning on a cash based budget which covered the period up to 30 November 2017.

The total 2017/18 indicative budget for the Schools' Delegated Budget was £1,167.500m (including Voluntary Grammar and Grant Maintained Integrated schools) with a Block Grant allocation of £533.8m.

During October and November 2017, an additional allocation of £0.544m had been received to the Block Grant budget for PPP and additional Earmarked funding amounting to £15.220m (detailed on Appendix 2\*). Mrs McCartan said that, as approval of the Initial Budget Plan for 2017/18 was still pending, the proposed Aggregated Schools' Budget and the Block Grant allocations were not included in the current MEMR. The MEMR did however take account of additional Earmarked allocations and Capital allocations.

Mrs McCartan said that the MEMR was showing an estimated funding gap of £66m (excluding Earmarked and Youth). This comprised an estimated £61.65m in the Block Grant after £26.3m savings had been applied and an estimated £4.25m in the Aggregated Schools' Budget. Based on the latest reported school expenditure to November and the anticipated spending patterns during the current year, schools would require an estimated £8m school surplus drawdown.

A Member queried current engagement between LMS officers and schools. It was reported that approximately 98% of schools had met EA officers to discuss their financial plans. To date, 811 plans had been approved by their respective Boards of Governors, 196 plans were awaiting approval and 19 schools were not yet in a position to seek approval. It was noted that 219 of the 811 schools were profiling to live within their in year common funding formula allocations. Approval letters would now issue to these schools.

A Member queried why schools had been asked to live within their common funding allocation for the current year when they were entitled to draw down their school surpluses. Mr Boyd said that schools had flexibility to accrue up to 5% of their budgetary allocation. However, as a result of the current political environment, there was no mechanism at present for DE to access additional funding through monitoring rounds. Letters had issued to schools, from DE and EA, to advise that they should draw up their budgetary plans on the basis of their in year allocation and not to plan for access to surplus drawdown.

Mr Boyd advised that DE was currently bidding for funding to meet school surplus drawdown requirements. He said that principals had been made aware of the financial context within the Education sector as part of the recent school engagement exercise. Information on the monitoring process and school surplus drawdown had also been explained to principals at the engagement events.

Mrs McCartan said that the estimated funding gap (£61.65m) in the EA Block Grant had increased on the funding gap previously reported to the Committee at its September meeting (£48.7m) after the application of estimated savings (£28m). This increase in the funding gap of £13m took account of the shortfall on budget transferred to the EA in relation to VG / GMI schools (£7.059m), pressures relating to Pupil Support (£660k), the Apprenticeship Levy (£3.9m), Transport (£1.215m), Headquarters (£542k), Substitution Costs (£209k) and other minor pressures (£158k). This also included an easement of £809k against school deficits. This easement took account of an anticipated reduction in school expenditure coinciding with the Easter school holiday.

In response to a Member's query, Mr Boyd confirmed that the shortfall on budget transferred to the EA for VG / GMI schools had now been established as £7.059m. While

£4.5m of this shortfall related to SEN, a Member asked that the total breakdown of the £7.059m to be provided to the Committee at its next meeting. This was agreed.

It was noted that the majority of schools would be impacted by the new Apprenticeship Levy. A Member commented on the need to communicate the out-workings of the Apprenticeship Levy carefully and clearly to schools.

*Mr Craig left the meeting temporarily at 2.25 pm.*

Mrs McCartan said that while every effort was being made to manage Maintenance expenditure within budget (£14m), it was anticipated that an additional £12.5m was needed for statutory testing, emergency response and high priority works. She reported that DE was currently bidding for funding in this area.

Mrs McCartan said that £26.3m savings were projected to be achieved from the agreed target savings of £28m. The £1.7m shortfall resulted from unachieved savings from planned redundancy savings (£0.611m), a delay in commencing a review within Operations and Estates (£1.838m), changes to the delivery of school meals linked to the introduction of revised Nutritional Standards (£1m), and several smaller targets (£0.343m). However, further savings had been identified during the year relating to the C2k contract (£1.36m) and taxi provision (£0.38m). She highlighted that risks remained with the deliverability of the profiled savings and officers continued to engage with DE officials on all financial risks and challenges.

The Committee noted the bids submitted by DE to the Department of Finance in the December monitoring round, as set out in the paper.

A Member said that, while recognising that SEN was a significant element of the EA Block Grant, it was imperative that this area was protected as far as possible. She outlined further savings options and other areas requiring consideration, namely rising school deficits, payroll issues, eradicating duplication, Area Planning considerations, teacher substitution costs, further collaboration within education north and south, greater parity of esteem around academic and vocational courses, digital examination solutions, maximisation of the transport fleet, harmonisation of school holidays, administrative expenditure including schools, and proactive disposal of vacant properties.

Mr Boyd reminded Members of the challenges within the EA Block Grant in the current year. He said that the EA would continue to seek to protect SEN budgets as in previous years. However, the unsustainable position regarding rising SEN budget lines needed to be addressed. A Member pointed out that the acceleration of increase in statements of SEN had been moderated as a result of the establishment of regional panels to ensure scrutiny and consistency to statements of special educational needs across the region.

Mr Boyd said that an exercise carried out on EA administrative costs had identified that EA administration costs compared favourably against other public sector organisations and the civil service. In the absence of a transformation programme, he did not anticipate any further reduction in staff numbers.

Mr Boyd said that the Members' issues would be considered in due course by the Transformation Programme Members' Sub-Group.

The total Youth budget allocation was £32,641k. It was anticipated that this budget would come in on target at year end.

Mr Boyd said that it was understood that DE was in receipt of some additional funding which had not yet been allocated.

The Committee noted the financial position and the risks identified in the paper.

**Action:** *Committee to receive a breakdown of the shortfall in funding received for VG / GMI schools at its February meeting.*

## **6.2 CAPITAL REPORT - EIGHT MONTHS TO 30 NOVEMBER 2017**

The Committee noted the capital report\* (FGP/1/18/6.2) detailing spend as at 30 November 2017 (£28.290m) within the overall capital allocation (schools and youth) of £66.736m.

*Mr Craig re-entered the meeting at 2.45 pm.*

Mrs McCartan provided an overview of individual budget lines, advising where pressures and / or easements had been declared and approved by DE. It was noted that no allocation had yet been received for Transport. A business case was currently being prepared for DE regarding funding and home to school transport requirements.

The Committee noted that in all areas, it was anticipated that budgets would be fully spent by 31 March 2018.

Mrs McCartan said that capital allocations and spend profiles continued to be carefully monitored and reported to DE.

## **6.3 INITIAL BUDGET PLAN 2017/18**

Mrs McCartan presented the paper\* (FGP/1/18/6.3) outlining the actions to date for Members to consider and approve the Initial Budget Plan.

The Initial Budget Plan had been re-submitted to DE on 23 November 2017 on the condition that the Plan still required the Board's approval. Mrs McCartan said that DE had indicated that it was content to approve the Initial Budget Plan, subject to the Board's approval.

It was noted that the Initial Budget Plan reflected the EA's assessment across the relevant spending areas of where pressures might arise and against those key priorities for which additional funding would be sought through any in year monitoring process.

The Committee agreed to recommend the approval of the Initial Budget Plan for 2017/18 (Appendix 1\*) on the proposal of Ms O'Connor and seconded by Mrs Carville.

## **6.4 BRIEFING ON NORTHERN IRELAND BUDGETARY OUTLOOK 2018-20**

A copy of the DoF Briefing on the Northern Ireland Budgetary Outlook 2018-20 had been provided to Members.

The Committee considered a summary paper\* (FGP/1/18/6.4) providing an overview of the strategic budget outlook detailed in the Briefing, DoF options to balance the budget, the resource implications of the proposed scenarios, and DE's comments on the potential impacts of budget scenarios for the Education sector.

Mr Boyd said that the Briefing document identified that whilst resource would increase in cash terms, it would decline in real terms over the two year period of the budget. However, the resource available for capital investment was anticipated to increase in real terms during that period.

Attention was drawn to a diagram in the summary paper showing an analysis of EA budget allocations since 2010/11 against a projected budget where the budget had increased in line with inflationary factors. The diagram showed that there had been a significant reduction in real terms in the value of the budget from 2010/11 to 2017/18 in the region of £200m.

The Briefing document acknowledged that, in the longer term, public services needed to transform to improve outcomes. The Briefing document specifically noted the need for transformation within Education.

Mr Boyd outlined the scale of challenge facing the EA: increasing demand for statute based services, declining school finances and increasing pay and price inflation set against a background of reducing real term budgets and structural constraints. He referred to the bids submitted by DE to DoF in the December monitoring round for the current year. He also referred to the financial situation in the ensuing years which would cause the EA significant challenges. Furthermore, projected reductions in departmental allocations could create challenges with regard to future monitoring rounds. It was crucial that the transformation programme which would require a clearly defined programme would be appropriately resourced.

The Chair of the Board said that a financial overview within Education had been provided to principals at the engagements events. After engaging with approximately 900 principals on school issues at these events, she highlighted her respect for schools operating under significant financial strain. She said that the principals had asked the EA to take a leadership role in publicising the financial challenges within Education. Furthermore, the principals were keen to be involved in any engagement process around transformation.

A Member said that the information given at the engagement events should have provided clearer detail on the funding gap. She also considered that the timing of the engagement events had been inappropriate. She outlined the need to draw up a clearly defined transformation programme as soon as possible. Other Members indicated that the engagement had been timely and that principals had welcomed the engagement.

Members stated that they were in agreement with the EA taking the lead to publicise the serious financial situation within Education. Communication would also include engagement with the EA's education partners on the transformation programme. Mr Boyd said that all communications would also be agreed by DE.

The Chair of the Board said that the presentation given to principals at the engagement events would be forwarded to Members.

A Member said that the EA needed to identify a vision for Education over the longer term. Furthermore, in light of financial constraints, the EA should also seek to exercise further controls over schools.

The Committee agreed that a draft response to the Briefing document would be presented to the Board for consideration at its meeting on 25 January 2018. It also agreed that the EA should be taking the lead to publicise the serious financial situation within Education.

As part of the consideration for the Briefing document, a Member suggested that the Extended Schools' budget should not be held at centre but rather delegated directly to schools.

## **7. HUMAN RESOURCES**

### **AUDIT OF INEQUALITIES INCLUDING EQUALITY ACTION PLAN AND DISABILITY ACTION PLAN**

Mr McDermott presented the Audit of Inequalities\* (FGP/1/18/7.1.1) and advised that the audit had been informed by a wide range of research, evidence and direct engagement. A list of the evidence used was provided as well as those groups / organisations within the Section 75 contact list who had taken up the offer of individual meetings to discuss key inequalities. Mr McDermott said that the evidence base and the meetings had been complemented by a Joint Consultative Forum event which had focused on the Audit of Inequalities. Furthermore, EA staff and Board Members had been engaged in the process through various mechanisms including the Board Members' Inequalities Working Group.

A Member considered that the document focused solely on inequalities highlighted under Section 75 and did not take account of Section 28e (measures which related to addressing poverty and socio economic issues). She accepted that the framework for the audit had been set by the Equality Commission; however, she considered that this should not limit the scope of the work.

Mr McDermott confirmed that the Audit of Inequalities took account of free school meals and rurality issues.

*Ms O'Connor left the meeting temporarily at 3.50 pm.*

A Member referred to the importance of ensuring that the surveying methodology was robust. It was suggested that notes could be added to the document to reflect sample sizes. Mr McDermott undertook to review the surveying methodology.

*Ms O'Connor re-entered the meeting at 3.52 pm.*

Mr McDermott undertook to present the Audit of Inequalities, including the Equality Action Plan and the Disability Action Plan, to the Committee at its meeting on 6 March 2018.

The Committee noted that equality training would be provided to Board Members at the Board meeting on 25 January 2018.

## **8. OPERATIONS AND ESTATES SERVICES**

### **8.1 TENDERS**

*Ms Toman left the meeting temporarily at 3.57 pm.*

On the proposal of Ms O'Connor, seconded by Mrs Carville, it was agreed to discuss the tender reports in committee.

The Committee considered the tender reports\* (FGP/1/18/8.1.1 and 8.1.2).

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

While in committee, the following tenders had been approved on the proposal of Mrs Carville and seconded by Mr Pollock:

- Controlled Sector Construction Works: CfT EANI 1080 and a tender procured under a Strategic Partnership Agreement

- Goods and Services: T70332

The following tenders had been noted:

- Controlled Sector Construction Works: CfT EANI 951; CfT EANI 1032; CfT EANI 1038; CfT EANI 1043; CfT EANI 1047; CfT EANI 1056; CfT EANI 1064; CfT EANI 1066; CfT EANI 1067; CfT EANI 1076; CfT EANI 1096; CfT EANI 1103; CfT EANI 1111; CfT 1146035; CfT EANI 1230612; and a tender procured under a Strategic Partnership Agreement
- Goods and Services under threshold: T70315
- Goods and Services - Select Tenders: T70331; T70345; T70355

*Ms Toman re-entered the meeting at 4.01 pm.*

## 8.2 CONTRACT DOCUMENT

The Committee noted the paper\* (FGP/1/18/8.2) containing information in respect of contracts which had been signed and sealed.

## 8.3 LAND AND PROPERTY TRANSACTIONS

Granting / Renewal of Lease, Licence and Development Agreements: Portrush Primary School; former Downpatrick Resource Centre; and Antrim Grammar School and Parkhall Integrated College

Asset Disposal: former teacher's residence at the former Ballydrain Primary School, Comber; and site of former Scrabo High School, Newtownards

Granting / Renewal of Wayleaves: Strabane Academy Grammar School; Woodburn Primary School, Carrickfergus; and Newtownabbey Area Youth Office

Acquisition of Property: Maralin Village Primary School, Magheralin

Mr Sayers detailed the recommendations set out in the report\* (FGP/1/18/8.3).

A Member referred to the proposal concerning the site of the former Scrabo High School and sought clarity on who would receive the proceeds from the buy-out of the restrictive covenant. A report on this matter would be provided to Members.

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

**Action:** *Report back on issue concerning the buy-out of a restrictive covenant.*

## 9. DATE OF NEXT MEETING

The next meeting would be held on 6 February 2018.

The meeting ended at 4.10 pm.

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Chair

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Date

\* Paper circulated

\*\* Paper tabled