

**MINUTES OF PROCEEDINGS OF THE FINANCE AND GENERAL PURPOSES COMMITTEE OF THE EDUCATION AUTHORITY HELD ON 2 OCTOBER 2018 AT 2.00 PM IN ANTRIM**

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

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

**2. IN ATTENDANCE**

Mr J Collings (Interim Chief Executive), Miss J Bill, Mrs C Duffield, Ms S Long, Ms L McCall and for part of the meeting Ms M Doyle and Mr C O'Neill.

**3. APOLOGIES**

Apologies had been received from Mr J Craig, Mrs M Culbert, Mr R Pollock and Ms N Toman.

**4. DECLARATIONS OF INTEREST**

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

With the agreement of the Committee, agenda items were taken in the following order.

**5. INTEGRATED FINANCIAL SYSTEMS (IFS) PROJECT - UPDATE : PRESENTATION**

The Chair welcomed Ms Doyle and Mr O'Neill from the iFS Project Team to the meeting.

In a presentation\*\*, Ms Doyle said that the iFS project was an integration of HR, Finance and Payroll processes into a single system. The system's implementation would be supported by the delivery of a complementary Target Operating Model which would align the business to agreed design principles and ensure maximum benefit from the new system. Ms Doyle set out progress to date on the implementation of iFS Financials and the HR and Payroll elements. She advised that, given further information which had not been known at the time, agreement had been reached to commence a project reset. This had taken into consideration the scale and complexity of HR and Payroll services within the education sector along with work being taken forward by the Public Sector Shared Services Programme on a NI wide public sector shared service solution.

Ms Doyle outlined lessons learned up to and during the project reset. Options to achieve project objectives had been examined through a feasibility assessment in October 2017. It had been agreed that completing the implementation of a fully integrated Oracle solution for Finance, HR and Payroll to an extended timeline was the best way forward. EA had negotiated with the provider to prepare for remobilisation and delivery of the integrated solution to an agreed timeframe. Members were advised of the outcomes of negotiations with the suppliers on costs and timeframe. Ms Doyle said that there was a need to increase capacity and capability within the project team to deliver the scale and complexity required within the revised timeline. An outline of the project team structure was provided which included internal and external resource. Ms Doyle set out the potential benefits of the new system to customers, the approach to be taken with regard to communications and engagement, and proposals regarding a rebranding of the project.

The Chair sought clarification on projected savings and additional costs associated with the project team. Members also sought clarification around the quantification of potential benefits.

Ms Doyle said that officers continued to liaise with DE officials on the project. The business case had been revised to reflect the project's scale and complexity and had been submitted to DE and this was being progressed. Mr O'Neill outlined the complexity of the HR and Payroll system within the education sector and advised that the project would allow for a tailored solution for education. Miss Bill said that benchmarking had been carried out against other projects. This had shown that the proposed resourcing model for the project was comparable and appropriate. She said that the project had released cash savings in 2016/17 through the Finance element. The current direction of travel within the revised business case was to set out the potential benefits of redirecting efficiency savings into investing in the future delivery of EA services. Benefits included the delivery of appropriate and improved HR service standards, online recruitment and improved turnaround times for recruitment exercises, efficiencies through the removal of transactional work and a move to more proactive value added roles, improved prompt payment performance for school invoices, a secure service, and a modern service for users. Miss Bill outlined the risks, challenges and mitigation associated with the timeline for delivery. She said that the window for Payroll testing and migration had been agreed with the provider. It was necessary to augment the skills capability of the project team using an integrated team of external and internal resource to ensure business understanding and that existing services could be maintained. Team members would be recruited on a fixed term contract in line with the life of the contract.

The Chair asked for a cost and benefits analysis of the project to be provided to the Committee.

A Member received confirmation that the new system would consolidate HR and Payroll services to all teaching staff of controlled and maintained schools and to non-teaching staff. It did not include some voluntary grammar and grant maintained integrated schools where those schools managed their own payrolls.

In response to a Member's query, Miss Bill said that funding for the iFS project was included in the capital investment programme. The capital report would be considered later in the meeting.

**Action:** *Committee to receive a cost and benefits analysis of the project (report to differentiate between cash releasing and non-cash releasing benefits).*

## **6. MINUTES OF MEETING HELD ON 4 SEPTEMBER 2018**

The Committee approved the minutes\* (FGP/10/18/3) of the meeting held on 4 September 2018 on the proposal of Ms O'Connor and seconded by Mr Doran.

## **7. MATTERS ARISING FROM THE MINUTES**

### **7.1 SCHOOL TRANSPORT - MEDIA ISSUE (7.2)**

The Chair of the Board said that she had arranged to meet BBC NI Committee representatives the following week to discuss Members' concerns around the airing of education matters in the media. Mr Collings said that the matter would be taken forward through this approach.

### **7.2 NI AFFAIRS COMMITTEE - INQUIRY INTO EDUCATION FUNDING IN NORTHERN IRELAND (7.4)**

The Committee noted that the Chair of the Board, the Interim Chief Executive, and the Director of Finance and ICT would be attending a meeting of the NI Affairs Committee on 10 October 2018 to give oral evidence to the Inquiry.

Miss Bill said that EA had planned three engagement events with school leaders across the region during September and October. As two of these events had been scheduled to take place after 10 October 2018, EA had received an undertaking from the NI Affairs Committee that it would accept a further written submission from the EA on the feedback provided by school leaders at those two engagement events.

### **7.3 SCHOOL MINIBUSES - LICENSING REQUIREMENTS (8.8)**

Ms Long said that a letter had issued to the Permanent Secretary to ask DE to make further representation to the Department of Infrastructure on the school minibuses licensing matter given the level of concern which continued to be raised by Members and in light of the ARC 21 Court of Appeal ruling. Ms Long said that a response was awaited. However, it was intended that the matter would be discussed the following day at the Governance and Accountability Review meeting.

## **8. HUMAN RESOURCES**

### **DEVELOPMENT OF ORGANISATIONAL DEVELOPMENT AND LEARNING STRATEGY**

Mrs Rogers presented a paper\* (FGP/10/18/6) setting out the initial draft of the organisational development and learning strategy. The initial draft set out progress to date, key drivers and outputs aligned to the Corporate Plan, and a proposed implementation plan to take forward strategies in the short term. She advised that the draft strategy had been developed in collaboration with Directors, Assistant Directors, organisational development champions, and staff from across the organisation.

The Chair queried the remit of the proposed strategy. Mrs Duffield said that the principles and themes of employee engagement and performance management were similar for teaching and non-teaching staff. This strategy for non-teaching staff would be developed in line with the strategy for professional development of teaching staff.

A Member considered that initiatives associated with improving mental health and wellbeing and encouraging team building should be incorporated into the strategy. A Member queried how initiatives within the strategy would be disseminated to staff who directly interfaced with schools. Mrs Rogers said that there would be proper engagement on the draft strategy in order to give all staff ownership of the strategy. She confirmed that the strategy would reflect on issues of health and wellbeing, resilience and positive mind-set management as well as approaches to individual working and team building. Mrs Duffield advised that staff development initiatives had already commenced in the last six months within the framework of the developing overarching strategy.

The Committee noted the initial draft strategy. The Chair asked for a progress report on the strategy to be presented to the Committee in six months' time. This was agreed.

**Action:** *Progress report on the draft strategy to be presented to the Committee in six months' time.*

## **9. FINANCE**

### **9.1 2018/19 FINANCIAL POSITION**

#### **RECURRENT REPORT : FIVE MONTHS TO 31 AUGUST 2018**

Miss Bill presented the financial forecasts, based on information available, as set out in the paper\* (FGP/10/18/7.1) including the MEMR\* (Appendix 1). The total 2018/19 budget for the Schools' Delegated Budget was £1,175.5m (including £276.72m 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).

Miss Bill said that, during August, EA had been notified of the following additional budget allocations: £8M for school surplus drawdown; £2.177m Earmarked funding; and £2.363m Youth funding.

The Committee noted Appendix 2\* setting out Earmarked allocations to date of £43.98m. 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.

Miss Bill said that the August MEMR was reporting an overall estimated funding gap of £21.06m (excluding Earmarked and Youth) and an estimated block grant funding gap of £16.22m after estimated savings of £18.78m. The estimated funding gap had reduced by £8m as a result of some movements in forecasts and an allocation of £8m for surplus drawdown.

Miss Bill said that the Aggregated Schools' Budget (ASB) was now showing an estimated pressure of £4.84m after the receipt of £8m for surplus drawdown. She highlighted that significant risks remained around ASB estimates as current profiles assumed that schools would deliver savings and generate additional income of £10m-£11m in 2018/19.

Miss Bill said that 984 (97%) final and draft school plans had been received and 733 (72%) of these had been approved by their Boards of Governors. She said that conditional letters of approval were in the process of being issued to schools. A report was provided on the remaining 29 schools which had not yet submitted financial plans. Miss Bill said that based on the information contained in the plans, it was estimated that schools would overspend CFF allocations by £32m after savings and additional income of £10.7m. This figure comprised an estimated £12.84m for surplus drawdown and £18.8m for increasing deficits. The figure of £12.84m was reduced to £4.84m after the £8m additional allocation for surplus drawdown had been received through the June monitoring round. The deficits figure was also reduced to an estimated £7.9m after the application of estimated contingency of £3.9m and an estimated £7m relating to stock counts. Miss Bill said that EA continued to highlight the benefits of stock counts through engagement events with school leaders. She said that EA was considering lessons learned in this exercise as well as approaches to incentivise schools to complete stock counts and ways to impact negative movements from the previous year. She said that EA would continue to monitor the position with regard to contingency funding and that this would only be confirmed towards year end.

A Member referred to a specific circumstance and sought confirmation that schools had received sufficient clarity on what should be included within a stock count. Miss Bill advised that the guidance being made available to schools could be reviewed to ensure clarity in this area.

A Member requested that the Committee should receive a report on the criteria and distribution of contingency funding to schools. Miss Bill said that DE had advised in 2015/16 that contingency funding should only issue to schools in need, specifically to schools in financial deficit, given the challenges associated with a constrained Block Grant budget. She indicated that, in all likelihood, contingency funding would only issue to schools in March 2019 once there was more certainty on individual school financial positions at year end. In the main, contingency funding was allocated to schools with

split site locations and where there was a substantial increase in pupil enrolment during the course of a school year. The Member sought information around split site schools. Miss Bill said that EA had raised concerns around the CFF process to DE. This included issues relating to contingency funding and area planning. Mr Collings said that, within the transformation agenda, investment or contingency funding was necessary where schools came together to change a pattern of provision and improve outcomes for children and young people.

A Member queried if individual schools were in receipt of their final outturn figures for 2017/18. Miss Bill said that all school financial plans had been updated to reflect stock counts and contingency funding. She confirmed that schools had been notified of their final outturn.

The DE Youth budget of £35.004m reflected the additional allocation received in August. While a number of Earmarked allocations were still anticipated from DE, the Committee noted that Youth expenditure was anticipated to come in on target at year end.

The Committee noted that EA continued to manage significant financial risk. Total savings were estimated to be £18.745m with over 70% being rated as amber or above on a RAG rating. Based on information available at this time, the Committee noted that EA was highly unlikely to live within its present recurrent budget without access to additional resources and assuming that all assumptions held.

**Action:** *Committee to receive a report on the criteria and distribution of contingency funding to schools; report to include information on split school sites.*

## **9.2 CAPITAL REPORT : FIVE MONTHS TO 31 AUGUST 2018**

Miss Bill presented the capital report\* (FGP/10/18/7.2) detailing spend as at 31 August 2018 (£17.666m) within the overall capital allocation (schools and youth) of £72.947m.

Miss Bill provided an overview of individual budget lines, advising where pressures and / or easements had been declared and approved by DE. She drew attention in particular to the iFS project, the discussion with DE on progress in this area and the submission of an addendum to the business case. Ms Bill said that all capital allocations and spend profiles were being carefully monitored and that EA was continuing to take necessary action to live within its overall budget allocation. The Committee noted the capital position.

## **10. OPERATIONS AND ESTATES**

### **10.1 SEVERE WEATHER GUIDANCE**

Ms Long presented a paper\* (FGP/10/18/8.1) setting out guidance to schools and Headquarters' staff in the event of severe weather and the appropriate action to be taken based on the weather warnings issued by the Met Office. The Committee noted the guidance.

Ms Long said that DE was responsible for granting permission to schools for exceptional closure. She presented a paper\* (FGP/10/18/8.1.1) setting out an analysis of exceptional closure days which had been approved by DE for the 2017/18 school year. The Committee noted that DE was not always made aware of exceptional closures taken by schools. It also noted that DE was unable to comment on how many schools were open for less than 185 days because it did not monitor attendance on a school by school basis.

## 10.2 TENDERS

The Committee considered tender reports\* (FGP/10/18/8.2.1 and 8.2.2).

The following tenders were noted:

- Controlled Sector Minor Capital Programme Delivery - Construction Works / Services (within approved delegated limits) - CfT 1713328 (EANI-1391)
- Goods and Services (awarded from collaborative contracts) - ID 601350
- Goods and Services (under threshold) - 70381 and 70466
- Goods and Services (select tenders) - BSF-18-001 and 70447

## 10.3 CONTRACT DOCUMENT

The Committee noted the paper\* (FGP/10/18/8.3) containing information on contracts which had been signed and sealed.

## 10.4 LAND AND PROPERTY TRANSACTIONS

Easement: Enniskillen Model Primary School

Ms Long detailed the recommendation set out in the report\* (FGP/10/18/8.4).

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

## 11. DATE OF NEXT MEETING

The next meeting would be held on 6 November 2018.

The meeting ended at 3.37 pm.

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Chair

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Date

\* Paper circulated

\*\* Paper tabled