

MINUTES OF PROCEEDINGS OF THE FINANCE AND GENERAL PURPOSES COMMITTEE OF THE EDUCATION AUTHORITY HELD ON 6 NOVEMBER 2018 AT 2.00 PM IN ANTRIM

1. PRESENT Dr I McMorris (Chair)

Mrs P Carville	Rev R Herron
Mr J Craig	Ms S O'Connor
Mr G Doran	Mr R Pollock

2. IN ATTENDANCE

Mr J Collings (Interim Chief Executive), Miss J Bill, Ms S Long, Mr R McGreevy, Mr M McDermott, Ms L McCall and for part of the meeting Mr C Daly, Mrs M Maguire and Mr C Scott.

3. APOLOGIES

Apologies had been received from Sir Gerry Loughran and Ms N Toman.

4. DECLARATIONS OF INTEREST

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

5. MINUTES OF MEETING HELD ON 2 OCTOBER 2018

The Committee approved the minutes* (FGP/11/18/3) of the meeting held on 2 October 2018 on the proposal of Rev Herron and seconded by Mrs Carville.

6. MATTERS ARISING FROM THE MINUTES

6.1 INTEGRATED FINANCIAL SYSTEMS PROJECT (5)

It was anticipated that a report on a cost and benefits analysis of the project would be presented to the Committee at its January meeting.

6.2 2018/19 FINANCIAL POSITION - DISCUSSION ON CONTINGENCY FUNDING (9.1)

It was anticipated that a report on the criteria and distribution of contingency funding to schools would be presented to the Committee at its January meeting.

The Committee agreed to consider matters of business in the following order.

7. FINANCE

7.1 2018/19 FINANCIAL POSITION

RECURRENT REPORT : SIX MONTHS TO 30 SEPTEMBER 2018

Miss Bill presented the financial forecasts, based on information available, as set out in the paper* (FGP/11/18/8.1) 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.

Miss Bill said that, during September, EA had been notified of an additional earmarked allocation of £150k under the Transformation fund to cover resource costs for the Digital Strategy Project, the Strategic Review of Pupil Support Services project, and the Review of Procurement of Minor Works Projects.

The Committee noted Appendix 2* setting out Earmarked allocations to date of £44.13m. 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 September MEMR was reporting an overall estimated funding gap of £20.51m (excluding Earmarked and Youth) and an estimated block grant funding gap of £15.54m after estimated savings of £16.13m. The estimated funding gap had reduced by £0.55m as a result of movements in forecasts for year end outturns, pressures and savings. Members noted the breakdown provided in emerging pressures (estimated £1.444m), emerging easements (estimated £4.706m) and new savings (estimated £892k). Miss Bill said that risks around deliverability were beginning to crystallise. The estimated RAG rating now showed that 62% of the overall estimated savings of £16.135m were rated amber and above. This included £7m in respect of schools deciding to implement stock counts for the first time. Miss Bill said that, taking account of the estimated adjustment for LMS Capital, the overall estimated funding gap would reduce to an estimated £16.3m.

Miss Bill said that the Aggregated Schools' Budget (ASB) was now showing an estimated pressure of £4.98m. She said that 995 (98%) school plans were in final and draft format and 861 (85%) of these had been approved by their Boards of Governors.

The Chair of the Board sought clarification on the engagement with the 18 schools which had not yet submitted financial plans. Miss Bill said that 3 schools had closed in September 2018, 2 were new schools, 3 schools had recently appointed new principals, 5 had made initial contact with EA, and 5 schools had made no contact. She reported that conditional letters of approval were to issue to schools in the coming days.

Based on the information contained in schools' financial plans, it was estimated that schools would overspend initial CFF allocations by £32m after savings and additional income of £10.7m. Based on those plans, the latest estimated surplus drawdown requirement was £5m after the June monitoring allocation of £8m and total deficits of an estimated £8m after contingency and stock. This was an increased surplus drawdown of £170k from the August MEMR and a small deficit growth of £50k. Miss Bill said that the position would continue to be impacted by movements in stock figures and the implementation of new stock counts. EA would continue to monitor the position with regard to contingency funding and, in all likelihood, contingency funding would only be known and confirmed towards year end given a range of factors that had to be considered.

Miss Bill said that the viability review of VG / GMI schools was progressing. This included a review of their financial accounts, financial plans and Internal Audit reports. She said that EA had brought forward the date for submission of VG / GMI school plans from November to June. To date, 48 school plans had been received from VG schools and 38 from GMI schools. She drew attention to concerns around the long term viability of a number of these schools, particularly where some schools were anticipating deficits and had no reserves for cover. An outline of the estimated amount of deficit that was not covered by reserves was provided.

The Chair of the Board wished to put on record her concerns regarding the potential extent of liability for those VG / GMI schools which had identified funding pressures and cash flow issues. She also referred to the variance in arrangements for audit coverage within VG / GMI schools. A Member said that EA, as the funding authority, should have

more transparent information on the finances of VG / GMI schools. He queried the conformity and harmony of accounting practices within VG / GMI schools. He did not wish however to create any unintended costs for these schools. Miss Bill said that the potential liability figure was the best estimate based on the information available. She provided a report on the work that EA was carrying out with VG / GMI schools in particular risk. She said that the Head of Internal Audit and Assurance had reviewed the audit coverage for VG / GMI schools for 2017/18 and had determined that the current arrangement whereby VG / GMI schools were responsible for their own internal audit arrangements was working well. She advised that all VG / GMI accounts were audited and signed off by independent firms which were required to meet relevant accounting standards.

A Member queried if a link existed between the transformation strategy and the strategy agreed by EA on financial savings. He specifically highlighted an area of potential saving should the structure of the Common Funding Formula be revisited and this could be used to support areas of pressure within EA, such as special educational needs. Mr Collings confirmed that the transformation strategy was not underpinned by a financial strategy. Miss Bill said that the Strategic Investment Board (SIB) was taking forward a piece of work involving spatial data and school locations. Mr Daly said that EA was working with SIB on a layering model which would link into all EA's spatial data. The GIS system would give EA the ability to layer financial information and other information of spatial significance and to query that data in a new way.

Miss Bill said that media interest continued in EA's financial position and the NI Affairs Committee Inquiry into education funding in Northern Ireland. She advised that following EA's attendance at the Inquiry on 10 October 2018 to give oral evidence, the Chair of the NI Affairs Committee had written on 16 October 2018 seeking further information. The Committee noted the six queries which were set out in the paper. Miss Bill said that this information had been submitted to the Committee in accordance with the deadline. In addition, the Committee had agreed to receive further evidence on issues raised by school leaders at engagement events held since the evidence hearing on 10 October.

Miss Bill provided an update on the DE Youth budget (£35.004m). 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.

Various Members referred to concerns raised by schools on the distribution of split site funding to schools. Members sought clarity whether this was an entitlement under the Common Funding Formula (CFF) or whether it was a discretionary allocation through contingency funding.

Miss Bill referred to the CFF guidance and said that a paper on the criteria and distribution of contingency funding to schools would be provided to the Committee at its next meeting. This would include information on split site schools. 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, where there was a substantial increase in pupil enrolment during the course of a school year and where schools needed funding in line with requirements from DE. She said that EA continued to raise concerns around the CFF to DE. This included issues relating to contingency funding and area planning. Mr Collings said that EA had highlighted to the NI Affairs

Committee that it was important that investment should be made available where schools came together under the area planning process to change a pattern of provision.

The Committee noted that EA continued to manage significant financial risk. 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.

7.2 UPDATES ON SCHOOLS' SURPLUSES AND DEFICITS WORKING GROUP NIAO REPORT ON FINANCIAL HEALTH OF SCHOOLS DE'S INTERNAL AUDIT REVIEW OF SCHOOL SPEND PUBLIC SECTOR SHARED SERVICES PROGRAMME - CONTRACT

The Committee noted the report* (FGP/11/18/8.2) setting out progress against the Working Group's action plan which had been agreed by the Board in December 2016. It noted that, since the last update provided to the Committee in October 2017, 29 actions had changed status. A total of 35 of the 41 actions were now complete or had been substantially completed. The Committee noted that the 6 remaining actions needed to be considered as part of the wider structural issues and transformation. Miss Bill said that enhanced accountability had been achieved through the new approach to schools' financial planning in 2018/19.

Miss Bill said that the NIAO Report* (FGP/11/18/8.2) had been based on field work undertaken before the 2017/18 year end processes had been completed and before the new approach to schools' financial planning had been implemented. The NIAO Report had recognised the serious financial challenges facing schools and had made four recommendations primarily around financial management. She said that EA had provided a draft response to DE for it to consider as part of its formal response to the NIAO recommendations. She provided a high level summary of EA's response on the NIAO Report for DE's consideration.

The Committee noted a paper* providing an update on progress against DE's Internal Audit Review of School Spend. EA was responsible for 6 of the 10 actions identified in the Review and had been named as joint responsible officer with DE in 2 actions. It was noted that 2 of the 6 actions for which EA was responsible were now complete with a further 3 substantially complete pending further transformation. The remaining recommendation related to approval of financial plans by 30 June. This depended on the date budgets were issued. It was noted that EA continued to assist DE in the remaining 2 actions and it was officers' view that these were substantially complete.

The Committee also noted a paper* on categories of schools and conditions for financial plan approval. It was pointed out that the purpose of categorising schools in terms of their projected budget position at 2018/19 year end was to identify where EA should prioritise its support to principals and Board of Governors. It was not a reflection on the financial stewardship of a school. It demonstrated a more differentiated approach whilst ensuring that EA fulfilled its statutory responsibilities to monitor, support and challenge schools in respect of financial management and budgeting.

The Committee agreed to recommend that the Board should re-establish the Working Group on Schools' Surpluses and Deficits, on an ad hoc basis, in order to revisit the action plan and to reflect on the NIAO Report on the financial health of schools.

Action: Working Group on Schools' Surpluses and Deficits to be re-established.

7.3 CAPITAL REPORT : SIX MONTHS TO 30 SEPTEMBER 2018

Miss Bill presented the capital report* (FGP/11/18/7.2) detailing spend as at 30 September 2018 (£20.044m) within the overall capital allocation (schools and youth) of £72.352m. She provided an overview of individual budget lines, advising where pressures and easements had been declared and approved by DE. She said that, following discussion with DE, a further update on the business case addendum to the iFS project was being prepared.

A Member said that only 29% of the Major Works budget had been spent to date. She queried the ability to fully spend this budget by year end. Ms Long said that any identified easements within the Major Works budget were forwarded to DE for approval. These monies were normally re-allocated to EA mainly through the Minor Works budget. She said that officers were working with DE on the process of profiling Major Works with a view to providing better forecast information earlier in the programme.

Ms Bill said that all capital allocations and spend profiles were being carefully monitored and EA was continuing to take necessary action to live within its overall budget allocation. The Committee noted the capital position.

Miss Bill said that DE had provided indicative allocations for some areas for the first quarter of 2019/20: £15m for Minor Works; £5m for school meals accommodation; and £15m for non-controlled Minor Works. In response to a query from the Chair, Ms Long said that the indicative figures allowed EA to plan for works to take place in schools over the summer months. The Chair welcomed the new approach.

On the proposal of Mr Craig, seconded by Ms O'Connor, it was agreed to discuss a matter in committee concerning the Public Sector Shared Services Network (PSSSN).

Miss Bill provided a report on an issue concerning the contract for the PSSSN.

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

The Committee noted the report including the parties covered by the contract and an update on finances as a result of the new contract.

8. CHAIR'S BUSINESS

8.1 GOVERNOR TRAINING PROGRAMME

Miss Bill said that the progress report against the Schools' Surpluses and Deficits Working Group's action plan set out arrangements for financial training for Governors. She said that an on line package relating to financial management had been developed for Governors. Initial financial training had also been provided to newly appointed principals in early October. She said that a paper on financial training provided to Governors would be presented to the Committee in due course.

***Action:** Paper on financial training for Governors to be presented to the Committee.*

8.2 DIGITAL ADMISSIONS - PROJECT UPDATE

The Chair welcomed to the meeting Mr C Daly, Mr C Scott and Mrs M Maguire (Digital Admissions Project Team).

In a presentation**, Mr Daly said that the digital admissions programme was a complete redesign of the service to deliver improved services to parents, schools and EA. The

programme was being designed in stages. The on-line application facility would be introduced for admissions to pre-school and primary school for the September 2019 intake. It was anticipated that the go live date for digital admissions would be January 2019.

The Committee noted a paper* (FGP/11/18/5.2) providing progress to date on the project, the risks identified and the next steps for the project.

Mrs Maguire drew attention to the communications strategy around the programme and the user guidance being developed for parents. She said that a series of workshops for pre-school providers and primary schools had been held in June throughout the region. She outlined the key themes that had emerged from that engagement. In September, EA had issued a letter to pre-school providers and primary schools on the proposed change of application date to January (to avoid Christmas). Responses received had been supportive of the date change. In September, the equality and human rights screening exercise, including rural proofing, had been completed and published. The screening exercise had confirmed that actions had addressed the needs of stakeholders. She said that testing was taking place during October and November and training was planned for schools in late November. Formal engagement with post primary schools would take place in early 2019.

Mr Scott outlined the benefits of the service for parents: accessibility, quick and easy completion of the application, digital assistance and help with accessibility, ability for parents to review and amend applications until the closing date, a link to an app to allow parents to check if their child was eligible for school transport in advance of making application for a school place. In addition, schools would be able to view for the first time parental preferences, ie whether their school was a first, second, third (etc) preference. The school portal would speed up processing, enhance data quality, reduce bureaucracy, and provide for real time live information for schools, EA and DE. He said that schools were also able to retain face to face contact with parents as part of the process. The project was 'digital first', not 'digital only'.

Ms O'Connor left the meeting at 3.24 pm.

A Member queried if the programme would be designed to take account of the appeals mechanism. Mrs Maguire said that the programme would be able to provide orderly lists and accompanying criteria which would support schools when presenting information to appeals tribunals. A further potential benefit of the system would be to shorten the timeframe for the admissions process and thus enable appeals to be held at an earlier stage. This would be investigated further as part of the programme.

Ms Long said that the service would allow parents to make a more informed decision around school preferences, whilst taking account of eligibility for transport, earlier in the process. It was hoped that, in future years, parents could access one EA portal for school admissions, transport eligibility, and free school meals eligibility.

A Member queried if the on-line app was able to support pupils travelling across the border to school. Mr Daly confirmed that the on line app was not yet at this stage. Parents would be required to submit paper applications until this could be addressed digitally.

A Member queried the approach to digital admissions for pupils transferring between schools. Mr Daly said this would be factored into year 3 of the programme.

The Committee noted that this was one of EA's four prioritised Transformation projects. It welcomed the progress made in this area for the benefit of pupils and schools.

9. OPERATIONS AND ESTATES

9.1 SOFT LAUNCH OF EA WEBSITE

Ms Long presented a paper* (FGP/11/18/6.1) setting out the rationale to procure an interim website solution, the arrangements for procurement, and the award of the contract to a website development company. The business case for the contract had been approved by the ICT Programme Board at its meeting on 29 June 2018. She referred to work carried out by the new contractor at the various stages of implementation. This included analysing usage and content, design and development, and rigorous testing prior to the website going live on 1 November. Full details were provided in the paper.

The Committee noted the implementation of the new EA website.

9.2 FACILITIES MANAGEMENT AND PUPIL SERVICES & PROCUREMENT - 4TH AND 5TH TIER STRUCTURES : CONSULTATION PAPERS

Ms Long presented consultation papers* (FGP/11/18/6.2) setting out proposed fourth and fifth tier enduring structures within Facilities Management and Pupil Services & Procurement. The papers also set out the principles underpinning the development of the proposed structures and job descriptions for respective roles. She advised that both papers were currently with the Trade Unions and staff for consultation. The intention was to commence internal recruitment at the conclusion of the consultation with a view to securing appointments in January 2019.

A Member received clarification on the current interim arrangements in place for both sections.

The Committee noted the papers. Ms Long invited Members to provide feedback on the papers in advance of the consultation period ending on 21 November 2018.

Mr Doran left the meeting at 3.50 pm.

9.3 PLASTICS IN SCHOOLS COMPETITION

Ms Long presented a paper* (FGP/11/18/6.3) setting out arrangements to introduce a competition in schools to raise awareness of the environmental issues created by plastics. The competition would aim to promote reduction, re-use and recycling of plastics.

On the proposal of Mr Pollock, seconded by Mrs Carville, the Committee agreed to approve the implementation of the 'Plastics in Schools' competition.

9.4 TENDERS

The Committee considered tender reports* (FGP/11/18/6.4.1 and 6.4.2).

On the proposal of Mrs Carville, seconded by Mr Pollock, the Committee agreed to recommend that the following tenders should be approved:

- Construction Works - Controlled Sector Above Threshold Minor Capital Programme: CfT 1656533 (EANI-1360); CfT 1661189 (EANI-1374)
- Goods and Services - Above Threshold: BSF-18-003; CAT-18-001; 70361; CfT 1762237 (EANI-1405)

The following tenders were noted:

- Construction Works - Controlled Sector Minor Capital Programme (within approved delegated limits): CfT 1314796 (EANI-1162); CfT 1756273 (EANI-1401)
- Goods and Services - Select Tenders: TRN-18-005; FES-18-001
- Goods and Services - Under Threshold: CAT-18-006

9.5 CONTRACT DOCUMENT

The Committee noted the paper* (FGP/11/18/6.5) containing information on contracts which had been signed and sealed.

9.6 LAND AND PROPERTY TRANSACTIONS

Granting of Licence Agreements and Transfer of Land: Lisneal College; and Augher Primary School

Disposals / Transfer: Cambridge House Grammar School, Ballymena (plot 1); land at the former Loanends Primary School, Antrim; Newtownabbey Community High School

Acquisitions: Brownlee Primary School, Lisburn

Lease and Wayleave Agreements: Lisnaskea Transport Centre; Chichester Avenue building former Skegoniel Primary School, Belfast

Ms Long detailed the recommendations set out in the report* (FGP/11/18/6.6). A Member urged caution in disposing of property where there might be a potential future requirement within EA.

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

10. HUMAN RESOURCES

10.1 PUBLIC SECTOR SHARED SERVICES PROGRAMME (PSSSP)

Mr McGreevy presented a paper* (FGP/11/18/7.1) providing an update on developments within the PSSSP. He advised that the original intention of the PSSSP Outline Business Case had been to collaboratively optimise shared services to enable excellent public service delivery in a cross sector capacity. However, with the current landscapes within each sector and their specific transformational journeys, it had become evident that it was not beneficial to start cross sectoral sharing at the present time. The outcome was that the PSSSP was now focusing on sector specific work programmes.

Mr McGreevy said that the Education sector work programme (SWP) had now been developed and was with the Permanent Secretary for sign off. The SWP had identified short, medium and long term opportunities to meet the objectives of the PSSSP, both in the Education sector and cross sector. He said that the benchmarking data collated by the PSSSP had indicated that the Education sector was significantly under-resourced in the areas of ICT, HR & Payroll, and Finance. The PSSSP had also acknowledged that EA had already commenced transformational activity in these areas through different programmes of work and that savings delivered within ICT, HR & Payroll, and Finance were being re-invested in these areas to improve and transform services. It was noted that the iFS project was a critical element of the PSSSP direction of travel.

The Committee noted the paper.

10.2 HUMAN RESOURCES, LEGAL SERVICES AND EQUALITY - BIENNIAL ACTIVITY REPORT

Mr McGreevy presented a paper* (FGP/11/18/7.2) summarising activities across HR, Legal Services and Equality. Specific reference was made to work streams associated with supports to schools, health and wellbeing initiatives, the effectiveness of the on-line recruitment service, the out-workings of the Investing in the Teaching Workforce Scheme, and equality matters including EA's disability champion, the gender action plan, and equality screening.

Mr McGreevy said that the two HR Health and Wellbeing conferences had been well received by school leaders. On account of the high interest in this area and the number of school leaders who had been disappointed not to gain a place at the two conferences, it was intended that further health and wellbeing conferences would be held in the New Year for school leaders.

The Committee noted the paper.

11. DATE OF NEXT MEETING

The next meeting would be held on 8 January 2019. Any urgent business relating to the Committee would be dealt with by the Board at its meeting on 13 December 2018.

The meeting ended at 4.02 pm.

Chair

Date

* Paper circulated

** Paper tabled