

MINUTES OF PROCEEDINGS OF THE FINANCE AND GENERAL PURPOSES COMMITTEE OF THE EDUCATION AUTHORITY HELD ON 7 MAY 2019 AT 2.00 PM IN ANTRIM

1. PRESENT Dr I McMorris (Chair)

Mrs P Carville	Mr N McCausland
Mr G Doran	Mr K Mulvenna
Rev R Herron	Ms S O'Connor
Sir Gerry Loughran	Ms N Toman

Rev A Adams and Dr M Dynan were in attendance

2. IN ATTENDANCE

Ms S Long, Ms C Duffield, Mr D Hanna, Mrs K Scott, Mr S Wade, Mr S Baxter, Mr C O'Neill, Ms M Doyle, Mrs S McCartan, and Mr C McNickle.

3. APOLOGIES

Apologies had been received from Ms Á Andrews, Mr J Craig and Ms M Culbert.

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 APRIL 2019

The Committee agreed the minutes* (FGP/5/19/3) of the meeting held on 2 April 2019 on the proposal of Rev Herron and seconded by Mrs Carville.

6. MATTER ARISING

6.1 BOARD MEMBER'S QUERY (6.3)

The Chair advised that information on EA's definition of 'ethnicity' which applied in equality screening had been provided in writing to a Member as requested at the last meeting.

6.2 REPORT OF THE COMPTROLLER AND AUDITOR GENERAL ON EA'S ANNUAL REPORT AND ACCOUNTS 2017/18 (7.1)

A Member referred to the Report of the Comptroller and Auditor General on EA's Annual Report and Accounts 2017/18 and drew attention to the Report's findings that EA's £17.6m overspend on the education budget was in part due to overspends in Special Educational Needs (£12.7m). The Member said that it should be highlighted that this spend related to statutory obligations.

The Chair was mindful that the matter was being considered by the CYPS Committee. Ms Long said that the CYPS Committee considered a monthly financial report and she undertook to consider how to present statutory obligations as part of the CYPS Directorate year-end outturn.

Action: Consideration to be given on how to present statutory obligations as part of the CYPS Directorate year end outturn position.

7. CHAIR'S BUSINESS

7.1 WORKING GROUP FOR SCHOOLS' SURPLUSES AND DEFICITS

The Chair said the first meeting of the re-established Working Group for Schools' Surpluses and Deficits was scheduled for 19 June 2019 at 10.00 am in Antrim.

7.2 FORMER BOARD MEMBER

The Chair of the Board informed Members that Sr Criostoir Hegarty, former EA Board Member, was receiving hospice care. She said the thoughts of Board Members and officers were with Sr Hegarty at this time.

8. FINANCE

8.1 ICT RISKS – EA ONE PROJECT UPDATE

The Chair welcomed Mr O'Neill and Ms Doyle to the meeting. Mr Wade said that 'EA One' was an EA wide project that sought to transform how EA carried out critical business functions in Finance and HR. The project would build on the implementation of the single Oracle finance system and the i-Procurement module.

Mr O'Neill provided a presentation and outlined the financial context of the project. He said that DE had approved the EA One Project Business Case Addendum which had led to an uplift in the overall business case value from £49.5m to £60m. The additional £10.5m was to successfully complete the implementation of the integrated Oracle Finance, HR and Payroll solution.

Mr O'Neill said that the project scope was to deliver a new integrated Oracle system on to a consolidated operating model across EA rather than into five individual structures inherited from legacy ELBs. The delivery of the project remained a strategic priority for EA in light of the Department of Finance's Public Sector Shared Service Programme. He outlined four key risks. These related to ineffective communication, lack of project resource, system functionality, and delays in implementation.

A Member requested assurances that the implementation of agreed milestones would take place without delay. Mr O'Neill said that following a comprehensive reset in 2017, the project had robust governance structures in place that enabled effective exception reporting on all key risks and issues. He also said that an experienced staff substitution resource was in place from Deloitte. A Member expressed concern that delays might be outside EA's control. Mr O'Neill said that where external parties were at fault in respect of delays, they would be required to cover the cost.

A Member queried whether the project was future proofed to flexibly respond to changes in tax and national insurance calculations. Mr O'Neill said that Fujitsu were contractually obliged to respond to such legislative updates.

A Member highlighted that the system was due to be fully implemented by March 2021 and queried what measures had been put in place to ensure that all relevant staff received the appropriate training. Ms Doyle said that work had commenced to develop detailed training plans for end users and to develop the training material. The phased implementation schedule meant that training delivery would be carried out on a phased basis and in advance of system functionality rollout.

A discussion ensued on the benefits of the system. These included the automation of paper based processes, enhanced automated functionality, and the freeing up of HR staff time to focus on providing employees with a better level of support and service. It was

noted that the automated completion of timesheets would apply to all EA employees and teachers regardless of employing authority. Ms Doyle highlighted other automated self-service processes including the recording of sickness absences and annual leave. She highlighted that consideration was being given to staff with limited access to IT facilities. A Member said that the system should be able to take account of flexible working patterns. A Member welcomed, in particular, the streamlining of online recruitment functions and Ms Duffield said that a wider review of recruitment had also commenced in parallel with the project.

A Member highlighted that the project had committed to report back to the Department of Finance on detailed benefits realisation, including cash releases, by September 2019. The Member queried whether a detailed benefits realisation had been included in the Business Case. Ms Doyle said that the current focus was on agreeing the delivery model and following this it would be possible to identify efficiencies and cash releases. Following discussion on possible cash releases Mr Wade said that consideration would be required on how EA would utilise resources arising from efficiencies.

A Member expressed the view that the Board had not considered baseline data in terms of assessing cost savings. The Member said that whilst efficiencies might arise from the project, it had been designed as a business improvement project. The Member also highlighted that the staff complement had been below the baseline at the commencement of the project. The Chair expressed the view that the identification of real cost savings were required in light of current financial pressures. Members agreed to receive further information on detailed benefits realisation, including cash realisation, at its September meeting.

Following a question from a Member, Mr O'Neill stressed the challenges associated with the project, particularly the commercial challenges and associated deadlines. He also highlighted the complex needs of the education sector.

A Member was mindful that the project would store personal details electronically and requested assurances that adequate cyber security provisions were in place. The Committee heard that plans were in place to appoint an ICT security officer and it was agreed that the Committee would receive an update following the appointment.

Action: *Information on detailed benefits realisation, including cash realisation, to be presented at the September Committee meeting. Committee to receive an update on the appointment of an ICT security officer.*

The Committee noted the report* (FGP/5/19/6.1.1).

Mr McCausland left the meeting temporarily at 3.04 pm.

8.2 ICT RISKS – EDUCATION TECHNOLOGY SERVICES

(Ms O'Connor declared interests in this item)

Mr Wade provided an overview of the Education Technology Services (ETS) project which had been established to put in place the replacement contracts for the existing C2K contract. Members heard that to date the C2k services had been delivered by Capita via a managed service contract, EN(ni), which had been extended by two years until March 2021. The VEAT notice for the extension of the existing EN(ni) contract included an additional one year extension. Following a query from a Member, Mr Baxter said that there was no extension beyond March 2022 and that the additional year extension

provided sufficient contingency to deliver a transition from the legacy service to the new service(s).

An update was provided on the project team structure, the drafting of the outline business case, an outline specification of requirements, pre-market engagement, requirement gathering and stakeholder engagement. The project risks and high level project milestones were also noted.

Mr McCausland returned to the meeting at 3.09 pm.

A discussion ensued on requirements gathering. Mr Baxter highlighted that engagement with stakeholders had been ongoing since April 2018 and surveys had been analysed. A report of results and key findings would be made available to schools and stakeholders. Mr Baxter undertook to provide a report on the requirement gatherings at a future meeting.

Mr McCausland left the meeting temporarily at 3.16 pm.

A discussion ensued on training plans. Mr Baxter expressed support for online training plans to be developed, however this would not happen until the outline business case had been approved. Members were mindful of the need to train users on network security especially when using devices on 3G/4G networks. It was also pointed out that changes to the user interface would increase the need for training. Mr Baxter said the user interface was still to be developed and training would be provided in this area.

A Member requested further information on the project governance. Mr Baxter confirmed that CCEA and ETI served on the Strategic and Technical Advisory Group. Members noted that the third meeting of the group had taken place on 14 March 2019 and attendance included a broad spectrum of stakeholder organisations and a representation from Post Primary, Primary, Special, Nursery and Irish Medium schools.

Mr McCausland returned to the meeting at 3.22 pm.

A Member queried the procurement of external legal advice. Ms Duffield referred to examples of previous collaborative frameworks in relation to GDPR. A Member referred to the Ofcom investigation into BT's conduct during the tender of the NIPSSN contract and Mr Baxter confirmed that the project had been unaffected by the investigation.

Ms O'Connor left the meeting temporarily at 3.31 pm.

A Member referred to the need for online reporting of accident and injuries, especially in relation to incidents of concussion. He expressed support for a system that was accessible by parents from home to update records on a pupil's symptoms following an accident. Mr Baxter confirmed that work was ongoing to phase out a paper based accident reporting system. The Committee noted the report* (FGP/5/19/6.1.2).

Action: Report on requirement gatherings to be provided at a future meeting.

8.3 PROVISIONAL OUTTURN RECURRENT AND CAPITAL 2018/19

Ms O'Connor returned to the meeting at 3.33 pm.

Mr Wade presented the 2018-19 provisional outturn for recurrent, capital and annually managed expenditure* (FGP/5/19/6.2) which had been submitted to DE on 29 April 2019.

Mr Wade said the overall provisional outturn for all recurrent expenditure for 2018-19 was £1,946m. This was £31m more than the 2018-19 final budget allocation (£1,915m). He said that EA was expecting an additional allocation of earmarked funding of £13.7m for

VES which would reduce the overall overspend to £17.4m (0.9%). This represented £73m more than the outturn in 2017-18 (£1,873m).

Mr Wade highlighted that the recurrent budget had three elements: the Aggregated Schools' Budget, the EA Block Grant and Earmarked Funding including Youth. Provisional outturn figures were reported as follows:

- An overspend of £4.1m related to the Aggregated Schools' Budget. This reflected the fact that schools with accumulated surpluses had to utilise more of their surpluses than the £8m that had been allocated through June monitoring.
- A funding gap of £13.9m related to the Block Grant. The provisional outturn showed a Block Grant spend of £650.2m against a budget of £636.3m.
- An overspend of £13m related to Earmarked Funding and Mr Wade highlighted that EA anticipated to receive an additional allocation for ring-fenced VES funding which would address this overspend.

The Chair requested further information on the valuation of school stock returns. Mrs McCartan said that work was progressing in this area. She said the estimate of £7m had been prudent and that until all year-end processes were completed the impact of school stocktakes would not be known with certainty. A Member highlighted that 695 schools had not submitted a stock return for 2018-19.

A discussion ensued on overspend in relation to the Common Funding Formula and the impact of Universal Credit. Ms Long said that as part of DE's Transformation Programme a review of the Common Funding Formula was ongoing. It was pointed out that Area Planning was also being considered as part of DE's Transformation Programme.

The Committee noted the 2018-19 provisional outturn for recurrent, capital and annually managed expenditure.

8.4 INITIAL BUDGET PLAN 2019/20

Mr Wade presented the EA Initial Budget Plan 2019-20** (FGP/5/19/6.3) which had previously been considered at the Board meeting on 30 April 2019. He also presented a draft letter to DE on the 2019-20 EA Resource Budget Allocation.

The draft letter expressed significant concern that, given the projected level of expenditure, the current resource budget allocation would result in a funding gap of approximately £133m for 2019-20. Mr Wade said that the funding gap had decreased from £139m as reported at the Board meeting on 30 April and was subject to continued analysis of costings associated with the Transformation Programme. The draft letter also outlined the following:

- EA had achieved savings of £80m since its establishment and further savings of £20m had been planned for 2019-20. These savings were in addition to a real terms reduction of approximately £250m in its budget since 2010/11. A Member expressed the view that the real term reductions should be stressed in addition to the savings achieved.
- Key areas of spend (over £2m), excluding those areas where spend was incurred by schools, were highlighted. Mr Wade said the majority of this expenditure had a statutory or contractual basis and it would not be possible to cease expenditure immediately. Many decisions to cease service delivery would require Ministerial

approval and would require public consultation. A Member requested that statutory and contractual areas of spend should be highlighted in the letter.

Mr Wade said that, due to the reasons outlined in the letter, he did not believe it was possible for EA to constrain expenditure in 2019-20 to balance with the funding allocation provided by DE.

Members considered whether a single example should be highlighted to demonstrate the consequences associated with the cessation of a particular provision. Several Members expressed the view that sensitivity was required when considering terminology in relation to the provision of front line services for children and young people. Members were mindful that forthright language could be misinterpreted. A Member expressed the view that forthright communication was required to highlight the consequences of expenditure constraint.

Members referred to a table in the paper that outlined the proposed budget allocations across EA Directorates. Members noted the forecasted outturn of each Directorate and the forecasted variance against the proposed 2019/20 Budget. A Member compared the projected block grant overspend for 2019/20 (£119.819m) with the 2018/19 total block grant overspend (£13.865m) as reported in the 2018-19 provisional outturn. A Member said that the figures represented an underfunding gap rather than a funding gap.

The Committee agreed that the table would be furnished with further information to explain the variances across the Directorates. It agreed that the revised Initial Budget Plan 2019/20, along with a revised draft letter to DE to focus on historic underfunding, would be circulated to Members for comment and consideration of the matter would resume prior to the Education Committee meeting on 16 May. The draft letter would also refer to the broader consequences of ceased provisions. The Committee also agreed that a letter should issue to DE to explain that further time was required to consider the Initial Budget Plan 2019-20.

A Member queried expenditure in relation to rates. Mr Hanna reported that EA had identified a £1m savings target in relation to the charging of rates. The Member queried what further rates savings could be achieved as a result of estate management. Mr Hanna undertook to provide further information on potential savings in relation to the payment of rates.

A Member referred to the parameters of civil servants in decision-making in the absence of Ministerial direction and suggested that, in the long term, EA should engage with a number of organisations who could assist.

Actions:

- *The revised Initial Budget Plan 2019/20, along with a revised draft letter to DE to focus on historic underfunding, to be circulated to Members for comment. The matter to be further considered by Members at a meeting on 16 May. Table to be furnished with further information to explain the variances across the Directorates. The draft letter to also refer to the broader consequences of ceased provisions.*
- *Provide further information on potential savings in relation to the payment of rates.*
- *Letter to issue to DE to explain that further time is required to consider the Initial Budget Plan 2019-20.*

Rev Adams, Dr Dynan and Rev Herron left the meeting at 4.35 pm.

9. OPERATIONS AND ESTATES

9.1 EA BUSINESS PLAN FOR 2019/20

Sir Gerry Loughran left the meeting temporarily at 4.36 pm.

Mr Hanna presented a paper* (FGP/5/19/7.1) setting out the draft EA Business Plan for 2019-20. He said that directorate improvement objectives had been agreed along with supporting templates and these had been provided to the business planning team. It was noted that this information informed the corporate improvement objectives. Work would continue to develop service improvement objectives across EA which would link into directorate improvement objectives. Directorates had been asked to review their metrics to help ensure close alignment to business priorities and further workshops on this issue were planned in the coming weeks.

Ms O'Connor left the meeting temporarily at 4.38 pm.

Discussion ensued on an improvement objective which sought to deliver a programme of work to develop diverse and inclusive services across EA and in schools. Ms Duffield outlined some aspects of diversity. These included gender, race and ethnicity amongst others. A Member was mindful about the UN Convention on the Rights of the Child and the right of a child to learn about his or her own culture.

Sir Gerry Loughran returned to the meeting at 4.40 pm and Ms O'Connor returned at 4.41 pm.

A Member referred to the terms of reference for the LGBT Staff Network and expressed concern that it would contradict the ethos of some schools. Ms Duffield said that involvement in the network would be on a voluntary basis and that it would operate similarly to other staff networks such as the disability network. She highlighted that the proposal for a LGBT Staff Network had been subject to consultation as part of the Equality and Disability Action Plans (2018-2022).

Following discussion the Member said that he would require further information on the LGBT Staff Network before he could be in a position to support its inclusion in the Business Plan. It was agreed that the terms of reference for the LGBT Staff Network would be circulated to Members in advance of the Board meeting on 23 May 2019 and two other Board Members supported this. It was also agreed that the Business Plan would be referred to the Board for approval.

A Member referred to a previous request for information from the former Chief Executive. He said that information had been received and that it had been redacted. The Member requested to receive the information in full. The Chair said that Ms Long would liaise with the Member in relation to the information request.

Actions:

- *Terms of Reference for the LGBT Staff Network to be circulated to Members in advance of the Board meeting on 23 May 2019.*
- *EA Business Plan for 2019/20 to be referred to the Board for approval.*
- *Ms Long to liaise with a Member in relation to an information request.*

9.2 TENDERS

The Committee considered tender reports* (FGP/5/19/7.2.1 and 7.2.2).

On the proposal of Ms O'Connor, seconded by Mrs Carville, the Committee approved the following tenders:

- Construction Works - Controlled Sector Above Threshold: EANI-1571

On the proposal of Ms O'Connor, seconded by Mr Doran, the Committee approved the following tenders:

- Goods and Services - Above Threshold: BSF-18-007, BSF-18-019, BSF-19-001.

The following tenders were noted:

- Construction Works - Controlled Sector Minor Capital Programme (within approved delegated limits): CfT 2020971 EANI-1584; CfT 2054788 EANI-1594; CfT 2059265 EANI-1597; CfT 2093797 EANI-1621; CfT 2123791 EANI-1633; CfT 2131593 EANI-1638
- Goods and Services - Under Threshold: CAT-18-008; ICT-18-004; ICT-19-019; TRN-18-003;
- Goods and Services - Awarded from External Framework: RM1045.
- Goods and Services - Awarded from Collaborative Contracts: ID 1689185.
- Goods and Services - Select Tenders: ICT-19-015.

9.3 CONTRACT DOCUMENT

The Committee noted the paper* (FGP/5/19/7.3) containing information on contracts which had been signed and sealed.

9.4 LAND AND PROPERTY TRANSACTIONS

Licence Agreement: Regent House Grammar School, Newtownards.

Granting / Renewal / Surrender / Variation of Lease Agreement: Newry Transport Depot.

Disposals / Transfer / Rectification of Boundary: Meadow Bridge Primary School, Hillsborough.

Abandonment Notice: Carniny Primary School, Ballymena

Mr Hanna detailed the recommendations set out in the report* (FGP/5/19/7.4).

On the proposal of Mrs Carville, seconded by Mr McCausland, the Committee agreed to recommend that the transactions detailed in the report should be approved.

Mr McCausland left the meeting at 5.03 pm.

10. ON-LINE RECRUITMENT EXPERIENCE OF APPLICANTS AND MANAGERS

Mr Canavan provided the Committee with a presentation on the on-line recruitment experience from the point of view of applicants and managers. Mr Canavan demonstrated how the online system would provide a more efficient service for all users.

Ms Toman left the meeting temporarily at 5.06 pm and returned at 5.08 pm.

A discussion ensued on the automated validation of criteria and a Member received assurance that members of the public would still be able to submit hard copy applications when required. The Committee heard that, in such instances, applicants would not be disadvantaged. It was noted that the equal opportunities monitoring process would be completed electronically.

Members thanked Mr Canavan for his presentation and expressed support for the online recruitment process.

11. DATE OF NEXT MEETING

The next meeting would be held on 4 June 2019.

The meeting ended at 5.26 pm.

Chair

Date

* Paper circulated

** Paper tabled