

MINUTES OF PROCEEDINGS OF THE FINANCE AND GENERAL PURPOSES COMMITTEE OF THE EDUCATION AUTHORITY HELD ON 3 SEPTEMBER 2019 AT 2.00 PM IN ANTRIM

1. PRESENT Dr I McMorris (Chair)

Mrs P Carville	Mr K Mulvenna
Mr J Craig	Ms S O'Connor
Rev R Herron	Ms N Toman
Sir Gerry Loughran	

2. IN ATTENDANCE

Ms S Long, Mrs C Duffield, Mr D Hanna, Mr S Wade, Ms S McCartan, Ms L McCall, and for part of the meeting Mr R McGreevy and Mrs S Mooney.

3. APOLOGIES

Apologies had been received from Ms Á Andrews, Mrs M Culbert and Mr G Doran.

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 4 JUNE 2019

The Committee agreed the minutes* (FGP/9/19/3) of the meeting held on 4 June 2019 on the proposal of Rev Herron and seconded by Mrs Carville.

6. MATTERS ARISING FROM THE MINUTES

6.1 MATTER REFERRED FROM THE EDUCATION COMMITTEE – TELECOMMUNICATION MASTS (7)

It was noted that a report on telecommunication masts would be provided to the Committee in the coming months.

6.2 HR ACTIVITY REPORT (8)

Mrs Duffield said that a paper on legal services, to include information on claims and insurance, would be presented to the Committee at its October meeting.

It was noted that the matter concerning the rise in SENDIST cases had been referred to the Children and Young People's Services Committee for consideration.

6.3 INITIAL CASH ALLOCATION 2019/20 (9.4)

Mr Hanna said that representatives from DE would be invited to make a presentation to the Committee on the review of school transport policy once the review was completed.

7. CHAIR'S BUSINESS

7.1 MATTER REFERRED FROM THE EDUCATION COMMITTEE

The Chair said that the Education Committee, at its meeting held on 13 June 2019, had referred a matter to the Finance and General Purposes Committee relating to projected school enrolment numbers and its artificial impact on school financial positions. He said

that this matter had been referred to the School Surpluses and Deficits' Working Group for consideration.

7.2 MEDIA COVERAGE OF EA BUSINESS

A Member asked for an update on an issue which had been raised in the media earlier in the day. Ms Long said that while the issue had not been raised at any time under EA's Whistleblowing Policy, the Corporate Leadership Team would consider the alleged issue at its meeting the following day and a report, which would include the outcome of any investigation into the alleged issue, would be provided to the Board in due course.

Ms Long referred to another matter which had been raised in the media the previous day and provided a high level understanding of the matter. The Member asked for information to be provided to Board Members on timelines around the various stages of the statementing process. She also queried the potential to engage with the particular media programme on EA matters as part of a broader communications strategy.

Ms Long said that, to support families at the start of the current academic year, EA had given particular focus to putting in place helplines in the areas of transport and special educational needs. She said that EA's communications strategy was currently being revised and developed and Board Members would have an opportunity to inform the strategy at an upcoming communications workshop.

The Chair of the Board said that she had previously asked for guidance to be developed on EA's communications strategy with parents. She urged that this area of guidance would be produced and agreed as soon as possible.

The Chair said that the issues raised relating to special educational needs would be referred to the Children and Young People's Services Committee for consideration at its meeting on 5 September 2019.

8. OPERATIONS AND ESTATES

8.1 TENDERS

The Committee noted the following tender reports* (FGP/9/19/6.1.1 and 6.1.2):

- Construction Works / Services - Controlled Sector Minor Capital Programme (within approved delegated limits):
CfT Resource ID 1982654 EANI 1551; CfT Resource ID 2016566 EANI 1580;
CfT Resource ID 2099637 EANI 1624; CfT Resource ID 2163838 EANI 1650;
CfT Resource ID 2178476 EANI 1657; CfT Resource ID 2205824 EANI 1668;
CfT Resource ID 2233714 EANI 1680; CfT Resource ID 2239003 EANI 1684;
CfT Resource ID 2246928 EANI 1690; CfT Resource ID 2249188 EANI 1691;
CfT Resource ID 2249815 EANI 1692; CfT Resource ID 2250038 EANI 1693;
CfT Resource ID 2262953 EANI 1703; CfT Resource ID 2265564 EANI 1706;
CfT Resource ID 2274743 EANI 1710; CfT Resource ID 2283667 EANI 1723;
CfT Resource ID 2262953 EANI 1703; CfT Resource ID 2265564 EANI 1706;
CfT Resource ID 2295303 EANI 1728; CfT Resource ID 2323020 EANI 1745;
CfT Resource ID 2323341 EANI 1747.
- Goods and Services - Under Threshold: ICT 19 020.
- Goods and Services - Select Tenders: CAT 19 005.

8.2 CONTRACT DOCUMENT

The Committee noted the paper* (FGP/9/19/6.2) containing information on contracts which had been signed and sealed.

8.3 LAND AND PROPERTY TRANSACTIONS

Mr Hanna detailed the recommendations set out in the report* (FGP/9/19/6.3).

On the proposal of Mr Craig, seconded by Mrs Carville, the Committee agreed to recommend that the following transactions, as detailed in the report, should be approved:

- *Wayleave Agreements:* Coolnafranky Estate, Cookstown; Lisneal College, Londonderry; Carrowreagh Primary School, Ballymoney; Kells and Connor Primary School, Kells; Kirkinriola Primary School, Ballymena; Kilross Primary School, Tobermore
- *Granting / Renewal / Surrender / Variation of Licence Agreements:* Taghnevan Youth and Community Centre, Lurgan; Dungannon Transport Depot; Clounagh Centre, Portadown

On the proposal of Mrs Carville, seconded by Mr Craig, the Committee agreed to recommend that the following transactions, as detailed in the report, should be approved:

- *Granting / Renewal / Surrender / Variation of Lease Agreements:* Delamont Outdoor Education Centre, Killyleagh; Anamar Primary School, Newry; Ampertaine Primary School, Maghera
- *Granting of Easement and Right of Way:* Newtownhamilton High School

On the proposal of Mr Craig, seconded by Ms Toman, the Committee agreed to recommend that the following transaction, as detailed in the report, should be approved:

- *Disposal:* Parkhall Integrated College, Antrim (senior school site, Birch Hill Road)

A Member sought clarification on the DE directive which stated that EA should proceed to demolish a property when the property became vacant and there was no alternative educational use of the premises. Ms Long said that this was the case of the senior school site at Parkhall Integrated College. The intention was to demolish the building prior to the completion of a sale. She said that, as part of any future disposal process, where properties were declared surplus to requirements and there was no alternative educational use of the building, EA would assess the standard of a building on a case by case basis for demolition purposes.

8.4 BUSINESS TRANSACTED OVER THE SUMMER MONTHS

The Committee noted the report* (FGP/9/19/6.4) setting out tenders approved under the delegated authority of the Chair and Chief Executive during the summer months.

A Member received clarification on the role of the Media Monitoring Service and the value of the contract which related to a four year period.

9. HUMAN RESOURCES

9.1 SEVERANCE SCHEMES

Mrs Mooney presented a paper* (FGP/9/19/8.1) giving an overview of redundancy procedures and voluntary exit schemes for teaching staff, non teaching school based staff, and non teaching corporate staff. Details of the number of teaching and non teaching redundancies, including associated costs, were provided in the paper. Although the

Investing in the Teaching Workforce Scheme was not a redundancy scheme, details of the number of teaching staff who had left employment within the terms of that scheme over the last two years was also provided.

A Member referred to the total number of teaching redundancies (698) over the last four year period and sought further information on the number of teachers employed in 2015/16 and 2018/19. Mrs Mooney undertook to provide information on teacher employment trends. A Member pointed out that schools were able to make a case to DE to enhance their teaching workforce where there was a curricular requirement.

The Chair referred to the key areas identified in the paper which would be taken forward by EA for review with DE and, in particular, that EA would review and make the case for the need for the funding of compulsory redundancies. Members were in agreement that additional supports should be pursued and made available for Boards of Governors in line with DE procedures given the significant financial challenges placed on schools.

The Committee noted the paper.

Action: *Information on teaching workforce statistics to be provided to the Committee.*

9.2 CONTRACTUAL ISSUES - DISCUSSION IN COMMITTEE

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

Mr McGreevy provided an update on a legal matter concerning contractual issues.

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

The Committee noted the progress report on a legal matter. It also noted the complexities of the case and the preparatory work which was currently being carried out by EA.

10. FINANCE

10.1 TRUST AND ENDOWMENT FUNDS - ANNUAL REPORT AND ACCOUNTS 2018/19

Mr Wade presented the Trust and Endowment Funds Annual Report and Accounts for 2018/19* (FGP/9/19/8.1). He said the Accounts were required to be submitted to the NI Audit Office and DE by the deadline of 27 September 2019.

On the proposal of Mr Craig, seconded by Ms Toman, the Committee agreed to recommend the approval of the 2018/19 Accounts.

10.2 2019/20 FINANCIAL POSITION AND RECURRENT REPORT : FOUR MONTHS TO 31 JULY 2019

The Committee noted that the 2018/19 final outturn had been submitted to DE on 19 July 2019 reporting a total DE recurrent overspend of £15.012m. Mr Wade said this figure represented a decrease of £2.504m on the draft provisional outturn position previously reported on 7 May 2019. The reasons for the movement related to additional stock counts (£2.069m), an over accrual for PPP/PFI costs associated with VGS/GMI schools (£0.427m), and the outcome of a review of earmarked and external funding as part of year end processes (£0.008m).

As previously reported to Members, Mr Wade said that EA's initial 2019/20 recurrent budget allocation was £1,940.69m and the Youth budget (revised) was £34.751m. He said that an additional £7m had been funded, as part of the initial 2019/20 DE school recurrent

budget allocation, to mitigate the estimated teachers' pension pressure. Budgets for CYPS and Education Directorates had been adjusted for teacher pensions and, while the adjustment had no impact on the overall funding gap previously reported at Directorate level, the revised budget plan had been approved by DE on 16 August 2019.

Mr Wade presented the financial forecasts, based on information available, as set out in the paper* (FGP/9/18/8.2) including the MEMR* (Appendix 1). The schools' delegated budget was £1,229,307m (including £291.342m for Voluntary Grammar and Grant Maintained Integrated schools) with a block grant allocation of £643.193m. He said that based on current and available assumptions EA was profiling an overall estimated funding gap of £135.537m (excluding Earmarked allocations and Youth) and an estimated block grant funding gap of £119.702m after estimated savings of £21.255m. Information on estimated outturn across individual budget categories was set out in the paper.

Mr Wade highlighted that the degree of financial risk to EA's financial position remained significant. It was noted that the most significant of these pressures related to pay inflation (approximately £81m, of which £59m related to schools). It also included price inflation pressures of approximately £13m, as well as demand pressures in areas such as special educational needs, transport, school meals, and the school development service. The Committee noted Appendix 3* setting out details around newly identified CYPS pressures. It also noted Appendix 2* setting out Earmarked allocations to date of £41.135m. A number of Earmarked allocations was still awaited (total Earmarked budget to be £68.193m).

Mr Wade said that LMS officers had met or provided individual support to 965 schools (96% of schools) in the preparation of their financial plans. To date EA was in receipt of 975 draft financial plans (98%) and 637 final plans (64%). Members welcomed the significant progress made in this area at this stage in the year.

It was noted that an estimated surplus drawdown requirement of £13m had been reported against the Aggregated Schools' Budget in May along with an estimated increasing school deficits outturn position of £73.214m. In light of the final 2018/19 stock position (£9.042m), and the impact of the split of stock counts on schools in deficit or surplus positions, the estimated forecast funding to enable access to surpluses had increased from £13m to £15.835m, and the forecast increasing school deficits position had reduced from £73.216m to £70.469m.

Mr Wade said that EA was engaging with DE to plan for the development of a financial recovery plan. EA had already commenced an exercise to develop EA's funding requirement for the next five years with a view to understanding the scale of challenges and causes. He said that EA had been commissioned by DE to undertake an exercise on the discretionary and non discretionary nature of EA's overall pressures for 2019/20. As set out in the paper, he said that only £5.263m of EA's total gross pressures of £149.372m related to discretionary pressures. He reported that DE and EA officers were meeting on 6 September 2019 to discuss the initial outcome of the first stage of the financial planning exercise.

The Chair welcomed the approach being taken by DE and EA to work together in the development of a financial recovery plan.

The Chair of the Board said that longer term financial planning was to be welcomed and that closer collaboration would enhance understanding of EA's financial realities.

A Member referred to opportunities for savings within the discretionary element (£5.263m) of EA's overall 2019/20 pressures. Mr Wade said that potential opportunities for savings

in this area would have consequences and would require further discussion with DE as part of the new financial planning exercise. He said that by the end of the 2019/20 financial year, it was anticipated that savings in the region of over £100m would have been made by EA over the five year period.

A Member said that where financial information was provided to Members on opportunities for potential savings, it would be useful to provide an explanation as to whether areas related to statutory or non statutory commitments, contractual commitments, aligned to strategic objectives, or were aspirational. Mr Wade said that the financial exercise to take place between EA and DE would be guided by a set of first principles for EA.

The Committee noted that, given the range of inescapable unfunded pressures, EA continued to operate at significant financial risk. The revised overall estimated funding gap of £135.537m (excluding Earmarked allocations and Youth) based on current and available assumptions was noted along with the actions being taken by EA and DE to develop a five year financial recovery plan. Mr Wade said that the Committee would be kept informed of progress on the development of the recovery plan.

10.3 CAPITAL REPORT : FOUR MONTHS TO 31 JULY 2019

The Committee noted the capital report* (FGP/9/19/8.3) detailing spend as at 31 July 2019 (£13,460m) within the overall capital allocation (schools and youth) of £88,665m. Information on individual budget lines was detailed, including where pressures and / or easements had been declared and approved by DE. Mrs McCartan said that capital allocations and spend profiles continued to be carefully monitored.

The Committee noted the revised allocations and expenditure as at 31 July 2019 and the progress made against key Major Works projects in construction.

10.4 WORKING GROUP ON SCHOOLS' SURPLUSES AND DEFICITS - REPORT ON RECONSTITUTED GROUP

Mrs McCartan said that the first meeting of the reconstituted working group had been held on 19 June 2019. The group, chaired by Mr G Lundy, comprised seven Board Members. A DE official would also be in attendance. She said that terms of reference and a forward workplan to February 2020 had been agreed by the group. This would entail engaging with schools across different sectors, phases, and financial positions. She said the aim of the review was to consider whether current mechanisms for ensuring that schools operated within budget were sufficient to ensure effective financial management. The group would also consider progress against the action plan which had resulted from the previous review, and whether any remaining actions were relevant in light of existing practices and the current financial environment.

Mrs McCartan said that it was intended that the group's final recommendations would be presented to the Finance and General Purposes Committee in March 2020 with the intention that the recommendations would inform 2020/21 and future financial planning processes.

The Committee noted the note* (FGP/9/19/8.4) of the meeting of the working group held on 19 June 2019.

10.5 CONTINGENCY FUNDING ALLOCATIONS 2018/19

The Committee noted the paper* (FGP/9/10/8.5) providing information on contingency funding allocated in 2018/19 by school category, by locality, and by category of contingency spend.

11. ANY OTHER NOTIFIED BUSINESS

ISSUES RAISED BY MEMBER REGARDING EA CORRESPONDENCE

A Member raised various issues following the receipt of a letter from EA. Mrs Duffield undertook to investigate the matter further and report back to the Member.

Action: *Investigate the matter raised by the Member and report back.*

12. DATE OF NEXT MEETING

The next meeting would be held on 1 October 2019.

The meeting ended at 3.15 pm.

Chair

* Paper circulated

Date

** Paper tabled