

MINUTES OF PROCEEDINGS OF THE FINANCE AND GENERAL PURPOSES COMMITTEE OF THE EDUCATION AUTHORITY HELD ON 1 OCTOBER 2019 AT 2.00 PM IN ANTRIM

1. PRESENT Dr I McMorris (Chair)

Mrs P Carville	Sir Gerry Loughran
Mr J Craig	Mr N McCausland
Mr G Doran	Ms N Toman
Rev R Herron	

2. IN ATTENDANCE

Ms S Long, Mrs C Duffield, Mr D Hanna, Mr S Wade, Mrs S McCartan, Mrs S Mooney, Mr M McDermott, Ms L McCall, and for part of the meeting Ms M Doyle, Ms E Sproule and Mr A Sterling.

3. APOLOGIES

Apologies had been received from Ms Á Andrews, Mrs M Culbert, Mr K Mulvenna, and Ms S O'Connor.

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 3 SEPTEMBER 2019

The Committee agreed the minutes* (FGP/4/19/4) of the meeting held on 3 September 2019 on the proposal of Rev Herron and seconded by Mr Craig.

6. MATTERS ARISING FROM THE MINUTES

6.1 SEVERANCE SCHEMES (9.1)

Information on teaching workforce statistics would be provided to the Committee.

6.2 ISSUES RAISED BY MEMBER REGARDING EA CORRESPONDENCE (11)

The correspondence that had issued to Members had related to pension information. This did not apply to Members.

7. FINANCE

7.1 EA ONE - BENEFITS REALISATION REPORT

Ms Doyle and Ms Sproule provided a presentation on the project outputs, capabilities and benefits to HR Services, Recruitment, and Payroll. The new system provided for a single data repository, streamlined HR, Finance and Payroll processes, and decentralised reporting to HR, Payroll, and management. Benefits by user group were detailed and included increased quality of HR data and reporting, time savings in transactional activity, improved user satisfaction, reduced risk of data loss from manual processes, improved service delivery to hiring managers, improved candidate experience, increased efficiencies in processes, and improved accuracy in payroll and payments to staff.

Ms Doyle said that work would continue on baselining and quantifying benefits and on planning how these benefits would be realised. Meetings would be held to discuss

experiences of using online recruitment with hiring managers and user surveys would issue before system go-live dates to ensure that accurate baselines had been measured. The team would also continue to engage with DE and DoF to agree the scale of benefits realisation prior to the March 2020 Gateway Review.

The Chair commended the team on achievements to date.

A Member also congratulated the team on work to date. He queried how long the project had been in operation. Mr Wade said that EA One was a significant piece of work to replace the five legacy systems. The financial element of the EA One Project had been introduced in December 2016 after much pre-implementation and design work. Since that time, the project had also undergone a reset period to enable EA to review its requirements around the HR and Payroll elements and to mitigate against risk.

A Member welcomed the information provided on the improved candidate experience and the value added experiences to hiring managers. She also sought assurance that contract management processes were in place and were routinely monitored. Mr Wade confirmed that robust contract management arrangements were already in place for the financials element. Clear performance targets had been agreed with the provider and penalty clauses were in place. He said that equally rigorous governance arrangements would be put in place for the remaining elements relating to HR and Payroll.

The Committee noted the report* (FGP/10/6.1) setting out information on baselining, tracking and monitoring the realisation of benefits derived from the EA One Project.

7.2 2019/20 FINANCIAL POSITION

RECURRENT REPORT : FIVE MONTHS TO 31 AUGUST 2019

Mr Wade presented the financial forecasts, based on information available, as set out in the paper* (FGP/10/19/6.2) including the MEMR* (Appendix 1). The total DE Schools' Delegated Budget for 2019/20 was £1,229.307m (which included £291.342m for Voluntary Grammar and Grant Maintained Integrated Schools) with a Block Grant allocation of £643.193m. As at August, EA had been allocated £41.380m of the total DE Earmarked budget of £68.193m. This included additional Earmarked allocations of £0.495m received in August. A breakdown of recurrent budget allocations received to the end of August was set out in Appendix 2*.

Mr Wade said that, based on current information and available assumptions, EA was reporting an overall estimated funding gap of £135.537m (excluding Earmarked and Youth) and an estimated block grant funding gap of £119.702m after estimated savings of £21.255m. The profiled position remained unchanged with no changes to service pressures and easements from that reported to the Committee in September. A breakdown of budget allocations and estimated outturn across budget categories, based on available information and current assumptions, was provided in the paper.

Mr Wade said that £4.8m of the £21.255m anticipated savings for 2019/20 had been delivered to date across all MEMR block grant lines.

Mr Wade said that EA had submitted bids to DE as part of the September / October monitoring round. These reflected EA's key financial risks. DE had advised that bids should only be submitted for inescapable demand pressures as DE would be submitting a separate bid to cover pay pressures for the sector in total. Other non-pay inflationary pressures and certain items of discretionary expenditure were also excluded. Details of the bids submitted

to DE and those supported by DE for onward consideration by DoF were provided in the paper.

Mr Wade said that to date EA had received financial plans from 980 schools (representing 98% of schools) of which 781 financial plans (79%) were final. The September MEMR, to be reported to the Committee in November, would include the first month of actual school expenditure for the new academic year. This information would be used to determine the robustness of EA's assumptions to calculate forecast spend against schools' actual spend.

Mr Wade said that while not all allocations had been received for the Youth budget (£34.751), it was anticipated that youth expenditure would come in on budget at year end.

Mr Wade said that the overall estimated funding gap (£135.537m) included a range of inescapable unfunded pressures, the most significant of which related to the pay inflation pressure of approximately £81m (of which £59m related to schools). He pointed out that EA was projecting price inflation pressures of approximately £13m as well as demand pressures in areas such as special educational needs provision, transport, school meals, and the school development service.

Ms Long said that members of the Corporate Leadership Team had met DE's Deputy Secretaries earlier in the day to discuss the development and implementation of EA's 3-5 year financial recovery plan. Agreement had been reached on a way forward and EA would work alongside DE on the recovery plan. She said that an update would be provided to the Committee at its next meeting on the approach to be taken and progress updates would also be provided to the Committee at regular intervals.

The Chair welcomed the approach being taken for DE and EA to collaborate on the development of a financial recovery plan.

A Member sought further information on the pay inflation pressure of £81m, of which £59m related to schools. Ms Long said that agreement had been reached in June 2019 between Trade Union Side and Management Side on the teachers' pay settlement and the issues relating to workload and accountability. The business case was currently with DoF for consideration and, while approval was awaited, the figures relating to the pay settlement had not been included in the MEMR.

A Member said that while EA engaged on its financial matters with schools and the media, it should also be engaging with political parties. She said that in any negotiations relating to monitoring rounds, it was important that DE held discussions with political party leaders. Ms Long took on board this comment. She said that EA's communication strategy was being refined and it would reference the need to introduce regular meetings with political party representatives. In addition, she said that the Chief Executives of the various education partners had discussed engagement with political parties and it was their intention that collaborative meetings would be held with political party representatives at regular intervals.

The Committee noted the financial position. It also noted that, given the range of inescapable unfunded pressures, EA continued to operate at significant financial risk.

Actions: *Information on EA's 3-5 year financial recovery plan to be presented to the Committee; and matter concerning engaging with political party representatives to be taken on board.*

7.3 CAPITAL REPORT : FIVE MONTHS TO 31 AUGUST 2019

Mrs McCartan presented the capital report* (FGP/10/19/6.3) detailing spend as at 31 August 2019 (£19.008m) within the overall capital allocation (schools and youth) of £87.707m. She said that capital allocations now included a reclassification by Treasury of funding to support pupils with Autism Spectrum Disorder (£0.250m) from the recurrent budget to the capital allocation. An additional allocation for the Small Business Research Initiative - Digital Travel Pass (££0.150m) had also been allocated in August 2019.

Mrs McCartan said that 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.

7.4 VARIATION AGREEMENT BETWEEN THE BANK OF IRELAND AND EA

Mr Wade summarised the banking arrangements with the Bank of Ireland up to 31 March 2019. He said the Variation Agreement would put in place a new contract for banking services with the Bank of Ireland for a further two year period and would afford the opportunity for a further extension of the contract for a one year period, if required. He drew attention to two amendments to the 2017 Agreement with the Bank of Ireland which would provide a net benefit in reduction of costs to EA.

A Member sought clarification on tendering requirements for banking services. Mr Wade said that EA had tendered for banking services in 2017. However, due primarily to the nature of EA's operations at school level which required significant cash handling, no successful tender submissions had been received. He said it had become apparent that banks did not wish to deal with significant levels of cash. Extension of the contract with the Bank of Ireland had therefore been negotiated and a Variation Agreement had been put in place. He said EA did not currently have the infrastructure in place to support online payments by parents and ways were currently being explored to address the issue of cash handling in schools.

In response to a Member's query, it was agreed that the Committee would receive a paper on current arrangements for cash handling in schools and their impact on tendering for banking services.

The Committee noted the Variation Agreement* (FGP/10/19/6.4).

***Action:** Paper to be presented to the Committee on current arrangements for cash handling in schools and their impact on tendering for banking services.*

7.4 SURPLUSES AND DEFICITS WORKING GROUP - MINUTES OF MEETING HELD ON 19 AUGUST 2019

The Vice-Chair of the Working Group presented the minutes* (FGP/10/19/6.5) of the meeting held on 19 August 2019. He said the Working Group had noted the progress made to implement the recommendations contained in the Action Plan arising from the previous review and the progress made to implement the recommendations in DE's Internal Audit Report on School Spend. He said the Working Group had also noted that alternative mechanisms had been established to progress any outstanding actions (through the DE-led review of the Common Funding Scheme and the work of the current Surpluses and Deficits Working Group). On that basis, the Working Group had agreed that the Action Plan arising from the previous review and the DE Internal Audit Report on School Spend

could be closed off. This position had been agreed with DE as part of the closure of the Financial Health of Schools' Working Group.

The Vice-Chair said that the Working Group, at its next meeting, would consider opportunities and supports available to schools to take timely action and the powers available to EA to support early intervention. He said that two primary school principals had been invited to attend the next meeting of the Working Group to report on the issues that impacted the financial health of their schools.

The Committee noted the minutes.

8. OPERATIONS AND ESTATES

8.1 MOBILE TELEPHONE MASTS ON EA OWNED PROPERTY

Mr Hanna said that there were no mobile telephone masts currently situated on any property owned by EA. He said that EA did permit a number of different utility, telephone and fibre providers to place infrastructure across the EA estate by means of legal agreements. These agreements enabled the provision of essential power, fuel and telephone connections to schools, youth centres and administrative settings.

In response to Members' queries, Mr Hanna said that the position taken was not to grant permission for the installation of mobile telephone masts on EA owned property as this service was not essential to EA's core business.

The Committee noted the paper* (FGP/10/19/7.1), including the position that permission would not be granted for the installation of mobile telephone masts and associated equipment on property owned by EA.

8.2 TENDERS

The Committee considered tender reports* (FGP/10/19/7.2.1 and 7.2.2).

On the proposal of Mrs Carville, seconded by Mr Doran, the Committee agreed to approve the following tenders:

- Construction works - Controlled Sector Above Threshold: EANI-1447; EANI-1448; EANI-1542; EANI-1739; and EANI-1652.

On the proposal of Mr Craig, seconded by Mr McCausland, the Committee agreed to approve the following tenders:

- Goods and Services - Above Threshold: CAT-19-001; and TRN-19-003.

The following tenders were noted:

- Construction works - Controlled Sector Minor Capital Programme (within approved delegated limits): EANI-1555; EANI-1686; and EANI-1715.
- Goods and Services - Under Threshold: CAT-19-008.
- Goods and Services - Awarded from External Framework: ICT-19-025.
- Goods and Services - Select Tenders: FMM-19-010

The Chair sought information on the service to be provided in respect of tender ICT-19-025 which related to the NI Public Sector Shared Network Project. It was agreed that an update on this matter would be provided to the Committee.

Action: Paper to be provided to the Committee on progress of the NI Public Sector Shared Network Project.

8.3 CONTRACT DOCUMENT

The Committee noted the paper* (FGP/10/19/7.3) containing information on contracts which had been signed and sealed.

8.4 LAND AND PROPERTY TRANSACTIONS

Wayleave Agreement: Sion Mills Primary School, Strabane
Granting of Licence Agreement: Portadown Music Centre

Mr Hanna detailed the recommendations set out in the report* (FGP/10/19/7.4).

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

8.5 BUSINESS TRANSACTED OVER THE SUMMER MONTHS

The Committee noted the report* (FGP/10/19/7.5) setting out tenders approved under the delegated authority of the Chair and Chief Executive during the summer months.

9. HUMAN RESOURCES

9.1 LEGAL SERVICES

Mr O'Rawe presented a paper* (FGP/10/19/8.1) setting out current arrangements for providing legal services to EA through the office of the EA Solicitors and the Claims and Insurance Unit. Details of the nature and volume of work carried out by both units were provided. Mr O'Rawe said it was intended that both the EA Solicitors and the Claims and Insurance Unit would amalgamate into a single department and would operate from a single case management system by the end of the financial year.

A Member queried if the centralisation of the Legal Services Department would improve turnaround times for responses in respect of legal agreements with other bodies. Mr O'Rawe said that a series of joint user agreements were in place between EA and District Councils. While these agreements could prove complex and time consuming, it was anticipated that a more joined up approach between a single Legal Services Department and District Councils would enhance the service provided. He also outlined arrangements for schools to access EA's legal services through an operational protocol.

A Member queried the level of advice and support provided by EA Solicitors to non controlled schools. Mr O'Rawe said that EA legal services were provided to non teaching staff in Catholic Maintained schools and a tender arrangement was currently in place for legal services to teaching staff in Catholic Maintained schools. That tender was due for renewal in Spring 2020. He advised that the majority of Grant Maintained Integrated schools received legal services from EA under a service level agreement and Voluntary Grammar schools procured their own legal services from external providers.

A Member referred to the statistical information provided in the paper on the main areas of litigation over the past five years. Figures relating to SENDIST cases were particularly highlighted. Mr O'Rawe outlined possible reasons for increases in this area.

9.2 RURAL NEEDS ANNUAL REPORT 2018/19

Mr McDermott presented the Rural Needs Annual Report for 2018/19* (FGP/10/19/8.2) which set out EA's compliance to its obligations under The Rural Needs Act (Northern Ireland) 2016.

Mr McDermott said that assessment tools and guidance had been developed to support officers to comply with the Act. A significant number of staff had also been trained in rural needs screening since the introduction of the Act. He said that EA had also provided rural needs training to CCMS and GBA representatives. He reported that EA's assessment tools and research in this area was being shared with other authorities through workshops with DAERA, the sponsor Department for the legislation. Mrs Duffield said that the Committee, at its meeting on 5 June 2018, had approved EA's Rural Needs Policy and this was available on EA's website.

A Member received clarification that the equality and inclusion strategy referenced in the document related to the Youth Service.

A Member referred to a number of rural schools which were deemed to be economically unviable in light of the Sustainable Schools' Policy. He queried how actions around area planning were considered in light of The Rural Needs Act. Mr McDermott said that each decision around area planning was required to be considered on its own merits. The rural needs assessment was embedded into all EA's documentation and the evidence showing how officers had given due regard to rural needs would be set out in the documentation.

Members indicated that this evidence should be clearly identified within all documentation to support decision making.

9.3 REVIEW OF RECRUITMENT SERVICES - UPDATE

Mrs Mooney presented a paper* (FGP/10/19/8.3) setting out achievements to date and lessons learned in respect of the review of recruitment services. All non school posts were now being recruited through the new online system. She drew attention to the positive uptake of the new system and the emerging benefits, which included significant reductions in the time taken to recruit, an improved candidate experience, and officer time being spent on value added activity as opposed to manual / transactional activity. She also outlined the extent of training provided to line managers on the new system and the engagement undertaken with the EA One team to resolve issues and enhance user experiences.

Mrs Mooney said that the online recruitment system would be launched in schools in January 2020. A report was provided on the widespread communication and engagement which had taken place with schools on the new system and the classroom based training sessions which were being rolled out to school leaders and school administrators.

The Committee noted the paper.

10. DATE OF NEXT MEETING

The next meeting would be held on 5 November 2019.

The meeting ended at 3.45 pm.

Chair

Date

* Paper circulated

** Paper tabled