

# Annual Report and Accounts 2015/16



# **Northern Regional College**

## **Annual Report and Accounts**

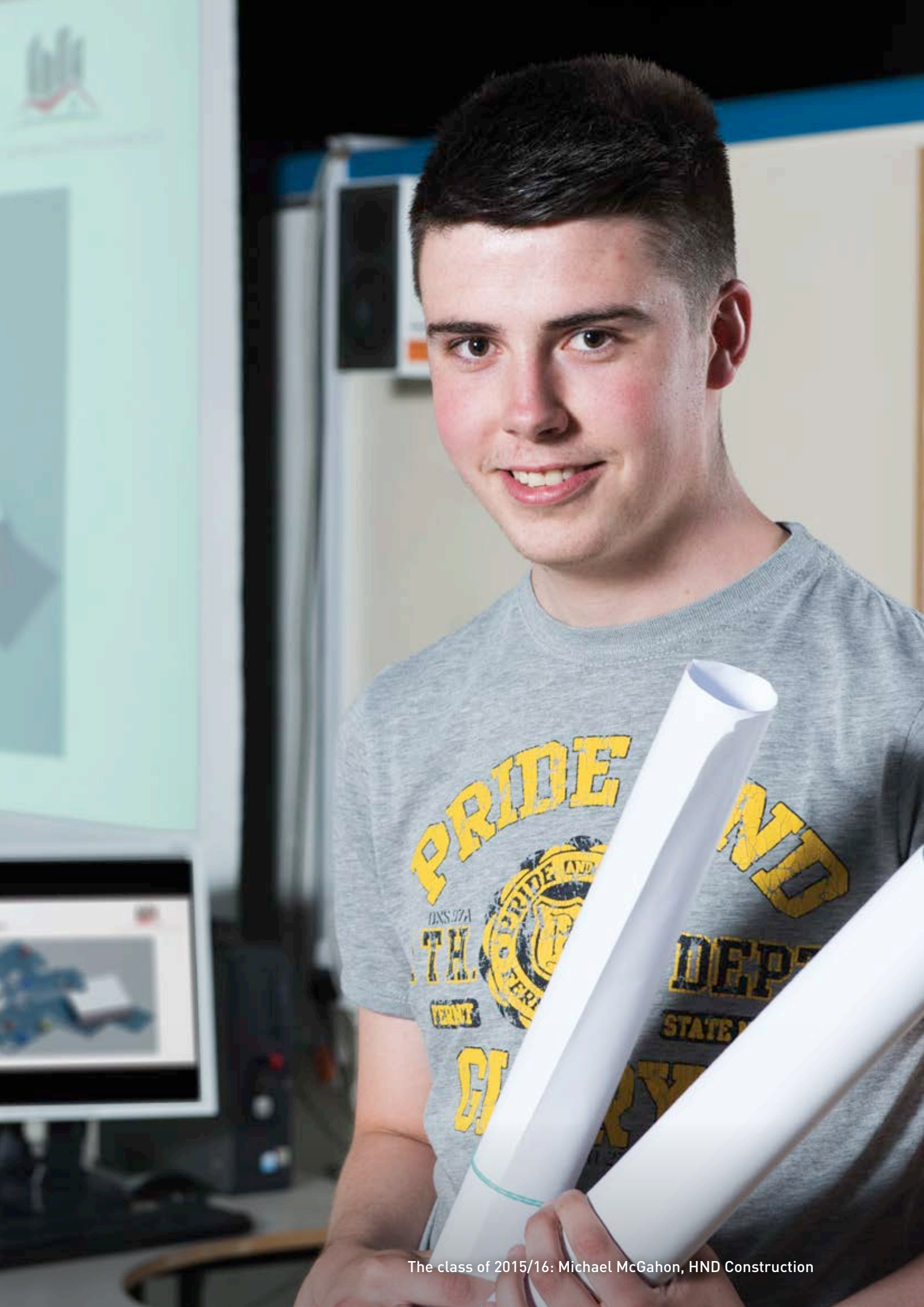
### For the year ended 31 July 2016

The Accounting Officer authorised these financial statements for issue on

16 November 2016.

Laid before the Northern Ireland Assembly under the Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008 by the Department for the Economy on

12 December 2016



The class of 2015/16: Michael McGahon, HND Construction

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The class of 2015/16: Cora Higgins, Level 3 BTEC Extended Diploma in Art & Design

## Foreword

During the two years that I have had the privilege of being Chair of the College's Governing Body, it has been a time of transformation and transition.

2015/16 was indeed a landmark year for the College as it marked the progression of the first year in our three-year Strategic Improvement Plan (SIP). Over the course of the 12 months we have made significant progress towards achieving our vision and mission, through implementation of a number of Strategic Priorities and associated Key Performance Indicators (KPIs).

Responsibility for driving forward delivery of the SIP lies with the Principal & Chief Executive, Terri Scott and the new Senior Leadership Team (SLT) which was recruited during the year. Given the economic environment within which we are operating, and set against the backdrop of an ever-changing demographic profile in the College's catchment area, they are to be congratulated on what has been achieved to date.

Our plan is cognisant of the need for prudent and resourceful stewardship of our resources, underpinned by a drive to create efficiencies and deliver value for money, thereby achieving financial sustainability.



A key focus for 2015/16 was the necessary rationalisation of our staff structure in both curriculum and support areas to reduce costs, whilst ensuring that quality of delivery to students remained a priority. This transition has been achieved with the new senior management team in place bringing a wide range of experience and skills; combined with the option of voluntary exit being made available to staff via the Northern Ireland Executive's Government Restructuring and Reform Initiative (RRI).

At the start of the 2015/16 year the Governing Body welcomed five governors appointed by the then Department for Employment & Learning Minister, Dr Stephen Farry. Working alongside those governors already in post, the Governing Body has provided direction and oversight for the College, with a particular focus on delivering the Change Programme.

Externally we have continued to develop effective partnerships with numerous key stakeholders including our sponsoring government department; local employers; community organisations; councils; schools, colleges and universities. This partnership approach is crucial to our continued success and will help inform future developments so that we can ensure our provision remains aligned to government priorities and employment opportunities.

Speaking of developments, everyone at the College welcomed the news in spring 2016 that the Outline Business Case for our new build programme had been given government approval to progress to the next stage.

The programme, which is scheduled to take five years to complete, involves plans to move from a six campus to a four campus model in order to enable vital investment in infrastructure and facilities, and contribute to a fit-for-purpose environment which will enhance the overall student experience.

We will be taking forward a planned public consultation over the coming months seeking the views of local communities. The preferred option which we will be consulting on is a new campus in Coleraine on the existing site, and development of the Ballymena Campus at Farm Lodge.

This means there is much to look forward to across the College in all areas. The progress made over the last 12 months gives us a solid platform to build on.

On behalf of the Governing Body I would like to thank all College staff who have embraced the Change Programme to date and acknowledge the hard work and dedication that has contributed towards the progress made during the last year.

**Ms Carmel McKinney OBE**  
Chair of the Governing Body



## On a Transformational Trajectory

Reflecting on the 2015/16 academic year is an exercise that confirms just how much the College achieved during the last 12 months.

Central to implementing our Strategic Improvement Plan (SIP) was taking forward a new structure with delegated ownership and accountability at appropriate levels in the organisation.

I am delighted to be supported by three new Vice-Principals: Steve Brankin (VP Business Development & Transformation); Mel Higgins (Chief Operating Officer); and Professor Martin McKinney (VP Teaching & Learning). Our Director of HR and CPD, Des Hewitt, also joined us during the year and completes the new Senior Leadership Team.

With our senior team in place, we are now in a strong position to move into year two of the three-year Plan, and build on the successes of 2015/16.

### National Recognition

The College attained national recognition for our work in a wide range of areas. Our success in the fields of Employer Engagement, Support for Learners and Contribution to the Local Community was recognised when we were shortlisted in these three areas for the TES FE Awards.

Bill Watson, co-ordinator of the Engineering Career Academy represented Northern Ireland in the Santander Employability Champion Awards 2016, and Stuart Cullen (Assistant Head Of Department and media lecturer) was awarded Silver in the Pearson Teaching Awards.



### International Partnerships

From an international viewpoint, the College continues to develop partnerships which lend themselves to sharing best practice and informing future developments across the globe.

Our work to support capacity building amongst teaching staff in Team Lease Skills University in Gujarat, India which was a UKIERI (UK India Education Research Initiative) funded project reached its final year. We were pleased to partner with North West Regional College to deliver this initiative.

We also continue to be an active participant in Erasmus+ projects. During the year 26 College staff took part in collaborative workshops and visits with HE and FE partners from Spain, Denmark, Italy, Portugal, Sweden, Finland, Czech Republic and Romania.

### Engaging with Stakeholders

Listening to our students and consulting on decisions which will affect them is key to building a strong and influential student body. To this end we worked in partnership with student representatives during 2015/16 to develop a new constitution and remit for the College's Students' Union.

Externally, as a multi-campus institution with six sites in four council areas, our widespread geographical reach is reflected in the multitude of relationships we have established over the years with partners in business, industry, education, local communities and the political arena to name just a few. In the last year we have continued to build on these existing relationships and build new ones to reflect the ever-changing marketplace in which we operate.

### Meeting Industry Requirements

Three Assured Skills Academies were launched in 2015/16, each exemplifying partnership working in its widest sense as we liaised with industry partners, government bodies and other colleges to deliver courses focused on skills development and enhancing employability.

Subject areas for the Academies reflected our strengths in three particular fields: Game Development (working with game development companies, NI Screen, Invest NI, DEL, South West College and Southern Regional College); Welding (partnering SDC Trailers and MDF Engineering); and CNC Milling (in conjunction with RLC Engineering).

### Digital Focus

One focus of the SIP is enhancing student experience and quality of provision. We view digitisation of

learning resources as central to achieving these improvements. During the year a new dedicated team was established to lead the processes for embedding digital content and competencies across all curriculum subject areas.

### Investing in Our Future

While our longer-term future is focused on our redevelopment plans which propose moving to a four campus estate, we continue to implement the College's investment programme to improve facilities across our six current sites. The most recent improvements were made at the end of 2015/16 when the College's Estates Team delivered a £1 million refurbishment programme across all campuses to update and improve teaching and social spaces.

### Transformation and Change

Having titled this reflection on the 2015/16 academic year 'On a Transformational Trajectory' there is no doubt that this overview of some of the highlights show just how much change has been achieved.

Feedback to date on progress from our sponsoring government department, Governing Body, employers and students has been positive and augurs well for 2016/17.

Change is always challenging and the scale of change we are undertaking is indeed transformational. Based on our performance over the last year I am confident that we will continue to deliver the challenging targets we have set ourselves and I look forward to reporting our achievements for 2016/17 next year.

**Professor Terri Scott**  
Principal & Chief Executive



The class of 2015/16: Adam Wallace, Employer Led Apprenticeship sponsored by RLC Engineering





## The Year in Pictures

### A / Still Game

The 2015/16 academic year got off to a great start in September with the launch of Northern Ireland's first Game Development Academy, designed to provide participants with the skills and experience required to take up new employment opportunities in this growing industry. Participants later showcased their work to games industry experts at an event run on Newtownabbey Campus.

### B / Fish Dish

Students Cameron Ashcroft and Rachel Finch were placed first in the Big College Seafood Cook-Off as part of Seafood Week in October.

### C / A Partnership Approach

The College celebrated success in October when it was crowned winner of the Northern Ireland Chamber of Commerce & Industry's 2015 Awards in the 'Education & Business Partnership' category thanks to the work carried out to make students more employable through the Career Academy (Engineering).

### D / Aiming Higher

Over 600 higher education students celebrated their success at their graduation ceremonies in December from subject areas including Care & Access, the Creative Arts, Engineering, Business and IT.

### E / Seeing off the Competition

Engineering students swept the boards at the Northern Ireland F1 in Schools competition in February, with the six students crowned overall winners, plus best team identity, best team sponsorship, and best marketing.





F



G



J



H



K



I

**F / On the Right Track**

A website promoting a new heritage trail running between the Giant's Causeway and Derry/Londonderry was created by students from the College, working in partnership with Tourism NI. The site was launched in April.

**G / National Recognition**

The College was shortlisted for three awards in the TES FE Awards 2016 held in London during April.

**H / Career Focused**

In May, a number of Engineering and IT students celebrated completing a programme of masterclasses, mentoring and work-based learning designed to help them become 'career ready'. The Graduation event was held at Stormont with students presented with certificates in front of an audience of students, parents/guardians, and employers.

**I / Cooking up a Treat**

Catering students on Ballymoney Campus cooked up a treat at an Employers' Networking Lunch in May under the direction of renowned chef and lecturer Paula McIntyre. The lunch was one of a number of networking events held for employers in the College's catchment areas throughout the year.

**J / They Call it Madness**

Production Arts and Performing Arts students trod the boards of the Riverside Theatre over four nights in June as they performed 'Our House', the award-winning musical featuring music and lyrics by Madness.

**K / Top of the Class**

In July, Stuart Cullen was announced as winner of a Silver Award for Outstanding Use of Technology in Education at the Pearson Teaching Awards. The event was held at the House of Commons.

## Nature, Objectives and Strategies

The members present their report and the audited financial statements for the year ended 31 July 2016.

### Legal Status

The current arrangements for further education in Northern Ireland were established by the Further Education (Northern Ireland) Order 1997 with colleges being self-governing incorporated bodies with effect from 1 April 1998. Based on this legislation, the Office for National Statistics, in 2010, reclassified colleges as part of Central Government. This has resulted in colleges being determined as Non-Departmental Public Bodies.

FE Colleges in Northern Ireland have been granted charitable status by the UK HM Revenue and Customs.

### Mission Statement

The Governing Body approved a Strategic Improvement Plan (SIP) for 2015-2018 on 21 October 2015. The SIP is available at [www.nrc.ac.uk/nrc/governance](http://www.nrc.ac.uk/nrc/governance). This included the following Vision and Mission Statement:

### Vision

“Northern Regional College will be an outstanding provider of training and further and higher education, focused on the needs of the modern economy.”

### Mission

“Northern Regional College will provide students with a life-changing, supportive and innovative experience, which will equip them with the skills to compete successfully in the global employment market and meet the needs of local industry and employers.”

Our strategic priorities are informed by government strategies and built around improving student experience; driving continuous improvement and value for money through effective use of internal resources and finally building a culture of innovation, enterprise and change in our business processes and engagement with external stakeholders.

### Implementation of the Strategic Priorities

Northern Regional College's ambition is to make our College a partner of choice for students, staff, industry and other stakeholders.

To achieve this ambition and to deliver the three strategic priorities a total of twelve Key Performance Indicators (KPIs) have been agreed. The College is on a three year journey towards financial stability and success, this will be achieved by 2017/18. Individual targets for the twelve Key Performance Indicators are in place for the remaining two years to 2017/18. The KPIs identified for each strategic priority are outlined below:

Strategic Priority	Key Performance Indicators (KPIs)
<b>Students</b>	<ol style="list-style-type: none"> <li>1 Ensuring student recruitment meets enrolment targets and students successfully complete their programme of study.</li> <li>2 Delivering outstanding teaching and learning.</li> <li>3 Embedding Innovative Use of Technologies.</li> <li>4 Ensuring students are satisfied with their College experience and enjoy a safe and supportive learning environment.</li> </ol>
<b>Internal Resources</b>	<ol style="list-style-type: none"> <li>5 Achieving long term financial sustainability.</li> <li>6 Delivering curriculum efficiencies and ensuring high levels of teaching staff utilisation.</li> <li>7 Engaging and empowering staff.</li> <li>8 Providing a high quality learning environment.</li> </ol>
<b>External Stakeholders</b>	<ol style="list-style-type: none"> <li>9 Increasing the percentage of education and skills delivered in priority skills areas.</li> <li>10 Developing strategic partnerships.</li> <li>11 Diversifying income.</li> <li>12 Ensuring external stakeholders are satisfied with their College engagement.</li> </ol>

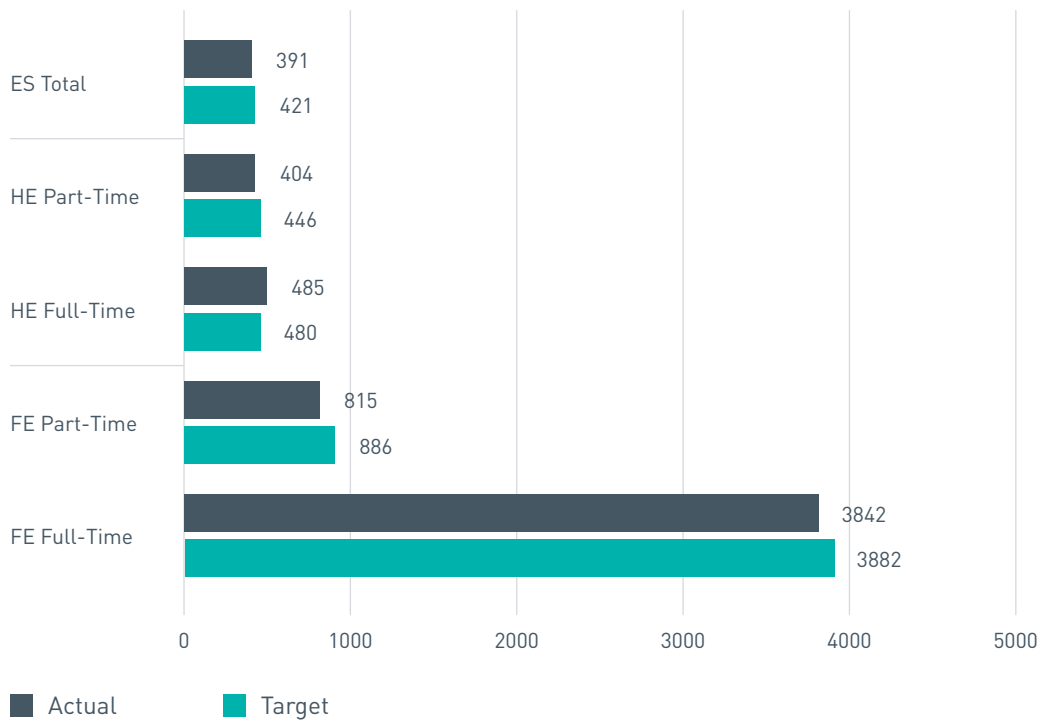
**Performance Indicators: Review of Performance in 2015–16**

Progress against the realisation of the KPIs was monitored by the Governing Body and reviewed by a sub-committee of the Governing Body. Bearing in mind that this is a three year transformation process the results for the first year are outlined as follows:

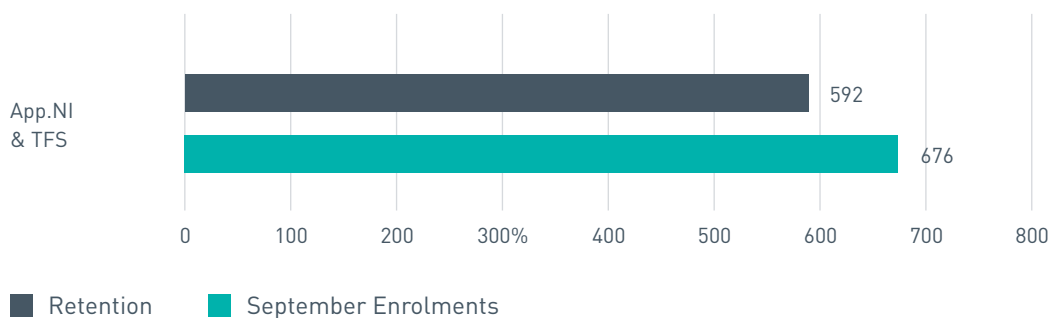
**KPI 1**

Ensuring student recruitment meets enrolment targets and students successfully complete their programme of study, covering Essential Skills (ES), Higher Education (HE) – part-time (PT) and full-time (FT) and Further Education (FE).

Graph 1: Target FLUs vs Actual FLUs



Graph 2: 2015/16 Enrolment and Retained Headcount: TfS & Apprenticeships NI



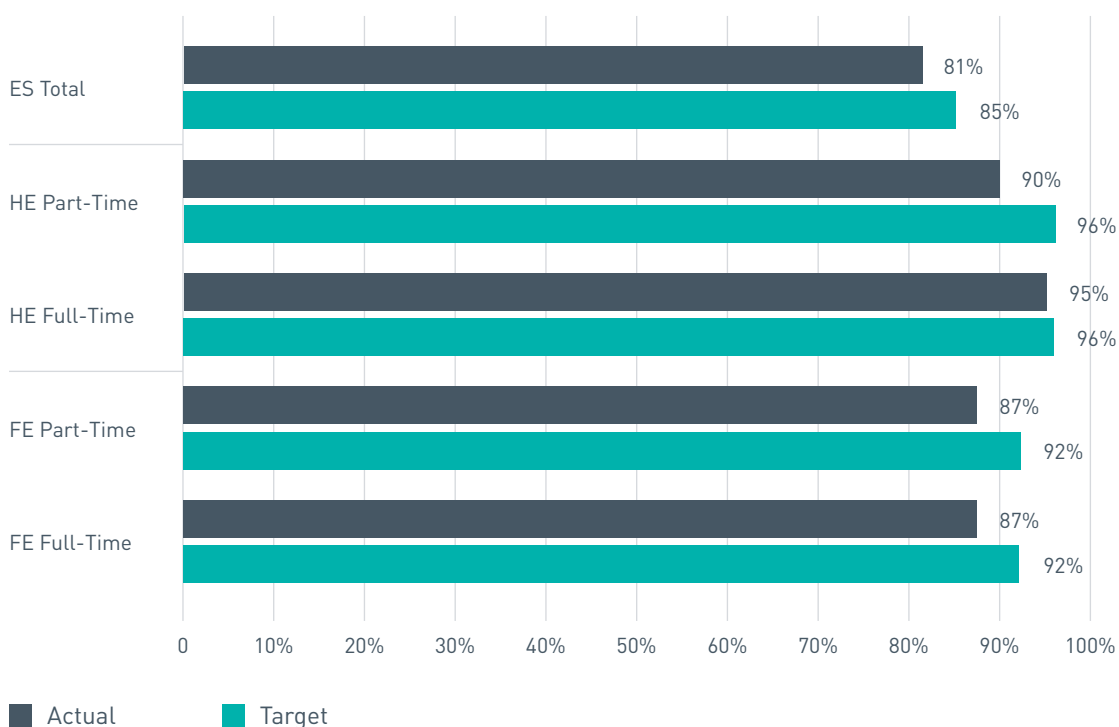


Graph 1 shows that at 31 July 2016 the College had almost met overall Funded Learning Unit (FLU) targets. Full-time Funded Learning Unit is 1% below target and part-time Funded Learning Unit is 8.5% below target. This represents a significant achievement against a backdrop of competing external factors.

Graph 2 shows that at 31 July 2016, the total work based learning retention rate for ApprenticeshipsNI and Training for Success (TfS) is 88%. This represents a significant achievement for full-time FLU against a backdrop of competing external factors. The target retention rate for ApprenticeshipsNI is 85% and the target rate for TfS is 78%. This combined retention rate figure of 88% therefore represents an impressive performance. An opportunity exists for these students to transfer or progress onto other programmes in September 2016.

## Retention Rates

Graph 3: Retention Rates to 31/07/16 versus Target for Essential Skills, HE and FE.



In a year of significant change, the targets that were set for retention were ambitious, and we have made some inroads towards achieving them. The retention of FT HE is good, but retention in FE is disappointing when judged against these targets. Proactively, the underperforming courses in all areas have been identified and will be subject to closer scrutiny in 2016/17 with additional bespoke support and other intervention measures provided as appropriate.

## KPI 2: Delivering Outstanding Teaching & Learning

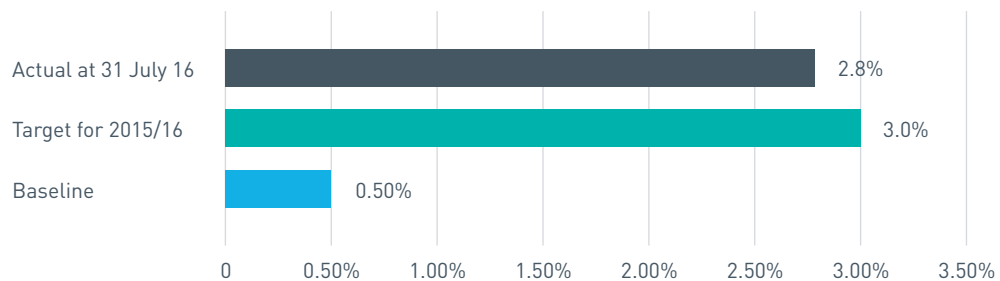
Table 1: Quality Performance Levels (Self-Assessment)

KPI 2: Delivering outstanding teaching and learning	Baseline	KPI Target 2015/16	KPI Status at 31-7-16
Teaching Quality (standard college lesson observations)	-	80%	71%
Minimum Grade 2 in self-assessment	Grade 3	Achieve Grade 2 status	Remains Grade 3

The baseline quality self-assessment grade was Grade 3 (Good). The average of the self-assessments for 2015/16 has improved slightly from 3 to 2.6 as per continuum scale; (Grade 1 = Outstanding, Grade 2 = Very Good, Grade 3 = Good).

## KPI 3: Embedding Innovative Use of Technologies

Graph 4: % of Digitised Learning Content

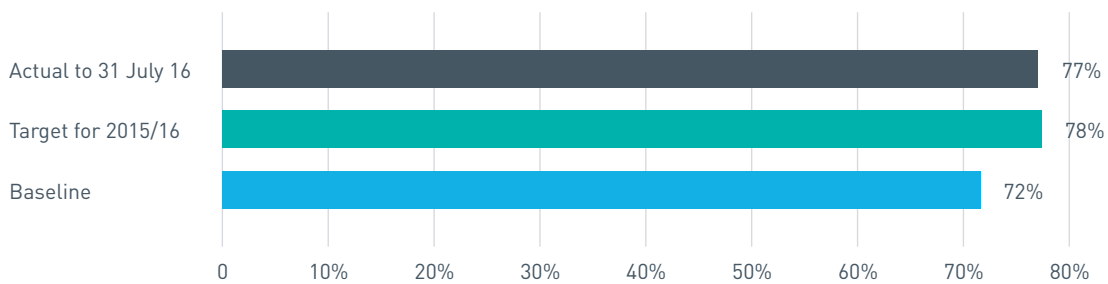


During 2015/16 there have been many enhancements in the College's progression towards the provision of quality digital learning content. These include;

- Established and launched Digital Learning Strategy and accompanying Digital Learning Operating Model.
- Recruitment of long-term Digital Learning Management Team.
- Pilot Digital Learning Environment and Evaluation completed (25 College courses across all Departments).

**KPI 4: Ensuring Students are Satisfied with their College Experience and enjoy a Safe and Supportive Learning Environment**

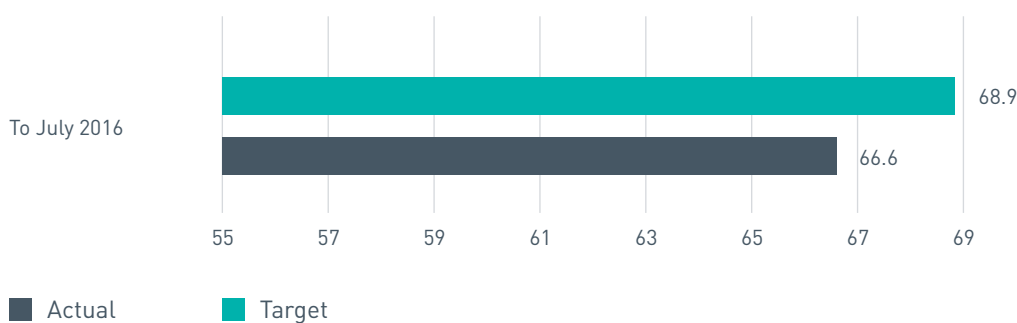
Graph 5: Student Satisfaction Rating



The overall average score for student satisfaction in 2015/2016 is 77%. This has been calculated using the results from 3 annual surveys, covering induction at September 2015; mid-year at February 2016 and the end of year conducted in May 2016. This represents a 3% increase from the overall average score for 2014/2015.

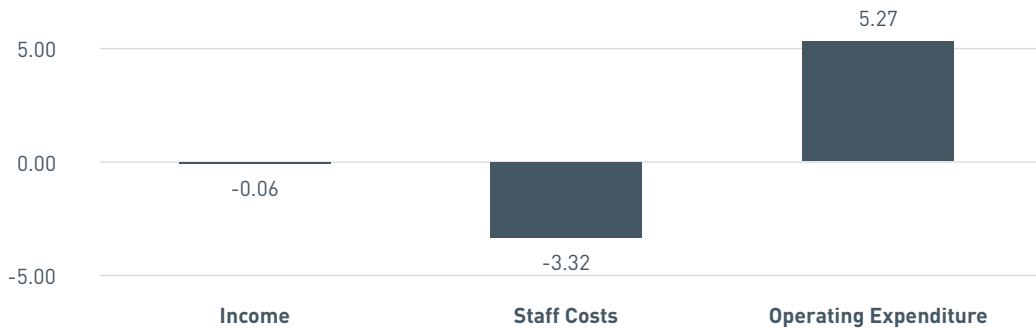
**KPI 5: Achieving Long Term Financial Sustainability**

Graph 6: Staff Costs as a % of Income



The staff : income ratio is ahead of the target predicted in the period to date as a result of lower than anticipated staff costs (£726k), primarily attributable to lower part-time lecturer costs than planned, slower recruitment of vacant posts and extra tranches of VES. It is also due to higher than anticipated Training for Success income (£126k).

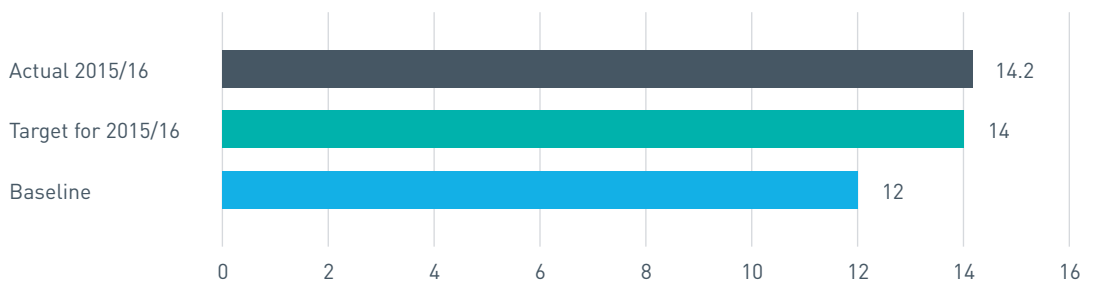
Graph 7: % Variance Against Budget



Staff costs are 3% (£726k) behind budget due to lower than anticipated part-time lecturer costs, slower recruitment of vacant posts and extra tranches of VES. Operating expenses are 5% (£398k) ahead of budget due to progressing contingencies to maximise spend in estates maintenance and classroom furniture. This has enhanced the learning environment across all campuses (KPI 8). Pension costs have also increased in the year due to a change in accounting policies. These are offset by minor underspends in staff training, assessment fees and travel expenses. Overall the College was within 1% of budget.

**KPI 6: Delivering Curriculum Efficiencies and Ensuring High Levels of Teaching Staff Utilisation**

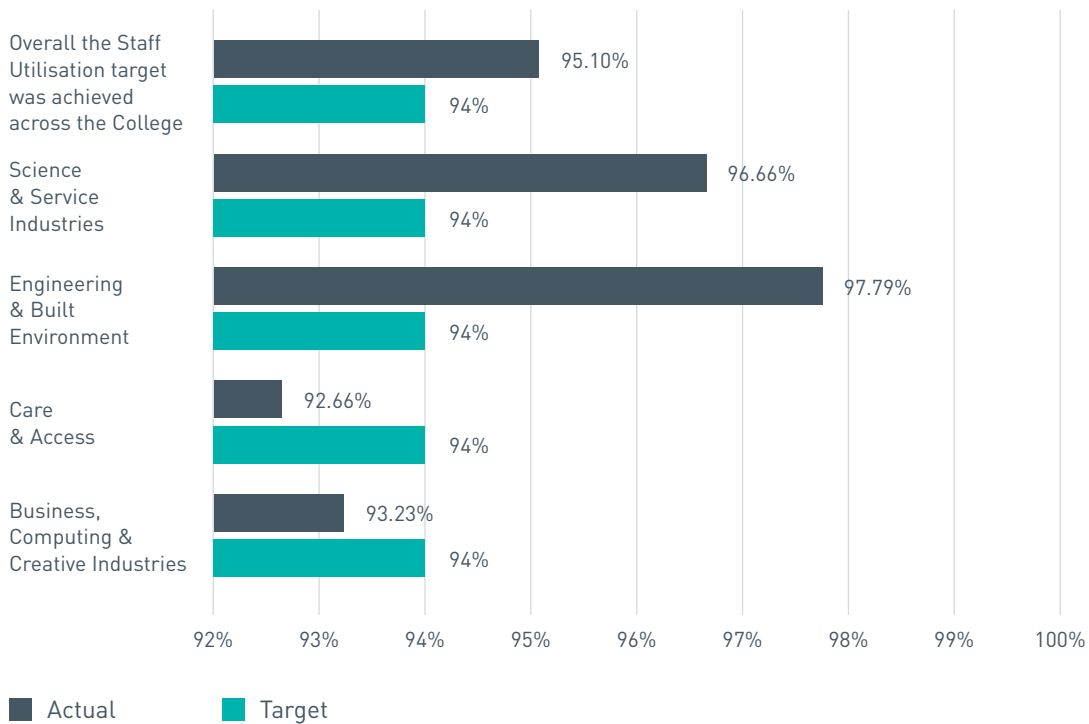
Graph 8: Average Class Size



College average class size for the 2015/16 academic year is 14.2 across all programmes, marginally above the target of 14 earmarked in the SIP.

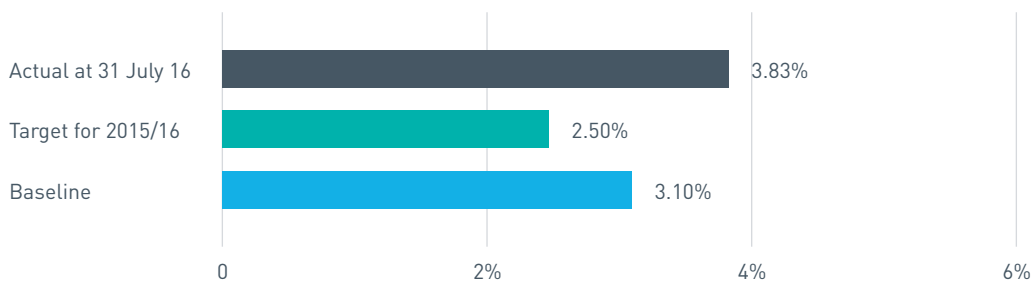


Graph 9: Staff Utilisation



Overall NRC has met the 2015/16 KPI objective relating to average class size and is above target for overall staff utilisation.

Graph 10: Staff Sickness Absence



It is noted that a number of staff with chronic and long-term sickness issues left the College during 2015/16, and a further number left in August 2016 under VES. This will significantly reduce the overall absence figure as over 2% of staff sickness absence in the year was due to long-term sickness.

## KPI 7: Engaging and Empowering Staff

Table 2: Staff Development

KPI 7: Engaging and empowering staff	Baseline	KPI Target 2015/16	KPI Status at 31-7-16
% managers completing leadership training	N/A	50%	50%
% staff completing mandatory CPD	95%	100%	85%
Staff self-assessment of benefit of CPD	N/A	60%	96%
Teaching staff completing contractual CPD	62%	100%	68%
Lecturers into Industry/ Staff Professional Placements	7 No.	10 No.	6 No.

The College continues to invest in the learning and development of its staff, with a particular focus on current and aspiring managers within the College. Teaching staff completed their contractual CPD by the end of August, as did all staff in relation to mandatory training such as safeguarding and equality and diversity. The degree of change and staff turnover in the College in the past year, allied to changes in provision of external opportunities with regard to Lecturers into Industry, means the College has had to be more conservative in the number of staff released to undertake external placements. However, this number will increase over the coming years as the degree of staff transition decreases.

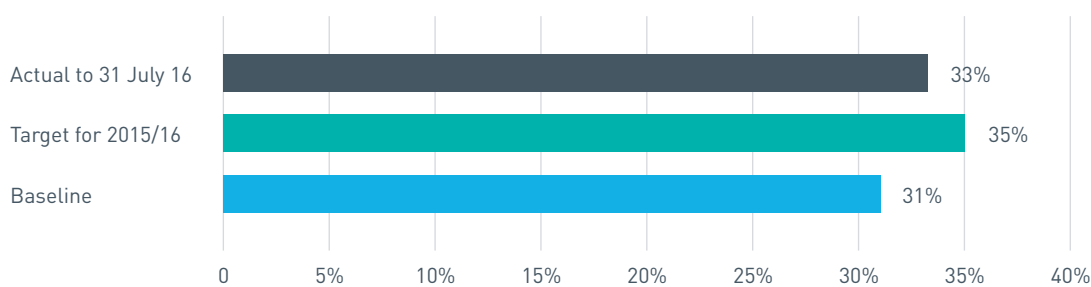
## KPI 8: Providing a High Quality Learning Environment

Table 3: Provision of Quality Learning Environment

KPI 8: Providing a high quality learning environment	Baseline	KPI Target 2015/16	KPI Status at 31-7-16
Approval by DFP of the OBC for the rationalisation to a 4 campus model	N/A	For completion September 2015	Completed February 2016
Approval of Estates Strategy	N/A	For completion March 2016	Delayed – Now for completion November 2016
Completion of an IT Strategy	N/A	For completion March 2016	Delayed – Now for completion January 2017

The outline business case received approval in February 2016 from the Department of Finance and Personnel to proceed with a four campus model. The Estates strategy and IT strategy have been rescheduled to later dates in line with the start dates for the respective managers.

## KPI 9: Increasing The Percentage of Education and Skills Delivered in Priority Skills Areas



The priority skills areas identified for increasing delivery in education and training between 2015–18 relate to STEaM subjects. The actual figure is slightly behind target, primarily due to;

- Curriculum for 2015/16 delivery was approved prior to the approval of the SIP.
- The new curriculum management team took up post at the start of 2016 and they are reviewing market demand and sector developments within their areas of command.

## KPI 10 – Developing Strategic Partnerships

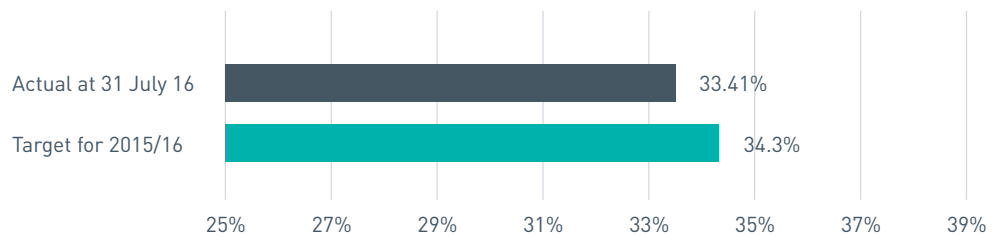
Table 4: Developing Strategic Partnerships

Developing Strategic Partnerships	Baseline	KPI Target 2015/16	KPI Status at 31-5-16
Number of Strategic Partnerships	4	8	10

Target significantly achieved.

## KPI 11: Diversifying Income

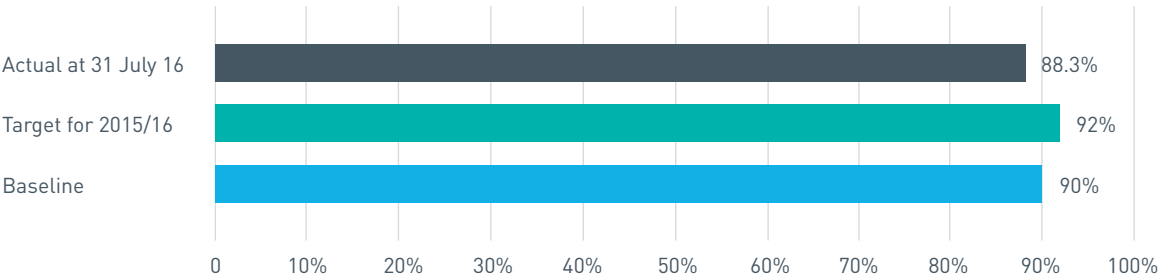
Graph 12: % Diversification of Income (non-FLU core funding)



Income diversification is 0.9% lower than target due to lower than anticipated Entitlement Framework income caused by post-primary schools retaining students and external competition on commercial income activities in particular self-financing courses.

**KPI 12: Ensuring External Stakeholders Are Satisfied With Their College Engagement**

Graph 13: External Stakeholder Satisfaction Rating















The average satisfaction feedback score to 31 July 2016 from industry employees taking part in cost recovery courses is 5.3 out of 6 – which equates to 88.3%.

The KPI has been classified as green as it is on track to be delivered within the agreed timescales. The 92% target has been achieved at August 2016.

### Summary

Overall Achievement of KPIs – using Red, Amber, Green status to show achievement – based on Year One of a Three year change programme, 50% of the Year 1 targets have been achieved and the remaining 50% are broadly on target with activity planned in 2016/17 to achieve the target.






KPI: Overall Progress – Year 1 of 3		July 16
<b>KPI 1</b>	Ensuring student recruitment meets enrolment targets and students successfully complete their programme of study	
<b>KPI 2</b>	Delivering outstanding teaching and learning	
<b>KPI 3</b>	Embedding innovative use of technologies	
<b>KPI 4</b>	Ensuring students are satisfied with their College experience & enjoy a safe & supportive learning environment	
<b>KPI 5</b>	Achieving long term financial sustainability	
<b>KPI 6</b>	Delivering curriculum efficiencies and ensuring high levels of teaching staff utilisation	
<b>KPI 7</b>	Engaging and empowering staff	
<b>KPI 8</b>	Providing a high quality learning environment	
<b>KPI 9</b>	Increasing the percentage of education and skills delivered in priority skills areas	
<b>KPI 10</b>	Developing strategic partnerships	
<b>KPI 11</b>	Diversifying income	
<b>KPI 12</b>	Ensuring external stakeholders are satisfied with their College engagement	

Under and over performance was monitored by the Governing Body and the Department for the Economy with appropriate additional actions agreed and implemented. The Department agreed to the Year 1 progress report and have moved towards quarterly reporting in 2016/17.

Associated with these KPIs the College has 78 detailed actions agreed between the Governing Body and DfE. The table opposite outlines progress to date and explains the amber and green ratings above.



## Progress Summary at July 2016

RAG Codes	RAG Category Description	Number of KPI Actions Falling into each RAG Category
 Red	Indicates that there are severe problems requiring Project Board or Senior Management attention now.	0
 Amber	Indicates there are some elements that have yet to be addressed. The workstream has not achieved or is not likely to achieve a key milestone and therefore there is uncertainty as to whether it will be delivered within the timescales agreed.	9
 Green	Indicates status is fine. The recommendation is on track to be delivered within the agreed timescales.	31
 Clear	Indicates that the workstream/project has not yet commenced.	0
 Blue	Indicates that the workstream/project action has been completed as established in the SIP and target completion date set out in the Project Initiation Document (PID) for year 1 implementation.	38
<b>Totals</b>		<b>78</b>

## Financial Objectives for 2015–18

The key financial objectives for 2015–18 are set out in detail in the Strategic Improvement Plan. The plan identifies that the College will deliver a historic cost surplus by 2017–18, indicating financial stability thereafter. Annual financial plans are agreed with the Department and progress is monitored against those annual plans and in line with the three year financial objectives outlined below:

	2015–16 £'000s	2016–17 £'000s	2017–18 £'000s
Total Income	32,211	32,171	32,244
Staff Costs	22,345	22,085	21,498
Other Operating Expenses	8,532	8,532	8,532
Net Depreciation	3,620	3,620	3,620
Total Expenditure	34,497	34,237	33,650
Surplus / (Deficit) on continuing operations	(2,286)	(2,066)	(1,406)
Historical Cost Depreciation	1,856	1,856	1,856
Historical cost surplus/(deficit) for the year	(430)	(210)	450

## Financial Position

### Financial Results

This is the first year that Northern Regional College financial statements have been prepared in line with the new Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS102). This has resulted in some revised formats to statements the detail of which is set out in the financial statements and accompanying notes.

Under the previous financial reporting, to align with the above figures in the SIP, the results showed that the College generated an operating deficit in 2015–16 of £1,878k (2014–15 Restated: deficit of £1,956k) against a planned operating deficit of £2,286k. The College reported a historic cost deficit of £151k compared with the College's original planned historical cost deficit above, of £430k. This was primarily due to higher than anticipated numbers leaving through the Voluntary Exit Scheme, resulting in lower staff costs.

Overall the financial performance shows an improved position against the Strategic Improvement Plan and reflects a number of proactive revisions to income and expenditure lines effected through the quarterly monitoring process.

Indices, provided by Land and Property Services, were applied to the College's Land and Buildings to provide valuations at 31 July 2016. This resulted in an increase in the College's net book value on 31 July 2016 of £3.065m. The total net book value of Land and Buildings, at 31 July 2016 is £59.4m.

The College has significant reliance on the Department for the Economy (DfE), and previously the Department for Employment and Learning (DEL) for its principal funding source, largely from recurrent grants. In 2015–16, DfE/DEL provided 64% of the College's total income through allocated recurrent grant.

### Reserves

The College has accumulated income and expenditure reserves, excluding pension reserves, of £1,738k (£1,414k – 2015) and cash balances of £5,477k (£4,787k – 2015). The College's cash reserves at 31 July 2016 are 16.7% of the income for the year. The amount held above the limit set in the Financial Memorandum is to provide flexibility to manage the financial risks associated with the volatility of College income and manage the peaks and troughs of working capital to fund normal activities and the 2016–17 capital expenditure plan.

## Treasury Policies and Objectives

### Treasury Management

The College's Treasury Management policy sets out a framework for cash management, long term investment and borrowing by the College. The College acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. The Treasury Management policy is to ensure the College has proper financial control, safeguards its assets and secures value for money. The College regards the successful identification,

monitoring and control of risk to be the measure of the effectiveness of its Treasury Management Policy.

### Cash Flows

The College's operating cash inflow was £690k, (2014-15 £2,276k inflow). The increased cash flow was due to reduced staff costs via Voluntary Exit Scheme (VES) and delays in filling new posts.

### Liquidity

The College has no loans or borrowings.

## Current and Future Development and Performance

The College Strategic Improvement Plan (SIP) for the three year period 2015–18 sets out the strategic priorities for Northern Regional College together with the actions that will be taken to support the achievement of the underpinning business objectives. The plan sets out the main areas of work to be undertaken over a three year period in supporting economic development, enhancing social cohesion and advancing the individual skills and learning of the local community. Progress against each of the strategic objectives was set out previously.

The strategic plan for the next three years is predicated on the basis of an appropriate level of recurrent

grant funding being received from the Department for the Economy. The continuing uncertainty with regard to funding has potential implications for current and future developments and on our ability to deliver against the Strategic Improvement Plan. The College will closely monitor developments in this regard and will review and revise plans and priorities as necessary.

### Student Numbers

The College's student establishment decreased by 1.5% during the year, giving a total establishment of 5,302 (2014–15 5,381) FTEs. A summary of performance in respect of student enrolment and Funding Learning Unit (FLU) targets for 2015–16 is shown below.

2015–16		Targets		Performance	
		Enrols	FLU	Enrols	FLU
<b>Further Education</b>	<b>Full-Time</b>	2744	3882	2854	3842
	<b>Part-Time</b>	6043	886	6624	815
	<b>Total</b>	<b>8787</b>	<b>4768</b>	<b>9478</b>	<b>4657</b>
<b>Essential Skills</b>	<b>16–19 Yr Old</b>	2050	245	1908	216
	<b>&gt;19 Yr Old</b>	1600	176	1564	175
	<b>Total</b>	<b>3650</b>	<b>421</b>	<b>3472</b>	<b>391</b>
<b>Higher Education</b>	<b>Full-Time</b>	332	480	339	485
	<b>Part-Time</b>	1205	446	1074	404
	<b>Total</b>	<b>1537</b>	<b>926</b>	<b>1413</b>	<b>889</b>

### Student Achievements 2015/2016

The College was within 179 FLUs of the target for 15/16 (435 for 14/15), a significant improvement on the 14/15 position.

The College retention rate is shown above in KPI 1 showing above 80% retention in all areas of student provision.

Award	Student(s)	Date
Big College Seafood Cook-Off	Cameron Ashcroft & Rachel Finch	October 2015
Social Innovation Student Challenge	Prince's Trust students Peter Mogeey and Robert Reid + two Business Studies students from QUB	November 2015
The Skills Show Birmingham	Competitors: Alan McKnight, Andrew Blair, Thomas Haveron, Gregory Hewitt & Ryan Moon. Robert Hamilton (Carpentry & Joinery) selected for 2017 final in Abu Dhabi	November 2015
NI Creative and Cultural Skills Award	Finalist in Young Talent of the Year category: Jacob Henry	November 2015
FSB Awards	Competitors: Adam Moore, Jonathan Hanna & Sean Brady	December 2015
Northern Regional College Graphic Design Calendar Competition	1st Maria McGuigan 2nd Rachael McCaughey 3rd Katarina Sarkoziova	December 2015
SkillbuildNI Intercampus competition	Electrical Installation 1st Aaron Topping 2nd Philip Aiken 3rd Josh Johnston  Plumbing 1st Jordan Rutter 2nd, Connor Taylor 3rd Sam Barkley  Carpentry 1st Ryan McGerr 2nd Jordan McCafferty 3rd Ryan Hume  Brickwork 1st Aaron Moore 2nd Cameron Waring 3rd Jason Randell  Joinery 1st Connor McHugh 2nd Dean Martin 3rd Steven Patton	January 2016



### Student Achievements 2015/2016 (continued)

Award	Student(s)	Date
F1 Schools Competition	Overall winner; Best Team Identity; Best Team Sponsorship and Marketing	February 2016
SkillbuildNI Final	Philip Aiken (Silver) Electrical Installation; Aaron Topping (Bronze) Electrical Installation	March 2016
RTS Awards	Johnny Hartin (Finalist)	March 2016
CCEA Occupational Awards – Learner of the Year Award	Castle Tower, Ballymena, with Bailey McCreagh and St. Patrick's College, Maghera, with Rosaleen Sweeny Stewart Morrow from Dunclug College	April 2016
Apprentice of Year Award	Thomas Haveron (shortlisted)	April 2016
Apprentice of Year Award	Hannah Johnston (shortlisted)	April 2016
Heritage Trail Website	Foundation Degree students	April 2016
Student Industry Collaboration	Johnny Hartin and Jacob Henry, Level 3 TV & Film students were selected to travel to China with successful local company LSF Productions to work as part of the crew at the World Barista Championship (WBC)	April 2016
Relay's Technical Software Challenge	Gary Holmes, Foundation Degree in Computing	June 2016
Moore Concrete Cup and Bursary	Fergal Cudden, Level 3 BTEC Extended Diploma in Business	June 2016
Dr Stevenson Perpetual Challenge Cup	Liam Frizelle, Level 3 BTEC Extended Diploma in Business	June 2016
Springwell Cup	Samantha Scott, Level 3 BTEC Extended Diploma in Business	June 2016
Elizabeth Thompson Cup	Bridget McIlroy, Level 3 BTEC Extended Diploma in Business	June 2016
NI Sentinus Young Innovators and Big Bang Fair – Crest Gold Technology Award	Charlie Coward, Level 3 BTEC Extended Diploma in IT	June 2016
Concorde Cup	Gregory Hewitt, Level 3 BTEC Extended Diploma in Engineering	June 2016

### Curriculum Developments for 2015–16

Northern Regional College offers a wide range of full-time and part-time FE and HE provision (including community based courses), Essential Skills, Work Based Learning (including Apprenticeships and Higher Apprenticeships), Entitlement Framework and Business Development programmes across a broad spectrum of professional and technical areas.

The College Strategic Improvement Plan has identified challenging targets for student recruitment and improvements in Average Class Size (ACS) as two of the key performance indicators for curriculum staff. A detailed curriculum plan was developed to deliver a reduced FLU target for 2015–2016 which took cognisance of the withdrawal of FLU funding for hobby and leisure courses. The plan included the withdrawal of courses where enrolment trends were declining as well as the introduction of a modernised curriculum and new courses in a number of vocational areas.

Several new FE courses were introduced for 2015–2016. These include new Business with IT qualifications at Level 3 and extension of the Access to Opportunity provision across three campuses (from one in 2014–15), a new Level 3 Performing Arts course as a progression route for students at the Newtownabbey campus, strengthening the link with the increasing Media provision on that site and developments in the range of Music and Production Arts portfolio at the Ballymoney campus.

The delivery of Essential Skills provision has been reviewed to improve efficiency with the introduction of new matrix timetables and increased opportunities for access to fast track models.

### Curriculum Developments for 2016–17

The curriculum delivery at Northern Regional College for the academic year 2016–2017 is aligned closely to the DEL/DfE strategy 'Further Education Means Success: The Northern Ireland Strategy for Further Education' (January 2016). The strategy has a key aspiration to enable people to access and progress up the skills ladder and in line with this strategy NRC has in its Strategic Improvement plan (SIP) 2015–2018 a commitment to the upskilling of the population through the provision of courses in levels 2–5 in professional and technical areas.

Provision is offered in the Priority Skills Areas (PSA), in terms of Further Education, Higher Education, Work Based Learning and the Entitlement Framework (14–19). Highlighted is the strategic importance of achieving targets with respect to recruitment at all levels, but in particular with respect to 14–19 year olds, where there is a decline in the population. The need to make efficiencies in line with the Strategic Improvement Plan (SIP), with respect to staff utilisation, along with the importance of meeting targets for class sizes in 2006–2017 is made clear (with class sizes set at 16 for full-time FE and 15 for all others).

NRC is committed to proactively engaging with all of its stakeholders and developing strategic partnerships, across all of its campuses. Employer engagement is reflected in the recent development of a number of Apprenticeship Frameworks. NRC will focus on the further development of strategic partnerships with employers, with a target of 12 set in the SIP, and will increase the offering of bespoke skills training for employers in 2016–2017.

An overview of staff Continuing Professional Development (CPD) is provided for 2016–2017 focusing on targeted support for managers appointed to the new organisational structure in 2015–2016 and the development of Digital Technologies for teaching staff. This will ensure that teaching staff have the necessary skills to develop this area of delivery. NRC has recently adopted a learning model Digital Learning Operating Model (DLOM) that will be underpinned and better facilitated by digital technology in order to enrich the student experience.

Finally, check out the College website [www.nrc.ac.uk](http://www.nrc.ac.uk) to see the exciting provision for 2016–2017 offered at each campus and highlights new developments with respect to FE level 3, Foundation Degrees and Work Based Youth Training pilots in order to meet employer demand and achieve targets.

In summary the new developments by campus are:

#### **Coleraine/ Ballymoney**

- Level 2 Business Admin Youth Training Pilot at Ballymoney.
- Level 3 Games Development to complement Computing courses at Coleraine.
- Level 3 Animation to complement TV and Interactive Media courses at Ballymoney.
- Level 3 Music Technology to complement Performing Arts course at Ballymoney.
- YT Pilot Level 2 Travel and Tourism course at Coleraine.
- YT Pilot Level 2 Motor Vehicle Traineeship course at Coleraine.
- YT Pilot Level 2 Health and Social Care course at Coleraine.
- Science Access to Higher Education.

#### **Ballymena**

- Level 3 Fashion and Textiles plus existing Levels 3/4 Foundation Diploma changing to match at Trostan Avenue.
- Year 2 of the FdSc Computing.
- Foundation Degree Childcare.
- Foundation Degree Health and Social Care.
- Hairdressing & Beauty Therapy – HE part-time.
- Science Access to Higher Education.

#### **Newtownabbey**

- Year 2 of Foundation Degree Business with IT.
- Level 3 Games Development to complement existing Computing courses.
- Level 3 Animation to complement existing Interactive Media Course.
- Year 2 of the Level 3 Performing Arts.
- Level 2 Veterinary Care (Science).
- Foundation Degree Childcare.
- Foundation Degree Health and Social Care.
- Science Access to Higher Education.

#### **Magherafelt**

- Level 3 Digital Marketing to complement existing Business courses.
- Foundation Degree Business with IT.
- YT Pilot Travel and Tourism.

#### **Payment Performance**

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by HM Treasury for payment to suppliers within 30 calendar days is 95%.

During the accounting period 1 August 2015 – 31 July 2016, the College paid 91% (2014–15: 91%) of its invoices within 30 days. £121 (2014–15 £49) was paid to suppliers in interest charges. The target was not met during the year due to staff turnover.

The Northern Ireland Executive is committed to paying suppliers as quickly as possible, within 10 working days. During the accounting period 1 August 2015 to 31 July 2016, the College paid 52% (2014–15: 57%) of its invoices within 10 working days.

### Post Balance Sheet Events

In the period between the end of the reporting year (31 July 2016) and the date when the financial statements are authorised for issue (16 November 2016) the College has identified a contingent liability.

The contingent liability is disclosed in Note 26. The post balance sheet event is a disclosure and has not required an adjustment in the financial statements.

### Going Concern

The College is satisfied that the organisation is a going concern on the basis that there is no reason to believe that the department's future sponsorship and future parliamentary approval will not be forthcoming to meet the College's liabilities as they fall due. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

A budget has been approved for the period 2015–18 which indicates that the College will deliver a historic cost deficit for the years 2015–16 and 2016–17 and will return to a historic cost surplus in 2017–18.

### Future Developments

The College has developed a Strategic Improvement Plan for the period 2015–18 in response to the challenges currently being faced, in order to place the College on a three year journey towards financial stability and success. This Strategic Improvement Plan charts an ambitious but realistic journey to guide transformation and change at Northern Regional College.

In preparing this plan the College reviewed the factors contributing to success in the further education sector and considered international benchmarks and best practice. The revised Vision, Mission and Values set the scene for an exciting and challenging two years of the three year plan ahead.

To deliver this plan the College must secure support from, and develop effective partnerships with, the sponsoring government department (DfE); employers; community organisations; schools, colleges and universities. In parallel, a programme of training for governors and staff will be implemented to ensure they have the necessary knowledge and skills to achieve the required progress and results.

The implementation of the Estates Strategy remains a major priority and indeed a challenge for the College moving forward over the coming years. The outline business case for investment in new campus buildings in Ballymena and Coleraine was approved in 2015–16. A Projects Director has been seconded from the Strategic Investment Board and significant progress has been made to progress both projects to ensure long-term financial viability for the college and offer a modern fit for purpose learning environment in line with the Strategic Plan.

## Resources

The College has various resources at its disposal that it can deploy in pursuit of its strategic objectives.

### Estate

The College's estate includes campuses at:

Campus	Net Book Value £'000
Ballymena – Farm Lodge	11,250
Ballymena – Trostan Avenue	4,714
Ballymoney	3,458
Coleraine	3,643
Larne	2,771
Magherafelt	4,566
Newtownabbey	29,025
Portrush (currently not utilised)	0
New Build North	6
Total	59,433



### Financial

Net assets at 31 July 2016 were £38.6m (2014-15: £42.7m) (including £12m net pension liability, 2015: £6.4m).

### People

The College employs 593 people (2014-15: 626) (expressed as full-time equivalents), of whom 330 are teaching staff. A significant reduction occurred in 2015/16 with staff taking up a voluntary exit scheme.

	% Sickness Absence		Average days Lost	
	2015-16	2014-15	2015-16	2014-15
College	3.83	3.40	9.20	8.38
Support Staff	5.08	3.90	15.20	9.69
Lecturing Staff	2.56	3.00	5.60	7.55

### Reputation

The College has a good reputation locally and nationally and maintaining a quality brand is essential for the College's success in attracting students and external relationships.

## Principal Risks and Uncertainties

Northern Regional College is committed to the principles endorsed by the Northern Ireland Audit Office in its guidance “Good Practice in Risk Management” issued in June 2011.

The College’s key principles in relation to risk management and internal control are as follows:

- The Governing Body has responsibility for determining the risk appetite of the College and overseeing risk management within the College as a whole;
- The Principal and Senior Leadership Team support, advise and implement policies approved by the Governing Body;
- Senior and middle managers are responsible for encouraging good risk management practice within their designated managed area; and
- Key risks are identified and closely monitored on a regular basis.

### College Risk Register

A Risk Management Workshop was held on 26 February 2016 attended by College managers from the academic and support functions. During this workshop a revised Risk Register for the College was developed. The principal risks facing the College have been identified in the Risk Register as:

Risks	Description
1	The College does not meet the agreed targets in terms of recruitment to planned curriculum provision
2	The College does not meet the agreed minimum standards of quality of curriculum provision
3	The College does not have an appropriate mix of suitably skilled staff to support the delivery of the agreed curriculum plan and associated services
4	The College does not provide a high quality environment that embeds the innovate use of technology
5	The failure to deliver the College’s long term financial sustainability
6	The College does not meet the needs of stakeholders and manage the reputational risk

## Stakeholder Relationships

In line with other Colleges, the College has many stakeholders.

These include:

- students;
- the Department for the Economy (previously the Department for Employment and Learning);
- staff;
- local employers;
- local councils;
- health and social care trusts;
- government offices/regional development agencies;
- the local community;
- other FE colleges;
- trade unions; and
- professional bodies.

The College recognises the value of good communication with both staff and students and this is a particular focus for the College. Currently a number of techniques are employed including:

- new student app
- student/staff consultative meetings
- team, faculty/department, directorate and campus meetings
- multi-disciplinary team meetings
- student and staff intranets
- college internet and social media
- student and staff magazines, newsletters and e-zines
- health and well-being events including social activities

### Equal Opportunities and Employment of Disabled Persons

By virtue of Section 75 of the Northern Ireland Act 1998, Northern Regional College in carrying out all its functions, powers and duties is required to have due regard to the need to promote equality of opportunity:

- a) between persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation;
- b) between men and women generally;
- c) between persons with a disability and persons without; and
- d) between persons with dependants and persons without.

Without prejudice to its obligations above, the College has, in carrying out its functions, had regard to the desirability of promoting good relations between persons of different religious belief, political opinion or racial group. The College has included the promotion of good relations as part of the corporate planning process.

The College is committed to the fulfilment of its Section 75 obligations in all parts of its organisation. The College is committed to allocating necessary resources to ensure that the statutory duties are complied with and that the measures within the Equality Scheme to promote equality of opportunity are implemented effectively and on time.

The College's Equality Statement states that:

“Northern Regional College is committed to the promotion of equality of opportunity in all of its activities. We aim to ensure that we provide a supportive, fair, inclusive and welcoming environment for all staff, students and visitors free from any form of discrimination or harassment.”

#### **Disability Statement**

Under section 49A of the Disability Discrimination Act (DDA) 1995 (as amended by the Disability Discrimination (Northern Ireland) Order 2006), the Northern Regional College as a public authority, when carrying out its functions, has due regard to the need to promote positive attitudes towards disabled people and will encourage participation by disabled persons in public life.

Under section 49B of the Act, the College is committed to the development of a disability action plan which relates to all disabled people including disabled employees, customers, clients and service users as well as

disabled students. This action plan also encompasses College efforts in relation to the Special Education Needs and Disability Order 2005 to ensure the full mainstreaming of all duties.

The College has a five year Disability Action Plan for the period 2013–2018. This disability action plan involves the development of detailed guidance and training for staff, the establishment of professional standards for inclusive learning, the alignment and development of College policies and procedures and the identification of positive action measures.

#### **Disclosure of Information to Auditors**

These accounts are subject to audit under the Institutions of Further Education (Public Sector Audit) order (Northern Ireland) 2008 by the Comptroller and Auditor General for Northern Ireland.

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

### Personal Data Related Incidents

There were no personal data related incidents in 2015–16.

### Charitable and Taxation Status

The college has charitable status with HM Revenue and Customs and is not liable to corporation tax.

### Charitable/Political Donations

The College made no charitable or political donations during the year.

### Professional Advisers

#### External Auditors

Northern Ireland Audit Office  
106 University Street  
Belfast BT7 1EU

#### Internal Auditors

KPMG  
Stokes House  
17–25 College Square East  
Belfast BT1 6DH

### Bankers

First Trust  
78 Wellington Street  
Ballymena BT43 6AF

Santander  
Belfast Corporate Banking Centre  
Ground Floor  
1 Mays Meadow  
Belfast BT1 3PH

### Solicitors

J Blair  
Employment Law Solicitor  
46 Hill St  
Belfast BT1 2LB

King & Gowdy  
298 Upper Newtownards Road  
Belfast BT4 3EU

Carson McDowell  
Murray House  
4 Murray Street  
Belfast BT1 6DN

Cleaver Fulton Rankin  
50 Bedford Street  
Belfast BT2 7FW

## Members

The members who served on the Governing Body during the year were as follows:

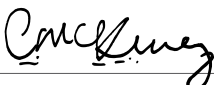
Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committees Served
Ms Isobel Allison	08/07/16	30/07/20		Member Member	Strategic Impro Gov Body
Mr Reece Bradley	01/10/15	30/06/16		Member Student Member	Education Gov Body
Cllr James Brown	03/04/13	31/03/17		Member EA Member	Audit & Risk Gov Body
Mr Samuel Kevin Chambers	01/08/15	31/07/19		Member Member	Resources Gov Body
Mr Hugh Crossey	01/08/15	31/07/19		Chair Member	Resources Gov Body
Mrs Judith Eve	04/02/13	03/02/17		Member Member (Co-Opt)	Audit & Risk Gov Body
Mr William Hutchinson	01/08/15	31/07/19		Member Member	Audit & Risk Gov Body
Mr Richard Jay	24/01/14	04/01/18		Chair Member	Education Gov Body
Mr Andrew Kennedy	13/05/13	12/05/17		Member EA Member	Strategic Impro Gov Body
Dr David Lennox	01/08/15	31/07/19		Chair Member	Audit & Risk Gov Body
Ms Yvonne Mallon	01/08/15	31/07/19		Member Member	Resources Gov Body
Mr Stephen McCartney	02/11/11	01/11/15		Staff Member Member	Audit & Risk Gov Body



Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committees Served
Dr Karen McCambridge	21/07/16	20/07/20		Staff Member Member	Education Gov Body
Mr William McCluggage	01/08/15	31/07/19		Member Member	Education Gov Body
Mrs Gillian McConnell	08/07/16	30/07/20		Member Member	Resources Gov Body
Ms Carmel McKinney	20/11/14	19/11/18		Chair Chair	Gov Body Strategic Impro
Mr Matt Murray	11/06/12	10/06/16		Staff Member Member	Education Gov Body
Mr Ken Nelson	02/11/14	31/08/18		Member (Co-Opt) Member	Education Gov Body
Ms Kerry Reilly	02/11/15	01/11/19		Staff Member Member	Audit & Risk Gov Body
Professor Terri Scott	01/09/14	-		Principal & Chief Executive	Education Resources Strategic Impro Gov Body

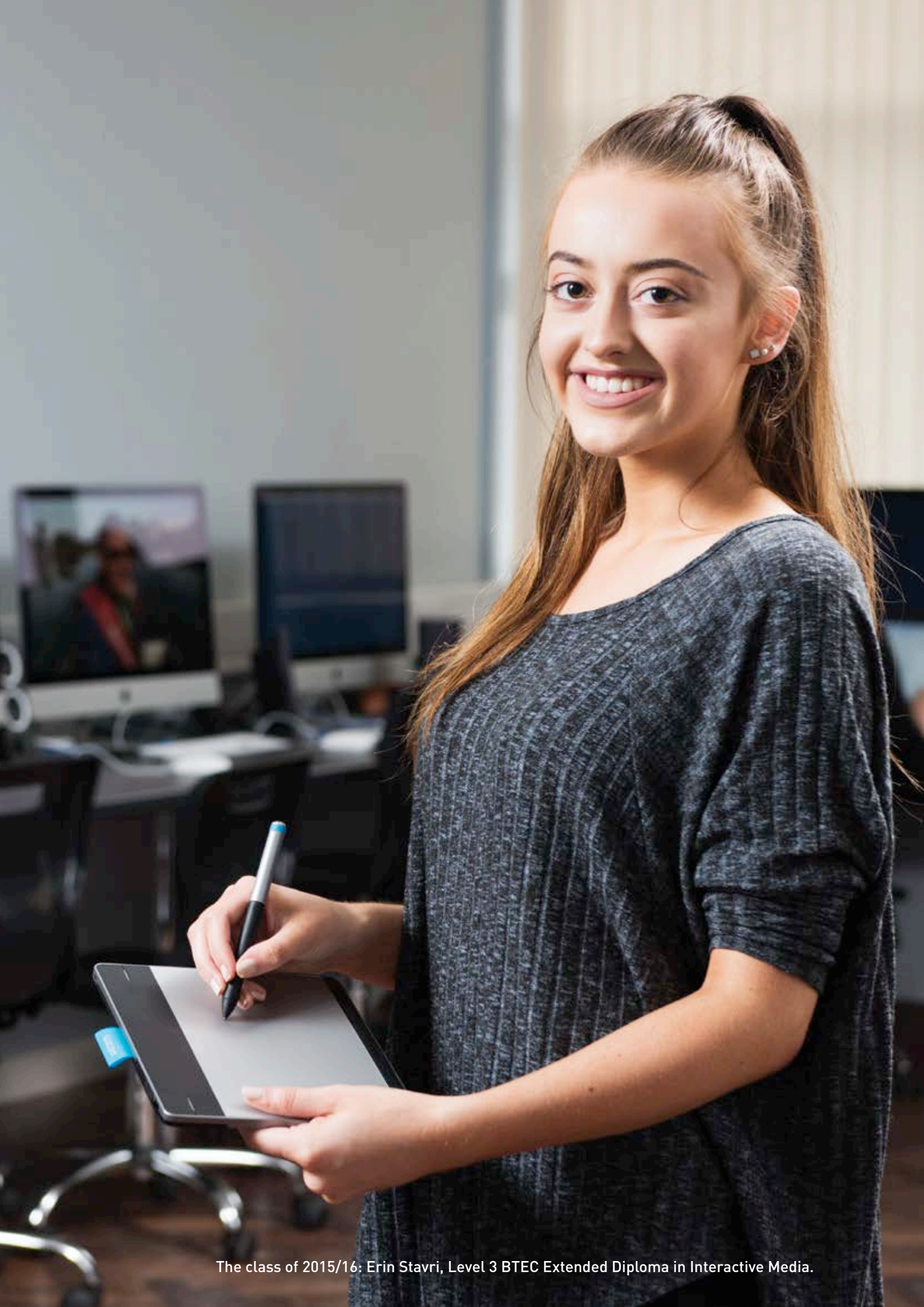
EA – Education Authority.

All members served from 1 August 2015 to 31 July 2016 unless otherwise indicated. For and on behalf of the members of the Governing Body.

Signed: 

Date: 16 November 2016

**Ms C McKinney OBE**  
Chair of the Governing Body  
Northern Regional College



The class of 2015/16: Erin Stavri, Level 3 BTEC Extended Diploma in Interactive Media.

## Remuneration Report

### Members of the Governing Body

There are normally 18 members of the Governing Body, most of whom are appointed in accordance with the Code of Practice of the Office of the Commissioner for Public Appointments for Northern Ireland. The majority of members are appointed for a fixed period of up to four years and thereafter they may be re-appointed in accordance with the Code of Practice.

The remuneration of Governing Body members (excluding staff members) was first introduced by the Department from 1st January 2016.

Staff and student members do not receive remuneration. There are no arrangements in place for the payment of a bonus.

No member of the Governing Body including the Chairperson receives pension contribution from the College or the Department. The College reimburses the Chairperson and Members of the Governing Body for any incidental expenses incurred for carrying out their duties relevant to the organisation.

The remuneration of the Chairman and Board members is as follows:

	2015-16				2014-15			
	Salary	Benefits in Kind	Pension Benefits	Total	Salary	Benefits in Kind	Pension Benefits	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Ms Isobel Allison	0-5	0	0	0-5	N/A	N/A	N/A	N/A
Cllr James Brown	0-5	0	0	0-5	N/A	N/A	N/A	N/A
Mr Samuel Kevin Chambers	0-5	0	0	0-5	N/A	N/A	N/A	N/A
Mr Hugh Crossey	0-5	0	0	0-5	N/A	N/A	N/A	N/A
Mrs Judith Eve	0-5	0	0	0-5	N/A	N/A	N/A	N/A
Mr William Hutchinson	0-5	0	0	0-5	N/A	N/A	N/A	N/A
Mr Richard Jay	0-5	0	0	0-5	N/A	N/A	N/A	N/A
Mr Andrew Kennedy	0-5	0	0	0-5	N/A	N/A	N/A	N/A

	2015-16				2014-15			
	Salary	Benefits in Kind	Pension Benefits	Total	Salary	Benefits in Kind	Pension Benefits	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Dr David Lennox	0-5	0	0	0-5	N/A	N/A	N/A	N/A
Ms Yvonne Mallon	0-5	0	0	0-5	N/A	N/A	N/A	N/A
Mr William McCluggage	0-5	0	0	0-5	N/A	N/A	N/A	N/A
Mrs Gillian McConnell	0-5	0	0	0-5	N/A	N/A	N/A	N/A
Ms Carmel McKinney Chair	10-15	0	0	10-15	N/A	N/A	N/A	N/A
Mr Ken Nelson	0-5	0	0	0-5	N/A	N/A	N/A	N/A

### The Principal and Senior Leadership Team

The Principal and the Senior Leadership Team appointments are made in accordance with the College's recruitment policy. The policy requires appointments to be made on merit on the basis of fair and open competition.

The Principal and Senior Leadership Team hold permanent appointments. The normal retiring age was previously 65, although staff may retire at any time after age 60.

### Minimum Pay Levels

Minimum pay levels are dependent on College size and vary across the sector.

### Progression

There is no incremental progression for Principals as they are paid on a one-point scale according to College size. However, if the College size changes they will automatically move to that new salary point.

At initial appointment, Vice-Principals and equivalents are normally placed on the bottom point of the four-point scale relevant to the size of their College. Thereafter, there is annual incremental progression up the scale until the maximum of the scale is reached. A common incremental date of September is used for all Vice-Principals and equivalents. If the College increases in size a Vice-Principal and equivalents will automatically move to the new relevant salary scale.

#### **Performance Pay**

There is no performance pay or related scheme for any of the Senior Leadership Team, although this may be reviewed in the future.

#### **Total Reward Package**

Senior staff within the College have access to the Northern Ireland Teachers' Superannuation scheme or to the Northern Ireland Local Government Superannuation Scheme.

Senior staff posts are based on thirty six hours per week and post holders have access to the College's Maternity Leave Scheme, Paternity Leave Scheme, Adoption Leave Scheme and flexible working arrangements.

All Senior Staff have thirty five days holiday entitlement and a further twelve statutory and public holidays as recognised by the sector.

#### **Service Contracts**

College appointments are made on merit on the basis of fair and open competition. Unless otherwise stated, the officials covered by this report hold appointments, which are open ended. Early termination, other than for misconduct, would result in the individual being entitled to receive compensation.

#### **Salary And Pension Entitlements**

The following sections provide details of the remuneration and pension interests of the most senior management of the College.

### Remuneration (Including Salary) and Pension Entitlements (Audited Information)

Remuneration	2015-16				2014-15			
	Salary	Benefits in Kind	Pension Benefits*	Total	Salary	Benefits in Kind	Pension Benefits*	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Principal <sup>1</sup> Professor Terri Scott	110-115	-	15-20	130-135	105-110	-	15-20	120-125
Director of Planning & Customer Services <sup>2</sup> Mrs Brenda Crotty	20-25 (75-80 full year equivalent)	-	0-5	20-25	75-80	-	10-15	85-90
Vice-Principal Engagement & Innovation <sup>3</sup> Dr Steve Brankin	50-55 (75-80 full year equivalent)	-	5-10	60-65	-	-	-	-
Director of Curriculum <sup>4</sup> Mrs Catherine O'Mullan	50-55 (75-80 full year equivalent)	-	5-10	60-65	75-80	-	10-15	85-90
Vice-Principal Teaching & Learning <sup>5</sup> Professor Martin McKinney	15-20 (75-80 full year equivalent)	-	0-5	20-25	-	-	-	-
Director of Finance & Corporate Development <sup>6</sup> Mrs Claire Moore	30-35 (75-80 full year equivalent)	-	10-15	45-50	75-80	-	15-20	90-95
Chief Operating Officer <sup>7</sup> Mr Mel Higgins	50-55 (75-80 full year equivalent)	-	5-10	55-60	-	-	-	-



**Notes for Remuneration Table (previous page)**

- 1 The Principal was appointed on 1 September 2014.
- 2 The Director of Planning & Customer Services left under VES on 31 October 2015.
- 3 The Vice-Principal Engagement & Innovation was appointed on 1 December 2015.
- 4 The Director of Curriculum left under VES on 31 March 2016.
- 5 The Vice-Principal Teaching and Learning was appointed on 2 May 2016.
- 6 The Director of Finance & Corporate Development left under VES on 31 December 2015.
- 7 The Chief Operating Officer was appointed on 7 December 2015.

\* The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights. These figures are generated from the payroll system.

**Salary and Pension Entitlements (continued)**

	2015-16 £'000	2014-15 £'000
Band of highest paid directors total remuneration	110 – 115	105 – 110
Median total remuneration	23,094*	22,781
Ratio	4.87	4.72

\* The median above for 2015-16 does not include any agency workers. The total FTE agency workers at 31 July 2016 was 28 and the overall total spend on agency workers during the year was £358k. The increase in agency workers at year end was due to temporary vacancies resulting from staff leaving under the sector wide Voluntary Exit Scheme (VES) and new structures and staffing requirements being put in place.

**Salary**

'Salary' includes gross salary; performance pay or bonuses; overtime; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

**Benefits in Kind**

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. No senior officials received any benefits in kind.



### Pension Entitlements (Audited information)

Officials	Accrued pension at pension age as at 31/07/16 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/07/16	CETV at 31/07/15	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Principal Professor Terri Scott	0-5 Plus lump sum of 0-5	0-2.5 Plus lump sum of 0-2.5	32	27	5
Director of Planning & Customer Services Mrs Brenda Crotty	35-40 Plus lump sum of 105-110	0-2.5 Plus lump sum of 0-2.5	821	815	6
Vice-Principal Engagement & Innovation Dr Steve Brankin	0-5 Plus lump sum of 0-5	0-2.5 Plus lump sum of 0-2.5	11	0	11
Director of Curriculum Mrs Catherine O'Mullan	30-35 Plus lump sum of 90-95	0-2.5 Plus lump sum of 2.5-5	628	609	19
Vice-Principal Teaching & Learning Professor Martin McKinney	0-5 Plus lump sum of 0-5	0-2.5 Plus lump sum of 0-2.5	5	0	5
Director of Finance & Corporate Development Mrs Claire Moore	15-20 Plus lump sum of 25-30	0-2.5 Plus lump sum 0-2.5	253	234	16
Chief Operating Officer Mr Mel Higgins	0-5 Plus lump sum of 0-5	0-2.5 Plus lump sum of 0-2.5	9	0	9

### Pension Arrangements

Contributions to the NITPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective/benefit method.

The NITPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The NITPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The assets of the NILGOSC scheme are measured using closing market values. NILGOSC liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of changes in reserves.

National Employment Savings Trust (NEST) is the workplace pension set up by the government especially for auto enrolment. It is a defined contribution workplace pension scheme with contributions by the employer. NEST Corporation is the Trustee that runs the NEST scheme. It took over from the Personal Accounts Delivery Authority (PADA), the agency set up by the government to deliver 'personal accounts' – a key element of the auto enrolment policy. 'Personal accounts' became NEST. As a non-departmental public body NEST Corporation is accountable to Parliament through the Department for Work and Pensions but is generally independent of government in its day-to-day decisions

### Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NILGOSC pension arrangements and for which the Fund has received a transfer payment commensurate with the additional pension liabilities being assumed. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take accounts of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

#### **Real Increase in CETV**

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

#### **Compensation for Loss of Office**

The Director of Planning & Customer Services left under a sector agreed voluntary exit scheme on 31 October 2015. She received payment of her pension and associated lump sum plus a compensation payment of £39,481.

The Director of Curriculum left under a sector agreed voluntary exit scheme on 31 March 2016. She received payment of her pension and associated lump sum at that date plus a compensation payment of £138,185.

The compensation payments noted above have been included in the financial statements for the year ended 31 July 2015.

The Director of Finance and Corporate Development left under a sector agreed voluntary exit scheme on 31 December 2015. She received a compensation payment of £103,429. This compensation payment has been included in the financial statements for the year ended 31 July 2016.

## Statement of the Responsibilities of the Governing Body for the Year Ended 31 July 2016

The Governing Body of the College is required to present audited financial statements for each financial year.

Within the terms and conditions of the Financial Memorandum agreed between the Department for the Economy, formerly the Department for Employment and Learning (the Department) and the Governing Body of the College, the Governing Body through its Chair, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the College and the result for that year.

In preparing the financial statements the Governing Body is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation.

The Governing Body is also required to prepare an Annual Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

The Governing Body is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and enable it to ensure that the financial statements are prepared in accordance with the relevant legislation and other relevant accounting standards. It has general responsibility for taking such steps that are reasonably open to it to safeguard assets of the College and to prevent and detect fraud and other irregularities.

The maintenance and integrity of the College website is the responsibility of the College; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Governing Body is responsible for ensuring that funds from the Department are used only in accordance with the Financial Memorandum agreed with the Department and other conditions which the Department may from time to time prescribe. The Governing Body must ensure that there are appropriate financial and management controls in place sufficient to safeguard public funds and ensure that they are used only in accordance with the conditions under which they have been made available. In addition, the Governing Body is responsible for securing the economic, efficient and effective management of the College's

resources and expenditure, so that the benefits that should be derived from the application of public funds by the Department are not put at risk.

Approved by order of the Governing Body members and signed on 16 November 2016 and signed on its behalf by:

Signed: 

**Ms C McKinney OBE**  
Chair of the Governing Body  
Northern Regional College

# Statement of Corporate Governance and Internal Control for the Year Ended 31 July 2016

## Introduction

This Governance Statement for Northern Regional College sets out the governance structures, risk management and internal control procedures that operated within the College during the 2015–16 financial year and up to the date of approval of the Annual Report and Accounts.

This Governance Statement has been prepared in accordance with guidance issued by the Department of Finance and Personnel (DFP)/ Department of Finance (DoF) and is aimed at supporting better governance and driving more consistent, coherent and transparent reporting.

## Scope of Responsibility

The Accounting Officer for the College has responsibility for maintaining a robust governance and risk management structure and a sound system of internal control that supports the achievement of College policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in Managing Public Money Northern Ireland (MPMNI).

In order to manage the College efficiently, the Accounting Officer has been supported by formal governance structures with clear remits, details of which are provided below.

## Governing Body

The College's Governing Body comprises members appointed by the Minister for the Economy, formerly the Minister for Employment and Learning, members nominated by the Education Authority (EA), formerly the Education and Library Board for the area, staff and students of the College, the Principal and members co-opted by the Governing Body. The role of the Chairman of the Governing Body is separate from the role of the College Principal as Chief Executive and Accounting Officer. The Governing Body is responsible for the ongoing strategic direction of the College whilst the Executive Officers are responsible for the operational management of the College. The Governing Body approves all major developments and receives regular reports on the activities of the College. The Governing Body met seven times during the 2015–16 year in addition to a training session on 25 September and a workshop on 24 February. The Governing Body has several committees, including a Resources Committee, an Audit & Risk Committee, a Strategic Improvement Committee and an Education Committee. All of these committees are formally constituted with terms of reference.

Unreserved minutes of Governing Body meetings are available from the Secretary of the Governing Body and on the College website. The Secretary to the Governing Body maintains a register of

financial and personal interests of the Governing Body members and members of the Senior Management Team. Formal agendas, papers and reports are supplied to the Governing Body members in a timely manner.

Information presented to the Governing Body and its sub-committees is drafted by the appropriate department and proceeds through the necessary internal clearance procedures before being presented as formal agendas, papers and reports to the Governing Body. This ensures a high quality of reliable and up to date information is presented for the Governing Body's consideration. The Governing Body is content with the quality and reliability of the information presented during 2015–16.

The Governing Body through its stewardship complies with the Corporate Compliance Code. Attendance during the year at the Governing Body meetings was as follows:

Member	Meetings Attended	Out of a Possible
Professor Terri Scott	7	7
Ms Carmel McKinney	6	7
Mr Hugh Crossey	5	7
Mr Samuel Kevin Chambers	6	7
Mr William Hutchinson	5	7
Mr Richard Jay	7	7
Dr David Lennox	6	7
Ms Yvonne Mallon	7	7
Mr William McCluggage	7	7
Ms Isobel Allison	7	7
Mrs Gillian McConnell	7	7
Mr Ken Nelson	7	7
Mrs Judith Eve	5	7
Cllr James Brown	4	7
Mr Stephen McCartney	1	2
Mr Andrew Kennedy	7	7
Mr Matt Murray	4	6
Ms Kerry Reilly	3	5
Dr Karen McCambridge	0	0
Mr Reece Bradley	1	7



A minimum of seven members of the Board must be present for the meeting to be deemed quorate. All Board meetings during the 2015–16 financial year were fully quorate. There were 10 male and 8 female members of the Governing Body at 31 July 2016.

### Audit and Risk Committee

The Audit and Risk Committee is responsible for reviewing the effectiveness of the College's accounting procedures and systems of internal control. It provides a channel of communication from the College's auditors, which is not controlled by College management. It also must satisfy itself that adequate arrangements are in place to promote economy, efficiency and effectiveness. The Committee met six times during

the 2015–16 year to discuss reports from the External and Internal Auditors and the relevant responses.

It also receives and considers reports from the Department for the Economy, previously the Department for Employment and Learning. It reviews the College's annual financial statements to ensure compliance with legislation and accounting standards.

Whilst Executive Officers and other officials attend meetings of the Audit & Risk Committee as necessary, they are not members of the Committee. The Committee meets with auditors on their own for independent discussions prior to each meeting.

Attendance during the year at the Audit & Risk Committee meetings was as follows:

Member	Meetings Attended	Out of a Possible
Dr David Lennox	6	6
Mr William Hutchinson	4	6
Cllr James Brown	4	6
Ms Kerry Reilly	5	5
Mrs Judith Eve	4	6
Mr Stephen McCartney	1	1

### Resources Committee

The Resources Committee supervises all matters relating to the finance and resources (staffing and other resources) of the College. The Committee is responsible for ensuring the College meets its statutory obligations under section 75 of the NI Order (1998). Mr Ian Murphy FCA attends the Committee as an independent advisor. The Committee met 4 times during the 2015–16 year.

Member	Meetings Attended	Out of a Possible
Mr Hugh Crossey	4	4
Professor Terri Scott	4	4
Ms Yvonne Mallon	4	4
Mrs Gillian McConnell	4	4
Mr Samuel Chambers	4	4

### Strategic Improvement Committee

The Strategic Improvement Committee is responsible for overseeing the implementation of the College's three year Strategic Improvement Plan. The Committee met 4 times during the 2015–16 year.

Member	Meetings Attended	Out of a Possible
Ms Carmel McKinney	3	4
Mrs Isobel Allison	4	4
Mr Andrew Kennedy	4	4
Professor Terri Scott	4	4

### Education Committee

The Education Committee is responsible for overseeing the curricular provision of the College, especially the nature, quality and performance of the provision and the extent to which it meets the needs of the community the College seeks to serve. The Committee met 3 times during the 2015–16 year.

Member	Meetings Attended	Out of a Possible
Mr Richard Jay	3	3
Professor Terri Scott	3	3
Mr Ken Nelson	3	3
Mr Matt Murray	2	3
Mr William McCluggage	2	3
Mr Reece Bradley	0	3
Dr Karen McCambridge	0	0
Ms Carmel McKinney	1	1

### Governing Body Performance and Effectiveness

The Governing Body held a Strategic Workshop on 24 February 2016. During the course of the Workshop the Governing Body considered the Governors'/College's performance and highlighted the need 'to build on existing strengths and achievements; maintain focus on employer engagement and learner experience; progress investment in IT infrastructure and virtual learning environment (VLE); identify and secure sustainable partners; improve communication to stakeholders; address the integrity and timeliness of management information to inform decision making pertinent to the Strategic Improvement Plan. They also held a training session on 25 September 2015.

### Senior Leadership Team

The new organisational structure of the College which took effect from 21 October 2015 when the SIP was approved comprises a Senior Leadership Team and a Management Group. The Senior Leadership Team (SLT) of the College consists of:

- Principal
- Vice-Principal Teaching & Learning
- Chief Operating Officer; and
- Vice-Principal Engagement & Innovation.

The purpose of the SLT is to act as the strategic leadership forum within the College. The SLT is responsible for the operational implementation of the vision and objectives agreed by the Governing Body.

The Senior Management Team will comprise the SLT and all Heads of Department (academic and support).

### **Risk Management**

NRC is committed to the principles endorsed by Northern Ireland Audit Office in its guidance "Good Practice in Risk Management" issued in June 2011.

By adopting the above risk management principles, and embedding a culture of effective risk management, NRC's key principles in relation to risk management and internal control are as follows:

- The Governing Body has responsibility for determining the risk appetite of the College and overseeing risk management within the College as a whole;
- The Principal and Senior Management Team support, advise and implement policies approved by the Governing Body;
- Senior and middle managers are responsible for encouraging good risk management practice within their designated managed area; and
- Key risks will be identified and closely monitored on a regular basis.

The Accounting Officer has responsibility for maintaining a sound system of internal controls that supports the achievements of aims and objectives, whilst safeguarding the public funds and College assets. This includes having a system in place to ensure that all business areas identify the key risks to the achievement of the organisation's objectives. The Accounting Officer reports annually on the College's system of internal control in the Governance Statement.

The College has an outsourced internal audit service, the work of which concentrates on areas of key activities determined by an analysis of the areas of greatest risk and in accordance with the annual internal audit plan approved by the Governing Body.

The internal auditors report to the Accounting Officer and to the Audit Committee on a regular basis and have direct access to the Governing Body and to the Chairman of the Audit Committee. Internal Audit has issued an Assurance Statement that provides an opinion on the adequacy and effectiveness of the internal control system and the extent to which it can be relied upon.

The principal risks facing the College at 31 July 2016 have been identified as:

Risks	Description
1	The College does not meet the agreed targets in terms of recruitment to planned curriculum provision
2	The College does not meet the agreed minimum standards of quality of curriculum provision
3	The College does not have an appropriate mix of suitably skilled staff to support the delivery of the agreed curriculum plan and associated services
4	The College does not provide a high quality environment that embeds the innovative use of technology
5	The failure to deliver the College's long term financial sustainability
6	The College does not meet the needs of stakeholders and manage the reputational risk

In addition to the above a risk register will be developed and managed for the College new build estates project and reported via the Estates Project Board.

### Fraud Reporting

The anti-fraud and bribery policy sets out the definition of fraud, details the responsibilities regarding the prevention of fraud and highlights the procedures to be followed in the event of a fraud being detected or suspected. The fraud response plan is a procedural guide and provides a checklist of the required actions which must be followed in the event of a fraud, attempted fraud or irregular activity being suspected.

There were no attempted frauds during the 2015–16 year.

### Whistle-blowing

There were no notified whistle-blowing instances during 2015–16.

### Internal Audit

The College's Internal Audit function is outsourced to KPMG, following a sector wide procurement exercise in 2012. The main remit of the Internal Audit function is to provide the Accounting Officer with an independent and objective opinion on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes.

The Annual Opinion and Report, provided by the Internal Audit function, is a key element of the framework of assurance that the Accounting Officer needs to inform this Governance Statement. The Internal Audit function operates in accordance with HM Treasury's Public Sector Internal Audit Standards (PSIAS).

The Audit & Risk Committee set an audit strategy and work plan for the financial year 2015–16, which was carried out by KPMG. For the period

2015-16 KPMG has reported an overall satisfactory audit opinion on the College's system of governance, risk management and internal control.

A summary of the internal audit work and the assurance ratings for each is included below:

Area Reviewed	Assurance Rating
Core Financial Review – Bank and Cash	Substantial
Core Financial Review – Month End Close Procedures	Satisfactory
Financial Planning and Budgeting	Satisfactory
Procurement	Satisfactory
IT General Controls	Substantial
Complaints Handling	Satisfactory
Human Resources – Vetting of Prospective Employees	Substantial
Strategic Improvement Programme	Satisfactory

During the year there were no Priority One recommendations. A Priority One recommendation is an issue that requires urgent management decision and action without which there is a substantial risk to the achievement of key business / system objectives, to the reputation of the organisation, or to the regularity and propriety of public funds.

All other recommendations have either been addressed during the year or are still being implemented. Progress reporting on any outstanding audit recommendations are presented to the Audit & Risk Committee.

#### Education Training Inspectorate (ETi)

The College submitted its 'Whole College Self Evaluation Report and Quality Improvement Plan' to the Department in December 2015. In February 2016 the ETi gave 'confidence' in the College's self-evaluation and quality improvement planning processes.

In February 2016, the ETi also carried out two evaluations across the six FE Colleges regarding the 'Essential Skills Change Fund Initiative Project' and the 'Youth Training pilot programmes at Level 2'. The findings, collated for the six Colleges, highlighted positive activity regarding the projects and also presented key priorities for development.

#### QAA Summative Review

The Quality Assurance Agency for Higher Education (QAA) is an independent body entrusted with monitoring and advising on standards and quality in UK higher education. There has been no QAA activity for the Financial Year 1 Aug 2015 to 31 July 2016.

#### Information Assurance

Effective information security is a key priority for the College and it recognises that stringent principles of information security must be applied to all information it holds. There were no personal data related incidents in 2015-16.






### External Review leading to the Strategic Improvement Programme (SIP)

The Governing Body approved a Strategic Improvement Plan (SIP) for 2015-2018 on 21 October 2015. The SIP outlines the three Strategic Priorities for the College over the period 2015-2018 and a total of twelve Key Performance Indicators (KPIs) that have been agreed. A summary of these are shown in the Strategic Report above.

Internal Audit reviewed the status of the SIP following a Strategic Improvement Plan Workshop for the Governing Body on 30 June 2016 and provided **Satisfactory Assurance**.

During the first year, monthly review meetings were held with the Department for the Economy (DfE) to monitor progress and in 1st July 2016, the Department signed off the first year of the SIP as complete. The Department have now agreed to move from monthly to quarterly meetings given the satisfactory progress to-date with the SIP.

### Progress Summary at July 2016

RAG Codes	RAG Category Description	Number of KPI Actions Falling into each RAG Category	%
 Red	Indicates that there are severe problems requiring Project Board or Senior Management attention now.	0	0%
 Amber	Indicates there are some elements that have yet to be addressed. The workstream has not achieved or is not likely to achieve a key milestone and therefore there is uncertainty as to whether it will be delivered within the timescales agreed.	9	11%
 Green	Indicates status is fine. The recommendation is on track to be delivered within the agreed timescales.	31	40%
 Clear	Indicates that the workstream/project has not yet commenced.	0	0%
 Blue	Indicates that the workstream/project action has been completed as established in the SIP and target completion date set out in the Project Initiation Document (PID) for year 1 implementation.	38	49%
<b>Totals</b>		<b>78</b>	<b>100%</b>

Signed:



Date: 16 November 2016

**Professor T Scott**

Accounting Officer

Northern Regional College



# Certificate & Report of the Comptroller & Auditor General to the Northern Ireland Assembly

I certify that I have audited the financial statements of the Northern Regional College for the year ended 31 July 2016 under the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008. The financial statements comprise: the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

## **Respective Responsibilities of the Governing Body and Auditor**

As explained more fully in the Statement of Responsibilities of the Governing Body, the Governing Body is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My

responsibility is to audit, certify and report on the financial statements in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## **Scope of the Audit of the Financial Statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Northern Regional College's circumstances and have been consistently applied and adequately

disclosed; the reasonableness of significant accounting estimates made by the Northern Regional College and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### **Opinion on Regularity**

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### **Opinion on Financial Statements**

In my opinion:

- the financial statements give a true and fair view of the state of Northern Regional College's affairs as at 31st July 2016 and of its deficit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008 and the Department for the Economy (formerly Department for Employment and Learning) directions issued thereunder.

### Opinion on Other Matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Department for the Economy directions made under the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008; and
- the information given in the Strategic Report and the unaudited part of the Remuneration Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on Which I Report by Exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be

audited are not in agreement with the accounting records; or

- I have not received all of the information and explanations I require for my audit; or
- The Statement of Corporate Governance and Internal Control does not reflect compliance with Department of Finance's (formerly Department of Finance and Personnel) guidance.

### Report

#### Implementation of Recommendations from the 2014 External Review of NRC

In my audit of the 2013-14 and 2014-15 financial statements I reported my observations on the external Review of the Finance, Curriculum, Staffing and Estate at Northern Regional College. My report on pages 100 and 101 provides an update on the implementation of the recommendations contained within this report.

Signed: 

Date: 25 November 2016

**KJ Donnelly**

Comptroller and Auditor General  
Northern Ireland Audit Office  
106 University Street, Belfast BT7 1EU

## Statement of Comprehensive Income & Expenditure for the year ended 31 July 2016

	Notes	2016	2015 RESTATED
		£'000	£'000
<b>Income</b>			
Department for the Economy / Department for Employment & Learning income	1	26,285	29,985
Education contracts	2	3,382	3,628
Tuition fees and charges	3	2,242	2,239
Other grant income	4	370	427
Other operating income	5	607	737
Investment Income	6	54	47
Donations and endowments	7	3	2
<b>Total income</b>		<b>32,943</b>	<b>37,065</b>
<b>Expenditure</b>			
Staff costs	8	20,818	22,658
Fundamental restructuring costs	8	1,885	5,226
Other operating expenses	10	8,699	8,020
Interest and other finance costs	11	209	345
Depreciation	13	3,210	3,100
<b>Total expenditure</b>		<b>34,821</b>	<b>39,349</b>
<b>Surplus / (Deficit) before other gains/losses and share of operating surplus / deficit of joint ventures and associates</b>		<b>(1,878)</b>	<b>(2,284)</b>
Gain/(Loss) on disposal of assets		0	328
<b>Surplus / (Deficit) before Tax</b>		<b>(1,878)</b>	<b>(1,956)</b>
Taxation		0	0
<b>Surplus / (Deficit) for the year</b>		<b>(1,878)</b>	<b>(1,956)</b>
Unrealised surplus on revaluation of land and buildings		2,910	7,132
Actuarial (loss) / Gain in respect of pension scheme		(5,099)	3,430
<b>Total comprehensive income / (expenditure) for the year</b>		<b>(4,067)</b>	<b>8,606</b>
Represented by:			
Restricted comprehensive income / (expenditure) for the year		3	2
Unrestricted comprehensive income / (expenditure) for the year		(4,070)	8,604

All amounts above relate to the continuing operations of the College.

The accompanying accounting policies and notes form an integral part of these financial statements.

## Statement of Changes in Reserves for the Year Ended 31 July 2016

	Income and expenditure account					TOTAL
	Unrestricted (excluding Pension)	Pension Reserve	Unrestricted (including Pension)	Endowment	Revaluation Reserve	
	£'000	£'000	£'000	£'000	£'000	
<b>Balance at 1 August 2014</b>	<b>1,058</b>	<b>(9,030)</b>	<b>(7,972)</b>	<b>61</b>	<b>42,414</b>	<b>34,503</b>
Surplus/(deficit) from income and expenditure statement	(1,178)	(780)	(1,958)	3	-	(1,956)
Other comprehensive income	-	3,430	3,430	-	7,132	10,562
Transfers between revaluation and income and expenditure account	1,534	-	1,534	-	(1,984)	(450)
Release of restricted funds spent in year	-	-	-	-	-	-
<b>Balance at 1 August 2015</b>	<b>1,414</b>	<b>(6,380)</b>	<b>(4,966)</b>	<b>64</b>	<b>47,562</b>	<b>42,660</b>
Surplus/(deficit) from income and expenditure statement	(1,403)	(475)	(1,878)	-	-	(1,878)
Other comprehensive income	-	(5,099)	(5,099)	-	2,910	(2,189)
Transfers between revaluation and income and expenditure account	1,727	-	1,727	-	(1,727)	-
Release of restricted funds spent in year	-	-	-	-	-	-
<b>Total comprehensive income/ (expenditure) for the year</b>	<b>324</b>	<b>(5,574)</b>	<b>(5,250)</b>	<b>-</b>	<b>1,183</b>	<b>(4,067)</b>
<b>Balance at 31 July 2016</b>	<b>1,738</b>	<b>(11,954)</b>	<b>(10,216)</b>	<b>64</b>	<b>48,745</b>	<b>38,593</b>

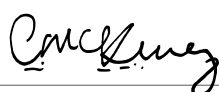
The accompanying accounting policies and notes form an integral part of these financial statements.

## Balance Sheet as at 31 July 2016

	Notes	2016	2015 RESTATED
		£'000	£'000
<b>Non current assets</b>			
Tangible fixed assets	13	61,065	60,505
		<b>61,065</b>	<b>60,505</b>
<b>Current assets</b>			
Trade and other receivables	16	1,917	6,137
Cash and cash equivalents	21	5,477	4,787
<b>Total current assets</b>		<b>7,394</b>	<b>10,924</b>
Less: Creditors – amounts falling due within one year	17	6,538	10,585
<b>Net current assets</b>		<b>856</b>	<b>339</b>
<b>Total assets less current liabilities</b>			
		<b>61,921</b>	<b>60,844</b>
Less: Trade payables: amounts falling due after more than one year	18	11,374	11,804
<b>Provisions</b>			
Pension Provision	22	11,954	6,380
<b>Net assets including pension liability</b>		<b>38,593</b>	<b>42,660</b>
<b>Unrestricted reserves</b>			
Income and expenditure account (exc. Pension)		1,738	1,414
Pension Reserve		(11,954)	(6,380)
Income and expenditure account (Inc. Pension)		(10,216)	(4,966)
Revaluation Reserve		48,745	47,562
Endowments	20	64	64
<b>Total Reserves</b>		<b>38,593</b>	<b>42,660</b>

The financial statements on pages 65 to 99 were approved by the Governing Body of the Northern Regional College on 16 November 2016 and were signed on its behalf by:

Signed:



**Ms C McKinney OBE**  
Chair of the Governing Body  
Northern Regional College  
16 November 2016



**Professor T Scott**  
Accounting Officer  
Northern Regional College  
16 November 2016

The accompanying accounting policies and notes form an integral part of these financial statements.

## Cash Flow Statement for the year ended 31 July 2016

	Notes	2016	2015
		£'000	£'000
<b>Cash inflow/ (outflow) from operating activities</b>			
Surplus (Deficit) for the Year		(1,878)	(1,956)
<b>Adjustment for non cash items</b>			
Depreciation	13	3,210	3,100
Decrease / (Increase) in debtors	16	4,220	(5,008)
(Decrease) / Increase in creditors less one year	17	(4,047)	6,806
Increase / (Decrease) in creditors more one year	18	(430)	(520)
Pension cost less contributions payable	22	268	437
Pension interest cost	22	209	345
Profit on disposal of fixed assets		-	(328)
Adjustment for Reserves		(25)	(23)
<b>Net cash inflow from operating activities</b>		<b>1,527</b>	<b>2,853</b>
<b>Cash flows from investing activities</b>			
Endowment Income		(3)	(2)
Proceeds from Sale of Fixed Assets		-	778
Payments made to acquire fixed assets	13	(834)	(1,353)
<b>(Decrease)/increase in cash and cash equivalents in the year</b>		<b>690</b>	<b>2,276</b>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Net funds at 1 August	21	4,787	2,511
<b>Net funds at 31 July</b>	<b>21</b>	<b>5,477</b>	<b>4,787</b>

In this statement, figures in brackets refer to cash outflows and all other figures are cash inflows to the College.

**The accompanying accounting policies and notes form an integral part of these financial statements.**



## Statement of Accounting Policies for the year ended 31 July 2016

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

### **Basis of Preparation**

These financial statements have been prepared on the going concern basis in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit entity requirements for FRS 102. The financial statements conform to the Accounts Direction issued by the Department for the Economy (DfE).

### **Transition to the 2015 FE HE SORP**

This is the first year that the accounts have been prepared under the 2015 SORP and FRS 102. Some of the FRS 102 recognition, management, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the College has amended certain accounting policies to comply with FRS 102 and the 2015 FE HE SORP. Details of changes arising due to the transition are included at note 30.

The 2015 FE HE SORP requires colleges to prepare a single statement of comprehensive income, and not the alternative presentation of a separate income statement and a statement

of other comprehensive income. This represents a change in accounting policy from the previous period where separate statements for the Income and Expenditure account and for the Statement of Total Recognised Gains and Losses were presented.

The application of first time adoption allows certain exemptions from the full requirements of FRS 102 and the 2015 FE HE SORP in the transition period. Paragraph 35.10(d) of the SORP allows first time adopters to use a previous GAAP valuation for tangible fixed assets and use this value as its deemed cost at the date of transition. This exemption has been taken.

### **Basis of Accounting**

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets and in accordance with applicable United Kingdom accounting standards.

### **Going Concern**

The activities of the College, together with factors likely to affect its future development and performance are set out in the Strategic Report. The financial position of the College, its cash flow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

The College is satisfied that the organisation is a going concern on the basis that there is no reason to believe that the department's future sponsorship and future parliamentary approval will not be forthcoming to meet the College's liabilities as they fall due. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

#### **Basis of Consolidation**

The College has no subsidiaries.

#### **Recognition of Income**

##### **Government Grants**

The recurrent grant and other revenue grants received from DfE/DEL (and other government bodies) are recognised in income over the periods in which the College recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

Income from tuition fees is recognised in the period for which it is received and includes all fees payable by students or their sponsors.

Income from non-government grants, controls and other services rendered is included to the extent that the conditions of the funding have been met, or the extent of the completion of the contract or service concerned.

All income from short-term deposits is credited to the income and expenditure account in the year in which it is earned.

##### **Capital Grants (non land grants)**

Non-recurrent grants from DfE/ DEL and other government bodies received in respect of the acquisition of fixed assets are recognised in income over the expected useful life of the asset.

Other capital grants are recognised on income when the College is entitled to the funds subject to any performance related conditions being met.

##### **Donations and Endowments**

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the College is entitled to the income. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

##### **Pension Scheme**

The two principal pension schemes for the College's staff are the Northern Ireland Teacher's Pension Scheme (NITPS) and the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) defined benefit schemes, which are externally funded and contracted out of the State Earnings Related Pension Scheme.

The NITPS is an unfunded contributory, voluntary membership scheme administered by the Department of Education. The current regulations under which the scheme operates are the Teachers' Superannuation Regulations (NI) 1998 (as amended). The NITPS is a multi-employer scheme and the College is unable to

identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The NITPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

NILGOSC is a defined benefit scheme which is externally funded and contracted out of the second state Pension Scheme. The Funds are valued every three years by actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. Pension costs are assessed on the basis of the latest actuarial valuations of the schemes and are accounted for on the basis of charging the cost of providing pensions over the period during which the College benefits from the employees' services. Variations from regular cost are spread over the expected average remaining working lifetime of members of the schemes after making allowances for future withdrawals.

The difference between the fair value of the assets held in the College's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the College's balance sheet as a pension scheme asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the College is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

Changes in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by the college are charged to the Statement of Comprehensive Income.

#### **Enhanced Pensions**

The actual cost of any enhanced ongoing pension to a former member of staff is paid by a College annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the College's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet.

#### **Tangible Fixed Assets**

##### **Land and buildings**

Land and buildings (including those inherited from the former Education and Library Board) are stated in the balance sheet at valuation on the basis of depreciated replacement cost (inclusive of vat), as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis. Land and buildings acquired since the last valuation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College as advised by Land and Property Services (LPS). Where land and buildings are acquired with the aid of specific grants, these are accounted for in accordance with the revenue recognition policies above.

**Assets under construction**

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July 2016. They are not depreciated until they are brought into use.

**Assets other than land and buildings**

Assets other than land and buildings costing less than £3,000 per individual item are written off to the income and expenditure account in the period of acquisition. Assets other than land and buildings inherited from the former Education and Library Board are included in the balance sheet at valuation. All other assets are capitalised at cost.

These assets are depreciated over their useful economic lives as follows:

Computers – three years straight line  
 Motor vehicles – four years straight line  
 Plant and equipment – five years straight line  
 Fixtures and fittings – seven years straight line.

**Leased Assets**

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

Leasing agreements which transfer to the College substantially ownership of an asset are treated as if the asset had been purchased outright and are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element

outstanding is shown as obligations under finance leases. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

**Jointly Controlled Assets**

Colleges recognise their individual share of assets that are jointly owned and controlled amongst the Northern Ireland Further Education sector. The assets are classified according to their nature.

**Foreign Currency Translation**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

**Taxation**

As an exempt charity the College benefits by being broadly exempt from corporation tax on income it receives from tuition fees, interest and rents.

The college is exempted from levying VAT on most of the services it provides to students. For this reason the college is partially exempt in respect of VAT, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

**Liquid Resources**

Liquid resources include sums on short-term deposits with recognised banks and building societies.

**Provisions**

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event. It is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

**Agency Arrangements**

The College acts as an agent in the collection and payment of Hardship Funds, Care to Learn and part of Training for Success. Related payments received from DfE/DEL and subsequent disbursements to students are excluded from the Statement of Comprehensive Income and Expenditure and are shown separately in Note 28. The College administers the Hardship Fund applications and payments through a Student Hardship Committee in line with the recommendations from DfE/DEL.

## Notes to the Financial Statements for the year ended 31 July 2016

### 1. Department for the Economy/ Department for Employment and Learning Income

	2016	2015
	£'000	£'000
<b>Grant in aid received from DfE/DEL</b>		
Recurrent grant	21,170	22,077
Release of deferred capital grants	1,348	1,546
Additional support funds	726	708
Minor Works	5	0
Learner access and engagement	4	101
Employer Support Program	18	222
Higher Level Apprenticeships	160	54
Exceptional grant – voluntary exit scheme (VES)	1,840	4,995
Other	980	245
<b>Total</b>	<b>26,251</b>	<b>29,948</b>
<b>Non-grant in aid received from DfE/DEL</b>		
Education maintenance allowance administration (EMA)	34	37
<b>Total DfE/DEL income</b>	<b>26,285</b>	<b>29,985</b>

### 2. Education Contracts

	2016	2015
	£'000	£'000
Entitlement Framework	1,128	1,455
Training for Success*	1,960	1,941
Training – Other	294	232
<b>Total</b>	<b>3,382</b>	<b>3,628</b>

\* TfS income is currently treated as revenue due to the commercial nature of the award of contracts.

### 3. Tuition Fees and Charges

	2016	2015
	£'000	£'000
Higher Education (HE) income	972	721
Home and other European Union	1,270	1,518
<b>Total</b>	<b>2,242</b>	<b>2,239</b>

### 4. Other Grant Income

	2016	2015
	£'000	£'000
European funds	7	15
Other funds	363	412
<b>Total</b>	<b>370</b>	<b>427</b>

### 5. Other Operating Income

	2016	2015
	£'000	£'000
Catering and residence operations	427	421
Other income generating activities	177	311
Other income	3	5
<b>Total</b>	<b>607</b>	<b>737</b>

## 6. Investment Income

	2016	2015
	£'000	£'000
Income from endowments	0	1
Other interest receivable	54	46
<b>Total</b>	<b>54</b>	<b>47</b>

## 7. Donations and Endowments

	2016	2015
	£'000	£'000
Endowments	3	2
<b>Total</b>	<b>3</b>	<b>2</b>

## 8. Staff Costs

The average number of persons (including senior post-holders) employed by the College during the year, expressed as full-time equivalents was:

	2016	2015
	Number	Number
Governing Body	-	-
Teaching	330	360
Support	92	89
Administration	135	134
Premises	36	43
<b>Total</b>	<b>593</b>	<b>626</b>



## 8. Staff Costs continued

### Staff costs for the posts

	2016	2015
	£'000	£'000
Governing Body	31	0
Teaching	12,718	14,476
Support	2,340	2,323
Administration	4,542	4,523
Premises	919	899
FRS 17 charge	268	437
	<b>20,818</b>	<b>22,658</b>
Exceptional staff costs – VES	1,885	4,995
Exceptional staff costs – other	0	231
<b>Total</b>	<b>22,703</b>	<b>27,884</b>
Wages & salaries	16,628	18,160
Social security costs	1,266	1,333
Other pension costs (including FRS 102 adjustments)	2,924	3,165
	<b>20,818</b>	<b>22,658</b>
Exceptional staff costs – other	0	231
Exceptional staff costs – VES	1,885	4,995
<b>Total</b>	<b>22,703</b>	<b>27,884</b>

The number of senior post-holders and other staff who received emoluments including pension contributions and benefits in kind in the following ranges were:

	Senior Post Holders		Other Staff	
	2016 No	2015 No	2016 No	2015 No
£60,001 to £70,000	2	–	4	9
£70,001 to £80,000	–	–	–	–
£80,001 to £90,000	–	1	–	–
£90,001 to £100,000	–	2	–	–
£100,001 to 110,000	–	–	–	–
£110,001 to £120,000	–	–	–	–
£120,001 to £130,000	–	1	–	–
£130,001 to £140,000	1	–	–	–
	<b>3</b>	<b>4</b>	<b>4</b>	<b>9</b>

## 9. Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the college Governing Body and Senior Leadership Team which comprises the Principal and holders of the other senior posts.

	2016	2015
	Number	Number
The number of senior post-holders including the Principal was:	7*	5

\* The above 7 was due to the timing of 3 people leaving under VES.

### Senior post-holders' emoluments are made up as follows:

	2016	2015
	£'000	£'000
Salaries	339	344
Benefits in Kind	0	0
Pension contributions	61	55
<b>Total emoluments</b>	<b>400</b>	<b>399</b>

The above emoluments include amounts payable to the Principal (who is also the highest paid senior post-holder) of:

	2016	2015
	£'000	£'000
Salaries	111	109
Pension contributions	20	16
<b>Total emoluments</b>	<b>131</b>	<b>125</b>

The pension contributions in respect of the Principal and senior post-holders are in respect of employer's contributions to the Teachers' Superannuation Scheme and the Northern Ireland Local Government Officers' Superannuation Scheme and are paid at the same rate as for other employees.

## 9. Senior Post Holders' Emoluments continued

### Compensation for loss of office to former post-holders

	2016	2015
	£'000	£'000
Compensation to be paid	103	178
Estimated value of other benefits, including provisions for pension benefits	-	-
<b>Total</b>	<b>103</b>	<b>178</b>

The severance payment was approved by the College's Governing Body in line with a sector agreed voluntary exit scheme.

The members of the College other than the Principal and the staff members did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

## 10. Other Operating Expenses

	2016	2015
	£'000	£'000
Direct teaching	795	860
Direct support	1,735	1,637
Administration	1,737	1,547
Consultancy Fees	41	86
Premises costs	4,391	3,890
<b>Total</b>	<b>8,699</b>	<b>8,020</b>
<b>Other operating expenses include:</b>		
Auditors' remuneration: Financial statements audit – College	27	24
Internal audit – College	26	11
Hire of other assets – operating leases	0	7

## 11. Interest and other finance costs

	2016	2015
	£'000	£'000
Net Charge on Pension Scheme (note 22)	209	345
<b>Total</b>	<b>209</b>	<b>345</b>

## 12. Taxation

The members do not believe the College was liable for any corporation tax arising out of its activities during this period.

### 13. Tangible Fixed Assets – College

	Freehold Land & Buildings	Assets Under Construction	Plant & Machinery	Computer Equipment	Fixtures & Fittings	Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>							
At 1 August 2015	58,738	5	3,348	2,735	217	197	65,240
Additions	–	1	519	314	–	–	834
Surplus/(Deficit) on revaluation	3,065	–	–	–	–	–	3,065
Disposals	–	–	–	–	–	(28)	(28)
<b>At 31 July 2016</b>	<b>61,803</b>	<b>6</b>	<b>3,867</b>	<b>3,049</b>	<b>217</b>	<b>169</b>	<b>69,111</b>
<b>Depreciation</b>							
At 1 August 2015	0	–	2,212	2,232	154	136	4,734
Charge for the year	2,247	–	415	506	20	22	3,210
Backlog depreciation	130	–	–	–	–	–	130
Elimination in respect of Disposals	–	–	–	–	–	(28)	(28)
<b>At 31 July 2016</b>	<b>2,377</b>	<b>–</b>	<b>2,627</b>	<b>2,738</b>	<b>174</b>	<b>130</b>	<b>8,046</b>
<b>Net Book Value At 31 July 2016</b>	<b>59,426</b>	<b>6</b>	<b>1,240</b>	<b>311</b>	<b>43</b>	<b>39</b>	<b>61,065</b>
Net Book Value At 31 July 2015	58,738	5	1,134	503	63	62	60,505

Land and buildings were last subject to a full revaluation at 31 July 2012. An interim revaluation has been carried out by Land and Property Service in September 2015 providing the valuation as at 31 July 2015, on a depreciated replacement cost basis. The valuations were performed independently by the Land and Property Service in accordance with Department specifications. Subsequently that revaluation was updated using indices supplied by the Land and Property Service to provide valuations as at 31 July 2016. These revaluations have been incorporated into the financial statements and the resulting revaluation adjustments have been taken to the revaluation reserve

If inherited land and buildings had not been revalued they would have been included at the following amounts:

	2016	2015
	£'000	£'000
Cost	13,404	13,404
Aggregate depreciation based on cost	(2,597)	(2,220)
<b>Net book value based on cost</b>	<b>10,807</b>	<b>11,184</b>

The net book value of tangible fixed assets includes an amount of £0k (2015: £0k) in respect of assets held under finance leases.

**The depreciation charge for the year is analysed as follows:**

	2016	2015
	£'000	£'000
Owned assets	3,210	3,100
Assets held under finance leases and hire purchase arrangements	-	-
	<b>3,210</b>	<b>3,100</b>

#### 14. Intangible Fixed Assets

The College does not have any intangible fixed assets.

#### 15. Investments

The College does not have any subsidiary companies.

## 16. Trade and Other Receivables

	2016	2015
	£'000	£'000
<b>Amounts falling due within one year:</b>		
Trade receivables	323	270
Prepayments and accrued income	497	512
Amounts due from the Department	1,097	5,355
<b>Total receivables</b>	<b>1,917</b>	<b>6,137</b>

## 17. Trade Payables: Amounts Falling Due in Less than One Year

	2016	2015
	£'000	£'000
Payments received in advance	220	207
Trade payables	402	685
Taxation and social security	800	860
Accruals and deferred income	4,424	7,527
Amounts owed to the Department	692	1,306
<b>Total</b>	<b>6,538</b>	<b>10,585</b>

### Deferred Income

Included within accruals and deferred income are the following items of income which have been deferred until specific performance related conditions have been met.

	2016	2015
	£'000	£'000
Grant income	1,040	1,124
<b>Total</b>	<b>1,040</b>	<b>1,124</b>

### 18. Trade Payables - Amounts Falling Due After More Than One Year

	2016	2015
	£'000	£'000
Deferred capital grant income	11,374	11,804
<b>Total</b>	<b>11,374</b>	<b>11,804</b>

### 19. Provisions for Liabilities and Charges

	College			
	Pensions	Litigation	Other	Total
	£'000	£'000	£'000	£'000
At 1 August 2015	6,380	-	-	6,380
Expenditure in the period	475	-	-	475
Transferred to statement of comprehensive income	5,099	-	-	5,099
<b>At 31 July 2016</b>	<b>11,954</b>	<b>-</b>	<b>-</b>	<b>11,954</b>

	College			
	Pensions	Litigation	Other	Total
	£'000	£'000	£'000	£'000
At 1 August 2014	9,030	-	-	9,030
Expenditure in the period	780	-	-	780
Transferred to statement of comprehensive income	(3,430)	-	-	(3,430)
<b>At 31 July 2015</b>	<b>6,380</b>	<b>-</b>	<b>-</b>	<b>6,380</b>



## 20. Endowment Reserves

	Restricted Permanent	Total
	£'000	£'000
At 1 August 2015	64	64
(Decrease) /increase in market value of investments	0	0
<b>At 31 July 2016</b>	<b>64</b>	<b>64</b>
At 1 August 2014 (restated)	61	61
New donations	3	3
<b>At 31 July 2015</b>	<b>64</b>	<b>64</b>

## 21. Cash and Cash Equivalents

	At 1 August 2015	Cash Flows	At 31 July 2016
	£'000	£'000	£'000
Cash and cash equivalents	4,787	690	5,477

## 22. Pensions and Similar Obligations

The College's employees belong to two principal pension schemes: the Northern Ireland Teachers' Pension Scheme (NITPS) for academic and related staff; and the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) for non-teaching staff. Both are defined-benefit schemes.

### Total Pension Cost for the Year

	2016	2015
	£'000	£'000
NITPS: contributions paid	1,541	1,914
NILGOSC: Contributions paid	1,115	814
NILGOSC: FRS 102 (28) adjustments	268	437
NILGOSC: charge to the Statement of Comprehensive Income (staff costs)	1,383	1,251
Enhanced pension charge to the Statement of Comprehensive Income (staff costs)	2,924	3,165
<b>Total pension cost for the year</b>	<b>2,924</b>	<b>3,165</b>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the NITPS was 31 March 2012 and NILGOSC was 31 March 2013.

### NITPS

The NITPS is an unfunded contributory, voluntary membership scheme administered by the Department of Education. Until 1 April 2015 the scheme operated under the Teachers' Superannuation Regulations (NI) 1998 (as amended). Further information about the scheme is given in the explanatory booklet dated November 2007, and on the Department of Education's website at [www.deni.gov.uk](http://www.deni.gov.uk).

The Public Service Pensions Act (Northern Ireland) 2014 provides for the closure of existing public section pension schemes (including the NITPS) from 31st March 2015 and the establishment of new schemes based on a career average re-valued earning model with normal pension age equal to state pension age introduced from 1 April 2015.

The Government Actuary's Department values the scheme every 4 years with an interim valuation in the intervening 2-year period using the projected accrued benefit method.

From 1 April 2012 the employers' contribution rate is 13.6% of the full-time salary or if part-time, the full-time equivalent salary, and the employees' contribution rate is banded in line with the full-time salary or if part-time, the full-time equivalent salary as follows:

Salary*	2014/15
Below £15,000	6.4%
£15,001 to £25,999	7.2%
£26,000 to £31,999	8.3%
£32,000 to £39,999	9.5%
£40,000 to £44,999	9.9%
£45,000 to £74,999	11.0%
£75,000 to £99,999	11.6%
£100,000 and above	12.4%

\*contributions are based on full-time equivalent (FTE) pay levels.

The employer contribution rates increased to 17.7% from 1 April 2015. On 1st April 2015 the salary bands applicable to member contribution for the NITPS changed. The method of determining which salary band a member falls into also changed. The appropriate contribution rates to be applied are now based on a members' annual salary rate (actual earnings) as opposed to their full-time equivalent salary.

Salary	2015/16
Up to £25,999	7.4%
£26,000 to £34,999	8.6%
£35,000 to £41,499	9.6%
£41,500 to £54,999	10.2%
£55,000 to £74,999	11.3%
£75,000 and above	11.7%

The NITPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme, and therefore, as required by FRS 102 (28), accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income represents the contributions payable to the scheme in respect of the accounting period. The college has set out above the information available on the scheme and the implications for the college in terms of the anticipated contribution rates.

**NILGOSC**

NILGOSC is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme Regulations (Northern Ireland) 2002, as amended. It is contracted out of the state pension scheme.

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 July 2016 by a qualified actuary.

**Principal Actuarial Assumptions**

Principal actuarial assumptions at the balance sheet date are as follows:

	At 31 July 2016	At 31 July 2015
Rate of increase of salaries	3.3%	3.6%
Rate of increase for pensions in payments/inflation	1.8%	2.1%
Discount rate for scheme liabilities	2.4%	3.6%
Inflation assumption (CPI)	1.8%	2.1%
Commutation of pensions to lump sums	75%	75%

The current mortality assumptions include sufficient allowance for the future improvements of mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 July 2016	At 31 July 2015
<b>Retiring today</b>		
Males	22.3	22.2
Females	24.8	24.7
<b>Retiring in 20 years</b>		
Males	24.5	24.4
Females	27.2	27.0

The College's share of the assets in the scheme were:

	Value at 31 July 2016	Value at 31 July 2015
	£'000	£'000
Equities	23,838	21,163
Bonds	3,901	3,256
Property	4,067	3,484
Cash	1,256	657
<b>Fair value of assets</b>	<b>33,062</b>	<b>28,560</b>

Amounts recognised in the balance sheet

	2016	2015
	£'000	£'000
Scheme assets	33,062	28,560
Scheme liabilities	(45,016)	(34,940)
<b>Deficit in the scheme (net pension liability recorded within pension provision)</b>	<b>(11,954)</b>	<b>(6,380)</b>

Amounts recognised in the Statement of Comprehensive Income in respect of the plan are as follows:

Amounts included in staff costs

	2016	2015
	£'000	£'000
Employer service cost (net of employee contributions)	1,021	1,251
Past Service Cost	362	0
<b>Total</b>	<b>1,383</b>	<b>1,251</b>

Analysis of pension finance costs

	2016	2015
	£'000	£'000
Expected return on pension scheme assets	1,045	1,016
Interest cost	(1,254)	(1,361)
<b>Net charge to other finance costs</b>	<b>(209)</b>	<b>(345)</b>

## Analysis of other comprehensive income for pensions

	2016	2015
	£'000	£'000
Actuarial gains on pension scheme assets	2,544	1,842
Actuarial (losses)/gains on the scheme liabilities	(7,643)	1,588
<b>Total of other comprehensive income</b>	<b>(5,099)</b>	<b>3,430</b>

## Movement in (deficit) during the year

	2016	2015
	£'000	£'000
Deficit in scheme at 1 August	(6,380)	(9,030)
Movement in the year:		
Employer service cost (net of employee contributions)	(1,021)	(1,251)
Employer contributions	1,117	816
Net interest on assets	(209)	(345)
Past Service Cost	(362)	0
Actuarial (loss)/gain recognised in other comprehensive income	(5,099)	3,430
<b>Deficit in scheme at 31 July</b>	<b>(11,954)</b>	<b>(6,380)</b>

## Asset and liability reconciliation

	2016	2015
<b>Reconciliation of liabilities</b>	<b>£'000</b>	<b>£'000</b>
<b>Liabilities at start of period</b>	<b>34,940</b>	<b>34,105</b>
Service cost	1,021	1,251
Interest cost	1,254	1,361
Employee contributions	243	260
Actuarial loss/(gain)	7,643	(1,588)
Benefits paid	(447)	(449)
Past Service Cost	362	0
<b>Liabilities at end of period</b>	<b>45,016</b>	<b>34,940</b>

## Reconciliation of assets

	2016	2015
	£'000	£'000
<b>Assets at start of period</b>	<b>28,560</b>	<b>25,075</b>
Expected return on assets	1,045	1,016
Actuarial (loss)/gain	2,544	1,842
Employer contributions	1,117	816
Employee contributions	243	260
Benefits paid	(447)	(449)
<b>Assets at end of period</b>	<b>33,062</b>	<b>28,560</b>

The estimated value of employer contributions for the year ended 31 July 2017 is £784k.

## History of experience gains and losses

	2016	2015	2014	2013	2012
Difference between the expected and actual return on assets					
<b>Amount £'000</b>	<b>N/A</b>	<b>1,361</b>	<b>(5,252)</b>	<b>3,486</b>	<b>(789)</b>
Experience (losses)/gains on liabilities*					
<b>Amount £'000</b>	<b>N/A</b>	<b>169</b>	<b>(1,318)</b>	<b>(3)</b>	<b>(184)</b>

\* This item consists of gains/(losses) in respect of liability experience only and excludes any change in liabilities in respect of changes to the actuarial assumptions used.

### **23. Post Balance Sheet Events**

In the period between the end of the reporting year (31 July 2016) and the date when the financial statements are authorised for issue (16 November 2016) the College has identified a contingent liability. The contingent liability is disclosed in Note 26.

The post balance sheet event is a disclosure and has not required an adjustment in the financial statements.

### **24. Capital Commitments**

There were no capital commitments at 31 July 2016.

### **25. Financial Commitments**

There were no financial commitments at 31 July 2016.

### **26. Contingent Liabilities**

During the 2011-14 years the College claimed funds under a European Programme. Following a recent audit the DfE Managing Authority informed the College of a potential £35k error. At present the College is working closely with the Department as Managing Authority on the background to the issue and how best to resolve the matter.

### **27. Related Party Transactions and Transactions Involving Governing Body Members and Senior Management**

Owing to the nature of the College's operations and the composition of the Governing Body being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Governing Body may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.



## 27. Related Party Transactions and Transactions Involving Governing Body Members And Senior Management

Table showing transactions where goods or services are provided to the College by the related organisation (all are governors other than those stated below):

	Related organisation	Position in related organisation	Amount paid 15/16 £'000	Amount paid 14/15 £'000	Nature of transactions	Amount outstanding at 31 July 2016 £'000	Amount outstanding at 31 July 2015 £'000
<b>Mr Ken Nelson</b>	Ballymena Academy	Member of the Board	(30)	(44)	Entitlement Framework Fees	-	-
	Invest N.I.	Member of the Board	(5)	(22)	Innovation Vouchers	-	-
	Larne Enterprise Development Company	Chief Executive	11	82	Learner Access Engagement	-	-
<b>Cllr James Brown</b>	Education Authority / North East Education and Library Board	Member of the Board	1	(11)	Hire of Premises	-	-
				(54)	Dinner Tickets	-	-
				(9)	Course Fees	-	-
<b>Ms Carmel McKinney</b>	Northern Ireland Fire Service	Chair of the Board		(1)	Course Fees	-	-
<b>Mr Kevin Chambers</b>	DRD Transport NI	Inspector for Public Inquiries		(2)	Car Parking	-	-
<b>Ms Kerry Reilly (Staff Governor)</b>	NIPSA	Union Representative	8	10	Fees	-	-
<b>Ms Yvonne Mallon</b>	RLC (UK) Systems and Structures Division	Head of HR	4	1	Car Parking	-	-
<b>Mr William McCluggage</b>	Ulster University Business School Magee	Visiting Professor	183	116	HE Fees	-	-
			(7)		Course Fees		

## 28. Amounts Disbursed as Agent: Support Funds

Student Hardship funds are available solely for students; the College acts only as paying agent. The grant and related disbursements are therefore excluded from the Income and Expenditure Account.

	2016	2015
	£'000	£'000
Balance – Opening	82	17
DEL/DfE grants	152	158
	<b>234</b>	<b>175</b>
Disbursed to students	(109)	(93)
<b>Balance unspent at 31 July</b>	<b>125</b>	<b>82</b>

Care to learn funds are available solely for students' childcare obligations: the College acts only as paying agent. The grant and related disbursements are therefore excluded from the Income and Expenditure Account.

	2016	2015
	£'000	£'000
DfE/DEL care to learn grant	30	51
Disbursed to students' childcare providers	(30)	(51)
<b>Balance at 31 July</b>	<b>-</b>	<b>-</b>

Training for Success funds are available solely for students; the College acts only as paying agent. The grant and related disbursements are therefore excluded from the Income and Expenditure Account.

	2016	2015
	£'000	£'000
DfE/DEL Training for Success grant	634	526
Disbursed to students	(634)	(526)
<b>Balance at 31 July</b>	<b>-</b>	<b>-</b>

## 29. Losses and Special Payments

There are no losses or special payments above £1,000 in total or individual amounts over £1,000.

### 30. Transition to FRS 102 and the 2015 SORP

As explained in the accounting policies, these are the College's first financial statements prepared in accordance with FRS 102 and the SORP. The accounting policies set out in the notes above have been applied in preparing the financial statements for the year ended 2016, the comparative information presented in these financial statements for the year ended 2015 and in the preparation of an opening FRS 102 Statement of Financial Position at 1 August 2014.

In preparing its FRS 102 SORP based Statement of Financial Position, the College has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (2007 SORP). An explanation of how the transition to FRS 102 and the SORP has affected the College's financial position, financial performance and cash flows is set out in the following tables.

Financial Position	1 August 2014 College	31 July 2015 College
	£'000	£'000
<b>Total reserves under 2007 SORP</b>	<b>34,821</b>	<b>42,949</b>
Holiday pay opening accrual	(332)	(332)
Holiday pay movement in 2014-15	-	30
Endowment transfer	-	(2)
Endowments	14	15
Total effect of transition to FRS 102	(318)	289
<b>Total reserves under 2015 SORP</b>	<b>34,503</b>	<b>42,660</b>

Financial Performance	Year ended 31 July 2015 College
	£'000
<b>Deficit for the year under 2007 SORP</b>	<b>(1,505)</b>
Holiday pay movement in 2014-15	30
Endowments	2
Staff / Pension FRS Adjustment	(37)
FRS 102 pension net interest adjustment	(446)
Total effect of transition to FRS 102	(451)
<b>Total comprehensive income for the year under 2015 SORP</b>	<b>(1,956)</b>

## 31. Transition to FRS 102 and the 2015 SORP continued

	1 August 2014			31 July 2015		
	2007 SORP	Effect of Transition	2015 SORP	2007 SORP	Effect of Transition	2015 SORP
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Non current assets</b>						
Tangible fixed assets	55,547	–	55,547	60,505	–	60,505
<b>Current assets</b>						
Trade and other receivables	1,129	–	1,129	6,137	–	6,137
Cash and cash equivalents	2,511	–	2,511	4,787	–	4,787
<b>Total current assets</b>	<b>3,640</b>	<b>–</b>	<b>3,640</b>	<b>10,924</b>	<b>–</b>	<b>10,924</b>
Less: Creditors – amounts falling due within one year	(2,215)	(1,564)	(3,779)	(9,172)	(1,411)	(10,585)
<b>Net current assets</b>	<b>1,425</b>	<b>(1,564)</b>	<b>(139)</b>	<b>1,752</b>	<b>(1,411)</b>	<b>339</b>
<b>Total assets less current liabilities</b>	<b>56,972</b>	<b>(1,564)</b>	<b>55,408</b>	<b>62,257</b>	<b>(1,411)</b>	<b>60,844</b>
Less: Creditors – amounts falling due after more than one year	–	(11,875)	(11,875)	–	(11,804)	(11,804)
<b>Provisions</b>						
Pension provisions	(9,030)	–	(9,030)	(6,380)	–	(6,380)
<b>Net assets</b>	<b>47,942</b>	<b>(13,439)</b>	<b>34,503</b>	<b>55,877</b>	<b>(13,216)</b>	<b>42,660</b>
Deferred capital grants	13,121	(13,121)	–	12,928	(12,928)	–
<b>Restricted Reserves</b>						
Income and expenditure Endowment	47	14	61	49	15	64
<b>Unrestricted Reserves</b>						
Income and expenditure – unrestricted reserves	(7,640)	(332)	(7,972)	(4,662)	(304)	(4,966)
Revaluation reserve	42,414	–	42,414	47,562	–	47,562
<b>Total reserves</b>	<b>34,821</b>	<b>(318)</b>	<b>34,503</b>	<b>42,949</b>	<b>(289)</b>	<b>42,660</b>
<b>Total</b>	<b>47,942</b>	<b>(13,439)</b>	<b>34,503</b>	<b>55,877</b>	<b>(13,217)</b>	<b>42,660</b>

## 31. Transition to FRS 102 and the 2015 SORP continued

	2007 SORP	STRGL items*	Effect of transition	2015 SORP
	£'000	£'000	£'000	£'000
<b>Income</b>				
Department for the Economy / Department for Employment and Learning income	30,036	-	(51)	29,985
Education contracts	4,154	-	(526)	3,628
Tuition fees and charges	2,239	-	-	2,239
Other grant income	427	-	-	427
Other operating income	738	-	(1)	737
Investment income	147	-	(100)	47
Endowment	0	-	2	2
<b>Total income</b>	<b>37,741</b>	<b>-</b>	<b>(676)</b>	<b>37,065</b>
<b>Expenditure</b>				
Staff costs	(22,651)	-	(7)	(22,658)
Fundamental restructuring costs	(5,226)	-	-	(5,226)
Other operating expenses	(8,597)	-	577	(8,020)
Depreciation	(3,100)	-	-	(3,100)
Interest and other finance costs	0	-	(345)	(345)
<b>Total expenditure</b>	<b>(39,574)</b>	<b>-</b>	<b>225</b>	<b>(39,349)</b>
<b>Surplus/(deficit) before tax</b>	<b>(1,833)</b>	<b>-</b>	<b>(451)</b>	<b>(2,284)</b>
Taxation	(0)	-	-	(0)
<b>Surplus/(deficit) for the year</b>	<b>(1,833)</b>	<b>-</b>	<b>(451)</b>	<b>(2,284)</b>
Profit on disposal	328	-	-	328
Unrealised surplus on revaluation of land and buildings	-	(7,132)	-	7,132
Actuarial (loss)/gain in respect of pension scheme	-	(3,430)	-	3,430
<b>Total comprehensive income for the year</b>	<b>(1,505)</b>	<b>(10,562)</b>	<b>(451)</b>	<b>8,606</b>

\*This column represents items that were previously recorded within the Statement of Total Recognised Gains and Losses (STRGL) and are now recorded within the Statement of Comprehensive Income (SoCI). This column should not include recognition of valuation changes arising from the adoption of the SORP 2015. These are included within the effect of transition to 2015 SORP column.

### 31. Additional Disclosures to Comply with Financial Reporting Manual

Financial Reporting Manual (FReM) requires Non-Departmental Public Bodies to regard grant-in-aid received as contributions from controlling parties giving rise to a financial interest in the residual interest of the body, and hence accounted for as financing i.e. by crediting them to the income and expenditure reserve.

	Notes	2016	2015
		£'000	£'000
<b>Income</b>			
DfE/DEL income (non grant in aid items)	1	34	37
Education contracts	2	3,382	3,628
Tuition fees and charges	3	2,242	2,239
Other grant income	4	370	427
Other operating income	5	607	737
Investment income	6	54	47
Endowments	7	3	2
<b>Total incoming resources</b>		<b>6,692</b>	<b>7,117</b>
<b>Expenditure</b>			
Staff costs	8	(20,818)	(22,658)
Fundamental restructuring costs	8	(1,885)	(5,226)
Other operating expenses	10	(8,699)	(8,020)
Depreciation	12	(3,210)	(3,100)
Interest and other finance costs	11	(209)	(345)
<b>Total resources expended</b>		<b>(34,821)</b>	<b>(39,349)</b>
Gain on disposal			328
<b>Deficit before tax</b>		<b>(28,129)</b>	<b>(31,904)</b>
Taxation	12	(0)	(0)
<b>Deficit for the year</b>		<b>(28,129)</b>	<b>(31,904)</b>
Unrealised surplus on revaluation of land and buildings		2,910	7,132
Actuarial (loss)/gain in respect of pension scheme		(5,099)	3,430
<b>Amount transferred to reserves</b>		<b>(30,318)</b>	<b>(21,342)</b>
<b>Analysis of reserves prepared under FReM</b>			
Balance at 1 August		42,660	34,503
Grant in aid received in year	1	26,251	29,948
Disposal		-	(450)
Amount transferred to reserves		(30,318)	(21,342)
<b>Balance at 31 July</b>		<b>38,593</b>	<b>42,660</b>

### 31. Additional Disclosures to Comply with Financial Reporting Manual (continued)

#### Note 1

DfE/DEL income (non grant in aid items)	2016	2015
	£'000	£'000
EMA	34	37
Other	0	0
<b>Balance at 31 July</b>	<b>34</b>	<b>37</b>

#### Note 2

Reconciliation of amount transferred to reserves and grant in aid	2016	2015
	£'000	£'000
Amount transferred to reserves	30,318	21,342
Add back: total comprehensive income for the year	(4,067)	8,606
<b>Grant in aid received in year</b>	<b>26,251</b>	<b>29,948</b>

## Report of the Comptroller & Auditor General

### Implementation of Recommendations from the 2014 External Review of Northern Regional College

In my report on Northern Regional College's 2013-14 financial statements, I noted that consultants had been appointed to examine the management and operations of Northern Regional College. The consultants' report, issued in October 2014, resulted in the development of a Strategic Improvement Plan (SIP) which was approved by the Governing Body in June 2015 and the Department in October 2015. The SIP contained 64 actions aimed at improving the economy, efficiency and effectiveness of the College. In my report on the 2014-15 financial statements I noted that I would continue to keep this matter under review. Accordingly, during my audit of the 2015-16 financial statements, I reviewed the College's progress.

I noted in my report last year that whilst deadlines which had been set within the Strategic Improvement Plan for actions due in the first year, had not been reached It was expected that many would be reached by the end of March 2016.

The College asked its Internal Auditors to ` review and assess the key processes and controls in place in relation to the implementation and monitoring of performance against the Strategic Improvement Plan (SIP) within the College, and to test the effectiveness of their operation`.

Internal Audit carried out its fieldwork in June 2016 and reported its findings to the Audit Committee in September 2016. Overall they provided a satisfactory opinion.

The College told me that whilst the SIP initially resulted in 64 actions, as the document is `live` the number of actions has now increased to 78. Over the lifetime of the SIP actions are completed, removed, updated or added to depending on the current activities of the College and the external environment it has to manage. Revised dates for completion of existing actions have been agreed with the Governing Body and the Department and completion dates set where new actions have been set in train.



The College also told me that progress in the first year of the SIP was reported to the Governing Body on 30 June 2016 and the Department on 1 July 2016. Both accepted that 49% (38) of the 78 actions were complete and a further 40% (31) were on target to be delivered within the agreed timescales. For the remaining 11% (9) of actions not achieved against the original time-frame, a revised delivery date and plan was accepted by the Governing Body and the Department. The Department have signed off the first year of the SIP as complete and, as a result of progress made and the updated SIP actions, have moved from monthly to quarterly improvement planning meetings.

Although I note improvements have since been made to the clarity of the Strategic Improvement Plan information, I am disappointed that half of the actions remain outstanding at 31 July 2016. I will continue monitor progress in this area and will consider the need to provide a further update for 2016-17 financial statements.

Signed: 

Date: 25 November 2016

**KJ Donnelly**  
Comptroller and Auditor General  
Northern Ireland Audit Office  
106 University Street  
Belfast BT7 1EU

# NORTHERN

Regional College 

email [info@nrc.ac.uk](mailto:info@nrc.ac.uk)  
[www.nrc.ac.uk](http://www.nrc.ac.uk)

